

REGISTRATION NO:

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MEDTRONIC, INC.

(Exact name of registrant as specified in its charter)

MINNESOTA	3845	41-0793183
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

7000 CENTRAL AVENUE N.E.
MINNEAPOLIS, MINNESOTA 55432
(612) 574-4000
(Address, including ZIP code, and telephone number, including area code, of registrant's principal executive offices)

MICHAEL D. ELLWEIN,
VICE PRESIDENT CORPORATE DEVELOPMENT
AND ASSOCIATE GENERAL COUNSEL
MEDTRONIC, INC.
7000 CENTRAL AVENUE N.E.
MINNEAPOLIS, MINNESOTA 55432
(612) 574-3203
(Name, address, including ZIP code, and telephone number, including area code, of agent for service)

COPIES TO:

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1775 Sherman Street, Suite 1001
Denver, Colorado 80203
(303) 894-0234

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC:
UPON CONSUMMATION OF THE MERGER, AS DESCRIBED IN THIS REGISTRATION STATEMENT.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES BEING REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE (2) (3)
Common Stock, par value \$.10 per share (4).....	1,458,808 shares	Not Applicable	Not Applicable	\$32,420.56

- <FN>
- (1) Represents the approximate maximum number of shares issuable upon the Merger as described in the Registration Statement, based upon the anticipated maximum number of outstanding shares of Electromedics, Inc. Common Stock at the Merger's Effective Time not owned by Medtronic, Inc. 14,428,941 and assuming the Average Market Price for Medtronic, Inc. Common Stock is equal to the \$68.00 per share minimum set forth in the Merger Agreement, thereby resulting in the maximum Conversion Ratio of one Medtronic, Inc. share issued for approximately every 9.89 Electromedics, Inc. shares elected by the holder to be converted into Medtronic, Inc. stock rather than cash. Fewer shares than the number being registered will be issued pursuant to the Merger to the extent that the Average Market Price of Medtronic, Inc. Common Stock is greater than \$68.00 and to the extent that any shareholders of Electromedics, Inc. elect to have their shares converted into cash pursuant to the Merger.
- (2) The registration fee was calculated pursuant to Section 6 of the Securities Act of 1933 (the "Securities Act") and Rules 457(f)(1) and 457(c) thereunder, as 1/29th of 1% of 14,428,941, the anticipated maximum number of Electromedics, Inc. shares which may be exchanged pursuant to the Merger, multiplied by \$6.516, the average of the high and low sale prices of Electromedics, Inc. Common Stock as reported by the NASDAQ National Market System on March 14, 1994, which date was within five business days prior to the date of this filing.
- (3) \$19,218.32 of the registration fee was paid pursuant to Rule 0-11 under the Securities Exchange Act of 1934 (the "Exchange Act") in connection with the filing of preliminary proxy materials for the Merger by Electromedics, Inc. pursuant to Rule 14a-6 under the Exchange Act, and, pursuant to Rules 457(a) and (b) under the Securities Act, only the balance of the registration fee is paid herewith.
- (4) Each share of Medtronic Common Stock includes a Preferred Stock Purchase Right pursuant to Medtronic's Shareholder Rights Plan.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

MEDTRONIC, INC.
CROSS REFERENCE SHEET
REQUIRED BY ITEM 501(B) OF REGULATION S-K

CAPTION	CAPTION IN PROXY STATEMENT/PROSPECTUS
A. INFORMATION ABOUT THE TRANSACTION	
1. Forepart of Registration Statement and Outside Front Cover Page of Prospectus.....	Facing Page of Registration Statement; Front Cover Page of Proxy Statement/ Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Available Information; Information Incorporated by Reference; Table of Contents
3. Risk Factors, Ratio of Earnings to Fixed Charges and Other Information.....	Front Cover Page of Proxy Statement/ Prospectus; Summary
4. Terms of the Transaction.....	Summary; The Merger; Description of Capital Stock; Comparative Rights of Medtronic Shareholders and Electromedics Shareholders
5. Pro Forma Financial Information.....	Unaudited Pro Forma Condensed Combined Financial Statements
6. Material Contacts with the Company Being Acquired.....	The Merger
7. Additional Information Required for Reoffering by	

	Persons and Parties Deemed to Be Underwriters....		*
	8. Interests of Named Experts and Counsel.....	Legal Matters	
	9. Disclosure of Commission Position on Indemnification for Securities Act Liabilities...		*
B.	INFORMATION ABOUT THE REGISTRANT		
	10. Information with Respect to S-3 Registrants.....		*
	11. Incorporation of Certain Information by Reference.....	Information Incorporated by Reference	
	12. Information with Respect to S-2 or S-3 Registrants.....		*
	13. Incorporation of Certain Information by Reference.....		*
	14. Information with Respect to Registrants Other Than S-3 or S-2 Registrants.....		*
C.	INFORMATION ABOUT THE COMPANY BEING ACQUIRED		
	15. Information with Respect to S-3 Companies.....	Information Regarding Electromedics; Information Incorporated by Reference	

CAPTION		CAPTION IN PROXY STATEMENT/PROSPECTUS	
	16. Information with Respect to S-2 or S-3 Registrants.....		*
	17. Information with Respect to Companies Other Than S-3 or S-2 Companies.....		*
D.	VOTING AND MANAGEMENT INFORMATION		
	18. Information if Proxies, Consents or Au- thorizations Are to Be Solicited.....	Information Incorporated by Reference; Notice of Special Meeting; Summary; General Information; The Merger	
	19. Information if Proxies, Consents or Au- thorizations Are Not to Be Solicited or in an Exchange Offer.....		*

<FN>

*Omitted from Proxy Statement/Prospectus because item is inapplicable or answer is in the negative.

March 24, 1994

Dear Electromedics Shareholder:

I am pleased to invite you to attend the Special Meeting of Shareholders of Electromedics, Inc., which will be held on April 25, 1994, at 10:00 a.m., local time, at the Sheraton Denver Tech Center Hotel, 4900 DTC Parkway, Denver, Colorado. At the meeting you will be asked to consider and vote upon a Plan of Merger that provides for the merger of Electromedics with a wholly-owned subsidiary of Medtronic, Inc.

Under the terms of the Plan of Merger, Electromedics shareholders will receive, at each shareholder's election, either \$6.875 in cash or \$6.875 in shares of Medtronic, Inc. Common Stock, or a combination of cash and such stock, in exchange for each of their shares of Electromedics Common Stock.

The attached Proxy Statement/Prospectus is intended to provide you with the information that you will need to make an informed decision regarding how you should vote on the proposed merger. It also serves as a Prospectus for Medtronic, describing the investment in Medtronic that you will be making if the merger is approved and you elect to exchange your Electromedics' Common Stock for Medtronic Common Stock. A copy of the Plan of Merger is attached to the Proxy Statement/Prospectus as Appendix A. I urge you to read this information carefully before voting on the proposed merger.

The Board of Directors believes that the proposed transaction is fair and in the best interests of Electromedics and its shareholders and unanimously recommends approval of the Plan of Merger. The Board believes that the merger will, among other things, give Electromedics shareholders a significant premium over the trading price of their Electromedics Common Stock preceding the announcement of the retention of Dain Bosworth Incorporated to consider alternatives to maximize Electromedics' shareholder value, and the opportunity to continue their equity participation on a tax-free basis in a larger, more diversified medical products enterprise.

The Board of Directors of Electromedics retained the investment banking firm of Dain Bosworth Incorporated to advise it with respect to the consideration to be received in the merger. Dain Bosworth Incorporated has advised the Board

that, in its opinion, the consideration to be received by the Electromedics shareholders pursuant to the Plan of Merger is fair from a financial point of view. A copy of the opinion is attached to the Proxy Statement/Prospectus as Appendix C.

The Plan of Merger must be approved by the holders of a majority of the outstanding shares of Electromedics Common Stock. Your vote on this matter is very important. We urge you to carefully review the enclosed material and to return your proxy promptly.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND PROMPTLY RETURN YOUR PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN THOUGH YOU HAVE PREVIOUSLY RETURNED YOUR PROXY.

In a separate mailing, you will receive an Election Form by which you may indicate the number of shares you wish to have converted into Medtronic stock and the number you wish to have converted into cash. The deadline for returning Election Forms, together with your stock certificate(s) or a proper guaranty of delivery, is April 22, 1994. IF YOUR ELECTROMEDICS SHARES ARE HELD IN THE NAME OF YOUR BANK, BROKER OR OTHER NOMINEE HOLDER, YOU SHOULD CONTACT YOUR NOMINEE HOLDER TO ASSURE THAT AN ELECTION FORM IS SUBMITTED ON YOUR BEHALF. If you or your nominee holder need copies of the Election Form or have any questions or need assistance in completing and submitting an Election Form, contact Chemical Bank at the address or telephone number listed on the cover of the Proxy Statement/ Prospectus.

Sincerely,

F. James Lynch
CHAIRMAN OF THE BOARD AND PRESIDENT

ELECTROMEDICS, INC.
18501 EAST PLAZA DRIVE
PARKER, COLORADO 80134

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 25, 1994

To the Shareholders of Electromedics, Inc.:

A Special Meeting of the Shareholders of Electromedics, Inc. ("Electromedics") will be held at the Sheraton Denver Tech Center Hotel, 4900 DTC Parkway, Denver, Colorado, on April 25, 1994, at 10:00 a.m., local time, to consider and act upon a proposal to approve a Plan of Merger, a copy of which is included as Appendix A to the Proxy Statement/Prospectus accompanying this Notice. Pursuant to the Plan of Merger, (a) Electromedics will be merged (the "Merger") with and into MDT Acquisition Corp. ("Merger Subsidiary"), with Merger Subsidiary to be the surviving corporation and remain a wholly-owned subsidiary of Medtronic, Inc. ("Medtronic"), and (b) holders of Electromedics common stock, par value \$.05 per share ("Electromedics Common Stock"), will be entitled to receive, at each holder's election, either cash or shares of Medtronic common stock, par value \$.10 per share ("Medtronic Common Stock"), or a combination of cash and such stock, based upon a conversion ratio described in the Proxy Statement/Prospectus accompanying this Notice.

With respect to the proposal to approve the Plan of Merger, Electromedics shareholders have a right to dissent and obtain payment for their shares by complying with the terms and procedures of Sections 7-4-123 and 7-4-124 of the Colorado Corporation Code, copies of which are included as Appendix B to the Proxy Statement/Prospectus accompanying this Notice.

Only shareholders of record as shown on the books of Electromedics at the close of business on March 10, 1994 are entitled to notice of and to vote at the Special Meeting or any adjournments thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Dennis J. Cross
SECRETARY

March 24, 1994

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE,
SIGN, AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE
ENCLOSED PROXY RETURN ENVELOPE, WHICH REQUIRES NO POSTAGE
IF MAILED IN THE UNITED STATES

SHAREHOLDERS SHOULD NOT SEND ANY STOCK
CERTIFICATES WITH THE PROXY CARD

STOCK CERTIFICATES (OR A GUARANTY OF DELIVERY) SHOULD INSTEAD BE
RETURNED WITH THE ELECTION FORM BEING MAILED TO SHAREHOLDERS SEPARATELY
ON THE SAME DATE AS THIS PROXY STATEMENT/PROSPECTUS

PROXY STATEMENT/PROSPECTUS

Electromedics, Inc.	Medtronic, Inc.
18501 East Plaza Drive	7000 Central Avenue N.E.
Parker, Colorado 80134	Minneapolis, Minnesota 55432
Telephone: (303) 840-4000	Telephone: (612) 574-4000

SPECIAL MEETING OF SHAREHOLDERS OF ELECTROMEDICS, INC.
TO BE HELD ON APRIL 25, 1994

This Proxy Statement/Prospectus is being furnished to the shareholders of Electromedics, Inc. ("Electromedics") in connection with the special meeting of shareholders (the "Meeting") of Electromedics to be held at the Sheraton Denver Tech Center Hotel, 4900 DTC Parkway, Denver, Colorado, on April 25, 1994, at 10:00 a.m. At the Meeting, Electromedics shareholders will be asked to consider and act upon a proposal to approve the Plan of Merger attached hereto as Appendix A (the "Plan of Merger"), pursuant to which (a) Electromedics will be merged (the "Merger") with and into MDT Acquisition Corp. ("Merger Subsidiary"), a wholly-owned subsidiary of Medtronic, Inc. ("Medtronic") and the surviving corporation in the Merger, and (b) each share of Electromedics common stock, par value \$.05 per share ("Electromedics Common Stock"), will be converted, at the option of the holder, into either \$6.875 cash or a portion of a share of Medtronic common stock, par value \$.10 per share ("Medtronic Common Stock"), or a combination of such cash and stock, as described in this Proxy Statement/Prospectus. This Proxy Statement/Prospectus also constitutes the Prospectus of Medtronic with respect to the shares of Medtronic Common Stock to be issued in the Merger. Medtronic has filed a Registration Statement on Form S-4 with the Securities and Exchange Commission (the "Commission") covering up to 1,458,808 shares of Medtronic Common Stock for possible issuance in connection with the Merger. This Proxy Statement/Prospectus is first being mailed to Electromedics shareholders on or about March 24, 1994.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No person is authorized to give any information or to make any representation not contained in this Proxy Statement/Prospectus, and, if given

or made, such information or representation must not be relied on as having been authorized. This Proxy Statement/Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the securities offered by this Proxy Statement/Prospectus, or the solicitation of a proxy, in any jurisdiction in which, or to any person to whom, it is unlawful to make such an offer or solicitation. Neither the delivery of this Proxy Statement/Prospectus nor any distribution of the securities made hereunder shall, under any circumstances, create any implication that there has been no change in the information set forth herein or in the affairs of Medtronic, Electromedics or Merger Subsidiary since the date of this Proxy Statement/Prospectus.

