



Stock Selection Guide[®]

The most widely used aid to good investment judgment

Company MEDTRONIC INC Date 09/24/04

Prepared by jah Data taken from NAIC Data

Where traded NYSE Major product/service Health Care

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution	
Common (M Shares)	1,209.5	0.0	0.0	
Debt (\$M)	2,351.0	% to Tot.Cap.	20.6 % Potential Dil.	None

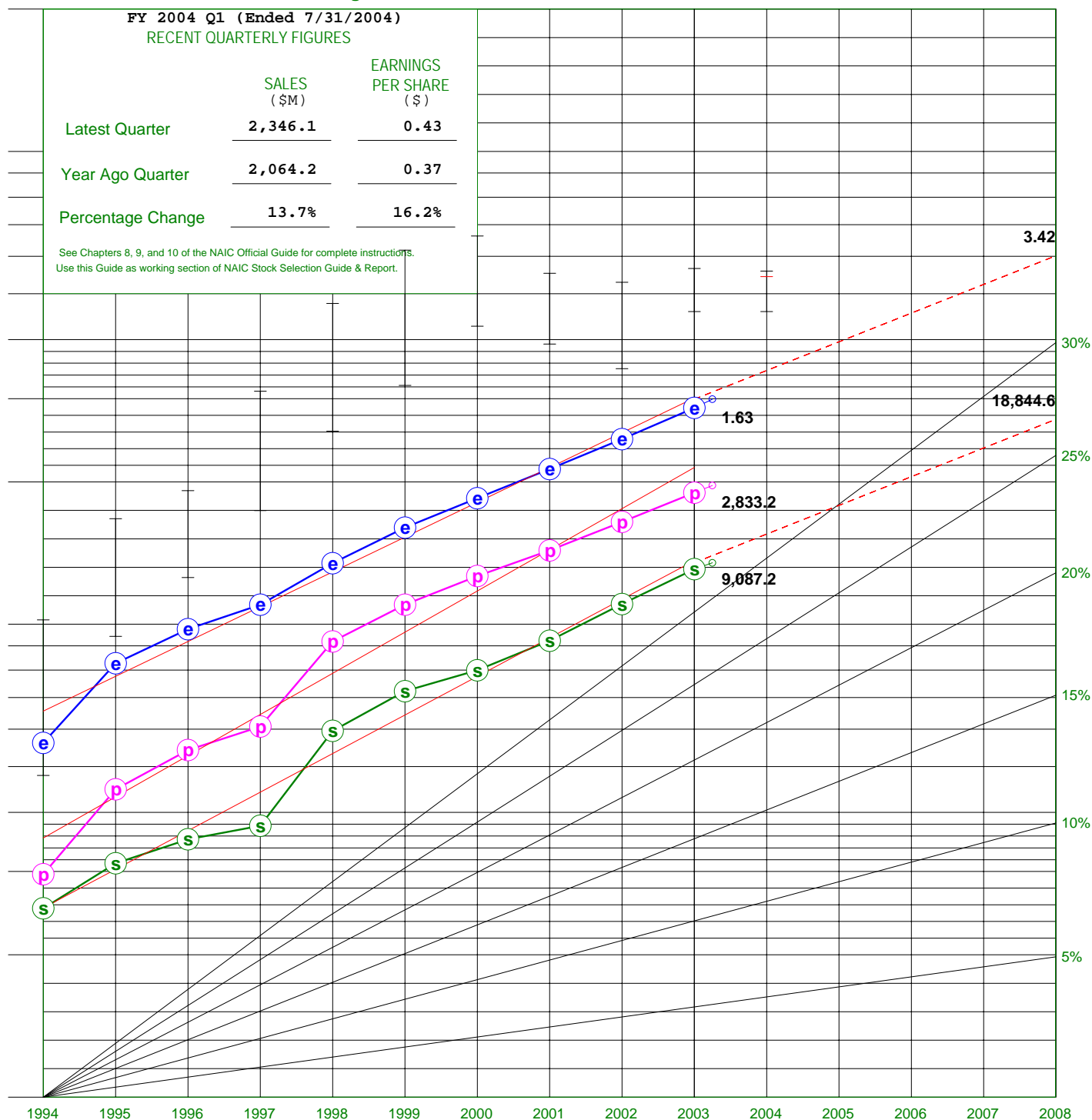
1 VISUAL ANALYSIS of Sales, Earnings and Price

MDT

FY 2004 Q1 (Ended 7/31/2004)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	2,346.1	0.43
Year Ago Quarter	2,064.2	0.37
Percentage Change	13.7%	16.2%

See Chapters 8, 9, and 10 of the NAIC Official Guide for complete instructions.
Use this Guide as working section of NAIC Stock Selection Guide & Report.



