

Recommendation: **Buy**
Market Cap: \$32.49B

Recent Price: \$32.16 (05/01/09)
Target Price: \$61.54

Industry: Medical Appliances and Equipment
Sector: Healthcare

HIGHLIGHTS

- MDT is the world's largest medical technology company.
- The analysts' consensus long term expected growth rate for MDT is 11%.
- MDT has shown its ability to generate an average 10.4% growth in revenue growth over the past 5 years. Even in an economic recession, MDT increased its sales by 9.9% in 2008.
- With a 2.4% dividend yield, MDT has recorded 32 years of uninterrupted dividend payments, and 22 consecutive years of increasing dividend payments.
- MDT continues to focus its strategies on innovation and diversification.

BUSINESS SUMMARY

Medtronic, Inc. is the world's largest independent medical technology company. Medtronic develops, manufactures, and markets therapeutic medical devices for chronic diseases worldwide. Medtronic operates in six main business segments including: Cardiac Rhythm Disease Management, Spinal and Biologics, CardioVascular, Neuromodulation, Diabetes, and Surgical Technologies.

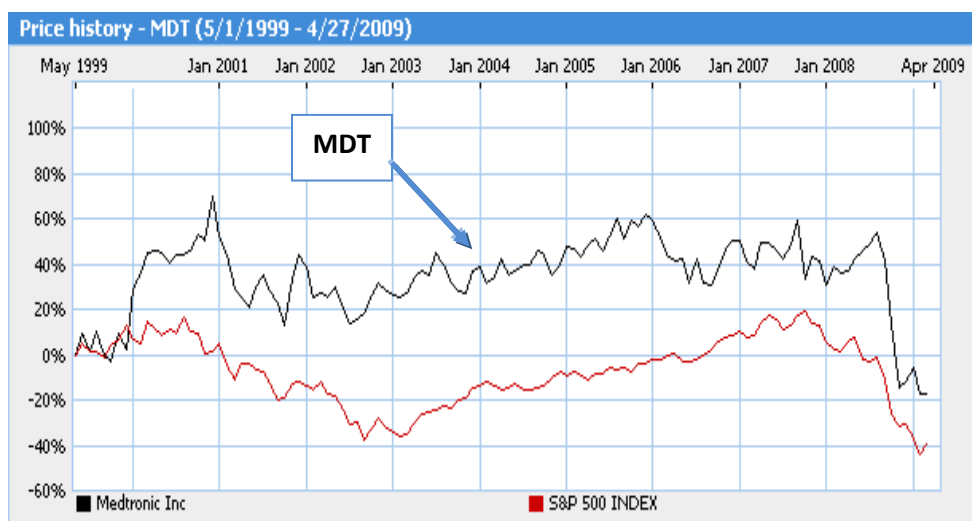
MDT successfully implements their global market strategy by offering rapid, cost-effective delivery of high-quality products to a diverse group of customers worldwide and continues to focus on expanding their geographic reach.

INVESTMENT THESIS

Selection of MDT was based on:

- **Bottom-up approach** of stock screening, focusing on a particular set of strong key statistics: ROIC, Dividend Yield, Earnings Momentum, Earnings Growth, and FCF generation.
- **Top-down approach** of macroeconomic theme:
 - MDT's ability to grow revenues and profits during the global economic downturn.
 - An aging customer demographic base continues to increase the demand for medical technologies worldwide.
 - MDT's ability to set itself apart from its competitors by focusing on R&D, innovation, diversification.

PRICE PERFORMANCE VS. S&P 500



FINANCIAL STATISTICS VS. SELECTED COMPETITORS & INDUSTRY

Metric	MDT	SYK	ZMH	Industry	S&P 500
5-year revenue growth	10.4%	13.7%	8.4%	N/A	N/A
R&D to sales 2008	9.4%	5.5%	4.7%	N/A	N/A
5-year Gross Margin	74.96%	68.20%	76.47%	65.8%	39.1%
5-year Operating Margin	26.14%	20.43%	29.28%	15.1%	16.7%
5-year Net Margin	19.61%	14.24%	20.95%	9.3%	11.6%
5-year ROIC	38.70%	35.38%	38.86%	12.40%	11.4%
5 Year ROE	21.42%	18.18%	15.11%	9.8%	8.4%
Dividend Yield	2.40%	1.10%	0.00%	1.75%	N/A