Additional copies of this Proxy Statement/Prospectus, the Proxy card to be returned for the Meeting and the Election Form to be used to elect to receive cash, Medtronic stock, or a combination of cash and stock in the Merger, can be obtained from Chemical Bank, Proxy Solicitation Area, 450 West 33rd Street, 15th Floor, New York, New York 10001, telephone 800-279-1259 (toll free) or Banks and Brokers call (212) 613-7618. QUESTIONS OR REQUESTS FOR ASSISTANCE IN COMPLETING AND SUBMITTING PROXY CARDS AND ELECTION FORMS MAY ALSO BE DIRECTED TO CHEMICAL BANK.

THE DATE OF THIS PROXY STATEMENT/PROSPECTUS IS MARCH 21, 1994.

AVAILABLE INFORMATION

This Proxy Statement/Prospectus is a prospectus of Medtronic delivered in compliance with the Securities Act of 1933, as amended (the "Act"). Medtronic has filed a Registration Statement on Form S-4 (the "Registration Statement") under the Act with the Commission with respect to the shares of Medtronic Common Stock to be issued in connection with the Merger. As permitted by the rules and regulations of the Commission, this Proxy Statement/Prospectus omits certain information contained in the Registration Statement on file with the Commission. For further information pertaining to the securities offered hereby, reference is made to the Registration Statement, including the exhibits filed as a part thereof.

Medtronic and Electromedics are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, each files reports, proxy and information statements, and other information with the Commission. The Registration Statement, as well as reports, proxy and information statements, and other information filed by each of Medtronic and Electromedics pursuant to the Exchange Act, can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and are also available for inspection and copying at the regional offices of the Commission located in Suite 1400, Northwestern Atrium Center, 500 West Madison Street, Chicago, Illinois 60661, and 7 World Trade Center, New York, New York 10048; and, with respect to Medtronic, are available for inspection at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. Copies of such documents can also be obtained at prescribed rates by writing to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549.

INFORMATION INCORPORATED BY REFERENCE

THIS PROXY STATEMENT/PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE THAT ARE NOT PRESENTED HEREIN OR DELIVERED HERewith. MEDTRONIC AND ELECTROMEDICS WILL PROVIDE WITHOUT CHARGE TO EACH PERSON, INCLUDING ANY BENEFICIAL OWNER, TO WHOM A COPY OF THIS PROXY STATEMENT/PROSPECTUS IS DELIVERED, ON WRITEN OR ORAL REQUEST, COPIES OF ANY AND ALL SUCH DOCUMENTS (OTHER THAN THE EXHIBITS THERETO, UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE INTO THE INFORMATION THAT THIS PROXY STATEMENT/PROSPECTUS INCORPORATES) OF MEDTRONIC OR ELECTROMEDICS, AS THE CASE MAY BE, THAT ARE INCORPORATED BY REFERENCE HEREIN. REQUESTS SHOULD BE DIRECTED TO MEDTRONIC, INC., 7000 CENTRAL AVENUE N.E., MINNEAPOLIS, MINNESOTA 55432, ATTENTION: SHAREHOLDER RELATIONS, TELEPHONE (612) 574-3030 OR TO ELECTROMEDICS, INC., 18501 EAST PLAZA DRIVE, PARKER, COLORADO 80134, ATTENTION: INVESTOR RELATIONS DEPARTMENT, TELEPHONE (303) 840-4000. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY SUCH REQUEST SHOULD BE MADE NO LATER THAN APRIL 18, 1994.

The following Electromedics documents are incorporated by reference herein:

1. Electromedics' Annual Report on Form 10-K for the fiscal year ended December 31, 1992.
2. Electromedics' Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 1993, June 30, 1993 and September 30, 1993, as amended.
3. Electromedics' Current Reports on Form 8-K dated December 6, 1993, December 28, 1993 and March 10, 1994.
4. The description of Electromedics' Common Stock contained in its Registration Statement on Form 10 filed under Section 12 of the Exchange Act.

All documents filed by Electromedics with the Commission pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date hereof and prior to the date of the Meeting shall be deemed to be incorporated by reference herein and shall be a part hereof from the date of filing of such documents.

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The following Medtronic documents are incorporated by reference herein:

1. Medtronic's Annual Report on Form 10-K for the fiscal year ended April 30, 1993.
2. Medtronic's Quarterly Reports on Form 10-Q for the fiscal quarters ended July 30, 1993, October 29, 1993 and January 28, 1994.
3. The description of Medtronic's Common Stock contained in Medtronic's Registration Statement on Form 8-A filed under Section 12 of the Exchange Act.
4. The description of Medtronic's Preferred Stock Purchase Rights attached to its Common Stock contained in Medtronic's Registration Statement on Form 8-A filed under Section 12 of the Exchange Act.

All documents filed by Medtronic with the Commission pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date hereof and prior to the date of the Meeting shall be deemed to be incorporated by reference herein and shall be a part hereof from the date of filing of such documents.

Any statements contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein (or in any other subsequently filed document that also is incorporated by reference herein) modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part hereof except as so modified or superseded.

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SUMMARY

THE FOLLOWING IS A BRIEF SUMMARY OF CERTAIN INFORMATION CONTAINED ELSEWHERE IN THIS PROXY STATEMENT/PROSPECTUS AND IN THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE. CERTAIN CAPITALIZED TERMS USED IN THIS SUMMARY ARE DEFINED ELSEWHERE IN THIS PROXY STATEMENT/PROSPECTUS. REFERENCE IS MADE TO, AND THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY, THE MORE DETAILED INFORMATION CONTAINED IN THIS PROXY STATEMENT/PROSPECTUS, THE APPENDICES HERETO, AND THE DOCUMENTS INCORPORATED IN THIS PROXY STATEMENT/ PROSPECTUS BY REFERENCE.

PARTIES TO THE MERGER

Electromedics:..... Electromedics, Inc. ("Electromedics"), a Colorado corporation, was incorporated in 1972. Electromedics designs, manufactures and markets blood management and blood conservation equipment and related disposable devices for use in cardiovascular, orthopedic and other medium and high blood-loss surgeries. Electromedics is a leader in the autotransfusion segment of the blood processing industry and has the second largest share, approximately one-third, of the United States autotransfusion market. Autotransfusion involves the collection of a patient's own blood before, during and after surgery for washing and reinfusion to the patient, allowing the patient to serve as his or her own blood donor. Electromedics' other medical equipment and related disposable devices focus on blood management and blood conservation, primarily in the areas of cardiovascular and orthopedic surgery, and temperature monitoring. These products include blood collection reservoirs, blood filters, blood heating and cooling systems, suction lines and tubing, temperature monitors and probes and tourniquet monitoring systems. Electromedics' principal offices and corporate headquarters are located at 18501 East Plaza Drive, Parker, Colorado 80134, telephone: (303) 840-4000. See "Information Incorporated by Reference" and "Information Regarding Electromedics."

Medtronic:..... Medtronic, Inc. ("Medtronic"), a Minnesota corporation, was

incorporated in 1957. Medtronic is the world's leading therapeutic medical device company, manufacturing biomedical devices for improved cardiovascular and neurological health. Primary products developed, manufactured and sold by Medtronic include implantable pacemaker systems used for treatment of bradycardia, implantable tachyarrhythmia management devices, mechanical and tissue heart valves, perfusion systems including blood oxygenators and centrifugal blood pumps, balloons and guiding catheters used in angioplasty, and implantable neurostimulation and drug delivery systems. More than half of Medtronic's revenues are generated from the sale of implantable cardiac pacemaker systems for treatment of bradycardia, consisting of implantable pulse generators and leads. Medtronic's principal offices and corporate headquarters are located at 7000 Central Avenue N.E., Minneapolis, Minnesota 55432, telephone: (612) 574-4000. See "Information Incorporated by Reference."

MDT Acquisition

Corporation:..... MDT Acquisition Corporation ("Merger Subsidiary"), a Minnesota corporation, is a corporation recently organized by Medtronic for the purpose of effecting the Merger. It has no material assets and has not engaged in any activities except in connection with the proposed Merger.

ELECTROMEDICS SHAREHOLDERS' MEETING

Time, Date, and Place of

Meeting:..... A special meeting of shareholders of Electromedics will be held on April 25, 1994, at 10:00 a.m., local time, at the Sheraton Denver Tech Center Hotel, 4900 DTC Parkway, Denver, Colorado (the "Meeting").

Purpose of the Meeting:....

The purpose of the Meeting is to consider and vote upon a proposal to approve the Plan of Merger attached hereto as Appendix A, providing for the merger (the "Merger") of Electromedics with and into Merger Subsidiary as a result of which Electromedics will become a wholly-owned subsidiary of Medtronic. Other terms and provisions related to the Merger are set forth in an Agreement and Plan of Merger dated as of December 23, 1993 (the "Merger Agreement"), among Medtronic, Electromedics, and Merger Subsidiary, a copy of which can be obtained from Electromedics upon request and which is summarized in this Proxy Statement/Prospectus.

Record Date:.....

Only holders of record of Electromedics Common Stock at the close of business on March 10, 1994, will be entitled to notice of and to vote at the Meeting or any adjournment or adjournments thereof.

Vote Required:.....

The affirmative vote by the holders of a majority of the outstanding shares of Electromedics Common Stock is required to approve the Plan of Merger. As of the record date, 14,056,800 shares of Electromedics Common Stock were outstanding and entitled to vote. Of such shares, 714,405 shares (approximately 5.1% of the shares entitled to vote at the Meeting) are held by directors and executive officers of Electromedics and 346,359 shares (approximately 2.5%) are held by Medtronic. Electromedics' directors and executive officers have executed Agreements to Facilitate Merger under which such persons agreed to vote the shares of Electromedics Common Stock held by them in favor of the Merger. Medtronic intends to vote all of the shares of Electromedics Common Stock held by it in favor of the Merger.

Approval of the Plan of Merger by Medtronic shareholders is not required under Minnesota law and, accordingly, will not be sought. See "The Merger -- Vote Required."

Dissenters' Rights:.....

Under Colorado law, holders of Electromedics Common Stock who give proper notice to Electromedics and who do not vote in favor of the Merger have the right to receive in cash the "fair value" of their Electromedics shares in lieu of cash and/or Medtronic Common Stock pursuant to the Merger. See "The Merger

-- Rights of Dissenting Electromedics Shareholders" and Sections 7-4-123 and 7-4-124 of the Colorado Corporation Code, copies of which are attached hereto as Appendix B. Holders of Medtronic Common Stock do not have dissenters' rights in connection with the Merger.

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DESCRIPTION OF THE MERGER

General:..... Upon consummation of the Merger, Electromedics will be merged with and into Merger Subsidiary and Electromedics will become a wholly-owned subsidiary of Medtronic. Each share of Electromedics Common Stock outstanding immediately prior to the Merger (excluding the 346,359 shares held by Medtronic and any shares as to which dissenters' rights have been perfected in the manner described in this Proxy Statement/Prospectus) will be converted into the right to receive, at the election of the holder, either (i) \$6.875 in cash; or (ii) the portion of a share (the "Conversion Ratio") of Medtronic Common Stock equal to \$6.875 divided by the average of the daily closing sale prices of Medtronic Common Stock as reported on the New York Stock Exchange ("NYSE") Composite Tape (the "Average Market Price") for the ten consecutive NYSE trading days ending on the third trading day immediately preceding the Effective Time of the Merger, but not less than \$68.00 per share nor more than \$98.00 per share. Shareholders will have the right to elect to receive all cash, all stock, or a combination of cash and stock, subject to the election and allocation procedures described below.

The Conversion Ratio is subject to appropriate adjustment in the event of a stock split, combination, dividend, or other distribution of shares of the Medtronic Common Stock prior to the Effective Time of the Merger. See "The Merger."

Each share of Medtronic Common Stock received in the Merger will also represent one Preferred Stock Purchase Right under Medtronic's Shareholder Rights Plan. See "The Merger -- Shareholder Rights Plan."

Persons entitled to fractional shares of Medtronic Common Stock upon such conversion shall receive a cash payment in lieu thereof. See "The Merger -- Conversion of Electromedics Common Stock in the Merger -- Fractional Shares."

Election and Allocation Procedures:..... Subject to the election and allocation procedures described herein, each holder of Electromedics Common Stock may submit an Election Form specifying the number of shares of Electromedics Common Stock that such holder wishes to have converted into cash and the number of shares that such holder wishes to have converted into Medtronic Common Stock. See "The Merger -- Conversion of Electromedics Common Stock in the Merger." Election Forms are being sent to Electromedics shareholders in a separate mailing on the same date as this Proxy Statement/Prospectus. REQUESTS FOR ADDITIONAL ELECTION FORMS, AND QUESTIONS OR REQUESTS FOR ASSISTANCE IN COMPLETING AND SUBMITTING ELECTION FORMS, MAY BE DIRECTED TO CHEMICAL BANK AT THE ADDRESS OR TELEPHONE NUMBER LISTED ON THE COVER OF THIS PROXY STATEMENT/PROSPECTUS.

In order to permit Electromedics shareholders to receive Medtronic Common Stock in the Merger on a "tax-free" basis, the Merger Agreement requires that no more than 50% of the aggregate amounts payable to Electromedics shareholders in the Merger be paid in cash.

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As a result, holders of Electromedics Common Stock cannot be guaranteed that all shares of Electromedics Common Stock covered by an Election to receive cash will be converted into cash in the Merger. Consequently, a holder of Electromedics Common Stock may receive cash, shares of Medtronic Common Stock or a combination thereof that does not reflect the exact

Election made by such holder of Electromedics Common Stock. No Election will be effective unless a properly executed Election Form, along with the stock certificates covered thereby, or a guaranty of delivery of such certificates, is received by Norwest Bank Minnesota, N.A. (the "Exchange Agent") by 5:00 p.m., Central time, on April 22, 1994 (the "Election Deadline").