(1) Historical Sales Growth 20.7 % (3) Historical Earnings Per Share Growth 18.5 %
 (2) Estimated Future Sales Growth 15.0 % (4) Estimated Future Earnings Per Share Growth 15.0 %

2 EVALUATING MANAGEMENT

Company **MEDTRONIC INC** (MDT)

09/24/04

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	25.4	30.8	33.2	34.8	33.2	32.8	34.0	33.4	32.1	31.2	32.7		DOWN
B % Earned on Equity (E/S ÷ Book Value)	22.1	24.6	29.7	28.7	24.5	24.3	23.1	22.9	21.6	21.7	22.7		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		50.870		HIGH THIS YEAR		52.250		LOW THIS YEAR		42.900		
Year	A	PRICE B		C Earnings Per Share	D Price Earnings Ratio E		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100					
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C								
1	1999	57.9	29.9	0.91	63.6	32.9	0.160	17.6	0.5					
2	2000	62.0	40.0	1.05	59.0	38.0	0.200	19.0	0.5					
3	2001	51.7	36.6	1.21	42.7	30.3	0.230	19.0	0.6					
4	2002	49.5	32.5	1.40	35.3	23.2	0.250	17.9	0.8					
5	2003	52.9	42.9	1.63	32.5	26.3	0.290	17.8	0.7					
6	TOTAL		181.9		110.5	79.8		91.3						
7	AVERAGE		36.4		36.8	26.6		18.3						
8	AVERAGE PRICE EARNINGS RATIO				31.7		9		CURRENT PRICE EARNINGS RATIO				29.9	

4 Proj. P/E [26.02] Based on Next 4 qtr. EPS [1.96]

Current P/E Based on Last 4 qtr. EPS [1.70]

EVALUATING RISK AND REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~36.8~~ 32.7 X Estimate High Earnings/Share 3.42 = Forecast High Price \$ 111.8 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~26.6~~ 20.7 X Estimated Low Earnings/Share 1.63 1.70 = \$ 35.2 (3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = 36.4 (3B7)

(c) Recent Severe Market Low Price = 32.5

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.335}{0.008} = 43.6$

Selected Estimate Low Price = \$ 39.6 (4B1)

C ZONING

111.8 (4A1) High Forecast Price Minus 39.6 (4B1) Low Forecast Price Equals 72.2 (C) Range. 1/3 of Range = 18.1 (4CD)

(4C2) Lower 1/3 = (4B1) 39.6 to 57.7 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 57.7 to 93.7 (Maybe)

(4C4) Upper 1/3 = 93.7 to 111.8 (4A1) (Sell)

Present Market Price of 50.870 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 111.8 Minus Present Price 50.870 = 60.9 = 5.4 To 1 (4D)

Present Price 50.870 Minus Low Price (4B1) 39.6 = 11.3

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 111.8 = (2.198) X 100 = (219.8) - 100 = 119.8 % Appreciation (4E)

Present Market Price 50.870

Relative Value: 94.3% Proj. Relative Value: 82.1%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.335
Present Price of Stock \$ 50.870 = 0.007 X 100 = 0.7 Present Yield or % Returned on Purchase Price (5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 2.59 X Avg. % Payout (3G7) 18.3 = 47.4 = 0.9 % (5B)

Present Price \$ 50.870

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E) 119.8		P.A.R.	Tot. Ret.
5		24.0 %	Average Yield 0.7%	0.6%
Average Yield (5B)		0.9 %	Annual Appreciation 12.4%	17.1%
Average Total Annual Return Over the Next 5 Years (5C)		24.9 %	% Compd Ann Rate of Ret 13.1%	17.6%

PERT Worksheet-A

Company MEDTRONIC INC (MDT)