Any record holder of shares of Electromedics Common Stock may change his or her Election by written notice received by the Exchange Agent at or prior to the Election Deadline, accompanied by a properly completed, revised Election Form (clearly indicating that it is revising a previously submitted Election Form), or may revoke his or her Election by written notice received by the Exchange Agent at or prior to the Election Deadline by withdrawing prior to the Election Deadline his or her certificates for shares of Electromedics Common Stock (or the guaranty of delivery of such certificates) previously deposited with the Exchange Agent. If an Election Form was submitted jointly by two or more holders of Electromedics Common Stock, all such holders must jointly change, revoke or withdraw such Election Form.

Electromedics shareholders who do not make an effective Election will receive shares of Medtronic Common Stock pursuant to the Merger (plus cash in lieu of fractional shares). See "The Merger -- Conversion of Electromedics Common Stock in the Merger."

Effective Time of the

Merger:.....

It is expected that the Merger will become effective as promptly as practicable following approval of the Plan of Merger by the requisite vote of the Electromedics shareholders and the satisfaction or waiver of the other conditions to the Merger. See "The Merger -- Effective Time" and "-- Conditions; Waiver."

Background of the Merger:..

The terms of the Merger Agreement are the result of arm's-length negotiations between representatives of Medtronic and Electromedics. The following is a brief discussion of the background of these negotiations, negotiations with St. Jude Medical, Inc. ("SJM"), the Merger and related transactions. On July 29, 1993, representatives of Medtronic met with officers of Electromedics and delivered a letter to Electromedics in which Medtronic proposed an acquisition of Electromedics by means of a merger of Electromedics and a Medtronic subsidiary in which Electromedics shareholders would receive \$5.50 in cash or \$5.50 in shares of Medtronic Common Stock for each share of Electromedics Common Stock. On August 4, 1993, the Electromedics Board of Directors held a special meeting at which it unanimously rejected the Medtronic proposal and so advised Medtronic by letter on that date. Electromedics agreed to furnish due diligence information to Medtronic, however, as it had done for SJM.

From August through October 1993, members of Medtronic's management held various discussions and meetings with members of Electromedics' management regarding Electromedics' business and operations, and Medtronic conducted a due diligence investigation of Electromedics. See "Information Regarding Electromedics." Members of SJM's management had similar discussions and meetings with Electromedics' management during this time. On November 1, 1993, Dain Bosworth Incorporated ("DBI") was retained by Electromedics as its financial advisor. Thereafter, DBI conducted an evaluation of Electromedics and contacted 14 companies (including Medtronic and SJM) regarding their interest in making an acquisition proposal to Electromedics.

By letter to Electromedics dated November 12, 1993, Medtronic proposed a merger of Electromedics and a Medtronic subsidiary in which Electromedics shareholders would receive \$6.125 in cash or \$6.125 in shares of Medtronic Common Stock for each share of Electromedics Common Stock. The Electromedics Board of Directors met and, based on its review of valuation analyses prepared by DBI and discussions with DBI and counsel, concluded that the Medtronic offer was not adequate, that DBI should discuss with Medtronic its flexibility as to the price and other terms of the transaction and that DBI should continue its

discussions with other companies. DBI, on behalf of Electromedics, continued its discussions with Medtronic and SJM and other companies that had expressed an interest in discussing a potential acquisition of Electromedics.

On November 30, 1993, SJM delivered a draft letter of intent regarding an acquisition proposal for Electromedics to merge with a subsidiary of SJM for a combination of \$6.25 in cash or \$6.25 in shares of SJM Common Stock for each share of Electromedics Common Stock. On December 1, 1993, SJM increased its proposal to \$6.375 per share of Electromedics Common Stock following discussions regarding the adequacy of the \$6.25 offer. Negotiations continued with SJM, and on December 6, 1993, the Board of Directors of Electromedics held a special meeting at which it approved a merger agreement with SJM at the \$6.375 price, and the agreement was executed.

By letter to Electromedics dated December 9, 1993, Medtronic proposed a merger of Electromedics and a Medtronic subsidiary in which Electromedics shareholders would receive \$6.75 in cash or \$6.75 in shares of Medtronic Common Stock for each share of Electromedics Common Stock. On December 21, 1993, a member of SJM's management advised DBI that SJM was considering a proposal to permit Electromedics to pay a cash dividend to its shareholders immediately prior to a merger with SJM such that the aggregate consideration received by Electromedics shareholders would equal \$6.75 per share of Electromedics Common Stock, although no such proposal was submitted by SJM. Later on December 21, 1993, Medtronic increased its proposal to \$6.875 per share of Electromedics Common Stock.

On December 22, 1993, the Electromedics Board of Directors, based upon the factors described below under "The Merger -- Electromedics' Reasons for the Merger; Recommendation of the Electromedics Board of Directors," unanimously approved the Merger

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Agreement with Medtronic, and the Merger Agreement was signed on December 23, 1993. The SJM merger agreement permitted the Electromedics Board of Directors to terminate the agreement under certain circumstances, and on December 23, 1993 Electromedics notified SJM that it had done so. See "The Merger -- Electromedics' Reasons for the Merger; Recommendation of the Electromedics Board of Directors," "-- Medtronic's Reasons for the Merger," "-- Electromedics' Financial Advisor" and "-- SJM Termination Fee."

Reasons for the Merger:....

In reaching its conclusions to approve the Merger Agreement and Plan of Merger and to recommend the approval of the Plan of Merger by the Electromedics shareholders, the Electromedics Board of Directors considered the significant premium offered by Medtronic over the trading price of the Electromedics Common Stock during the period preceding the announcement of the retention of DBI to consider alternatives to maximize Electromedics' shareholder value; the opportunity for Electromedics shareholders to elect to maintain a participation in Electromedics' future on a tax-free basis; the opportunity for Electromedics shareholders to continue their equity participation in a larger, more diversified medical products enterprise; the opportunity for Electromedics shareholders to receive cash dividends on their stock; the compatibility of certain products of Electromedics and Medtronic; and the increasingly competitive environment for Electromedics' major products. In addition, the Electromedics Board of Directors considered the business, financial condition, results of operations and prospects of Electromedics and Medtronic, on both a historical and prospective basis, and the current and historical market prices of Electromedics and Medtronic Common Stock. The Electromedics Board of Directors also considered the opinion of DBI that the consideration to be received by the Electromedics shareholders in the Merger is fair to the Electromedics shareholders from a financial point of view.

THE BOARD OF DIRECTORS OF ELECTROMEDICS HAS UNANIMOUSLY APPROVED THE MERGER, AND THE BOARD RECOMMENDS THAT THE SHAREHOLDERS OF ELECTROMEDICS VOTE IN FAVOR OF THE PROPOSAL SUBMITTED FOR CONSIDERATION AT THE MEETING.

See "The Merger -- Electromedics' Reasons for the Merger; Recommendation of the Electromedics Board of Directors," "--

Medtronic's Reasons for the Merger," "-- Electromedics' Financial Advisor," and "-- Comparative Stock Prices and Dividends." For information on the interests of certain persons in the Merger, see "The Merger -- Conflicts of Interest."

Electromedics' Financial

Advisor:.....

Dain Bosworth Incorporated ("DBI") was retained by Electromedics to advise it with respect to the consideration to be received by Electromedics shareholders in the Merger. DBI has issued its written opinion to the effect that the consideration to be received in the Merger by Electromedics shareholders is fair to the Electromedics shareholders from a financial point of view. The full text of the opinion of DBI, which contains information as to the assumptions made, matters considered and the scope and limitations on the review undertaken, is set forth as Appendix C to this Proxy Statement/Prospectus and should be read in its entirety. See "The Merger -- Electromedics' Financial Advisor."

Fluctuation in Market

Price:.....

The number of shares of Medtronic Common Stock received in the Merger by Electromedics' shareholders who elect stock will depend on the market value of Medtronic Common Stock, which is subject to fluctuation. There can be no assurance that the recent market prices of Medtronic Common Stock will be maintained until or after the consummation of the Merger. See "Comparative Stock Prices and Dividends."

Under the Merger Agreement, the Conversion Ratio will not reflect an Average Market Price of less than \$68.00 or greater than \$98.00 per share. Therefore, the Conversion Ratio may not fully reflect the price of Medtronic Common Stock as of the Effective Time of the Merger. See "The Merger -- Conversion of Electromedics Common Stock in the Merger."

Certain Federal Income Tax

Consequences:.....

The Merger will be treated as a tax-free reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). Medtronic, Electromedics and Merger Subsidiary will each be a "party to the reorganization" within the meaning of Section 368(b) of the Code.

No gain or loss will be recognized by the shareholders of Electromedics upon their receipt of Medtronic Common Stock in exchange for their Electromedics Common Stock. An Electromedics shareholder receiving cash, however, will be required to recognize gain, if any, realized in the transaction but not in excess of the cash received by such shareholder. As to each shareholder who receives cash, the character of the resulting gain will be either capital gain or ordinary dividend, depending on the nature of such shareholder's investment in the Electromedics Common Stock. See "The Merger -- Certain Federal Income Tax Consequences."

Accounting Treatment:.....

As required by generally accepted accounting principles, the purchase method of accounting will be used by Medtronic to account for the Merger. See "The Merger -- Accounting Treatment of the Merger."

Treatment of Stock

Options:.....

Pursuant to the Merger Agreement, all outstanding options to purchase Electromedics Common Stock will become immediately exercisable in full and holders of such options will be given the right to exercise the options prior to the Merger. If not exercised, the options will terminate at the Effective Time of the Merger. Electromedics will provide separate written notice to holders of options which will explain the procedure and deadline for exercising such options and filing an Election Form with respect to the shares of Electromedics Common Stock acquired upon exercise. Holders of shares of Electromedics Common Stock acquired upon any such exercise of options will be entitled to elect to receive in the Merger cash, shares of Medtronic Common Stock, or a combination of cash and such shares, as described in this Proxy Statement/Prospectus. See "The Merger -- Treatment of Stock Options."

Conflicts of Interest:.....

Under previously existing retirement agreements between Electromedics and F. James Lynch, Chairman of the Board and Chief Executive Officer, Howard Prosky, Vice President, Manufacturing

and a director, and Richard B. Carlock, Vice President and Chief Financial Officer of Electromedics, if such executives do not remain employed by Electromedics for at least one year after a change of control of Electromedics, Electromedics will make certain cash payments to the executive. The Merger will constitute a change in control of Electromedics and the key executives will cease employment with Electromedics and receive payments under the retirement agreements. In addition, these executives of Electromedics have executed consulting agreements with Electromedics that will provide for payments to such executives for two years following the Merger in return for their consulting services to Electromedics. The Merger will also cause all outstanding options to purchase Electromedics Common Stock, including options held by these executives, to become immediately exercisable in full and remain exercisable in accordance with the terms of the options until the exercise deadline specified in the notice from Electromedics. As a result of the foregoing, Messrs. Lynch, Prosky and Carlock have a conflict of interest in connection with the Merger. See "The Merger -- Conflicts of Interest" and "The Merger -- Treatment of Stock Options."

Regulatory Approval:..... The only federal or state regulatory approval needed to effect the Merger was the expiration of the waiting period under the HSR Act, which period expired on February 13, 1994. See "The Merger -- Regulatory Requirements."

COMPARISON OF RIGHTS OF MEDTRONIC SHAREHOLDERS AND ELECTROMEDICS SHAREHOLDERS

Medtronic and Electromedics are incorporated under the laws of the States of Minnesota and Colorado, respectively. The rights of Electromedics shareholders are currently governed by the Restated Articles of Incorporation and Bylaws, as amended, of Electromedics. Upon consummation of the Merger, Electromedics Shareholders will become shareholders of Medtronic and their rights as such will be governed by the Restated Articles of Incorporation and Bylaws, as amended, of Medtronic. See "The Merger -- Comparative Rights of Medtronic Shareholders and Electromedics Shareholders."

RECENT PRICES OF MEDTRONIC AND ELECTROMEDICS COMMON STOCK

On November 18, 1993, the day preceding public announcement of Medtronic's initial \$6.125 merger proposal, the reported closing sale price of Medtronic Common Stock on the NYSE was \$75.75 per share. On that day, the reported closing sale price of Electromedics Common Stock on the NASDAQ National Market was \$5.625 per share. On an equivalent per share basis, the reported closing sale price of Electromedics Common Stock on November 18, 1993 (calculated by multiplying the closing sale price of Medtronic Common Stock by .0859) would have been \$6.51. Solely for illustrative purposes of presenting equivalent share calculations, the portion of a Medtronic share into which one Electromedics share would be converted in the Merger is estimated by using \$80.00 (the reported closing sale price of Medtronic Common Stock on March 15, 1994) as the Average Market Price of Medtronic Common Stock. The reported closing sale price for shares of Electromedics Common Stock as reported by NASDAQ on that day was \$6.50 per share, or \$6.87 on an equivalent per share basis as calculated above. See "Comparative Stock Prices and Dividends."

Pursuant to the Merger, the actual portion of a Medtronic share into which one Electromedics share will be converted will be equal to \$6.875 divided by the Average Market Price of Medtronic Common Stock for the ten consecutive NYSE trading days ending on the third trading day immediately preceding the Effective Time of the Merger, but not less than \$68.00 nor more than \$98.00 per Medtronic share. See "The Merger -- Conversion of Electromedics Common Stock in the Merger."

The following table sets forth selected historical financial data for Medtronic for each of the five consecutive fiscal years ended April 30, 1993 and the nine months ended January 28, 1994 and January 29, 1993, and for Electromedics for each of the five consecutive fiscal years ended December 31, 1993. Such data should be read in conjunction with the consolidated financial statements and the unaudited condensed consolidated interim financial statements of Medtronic and Electromedics, all of which are incorporated by reference herein. Selected unaudited financial data for Medtronic for the nine months ended January 28, 1994 and January 29, 1993 include all adjustments (consisting only of normal recurring accruals) that Medtronic considers necessary for a fair presentation of the consolidated operating results for such interim periods. Results for the interim periods are not necessarily indicative of results for the full years. See "Information Incorporated by Reference."

MEDTRONIC, INC.
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	NINE MONTHS ENDED		YEAR ENDED APRIL 30,				
	JANUARY 28, 1994	JANUARY 29, 1993	1993	1992	1991	1990	1989

Net sales.....	\$ 997,964	\$ 969,924	\$1,328,208	\$1,176,912	\$1,021,423	\$ 865,918	\$ 765,783
Net earnings before cumulative effect of accounting changes*.....	165,613	153,604	211,584	161,541	133,372	112,874	100,285
Net earnings.....	165,613	139,248	197,228	161,541	133,372	112,874	100,285
Earnings per share from continuing operations.....	2.88	2.58	3.56	2.71	2.25	1.92	1.73
Earnings per share.....	2.88	2.34	3.32	2.71	2.25	1.92	1.73
Total assets.....	1,314,939	1,286,450	1,286,450	1,163,456	1,024,141	885,285	783,000
Long-term debt.....	19,676	17,140	10,851	8,618	7,918	7,996	8,225
Cash dividends per share.....	0.51	0.42	0.56	0.48	0.41	0.35	0.30

ELECTROMEDICS, INC.
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,				
	1993	1992	1991	1990	1989

Net sales.....	\$ 37,474	\$ 39,057	\$ 34,811	\$ 28,912	\$ 25,397
Net earnings before extraordinary items and cumulative effect of accounting changes**.....	405	2,063	1,291	365	341
Net earnings.....	405	3,568	1,939	467	583
Earnings per share from continuing operations.....	0.03	0.17	0.13	0.04	0.04
Earnings per share.....	0.03	0.29	0.20	0.05	0.07
Total assets.....	43,460	42,367	37,115	26,458	25,030
Long-term debt.....	5,000	5,147	13,350	15,392	13,112
Cash dividends per share.....	0	0	0	0	0
<FN>					

* In the first quarter of fiscal year 1993, Medtronic reported the cumulative effect of accounting changes related to the adoption of new accounting standards for post-retirement benefits and income taxes which, net of taxes, totaled \$14,356,000. Income from litigation settlements and certain non-recurring costs are included as a component of operating income.

** In fiscal year 1992, Electromedics reported the cumulative effect of accounting changes related to the adoption of a new accounting standard for income taxes totalling \$1,569,000. In 1992, 1991, and 1990, Electromedics reported extraordinary losses of \$64,000, \$72,000, and \$82,000, respectively, relating to the early extinguishment of debt. Tax benefits resulting from net operating loss carry forwards totalling \$720,000, \$184,000, \$242,000, and \$377,000 were recognized as extraordinary income in 1991, 1990, 1989, and 1988, respectively.

COMPARATIVE PER SHARE DATA

The following summary presents Medtronic's and Electromedics' historical per share data at the respective dates and for the respective periods indicated, the unaudited Medtronic and DLP pro forma combined data, and the unaudited Medtronic, DLP and Electromedics pro forma combined data per Medtronic share and

per Electromedics equivalent share. The pro forma combined data for Medtronic and DLP reflect Medtronic's acquisition of DLP, Inc. and its affiliated entities in March 1994. See "Unaudited Pro Forma Condensed Combined Financial Statements." The unaudited Medtronic, DLP and Electromedics pro forma combined data reflect consummation of the Merger as of the dates and for the periods shown and assume, solely for illustrative purposes of this presentation, that holders of Electromedics Common Stock elect to receive only shares of Medtronic Common Stock in the Merger and no cash and that the Average Market Price for Medtronic Common Stock is \$80.00 (the reported closing sale price of Medtronic Common Stock on March 15, 1994). The actual Average Market Price that will be used in the Merger will be the Average Market Price of Medtronic Common Stock for the ten consecutive NYSE trading days ending on the third trading day immediately preceding the Effective Time of the Merger, but not less than \$68.00 nor more than \$98.00 per Medtronic share. The pro forma data are provided for comparative purposes only and do not purport to be indicative of actual or future operating results or financial position that would have occurred or will occur upon consummation of the Merger. The information presented below should be read in conjunction with the separate historical consolidated financial statements of Medtronic and of Electromedics, including the notes thereto, incorporated by reference in this Proxy Statement/Prospectus. See "Information Incorporated by Reference."

	BOOK VALUE	EARNINGS FROM CONTINUING OPERATIONS	CASH DIVIDENDS
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MEDTRONIC HISTORICAL DATA:			
Per Medtronic share at and for the nine months ended January 28, 1994.....	\$ 16.05	\$ 2.88	\$ 0.51
Per Medtronic share at and for the fiscal year ended April 30, 1993.....	14.55	3.56	0.56
MEDTRONIC AND DLP PRO FORMA COMBINED DATA:			
Per Medtronic share at and for the nine months ended January 28, 1994 (1).....	\$ 16.05	\$ 2.88	\$ 0.51
Per Medtronic share at and for the fiscal year ended April 30, 1993 (2).....	14.55	3.56	0.56
ELECTROMEDICS HISTORICAL DATA:			
Per Electromedics share at and for the fiscal year ended December 31, 1993.....	\$ 2.34	\$ 0.03	\$ 0.00
Per Electromedics share at and for the twelve months ended March 31, 1993.....	2.36	0.14	0.00
Per Electromedics share at and for the nine months ended December 31, 1993.....	2.34	0.01	0.00
MEDTRONIC, DLP AND ELECTROMEDICS PRO FORMA COMBINED DATA:			
Per Medtronic share at and for the nine months ended January 28, 1994 (1).....	\$ 17.34	\$ 2.80	\$ 0.51
Per Electromedics share equivalent (3) at and for the nine months ended January 28, 1994 (1).....	1.49	0.24	0.04
Per Medtronic share at and for the fiscal year ended April 30, 1993 (2).....	15.89	3.49	0.56
Per Electromedics share equivalent (3) at and for the fiscal year ended April 30, 1993 (2).....	1.36	0.30	0.05

<FN>

- (1) The combined pro forma data combine the financial information of Medtronic at and for the nine-month period ended January 28, 1994 with the financial information of Electromedics and/or DLP at and for the nine-month period ended December 31, 1993.
- (2) The combined pro forma data combine the financial information of Medtronic at and for the year ended April 30, 1993 with the financial information of DLP at and for the year ended April 30, 1993 and of Electromedics at and for the year ended March 31, 1993.
- (3) The "Per Electromedics share equivalent" amounts reflect the pro forma "Per Medtronic share" amounts multiplied by the conversion ratio that results from assuming, for illustrative purposes of this presentation, that the Average Market Price for Medtronic Common Stock is as noted above in the introduction to this table.

GENERAL INFORMATION

This Proxy Statement/Prospectus is being furnished to the shareholders of Electromedics in connection with the solicitation by the Board of Directors of Electromedics of proxies to be voted at the Meeting to be held on April 25, 1994.

At the Meeting, Electromedics shareholders will be asked to consider and vote upon the approval of the Plan of Merger, providing for the Merger of Electromedics with and into Merger Subsidiary, a wholly-owned subsidiary of Medtronic, as a result of which Electromedics will become a wholly-owned

subsidiary of Medtronic. A copy of the Plan of Merger is attached as Appendix A to this Proxy Statement/Prospectus. Other terms and provisions related to the Merger are set forth in an Agreement and Plan of Merger dated as of December 23, 1993 (the "Merger Agreement"), among Medtronic, Electromedics, and Merger Subsidiary, as described herein and incorporated herein by reference. A copy of the Merger Agreement may be obtained from Electromedics upon request. See "Information Incorporated by Reference."

The Board of Directors of Electromedics has unanimously approved the Merger. The Board of Directors of Medtronic has approved the Merger and the issuance of shares of Medtronic Common Stock in the Merger. See "The Merger -- Background of the Merger." Applicable Minnesota law does not require that Medtronic shareholders approve the Merger, and no such approval is being sought. Medtronic, as the sole shareholder of Merger Subsidiary, has approved the Merger.

Pursuant to the Plan of Merger, upon effectiveness of the Merger, each outstanding share of Electromedics Common Stock, except for 346,359 shares of Electromedics Common Stock owned by Medtronic and except for shares of Electromedics Common Stock held by shareholders who perfect dissenters' rights under Colorado law (see "The Merger -- Rights of Dissenting Electromedics Shareholders"), will be converted into the right to receive, at the election of the holder, either (i) \$6.875 in cash; or (ii) a portion of a share of Medtronic Common Stock. Electromedics shareholders will have the right to elect to receive all cash, all stock, or a combination of cash and stock, subject to the election and allocation procedures described below. See "The Merger -- General" and "The Merger -- Conversion of Electromedics Common Stock in the Merger."

The close of business on March 10, 1994 (the "Record Date") has been fixed as the record date for determination of the holders of Electromedics Common Stock who are entitled to notice of and to vote at the Meeting or at any adjournment thereof. Electromedics has only one class of capital stock outstanding, Common Stock, \$.05 par value per share. As of the Record Date, there were 14,056,800 shares of Electromedics Common Stock outstanding held by approximately 11,167 holders of record. The holders of record on the Record Date of shares of Electromedics Common Stock are entitled to one vote per share at the Meeting. The presence at the Meeting in person or by proxy of the holders of one-third of the outstanding shares of Electromedics common stock entitled to vote shall constitute a quorum for the transaction of business. The affirmative vote of the holders of a majority of the outstanding shares of Electromedics Common Stock is required for approval of the Merger. Medtronic intends to vote its Electromedics shares in favor of the Merger, and the directors and executive officers of Electromedics have agreed to vote their Electromedics shares in favor of the Merger. See "The Merger -- Vote Required."

Representatives of Deloitte & Touche, Electromedics' independent accountants, are expected to be present at the Meeting. Such representatives will have the opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions.

A proxy card is enclosed for use by Electromedics shareholders. Such shareholders are solicited on behalf of the Board of Directors of Electromedics to SIGN AND RETURN THE PROXY CARD IN THE ACCOMPANYING ENVELOPE. No postage is required if mailed within the United States. An Election Form, for use in electing to receive cash, stock, or a combination of cash and stock, in exchange for Electromedics Common Stock, is being sent to Electromedics shareholders in a separate mailing on the same date as this Proxy Statement/Prospectus. See "The Merger -- Conversion of

Electromedics Common Stock in the Merger" for directions and the deadline for submitting the Election Forms. QUESTIONS OR REQUESTS FOR ASSISTANCE IN COMPLETING AND SUBMITTING PROXY CARDS AND ELECTION FORMS MAY BE DIRECTED TO CHEMICAL BANK AT THE ADDRESS OR TELEPHONE NUMBER LISTED ON THE COVER OF THIS PROXY STATEMENT/PROSPECTUS.

All properly executed proxies not revoked will be voted at the Meeting in

accordance with the instructions contained therein. Proxies containing no instructions will be voted in favor of approval of the Plan of Merger. A shareholder who has executed and returned a proxy may revoke it at any time before it is voted, but only by executing and returning a proxy bearing a later date, by giving written notice of revocation to an officer of Electromedics, or by attending the Meeting and voting in person. Abstentions will be treated as shares present for purposes of determining a quorum for the Meeting but will have the same effect as a vote against approval of the Plan of Merger. If a broker or other record holder or nominee indicates on a proxy that it does not have direction or authority as to certain shares to vote on the Plan of Merger, those certain shares will not be considered as present at the Meeting with respect to the vote on the Plan of Merger.

If any other matters are properly presented for consideration at the Meeting, the persons named in the enclosed form of proxy and acting thereunder will have discretion to vote on such matters in accordance with their best judgment.

THE BOARD OF DIRECTORS OF ELECTROMEDICS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE APPROVAL OF THE PLAN OF MERGER. See "The Merger -- Conflicts of Interest" for a discussion of conflicts of interest that certain directors and members of management have in connection with the Merger.

SHAREHOLDERS SHOULD NOT SEND THEIR STOCK CERTIFICATES WITH THEIR PROXY CARDS. INSTEAD, STOCK CERTIFICATES (OR A GUARANTY OF DELIVERY) SHOULD BE RETURNED WITH THE ELECTION FORMS BEING SENT IN A SEPARATE MAILING TO SHAREHOLDERS.

In addition to the solicitation of proxies by use of mail, the directors, officers or regular employees of Electromedics may, but without compensation other than their regular compensation, solicit proxies personally or by telephone or telegraph. In addition, Chemical Bank, a firm that provides professional proxy soliciting services, has been engaged to assist in the solicitation of proxies from brokers, bank nominees, institutional holders and other Electromedics shareholders and to serve as information agent in connection with the Merger. Chemical Bank will receive reasonable and customary compensation for such services and reimbursement of reasonable out-of-pocket expenses. Electromedics intends to reimburse brokerage houses and other custodians, nominees, and fiduciaries for reasonable out-of-pocket expenses incurred in forwarding copies of solicitation material to beneficial owners of Electromedics Common Stock held of record by such persons. Electromedics and Medtronic have agreed to share equally all expenses relating to the printing and mailing of this Proxy Statement/ Prospectus and the filing of it with the Commission and the costs and fees of the Exchange Agent and Chemical Bank.

All information in this Proxy Statement/Prospectus with respect to Medtronic has been furnished by Medtronic and all information with respect to Electromedics has been furnished by Electromedics.

The mailing of this Proxy Statement/Prospectus to shareholders of Electromedics is expected to commence on or about March 24, 1994.