QUARTERLY DATA									LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS \$	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	\$	% CHANGE	\$ MIL	% SALES	% CHANGE	\$ MIL	% CHANGE			\$ MIL	% SALES		\$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
07/96						600.90	14.5	34.5			2,248.1		34.7				
10/96						598.20	15.0	34.5			2,326.3		34.6				
01/97						598.70	12.9	34.5			2,394.9		34.5				
04/97	0.16		222.15	34.7		640.45	7.3	34.5			2,438.3		34.5			12.3	
07/97	0.15		228.24	33.0		691.30	15.0	34.5			2,528.7		34.5			12.5	
10/97	0.14		284.88	32.0		891.40	49.0	34.0			2,821.9		34.4			21.3	
01/98	0.13		245.80	30.5		806.70	34.7	37.6	0.58	981.07	32.4	3,029.9	344.8	35.1		26.5	
04/98	0.19	20.6	333.68	35.0	50.2	953.60	48.9	35.0	0.61	1,092.60	32.7	3,343.0	385.4	35.3		37.1	
07/98	0.20	29.9	360.00	36.3	57.7	991.70	43.5	35.1	0.66	1,224.36	33.6	3,643.4	433.7	35.4		44.1	
10/98	0.19	32.1	335.00	32.5	17.6	1,029.30	15.5	35.3	0.70	1,274.48	33.7	3,781.3	455.6	35.7		34.0	
01/99	0.18	36.4	305.80	28.7	24.4	1,064.80	32.0	30.1	0.75	1,334.48	33.0	4,039.4	452.0	33.9	29.4	36.0	33.3
04/99	0.19	2.7	359.00	31.3	7.6	1,146.60	20.2	34.6	0.76	1,359.80	32.1	4,232.4	459.2	33.8	23.5	24.5	26.6
07/99	0.21	5.0	373.90	33.0	3.9	1,133.20	14.3	31.4	0.77	1,373.70	31.4	4,373.9	451.3	32.9	16.4	12.2	20.0
10/99	0.22	18.9	379.50	31.9	13.3	1,190.90	15.7	30.2	0.80	1,418.20	31.3	4,535.5	448.1	31.6	13.9	11.3	19.9
01/00	0.22	22.2	403.60	32.0	32.0	1,259.30	18.3	33.5	0.84	1,516.00	32.1	4,730.0	491.7	32.4	12.0	13.6	17.1
04/00	0.25	30.2	471.60	32.9	31.4	1,432.90	25.0	35.1	0.90	1,628.60	32.5	5,016.3	530.1	32.5	18.9	19.8	18.5
07/00	0.24	14.3	439.60	33.5	17.6	1,310.40	15.6	32.9	0.93	1,694.30	32.6	5,193.5	557.8	32.9	21.3	23.3	18.7
10/00	0.25	13.6	459.80	33.8	21.2	1,361.90	14.4	33.2	0.96	1,774.60	33.1	5,364.5	597.1	33.6	19.7	25.1	18.3
01/01	0.26	18.2	459.10	33.7	13.8	1,361.60	8.1	30.6	1.00	1,830.10	33.5	5,466.8	602.6	32.9	18.8	20.7	15.6
04/01	0.30	20.0	529.70	34.9	12.3	1,517.90	5.9	30.7	1.05	1,888.20	34.0	5,551.8	601.2	31.8	16.7	15.9	10.7
07/01	0.28	16.7	502.40	34.5	14.3	1,455.70	11.1	31.8	1.09	1,951.00	34.2	5,697.1	615.9	31.6	17.2	15.2	9.7
10/01	0.29	16.0	513.30	32.7	11.6	1,571.20	15.4	30.9	1.13	2,004.50	33.9	5,906.4	621.6	31.0	17.7	13.0	10.1
01/02	0.30	15.4	512.70	32.2	11.7	1,592.40	17.0	28.3	1.17	2,058.10	33.5	6,137.2	626.5	30.4	17.0	12.5	12.3
04/02	0.34	13.3	611.60	34.1	15.5	1,791.50	18.0	31.8	1.21	2,140.00	33.4	6,410.8	657.2	30.7	15.2	13.3	15.5
07/02	0.32	14.3	556.90	32.5	10.8	1,713.90	17.7	29.7	1.25	2,194.50	32.9	6,669.0	662.1	30.2	14.7	12.5	17.1
10/02	0.34	17.2	594.20	31.4	15.8	1,891.00	20.4	30.0	1.30	2,275.40	32.6	6,988.8	681.1	29.9	15.0	13.5	18.3
01/03	0.35	16.7	611.10	32.0	19.2	1,912.50	20.1	29.4	1.35	2,373.80	32.5	7,308.9	717.1	30.2	15.4	15.3	19.1
04/03	0.40	17.6	695.80	32.4	13.8	2,147.80	19.9	29.3	1.41	2,458.00	32.1	7,665.2	727.1	29.6	16.5	14.9	19.6
07/03	0.37	15.6	643.40	31.2	15.5	2,064.20	20.4	29.3	1.46	2,544.50	31.7	8,015.5	750.3	29.5	16.8	15.9	20.2
10/03	0.39	14.7	678.60	31.4	14.2	2,163.80	14.4	29.4	1.51	2,628.90	31.7	8,288.3	771.7	29.4	16.2	15.5	18.6
01/04	0.40	14.3	679.80	31.0	11.2	2,193.80	14.7	28.1	1.56	2,697.60	31.5	8,569.6	783.0	29.0	15.6	13.6	17.2
04/04	0.48	20.0	831.40	31.2	19.5	2,665.40	24.1	29.5	1.64	2,833.20	31.2	9,087.2	823.5	29.1	16.3	15.3	18.6
07/04	0.43	16.2	746.10	31.8	16.0	2,346.10	13.7	29.7	1.70	2,935.90	31.3	9,369.1	856.4	29.2	16.4	15.4	16.9
10/04								34.8						30.5			
01/05								34.8						32.2			
04/05								34.8						33.6			

A B C D E F G H I J K L M N O P Q R S T

PERT Worksheet-A Graph

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