THE MERGER

SET FORTH BELOW IS A BRIEF DESCRIPTION OF CERTAIN TERMS OF THE MERGER AGREEMENT AND RELATED MATTERS. THIS DESCRIPTION DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN OF MERGER, WHICH IS ATTACHED HERETO AS APPENDIX A, AND TO THE MERGER AGREEMENT, WHICH IS INCORPORATED HEREIN BY REFERENCE. A COPY OF THE MERGER AGREEMENT MAY BE OBTAINED FROM ELECTROMEDICS UPON REQUEST. SEE "INFORMATION INCORPORATED BY REFERENCE."

GENERAL

Medtronic, Merger Subsidiary, and Electromedics have entered into the Merger Agreement, which provides that Electromedics will be merged with and into Merger Subsidiary, with Merger Subsidiary remaining a wholly-owned subsidiary of

Medtronic. In the Merger, Merger Subsidiary will change its name to "Electromedics, Inc." Each outstanding share of Electromedics Common Stock, other than the 346,359 shares owned by Medtronic and shares held by Electromedics shareholders who perfect dissenters' rights under Colorado law, will be converted at the Effective Time (as defined below) into the right to receive, at the election of each shareholder, either (i) \$6.875 in cash; or (ii) the portion of a share of Medtronic Common Stock equal to \$6.875 divided by the Average Market Price (determined as described below) of Medtronic Common Stock for the Determination Period (as defined below), but not less than \$68.00 per share or more than \$98.00 per share. Subject to the election and allocation procedures described below, each Electromedics shareholder will be able to receive all cash, all Medtronic Common Stock, or a combination of cash and Medtronic Common Stock, in exchange for the holder's shares of Electromedics Common Stock. See "The Merger -- Conversion of Electromedics Common Stock in the Merger."

EFFECTIVE TIME OF THE MERGER

As soon as practicable after the conditions to consummation of the Merger described below have been satisfied or waived, and unless the Merger Agreement has been terminated as provided below, articles of merger will be filed with the Secretaries of State of the States of Colorado and Minnesota, at which time the Merger will become effective (the "Effective Time"). It is presently contemplated that the Effective Time will be as soon as practicable after approval of the Plan of Merger at the Meeting.

BACKGROUND OF THE MERGER

The terms of the Merger Agreement are the result of arm's-length negotiations between representatives of Medtronic and Electromedics. The following is a brief discussion of the background of these negotiations, negotiations with St. Jude Medical, Inc. ("SJM"), the Merger and related transactions.

Medtronic first considered a possible acquisition of Electromedics in 1989, and again in 1991, as part of its ongoing, systematic process of reviewing potential acquisition candidates in the medical device business that appear to offer products complementary to those of Medtronic. Its consideration of Electromedics was part of a larger search by Medtronic for appropriate acquisitions and business combinations. Medtronic began evaluating Electromedics more seriously beginning in early 1993, as a result of the price of Electromedics stock at that time and a view that Electromedics' business could fit well with that of Medtronic. Prior to July 1993, however, Medtronic had not received from Electromedics any indication of interest in a possible business combination.

SJM first approached Electromedics regarding a possible acquisition at an industry meeting in April 1993. Electromedics expressed no interest in an acquisition at that time. Electromedics furnished certain due diligence information regarding Electromedics to SJM on a confidential basis in June 1993.

In July 1993, Willard H. Lewis, Vice President and President, Cardiac Surgery Business, of Medtronic and F. James Lynch, Electromedics' Chief Executive Officer, discussed informally whether Electromedics might be willing to consider an acquisition proposal from Medtronic. These discussions were informal and no formal offer was solicited by Electromedics or made by Medtronic. On July 29, 1993, Mr. Lewis and Michael D. Ellwein, Vice President, Corporate Development and Associate General Counsel of Medtronic met with Mr. Lynch and delivered a letter to Electromedics in which Medtronic proposed an acquisition of Electromedics by means of a merger of Electromedics and a Medtronic subsidiary in which Electromedics shareholders would receive \$5.50 in cash or \$5.50 in shares of Medtronic Common Stock for each share of Electromedics Common Stock. Medtronic's initial offer of \$5.50 in cash or in shares of Medtronic Common Stock was determined based upon its review of the values produced from a financial modeling of projected revenues and profits for Electromedics and a general review of stock trading prices and revenue multiples for other publicly-held

medical device companies, all of which was done internally by Medtronic. Medtronic also believed that the choice of cash, stock, or a combination of cash and stock would offer flexibility and be attractive to Electromedics' shareholders. The parties to the meeting on July 29, 1993 discussed the price and other terms of the Medtronic offer as contained in the proposal letter. Mr. Lynch also indicated at the meeting that SJM had expressed an interest in the possible acquisition of Electromedics, and he offered to send to Medtronic a package of due diligence information. On August 4, 1993, the Electromedics Board of Directors held a special meeting at which it unanimously rejected the Medtronic proposal and so advised Medtronic by letter on that date.

At about the same time that Medtronic received the Electromedics letter rejecting its proposal, Medtronic was sent due diligence information on Electromedics on a confidential basis. At a regular meeting held on August 26, 1993, the Electromedics Board of Directors discussed Medtronic's continued interest in Electromedics and authorized management to investigate the retention of a financial advisor in the event that another acquisition proposal was made by any party. On September 1, 1993, Mr. Lewis, Mr. Ellwein, Mr. Lynch and Richard B. Carlock, Vice President and Chief Financial Officer of Electromedics, met to continue discussions about Electromedics' business in connection with a possible acquisition. This was followed by a few informal telephonic discussions among these individuals and Dian E. Rosenhamer, Vice President, Finance, Cardiac Surgery Business, of Medtronic to discuss various aspects of Electromedics' business and arrange an on-site due diligence meeting. On September 16 and 17, 1993, Ms. Rosenhamer, Dean E. Rustad, Manager, Financial Analysis, Corporate Development of Medtronic and Thomas M. Tefft, Assistant Controller of Medtronic, met with Mr. Lynch, Mr. Carlock, and Howard Prosky, Vice President, Manufacturing of Electromedics, to conduct business and financial due diligence. See "Information Regarding Electromedics." Electromedics provided Medtronic with additional follow-up information periodically from September 18, 1993 through October 21, 1993, when another due diligence meeting was held between Ms. Rosenhamer and Mr. Carlock.

In early September 1993, a member of SJM's management contacted Mr. Lynch to express an interest in continuing informal discussions with Electromedics regarding a possible acquisition of Electromedics. On September 20 and 21, 1993, members of SJM's management held a due diligence meeting with Mr. Lynch, Mr. Carlock and Mr. Prosky. Similar informal discussions occurred telephonically between members of SJM's management and Messrs. Lynch and Carlock sporadically from September 21, 1993 through the commencement of formal negotiations with SJM in late November 1993, as discussed below.

Electromedics' management engaged in the informal discussions with Medtronic and SJM following rejection of Medtronic's July 29 offer because it believed that it was in the best interests of shareholders to do so, both from the perspective of a potential acquisition of Electromedics at a premium over then-existing market prices for Electromedics Common Stock and because Medtronic and SJM could be valuable partners in strategic alliances to develop Electromedics products.

After the meeting on October 21, 1993 between Ms. Rosenhamer and Mr. Carlock, Electromedics' management concluded that a financial advisor should be engaged in light of the apparent level of interest of both SJM and Medtronic. During the week of October 25, 1993, Mr. Lewis and Mr. Lynch had a telephone conversation to arrange a meeting to continue discussions about a possible acquisition of Electromedics by Medtronic. On October 28, 1993, Mr. Lynch and Mr. Carlock met with representatives of Dain Bosworth Incorporated ("DBI") regarding the retention of DBI as financial advisor to Electromedics. Messrs. Lynch and Carlock negotiated an advisory agreement with DBI on October 29 and November 1, 1993. Electromedics' Board of Directors approved the retention of DBI at a meeting on November 1, 1993, and the advisory agreement between Electromedics and DBI was executed on that date. Other than the July 29, 1993 offer by Medtronic discussed above, no firm offer was made by Medtronic or SJM prior to the retention of DBI by Electromedics on November 1. See "The Merger -- Electromedics' Financial Advisor."

DBI was engaged to analyze the business, operations, financial condition and prospects of Electromedics, to assist Electromedics in its analysis and implementation of methods to increase and maximize shareholder value, to assist Electromedics by identifying potential purchasers and determining the extent of any interest of potential purchasers, to advise Electromedics regarding any proposed transaction and to render a fairness opinion if requested by Electromedics. In connection with its engagement, DBI conducted a financial evaluation of Electromedics as described below under "The Merger -- Electromedics' Financial Advisor." In addition, DBI contacted 14 companies (including Medtronic and SJM) regarding their interest in making an acquisition proposal to Electromedics. Through DBI, Electromedics provided nine companies other than Medtronic and SJM who expressed an interest in Electromedics with a package of confidential information about Electromedics after receiving signed confidentiality agreements.

On November 3, 1993, Mr. Lewis and Mr. Ellwein of Medtronic met with Mr. Lynch and Mr. Carlock to discuss Medtronic's interest in acquiring Electromedics, and the Medtronic representatives stated a purchase price of \$6.125 per share but made no formal offer. By letter to Electromedics dated November 12, 1993, Medtronic proposed a merger of Electromedics and a Medtronic subsidiary in which Electromedics shareholders would receive \$6.125 in cash or \$6.125 in shares of Medtronic Common Stock for each share of Electromedics Common Stock. Medtronic's increased offer of \$6.125 in cash or in shares of Medtronic Common Stock was determined by it as within the range of prices supported by Medtronic's earlier financial projections and was adjusted based on Medtronic's desire to present an offer that would be competitive with offers that Electromedics might receive from other potential acquirors of Electromedics.

At a regular meeting held November 18, 1993, the Electromedics Board of Directors met to consider the valuation analyses of Electromedics prepared by DBI and to consider the Medtronic offer. The DBI valuation analyses are summarized below under "The Merger -- Electromedics' Financial Advisor." Based on its review of the DBI analyses and discussions with DBI and counsel, the Board of Directors concluded that the Medtronic offer was not adequate, that DBI should discuss with Medtronic its flexibility as to the price and other terms of the transaction and that DBI should continue its discussions with other companies. The Electromedics Board of Directors believed that Electromedics should not be sold at the price offered by Medtronic.

After the November 18 Board meeting, DBI, on behalf of Electromedics, had a meeting on November 22, 1993 and other discussions with Medtronic in accordance with the Board's directive and a meeting on November 22, 1993 and other discussions with SJM to determine SJM's interest in making an acquisition proposal to Electromedics. In addition, DBI inquired of the other companies that had received confidential information regarding Electromedics as to whether they had an interest in making an acquisition proposal. DBI reported the results of these discussions to Electromedics' management on November 23, 1993. In addition, a member of SJM's management telephoned Mr. Lynch on November 23, 1993 to express SJM's interest in making an acquisition proposal to Electromedics. The Electromedics Board of Directors held a special meeting on November 24, 1993 to review the discussions held by DBI with Medtronic and SJM following the November 18 Board meeting and authorized management to commence negotiations with SJM regarding a specific acquisition proposal from SJM. Based on DBI's discussions with SJM, Electromedics' Board of Directors believed that SJM might be interested in making an offer to acquire Electromedics at a price higher than the Medtronic offer. In addition, DBI continued discussions with Medtronic regarding its flexibility as to price and other terms and continued discussions with other companies as to their interest in Electromedics in order to maximize the potential value that might be received by Electromedics shareholders.

On November 29, 1993, SJM advised Electromedics orally of its interest in making an acquisition proposal for Electromedics to merge with a subsidiary of SJM for a combination of \$6.25 in cash or

\$6.25 in shares of SJM Common Stock for each share of Electromedics Common Stock. On November 30, 1993, SJM delivered a draft letter of intent regarding this acquisition proposal, and on December 1, 1993, SJM increased its proposal to \$6.375 per share of Electromedics Common Stock following discussions with DBI regarding the adequacy of the \$6.25 offer.

The Electromedics Board of Directors held a special meeting on December 2, 1993 to consider the SJM proposal. At the meeting, DBI summarized the SJM proposal and negotiations by DBI with SJM and its financial advisor that led to the proposal and discussed SJM, its business and stock valuation. DBI also presented an updated valuation analysis of Electromedics that was based on revised estimates prepared by Electromedics management. See "The Merger -- Electromedics' Financial Advisor." In addition, DBI reported that SJM, Medtronic and one other company were the remaining interested companies, that the other companies contacted had concluded not to pursue discussions further and that the other interested company had deferred its due diligence visit in light of the SJM offer. This company subsequently did not pursue its investigation of Electromedics or make any acquisition proposal to Electromedics. After discussion of the SJM proposal, including an oral opinion from DBI that the proposed merger consideration to be paid by SJM was fair to the Electromedics shareholders from a financial point of view, the Board of Directors authorized management of Electromedics to enter into a letter of intent to merge with SJM subject to completion of negotiations regarding a proposed termination fee. These negotiations continued during the evening of December 2, 1993 without resolution of certain issues, including the terms of the proposed termination fee. On December 3, 1993, Electromedics' Board of Directors held a special meeting to review the status of these negotiations and authorized continued negotiations toward a definitive merger agreement with SJM. These negotiations occurred on December 4 and 5, 1993. On December 6, 1993, the Electromedics Board of Directors held a special meeting at which it approved a merger agreement with SJM at the \$6.375 price, and the agreement was executed. The factors underlying the Board's decision to approve the merger agreement with SJM are the same as those that led the Board subsequently to approve the merger with Medtronic at a higher price. See "The Merger -- Electromedics' Reasons for the Merger."

By letter to Electromedics dated December 9, 1993, Medtronic proposed a merger of Electromedics and a Medtronic subsidiary in which Electromedics shareholders would receive \$6.75 in cash or \$6.75 in shares of Medtronic Common Stock for each share of Electromedics Common Stock. Thereafter, Mr. Lynch, Mr. Carlock and DBI discussed the Medtronic proposal with members of Medtronic's management (principally Mr. Lewis and Mr. Ellwein) and with members of SJM's management. The discussions with Medtronic covered negotiation of the terms of a definitive agreement with Medtronic. The discussions with SJM concerned SJM's interest in amending its agreement with Electromedics to increase the acquisition price. In addition, Medtronic and SJM conducted additional due diligence regarding Electromedics. An agreement and plan of merger was negotiated by representatives of Electromedics and Medtronic. On December 21, 1993, a member of SJM's management advised DBI that SJM was considering a proposal to permit Electromedics to pay a cash dividend to its shareholders immediately prior to a merger with SJM such that the aggregate consideration received by Electromedics shareholders would equal \$6.75 per share of Electromedics Common Stock, although no such proposal was submitted by SJM. Later on December 21, 1993, Medtronic increased its proposal to \$6.875 per share of Electromedics Common Stock.

On December 22, 1993, the Electromedics Board of Directors, based upon the factors described below under "Electromedics' Reasons for the Merger; Recommendation of the Electromedics Board of Directors," unanimously approved the Merger Agreement with Medtronic. Negotiations regarding the Merger Agreement were completed by representatives of Medtronic and Electromedics on December 23, 1993, and the Merger Agreement was signed on that day. The SJM merger agreement permitted the Electromedics Board of Directors to terminate the agreement under certain circumstances, and on December 23, 1993 Electromedics notified SJM that it had done so. See "The

Electromedics Board of Directors," "-- Medtronic's Reasons for the Merger," "-- Electromedics' Financial Advisor" and "-- SJM Termination Fee."

ELECTROMEDICS' REASONS FOR THE MERGER; RECOMMENDATION OF THE ELECTROMEDICS BOARD OF DIRECTORS

The Electromedics Board of Directors believes that the Merger is in the best interests of Electromedics shareholders and unanimously recommends to its shareholders that they vote FOR approval of the Plan of Merger. See "The Merger -- Conflicts of Interest" for a discussion of conflicts of interest that certain directors and members of management have in connection with the Merger. In reaching these conclusions, the Electromedics Board of Directors considered the following factors. The Electromedics Board of Directors recognized that the Merger consideration offered a significant premium over the trading price of the Electromedics Common Stock during the period preceding the announcement of the engagement of DBI to consider alternatives to maximizing shareholder value and also provided the opportunity for Electromedics shareholders to maintain a participation in Electromedics' future on a tax-free basis through the election of Medtronic Common Stock. Medtronic Common Stock represents an opportunity for Electromedics shareholders to continue equity participation in a larger, more diversified medical products enterprise as well as a method to receive cash dividends on their shareholdings. Medtronic, which reported net sales of approximately \$1.3 billion for the fiscal year ended April 30, 1993, produces a greater number and variety of products than Electromedics and has less dependence on any single product. Electromedics has never declared a cash dividend on Electromedics Common Stock. Electromedics intended to retain earnings to finance the growth of its business and did not anticipate that any cash dividends would be paid in the foreseeable future.

The Electromedics Board of Directors has recognized that certain products sold by Electromedics and Medtronic are compatible. Competition in Electromedics' core business has increased significantly, and Electromedics' principal competitor has more financial resources than Electromedics. The environment for Electromedics' major products will become increasingly competitive in the near future. Accordingly, the Electromedics Board of Directors believes that combination with a larger, more diversified medical products company will result in higher value to be derived from Electromedics' core business than if Electromedics remains independent.

In addition, the Electromedics Board of Directors considered the business, financial condition, results of operations and prospects of Electromedics and Medtronic, on both a historical and prospective basis, and the current and historical market prices of Electromedics and Medtronic Common Stock. These factors led the Electromedics Board of Directors to conclude that combination with Medtronic at this time would result in greater shareholder value than if Electromedics remained independent. The Electromedics Board of Directors also considered the opinion of DBI that the consideration to be received by the Electromedics shareholders in the Merger is fair to the Electromedics shareholders from a financial point of view. See "The Merger -- Electromedics' Financial Advisor" and "Comparative Stock Prices and Dividends."

MEDTRONIC'S REASONS FOR THE MERGER

Medtronic believes that the acquisition of Electromedics will enhance Medtronic's product offerings and will complement Medtronic's leadership in technologies for blood-handling and monitoring during major surgery. Medtronic believes that, amid rising costs of donor blood and rising concern about blood-borne diseases, technologies like those developed and manufactured by Electromedics that enable use of the patient's blood for reinfusion during surgery present an increasingly attractive alternative.

ELECTROMEDICS' FINANCIAL ADVISOR

Electromedics has retained Dain Bosworth Incorporated ("DBI") to act as its exclusive financial advisor in connection with the Merger. See "The Merger -- Background of the Merger." DBI has advised Electromedics with respect to the respective merger proposals by SJM and Medtronic and the consideration to be received by Electromedics shareholders in the Merger. DBI was selected by

Electromedics' Executive Committee based upon its view of DBI's qualifications, expertise and reputation. In addition, DBI has provided certain investment banking services to Electromedics from time to time, including acting as managing underwriter of a public offering of Electromedics Common Stock in November 1990. The selection of DBI was ratified and approved by Electromedics' Board of Directors. The amount of the consideration to be received by Electromedics shareholders was determined through negotiations between Electromedics and Medtronic and not by DBI, although DBI did assist the Electromedics Board of Directors in certain of these negotiations.

DBI has rendered to the Electromedics Board of Directors an opinion that the per share consideration to be received by holders of Electromedics Common Stock in the Merger is fair to such shareholders from a financial point of view. A copy of the opinion of DBI, reaffirmed in writing as of the date hereof, is attached as Appendix C to this Proxy Statement/Prospectus. No limitations were imposed on DBI with respect to the scope of its investigation. As set forth in its opinion, DBI relied on, and did not independently verify, the accuracy, completeness and fairness of the financial and other information furnished to it by Electromedics and Medtronic, and publicly available information concerning Electromedics and Medtronic. DBI did not make an independent evaluation or appraisal of the assets and liabilities of Electromedics and Medtronic, and expressed no opinion regarding the liquidation value of any entity. Holders of Electromedics Common Stock are urged to read DBI's opinion in its entirety for a description of the procedures followed, the factors considered and the assumptions made by DBI in rendering its opinion.

For purposes of its opinion, DBI reviewed and analyzed certain publicly available information relating to Electromedics, as well as various other information provided by Electromedics including certain financial forecasts and internal management reports. DBI analyzed the historical reported market prices and trading activity of Electromedics, as well as earnings, rates of return, capitalization, dividends, and other relevant factors associated with Electromedics. DBI visited the headquarters and primary manufacturing facility of Electromedics. DBI also held discussions with members of the senior management of Electromedics regarding its past and current business operations, financial condition and future prospects. DBI used the foregoing information to educate itself about Electromedics and the market for Electromedics' Common Stock.

In conducting the review and in performing the analyses described below, DBI did not attribute any particular weight to any information or analysis considered by it, but rather made qualitative judgments as to the significance and relevance of each factor and analysis. Accordingly, DBI believes that the information reviewed and the analysis conducted must be considered as a whole and that considering any portion of such information or analyses, without considering all of such information and analyses, could create a misleading or incomplete view of the process underlying the opinion.

DISCOUNTED CASH FLOW ANALYSIS. DBI assessed the present value of the future cash flows that business segments of Electromedics could be expected to generate over a defined time period and the residual value of these business segments at the end of the time period (the "DCF Analysis"). In preparing its DCF Analysis, DBI worked with management of Electromedics to develop operating projections for five business segments: (i) the historical domestic business (the "Core Business"); (ii) Electromedics' German operations ("ELMD Germany"); (iii) Electromedics' French operations ("ELMD France"); (iv) a new application of Electromedics' technology for platelet gel ("Platelet Gel"); and (v) a new technology that Electromedics is developing for an intravenous membrane oxygenator ("IMO"). To develop the projections used in the DCF Analysis, Electromedics provided to DBI preliminary five-year projections for Electromedics. DBI and Electromedics organized these projections into the five business segments. DBI then reviewed Electromedics' preliminary projections with Electromedics' management to refine the assumptions and develop a set of projections that were mutually agreed upon by DBI and Electromedics' management.

Each of the five business segments was then valued individually, combining the projections for the business with assumptions regarding discount rates and multiples of operating statistics in the final year of the projections. The analysis yielded the following results:

(i) CORE BUSINESS -- DBI analyzed the five-year projections developed for this business segment using discount rates ranging from 14.0% to 17.0%. DBI applied operating cash flow multiples ranging from 8.0 to 9.5 to determine the residual value of the business in the final year of the projections. DBI determined that the most appropriate discount rates were 15.0% and 16.0% and that the most appropriate operating cash flow multiples were 8.5 and 9.0. The combination of these discount rates and operating cash flow multiples yielded values for this segment ranging from \$56.9 to \$62.3 million.

(ii) ELMD GERMANY -- DBI analyzed the five-year projections developed for this business segment using discount rates ranging from 22.5% to 30.0%. DBI applied operating cash flow multiples ranging from 8.0 to 9.5 to determine the residual value of the business in the final year of the projections. DBI determined that the most appropriate discount rates were 25.0% and 27.5% and that the most appropriate operating cash flow multiples were 8.5 and 9.0. The combination of these discount rates and operating cash flow multiples yielded values for this segment ranging from \$3.3 to \$3.8 million.

(iii) ELMD FRANCE -- DBI analyzed the five-year projections developed for this business segment using discount rates ranging from 22.5% to 30.0%. DBI applied operating cash flow multiples ranging from 8.0 to 9.5 to determine the residual value of the business in the final year of the projections. DBI determined that the most appropriate discount rates were 25.0% and 27.5% and that the most appropriate operating cash flow multiples were 8.5 and 9.0. The combination of these discount rates and operating cash flow multiples yielded values for this segment ranging from \$0.7 to \$0.9 million. DBI and Electromedics determined that the projections for ELMD France were uncertain. To account for the uncertainty, DBI applied a range of value to ELMD France of between (\$0.5) and \$0.9 million.

(iv) PLATELET GEL -- DBI analyzed the five-year projections developed for this business segment using discount rates ranging from 22.5% to 30.0%. DBI applied revenue multiples ranging from 1.2 to 1.8 to determine the residual value of the business in the final year of the projections. DBI determined that the most appropriate discount rates were 25.0% and 27.50% and that the most appropriate revenue multiples were 1.4 and 1.6. The combination of these discount rates and revenue multiples yielded values for this segment ranging from \$9.2 to \$11.5 million.

(v) IMO -- The IMO analysis was based on ten-year projections as revenues were not expected until 1998. DBI analyzed the ten-year projections developed for this business segment using discount rates ranging from 37.5% to 45.0%. DBI applied revenue multiples ranging from 1.5 to 2.25 to determine the residual value of the business in the final year of the projections. DBI determined that the most appropriate discount rates were 40.0% and 42.50% and that the most appropriate revenue multiples were 1.75 and 2.0. The combination of these discount rates and revenue multiples yielded values for this segment ranging from \$8.5 to \$12.2 million.

The results of these individual analyses were combined to yield a total value for Electromedics of between \$77.4 and \$90.8 million. This range of values was then adjusted for such balance sheet statistics as cash and equivalents and debt and other financial information including proceeds from options that would be exercised and the present value of net operating losses and tax carryforwards (the "Adjustments"). After including the Adjustments, it was determined that the equity value of Electromedics was between \$87.7 and \$101.1 million. This range of equity values is equal to approximately \$5.93 to \$6.84 per fully diluted share of Electromedics Common Stock.

ANALYSIS OF SELECTED PUBLICLY TRADED COMPANIES. DBI compared financial and stock market information of Electromedics to similar information for certain publicly traded companies operating in the medical device industry. Companies reviewed by DBI included American Medical Products;

Conmed Corporation; Gish Biomedical; Haemonetics Corporation; Minntech Corporation; and Protocol Systems, Inc. (the "Comparable Companies"). Of the companies that operate in the medical device industry, the Comparable Companies are those determined by DBI to be most comparable to Electromedics based on a number of criteria, including: the similarity of product offerings with particular focus on products that are used in blood management and products that have disposable components; the size of the companies as measured by revenues; and the relative profitability as measured by operating income as a percent of revenues. For purposes of comparing each of these companies with Electromedics, DBI calculated financial ratios and compared these ratios with comparable ratios for Electromedics. The financial ratios used consisted of (i) total market value of capitalization to last-twelve-month's revenues (the "Revenue Multiple"), (ii) total market value of capitalization to last-twelve-month's operating cash flow (the "OCF Multiple"), and (iii) total market value of capitalization to last-twelve-month's operating income (the "Operating Income Multiple"). After reviewing the financial results of the Comparable Companies, DBI used Revenue Multiples ranging from 1.7 to 2.2, OCF Multiples ranging from 10.0 to 13.2, and Operating Income Multiples ranging from 12.0 to 16.0. Applying these ranges to Electromedics operating results for the twelve months ending September 30, 1993 yielded valuation ranges for the total capitalization of Electromedics of between \$22.6 and \$83.7 million. Based on this ratio analysis of Electromedics' operating statistics and the Adjustments, it was determined that the total equity value for Electromedics was between \$50.3 million and \$60.3 million. This range of equity values is equal to approximately \$3.40 to \$4.08 per fully diluted share.

ANALYSIS OF SELECTED MERGER AND ACQUISITION TRANSACTIONS. DBI reviewed and summarized the terms of 16 selected acquisitions in the medical device industry. The following table lists the transactions that DBI analyzed (the "Comparable Acquisitions").

EFFECTIVE DATE OF TRANSACTION	ACQUIRING COMPANY	ACQUIRED COMPANY
09/21/93	Mallinkrodt Medical	DAR SpA
09/08/93	Corning, Inc.	Costar Corp.
07/28/93	Sunrise Medical, Inc.	DiVilbiss Health Care
07/12/93	Conmed Corp.	Andover Medical, Inc.
04/30/93	Union Carbide Chemicals	Vitaphore Corp.
02/11/93	Mallinkrodt Medical	Shiley Respiratory
09/25/92	Mallinkrodt Medical	HemoCue Intressenter
04/16/92	Vital Signs, Inc.	Biomedical Dynamics Corp.
07/29/92	Cabot Medical	Surgitek
02/28/92	Sorin Biomedica SpA	Shiley, Inc.
02/24/92	Eli Lilly & Co.	Origin Medsystems, Inc.
12/31/91	Birtcher Medical Systems	Solos Endoscopy
10/01/91	Thermo Electron Corp.	International Technidyne
09/21/90	Medtronic, Inc.	Bio-Medicus, Inc.
06/29/90	Bristol-Myers Squibb	Concept, Inc.
06/19/90	Gambro AB	COBE Laboratories

The Comparable Acquisitions were selected based on the comparability of the acquired company to Electromedics based on a number of criteria including: primary line of business in the medical device industry; the similarity of product offerings; and the size of the companies as measured by revenues. In

addition, DBI focused on transactions that have occurred since June 1990. For purposes of determining valuation parameters for Electromedics, DBI computed financial ratios for each of these transactions, where the information was available, and applied these ratios to Electromedics' operating statistics. As in the analysis of the Comparable Companies, the financial ratios used consisted of the Revenue Multiple, the OCF Multiple, and the Operating Income Multiple. After reviewing the financial results of the Comparable Acquisitions, DBI used Revenue Multiples ranging from 1.5 to 2.5, OCF Multiple ranging from 10.0 to 15.0, and Operating Income Multiples ranging

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from 13.0 to 18.0. Applying these ranges to Electromedics operating results for the twelve months ending September 30, 1993 yielded valuation ranges for the total capitalization of Electromedics of between \$24.5 and \$95.2 million. Based on this ratio analysis of Electromedics' operating statistics and the Adjustments, it was determined that the total equity value for Electromedics was between \$60.3 million and \$70.3 million. This range of equity values is equal to approximately \$4.08 to \$4.76 per fully diluted share.

DBI did not assign any particular weight to the individual analyses described above, which represent a summary of the material analyses performed by DBI. DBI's determination regarding the fairness of the transaction is not based on a mathematical model but rather upon the consideration of the body of information obtained from such analysis and qualitative factors.

Electromedics has paid DBI a fixed engagement fee of \$35,000 for certain services as Electromedics' financial advisor, including DBI's analysis of the business, operations, financial condition and future prospects of Electromedics and analysis and implementation of methods to increase and maximize shareholder value. For DBI's analysis of the Merger consideration and preparation of a written opinion to the Electromedics Board of Directors, Electromedics has paid DBI a fixed fee of \$150,000. Electromedics has also agreed to pay DBI an additional fee of approximately \$1,016,000 (against which the \$150,000 will be credited), which represents one percent (1.0%) of the consideration to be received by Electromedics' shareholders in connection with the Merger, for assisting Electromedics in the negotiations with Medtronic relating to the consideration to be received by Electromedics' shareholders. Such additional fee is payable at the time of, and contingent upon, the consummation of the Merger or other acquisition transaction involving Electromedics consummated pursuant to an agreement or commitment entered into prior to November 1, 1995. Electromedics has also agreed to reimburse DBI for its out-of-pocket expenses, including reasonable fees and disbursements of counsel, not to exceed \$35,000 without prior approval of Electromedics. Electromedics has also agreed to indemnify DBI against certain liabilities, including those arising under securities laws.

DBI is a nationally recognized investment banking firm and is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. DBI makes a market in Electromedics Common Stock. In the course of its market making and other trading activities, DBI may, from time to time, have a long or short position in, and buy and sell securities of, Electromedics and Medtronic. DBI also periodically publishes research reports regarding medical device industry companies, including Electromedics and Medtronic. The board of directors of DBI's parent company, Inter-Regional Financial Group, Inc., elected two new directors at its meeting on February 1, 1994, including Robert L. Ryan, Senior Vice President and Chief Financial Officer of Medtronic.

VOTE REQUIRED

Approval of the Merger requires the affirmative vote of the holders of a majority of the outstanding shares of Electromedics Common Stock. Each holder of Electromedics Common Stock outstanding as of the Record Date is entitled to one vote for each share held. On the Record Date, there were 14,056,800 shares of Electromedics Common Stock outstanding. Of such shares, 714,405 shares (approximately 5.1% of the outstanding shares of Electromedics Common Stock) are

held by directors and executive officers of Electromedics and 346,359 shares (approximately 2.5% of the outstanding shares of Electromedics Common Stock) are held by Medtronic. Electromedics' directors and executive officers have executed Agreements to Facilitate Merger under which such persons have agreed to vote the shares of Electromedics Common Stock held by them in favor of the Merger. Medtronic intends to vote all of the shares of Electromedics Common Stock held by it in favor of the Merger.

Medtronic, as the sole shareholder of Merger Subsidiary, has approved the Merger Agreement. Approval of the Merger Agreement by Medtronic's shareholders is not required under Minnesota law and is not being sought.

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CONVERSION OF ELECTROMEDICS COMMON STOCK IN THE MERGER

At the Effective Time, each share of Electromedics Common Stock issued and outstanding immediately prior thereto, excluding 346,359 shares of Electromedics Common Stock held by Medtronic and excluding any shares of Electromedics Common Stock held by holders who have perfected their dissenters' rights under Colorado law (see "The Merger -- Rights of Dissenting Electromedics Shareholders"), will be automatically converted into the right to receive, at the election of each shareholder, either (i) \$6.875 in cash; or (ii) the portion of a share (the "Conversion Ratio") of Medtronic Common Stock equal to \$6.875 divided by the average of the daily closing sale prices of Medtronic Common Stock as reported on the New York Stock Exchange ("NYSE") Composite Tape (the "Average Market Price") for the ten consecutive trading days ending on the third trading day immediately preceding the Effective Time (the "Determination Period"), but not less than \$68.00 per share nor more than \$98.00 per share. Subject to the election and allocation procedures described below, each Electromedics shareholder will have the right to elect to receive cash, Medtronic Common Stock or a combination of cash and Medtronic Common Stock, in exchange for the holder's Electromedics Common Stock.

The \$6.875 amount per share of Electromedics Common Stock, payable in cash or shares of Medtronic Common Stock as provided above, shall be reduced proportionately if the sum of the number of shares of Electromedics Common Stock outstanding at the Effective Time plus the number of shares subject to outstanding options at the Effective Time exceeds 14,801,250 (the sum of Electromedics shares outstanding and shares underlying options outstanding on the date the Merger Agreement was signed). Electromedics does not anticipate that such number will be exceeded at the Effective Time.

If, prior to the Effective Time, Medtronic splits or combines the Medtronic Common Stock or pays a stock dividend or other stock distribution in shares of Medtronic Common Stock, then the Conversion Ratio will be appropriately adjusted.

Based on the number of shares of Electromedics Common Stock outstanding on the Record Date (excluding 346,359 shares of Electromedics Common Stock held by Medtronic and assuming a Conversion Ratio of .0859, or one Medtronic share for every 11.64 Electromedics shares, calculated by using the March 15, 1994 Medtronic closing sale price of \$80.00 as the assumed Average Market Price solely for illustrative purposes of this paragraph), an estimated maximum 1,239,446 shares of Medtronic Common Stock may be issued in exchange for Electromedics Common Stock upon consummation of the Merger, assuming that all of the outstanding shares of Electromedics Common Stock are converted into Medtronic Common Stock. Such shares would represent approximately 2.1% of the approximately 58,594,332 shares of Medtronic Common Stock that would be outstanding after consummation of the Merger. The actual number of Medtronic shares that will be issued as a result of the Merger will also depend on the number of Electromedics shares that holders elect to convert into cash rather than Medtronic Common Stock.

Electromedics shareholders should understand that shareholders receiving Medtronic Common Stock in the Merger will receive a number of Medtronic shares determined pursuant to the Conversion Ratio, as defined at the beginning of this section. Because the Conversion Ratio does not take into account an Average

Market Price of Medtronic Common Stock of less than \$68.00 per share or more than \$98.00 per share, and because the market price of Medtronic Common Stock is subject to fluctuation, the market value of the Medtronic shares that Electromedics shareholders receive in the Merger (whether measured at the Election Deadline, as defined below, or at the Effective Time of the Merger or another date), may be less than or greater than the Average Market Price used for purposes of determining the Conversion Ratio. In addition, because of such fluctuations in the value of Medtronic shares, the market value of the Medtronic Common Stock that Electromedics shareholders receive in the Merger may increase or decrease following the Merger. See "Comparative Stock Prices and Dividends" for information regarding the historical market prices of Medtronic Common Stock.

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Subject to the election and allocation procedures described below, each holder of Electromedics Common Stock may, by properly delivering an Election Form to the Exchange Agent, indicate a preference as to the number of shares of Electromedics Common Stock that such holder desires to have converted into cash and the number of shares of Electromedics Common Stock that such holder desires to have converted into Medtronic Common Stock. PROPERLY EXECUTED ELECTION FORMS, ALONG WITH THE STOCK CERTIFICATES COVERED THEREBY (OR A GUARANTY OF DELIVERY OF SUCH CERTIFICATES), MUST BE RECEIVED BY THE EXCHANGE AGENT BY 5:00 P.M., CENTRAL TIME, ON APRIL 22, 1994 (THE "ELECTION DEADLINE"), WHICH IS THE LAST BUSINESS DAY PRIOR TO THE DATE OF THE MEETING. Election Forms are being mailed separately to holders of Electromedics Common Stock on the same date that this Proxy Statement/ Prospectus is mailed. Holders of Electromedics Common Stock who do not execute and deliver properly completed Election Forms by the Election Deadline will receive, without regard to their preferences, Medtronic Common Stock. See "Procedure for Submitting Election Forms" below.

RIGHT OF ELECTION BY HOLDERS OF ELECTROMEDICS COMMON STOCK

The Merger Agreement provides that each holder of Electromedics Common Stock may, by properly completing and delivering to Norwest Bank Minnesota, N.A., as the Exchange Agent, an Election Form as described below under "-- Procedure for Submitting Election Forms," indicate the number of shares of Electromedics Common Stock owned by such holder that such holder desires to have converted into the right to receive cash in the Merger (a "Cash Election") and the number of such shares that the holder desires to have converted into the right to receive Medtronic Common Stock in the Merger (a "Stock Election").

Except as provided in the following sentence, each Electromedics shareholder must submit only one Election Form for all shares of Electromedics Common Stock held by such shareholder, indicating both the Cash Election and the Stock Election for such holder (and the number of shares covered by each such Election). Different Election Forms may be submitted for different portions of a holder's shares only if each such Election Form covers all shares of Electromedics Common Stock held on behalf of a particular beneficial owner. Holders of record of shares of Electromedics Common Stock who act as nominees, trustees, or in other representative capacities must certify that each such Election Form submitted by them covers all the shares of Electromedics Common Stock that they hold for a particular beneficial owner.

Two or more holders of shares of Electromedics Common Stock, either of whom may be deemed constructively to own the other's shares of Electromedics Common Stock by reason of the ownership attribution rules of Section 318 of the Internal Revenue Code of 1986, as amended (the "Code"), may submit a combined Election Form containing a single Election as to their shares of Electromedics Common Stock. Any combined Election Form and change in or revocation of such combined Election Form must be signed by or on behalf of all holders of the Electromedics Common Stock covered thereby. All shares of Electromedics Common Stock covered by a single combined Election Form held by holders of Electromedics Common Stock submitting such combined Election Form will be treated as being held by a single holder.

If Cash Elections are received for a number of shares of Electromedics Common Stock that is more than the Cash Conversion Number (as hereinafter

defined), such Elections will be subject to the allocation procedures described below under "-- Cash Elections; Allocation and Proration."

The "Cash Conversion Number" means the number of shares of Electromedics Common Stock to be converted into the right to receive cash in the Merger pursuant to the Merger Agreement, which, assuming exercise of all outstanding Electromedics options, shall be not greater than 6,939,291 shares minus the aggregate number of shares of Electromedics Common Stock, if any, as to which the holders of such shares have properly exercised dissenters' rights pursuant to Colorado law.

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CASH ELECTIONS; ALLOCATION AND PRORATION

If Cash Elections are received for a number of shares of Electromedics Common Stock which is not, in the aggregate, more than the Cash Conversion Number, then each share of Electromedics Common Stock covered by a Cash Election will be converted into the right to receive cash in the Merger.

If Cash Elections are received for a number of shares of Electromedics Common Stock which is more than the Cash Conversion Number, then the shares of Electromedics Common Stock for which Cash Elections have been received will be converted into the right to receive cash and Medtronic Common Stock in the Merger as follows:

(i) A cash proration factor (the "Cash Proration Factor") will be determined by dividing the Cash Conversion Number by the total number of shares of Electromedics Common Stock with respect to which effective Cash Elections were made.

(ii) The number of shares of Electromedics Common Stock covered by each Cash Election to be converted into the right to receive cash shall be determined by multiplying the Cash Proration Factor by the total number of shares covered by such Election, rounded to the next lowest whole number.

(iii) Shares of Electromedics Common Stock covered by a Cash Election and not converted into a right to receive cash in the Merger as set forth above, and shares of Electromedics Common Stock not covered by a Cash Election, will be converted into Medtronic Common Stock in the Merger.

NON-ELECTING SHARES

Any outstanding shares of Electromedics Common Stock (other than shares owned by Medtronic and other than shares held by Electromedics shareholders who have perfected their dissenters' rights under Colorado law) as to which an Election is not in effect at the Election Deadline, including any shares of Electromedics Common Stock with respect to which Medtronic and Electromedics determine for any reason that an Election was not properly made, will be called "Non-Electing Shares." Each Non-Electing Share will be converted into Medtronic Common Stock in the Merger.

FRACTIONAL SHARES

No certificates or scrip representing fractional shares of Medtronic Common Stock will be issued, and no Medtronic dividend, stock split or interest will relate to any fractional share. No fractional share interests will entitle the owner thereof to vote or to any rights of a shareholder of Medtronic. In lieu of any such fractional shares, each holder of Electromedics Common Stock who otherwise would be entitled to receive a fractional share of Medtronic Common Stock in the Merger will receive an amount of cash (without interest) determined by multiplying (i) the Average Market Price by (ii) the fractional share interest to which such holder would otherwise be entitled.

PROCEDURE FOR SUBMITTING ELECTION FORMS

No Election will be effective unless a properly completed and signed Election Form, ACCOMPANIED BY CERTIFICATES for the shares of Electromedics

Common Stock to which such Election Form relates OR BY A GUARANTY OF DELIVERY OF SUCH CERTIFICATES in the form set forth in the Election Form by a member of any national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States, provided that such certificates are in fact delivered by the time set forth in such guaranty of delivery, has been received by the Exchange Agent by April 22, 1994, the Election Deadline. Failure to deliver shares covered by such a guaranty of delivery within five business days after the Election Deadline will invalidate any otherwise properly made Election. REQUESTS FOR ADDITIONAL ELECTION FORMS, AND QUESTIONS OR REQUESTS FOR ASSISTANCE IN COMPLETING AND SUBMITTING ELECTION FORMS, MAY BE DIRECTED TO CHEMICAL BANK AT THE ADDRESS OR TELEPHONE NUMBER LISTED ON THE COVER OF THIS PROXY STATEMENT/PROSPECTUS.

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An Election relating to shares of Electromedics Common Stock shall be deemed to have been automatically revoked as of the Election Deadline if the holder of such shares has filed and not withdrawn as of the Effective Time of the Merger a valid claim for dissenters' rights under Colorado law with respect to such shares. See "The Merger -- Rights of Dissenting Electromedics Shareholders."

Any holder of Electromedics Common Stock may at any time prior to the Election Deadline change his or her Election Form by written notice received by the Exchange Agent at or prior to the Election Deadline accompanied by a properly completed, revised Election Form (clearly indicating that it is revising a previously submitted Election Form). Any holder of Electromedics Common Stock also may at any time prior to the Election Deadline revoke his or her Election Form by written notice received by the Exchange Agent at or prior to the Election Deadline or by withdrawal prior to the Election Deadline of his or her certificates representing Electromedics Common Stock or the guaranty of delivery of such certificates previously deposited with the Exchange Agent. In the event that a single Election Form is submitted for shares held by more than one holder of Electromedics Common Stock, any change, revision or revocation of such Election Form must be signed by or on behalf of all such shareholders who signed such Election Form.

OTHER RULES

Medtronic and Electromedics have the right to make additional rules not inconsistent with the Merger Agreement governing the validity of the Election Forms, the manner and extent to which Elections are to be taken into account in selecting the shares of Electromedics Common Stock to be converted either into the right to receive cash, Medtronic Common Stock or a combination thereof, the issuance and delivery of certificates for shares of Medtronic Common Stock into which shares of Electromedics Common Stock are converted in the Merger, and the payment for shares of Electromedics Stock converted into the right to receive cash in the Merger. All such rules and determinations will be final and binding on all holders of Electromedics Common Stock.

PAYMENT OF CASH AND EXCHANGE OF SHARES OF ELECTROMEDICS COMMON STOCK

As soon as practicable after the Effective Time, the Exchange Agent will furnish a letter of transmittal to holders of a certificate or certificates that prior to the Effective Time represented shares of Electromedics Common Stock, but only if and to the extent that such certificates were not previously submitted to the Exchange Agent with an Election Form (or pursuant to a duly executed guaranty of delivery). The letter of transmittal will include instructions regarding the surrender of certificates representing shares of Electromedics Common Stock in exchange for certificates representing shares of Medtronic Common Stock. Electromedics shareholders who filed an effective Election Form prior to the Election Deadline, and who surrendered their certificates at that time or later pursuant to a guaranty of delivery, will not receive a letter of transmittal.

As soon as practicable after the Effective Time, the Exchange Agent will distribute to holders of shares of Electromedics Common Stock, upon surrender to the Exchange Agent (unless previously surrendered with an Election Form or pursuant to a guaranty of delivery) of one or more certificates for such shares

of Electromedics Common Stock for cancellation, (i) a bank check in the amount of cash into which the shares represented by the certificate(s) have been converted (including cash in lieu of fractional shares) and/or (ii) one or more certificates representing the number of whole shares of Medtronic Common Stock into which the shares represented by the certificate(s) have been converted. Holders of Electromedics Common Stock will not be entitled to receive interest on any cash to be received in the Merger.

After the Effective Time, certificates representing shares of Electromedics Common Stock converted into Medtronic Common Stock in the Merger will be deemed for all purposes to evidence ownership of the shares of Medtronic Common Stock into which they were converted. Holders of Electromedics Common Stock will be entitled to any dividends that become payable to persons who are holders of record of Medtronic Common Stock as of a record date that follows the Effective Time, but only after they have surrendered their certificates representing shares of Electromedics Common

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Stock for exchange. Any such dividends will be remitted to each Electromedics shareholder entitled thereto, without interest, at the time that such certificates representing shares of Electromedics Common Stock are surrendered for exchange, subject to any applicable abandoned property, escheat or similar law. Holders of Electromedics Common Stock will not be entitled, however, to dividends that become payable after the Effective Time to persons who were holders of record of Medtronic Common Stock as of a record date prior to the Effective Time.

SHAREHOLDER RIGHTS PLAN

Each Electromedics shareholder entitled to receive shares of Medtronic Common Stock pursuant to the Merger will receive, together with each share of Medtronic Common Stock, one Medtronic Preferred Stock Purchase Right pursuant to the Medtronic Shareholder Rights Plan. Such Right will be represented by the certificate representing such share of Medtronic Common Stock. See "Comparative Rights of Medtronic Shareholders and Electromedics Shareholders -- Shareholder Rights Plan."

TREATMENT OF STOCK OPTIONS

Under the terms of the Merger Agreement, Electromedics will cause each outstanding option to purchase shares of Electromedics Common Stock to be vested prior to the Effective Time. Electromedics will provide 30 days' prior written notice of cancellation of such options to the holders of each of the options, contingent on the occurrence of the Merger. As provided in such notice, the holders of such options may, prior to the Effective Time of the Merger, exercise such options, in whole or in part, and purchase the shares of Electromedics Common Stock subject to such options. The holders of any options so exercised will have the same rights as other shareholders of Electromedics Common Stock to elect to receive cash or Medtronic Common Stock, or a combination of the two, pursuant to the Merger as described in this Proxy Statement/Prospectus. If any options are not so exercised prior to the Effective Time, they will terminate at the Effective Time, and the holders will have no further rights to purchase stock pursuant to such options.

CONDUCT OF BUSINESS OF ELECTROMEDICS PENDING THE MERGER

Electromedics has agreed that, prior to consummation of the Merger, unless Medtronic agrees otherwise, it will conduct its business only in the ordinary course, it will use its best efforts to preserve intact its business organization and relationships with third parties, and it will not: declare or pay any dividends or other distributions; amend or alter any material term of its securities; incur, assume or guarantee any indebtedness other than in the ordinary course of business; create, assume or incur any lien on any material asset; issue or repurchase any securities (other than issuances of securities upon the exercise of stock options previously granted); alter its accounting principles; increase the compensation or benefits of any of its directors, officers or other employees (except under existing agreements and except for

certain consulting agreements, severance agreements, and key employee retirement agreements); amend its Articles of Incorporation or Bylaws; sell any property, pay any liabilities or waive any claims, except in the ordinary course of business; make capital investments in any other company; purchase fixed assets exceeding a specified aggregate purchase price; distribute mass communications to any group without allowing Medtronic to comment on them; subject to the fiduciary duties of the Electromedics Board of Directors, merge or consolidate with any person, acquire the stock or assets of any business, liquidate, dissolve or reorganize, take or fail to take any action that would cause its representations and warranties in the Merger Agreement to be inaccurate, or enter into or make any material change in any material agreements, except in the ordinary course and consistent with past practice; or agree or commit to do any of the foregoing.

Electromedics has agreed that (except as is required by the fiduciary duties of Electromedics' directors and officers as so advised by independent counsel) neither Electromedics nor any of its representatives or affiliates will, directly or indirectly, solicit, initiate or encourage any acquisition proposal, or engage in any negotiations with, or provide any information to, any person, entity or group (other than Medtronic) that has made or may make an acquisition proposal with respect to Electromedics or any subsidiary. For these purposes, an "acquisition proposal" would include a proposal involving a merger or consolidation, a purchase or lease of 10% or more of the assets, an

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acquisition (however effected) of 10% or more of the voting power, or a disposition (except in the ordinary course) of all or part of the intellectual property rights or technology of Electromedics or any subsidiary. Electromedics has agreed that it will notify Medtronic promptly regarding the terms of any such proposal that Electromedics may receive, and that it will not enter into an agreement with respect to any such proposal for at least three days after Medtronic receives such notice.

Pursuant to the Merger Agreement and a confidentiality agreement between Medtronic and Electromedics, Electromedics has agreed to give Medtronic and its representatives access to Electromedics' offices, properties, books and records, and to furnish to Medtronic and its representatives such financial and operating data and other information as Medtronic may reasonably request, and will have its employees and representatives cooperate with Medtronic in Medtronic's investigation of the business of Electromedics.

CONFLICTS OF INTEREST

Except for 346,359 shares of Electromedics Common Stock owned by Medtronic, neither Medtronic nor any of its executive officers or directors owns or has agreed to purchase any shares of Electromedics Common Stock. Electromedics' executive officers and directors collectively hold 714,405 shares of Electromedics Common Stock and also hold outstanding options to purchase 505,000 shares of Electromedics Common Stock, which will be exercised at or before the Effective Time, and are entitled to receive for all shares owned at the Effective Time the amounts payable to other Electromedics shareholders pursuant to the Merger.

Three of Electromedics' executive officers, F. James Lynch, Chairman of the Board, President and Chief Executive Officer, Richard B. Carlock, Vice President and Chief Financial Officer, and Howard S. Prosky, Vice President, Manufacturing and a director, have previously existing Key Employee Retirement Agreements with Electromedics that are affected by the Merger. The agreements entitle such employees to begin to receive immediately the full amount of retirement benefits due under the agreement upon the occurrence of an "unapproved change of control," provided that they terminate their employment with Electromedics within one year after the unapproved change of control and do not become employed by a competitor of Electromedics within a specified period thereafter. The agreements define the execution of a definitive merger agreement by Electromedics, among other events, as an unapproved change of control. Commencing on the first day of the month following the Effective Time of the Merger, each of these employees will receive payments in an annual amount equal

to 55% of the average annual total cash compensation received by the employee for the five full calendar years of employment preceding the Merger (or such lesser period, if applicable, that the employee has actually been employed by Electromedics). Payments under the agreements continue until the earlier of the death of the employee and the employee's surviving spouse, if any, or until ten years after the Merger. Electromedics has estimated that the amount of the payments that Messrs. Lynch, Carlock and Prosky will receive under the Key Employee Retirement Agreements will be \$871,000, \$631,000, and \$634,000, respectively. Messrs. Lynch, Carlock and Prosky will receive payments pursuant to the Key Employee Retirement Agreements irrespective of the Consulting Agreements that each has entered into, as described below. Electromedics has also entered into Severance Agreements with two other executive officers of Electromedics which entitle the employee to a severance payment equal to 50% of the employee's monthly base salary at termination multiplied by the number of years the employee has been employed by Electromedics.

Electromedics has entered into Consulting Agreements under which Merger Subsidiary will retain the services of Messrs. Carlock, Lynch and Prosky for a period of two years, beginning on the effective date of the Merger. During the term of the Consulting Agreement, Messrs. Carlock, Lynch and Prosky will receive compensation equal to their base salary in effect for the 12-month period ended November 1993. These persons may also participate in company benefit programs.

Electromedics has agreed to reimburse Mr. Carlock the amount of excise tax liability that he will incur as a result of the Merger under Section 280G of the Internal Revenue Code of 1986. In addition,

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Electromedics will reimburse Mr. Carlock the amount of any income tax liability incurred as a result of the reimbursement of excise tax liability. In no event will the payments described in this paragraph exceed \$200,000.

Medtronic has agreed to cause Merger Subsidiary to provide to the directors and officers of Electromedics indemnification equivalent to that provided by the Articles of Incorporation and Bylaws of Electromedics with respect to matters occurring prior to the Effective Time. Medtronic has also agreed to cause Merger Subsidiary to provide, for a period of six years, officers' and directors' liability insurance with respect to acts occurring prior to the Effective Time. Specifically, Medtronic has agreed to cause Merger Subsidiary to indemnify the directors and officers of Electromedics for a period of six years with respect to acts or omissions occurring prior to the Effective Time and any damage, liability, payment or expense incurred by such officers or directors in connection with a claim by SJM or any affiliate of SJM relating to the Merger, the SJM merger agreement with Electromedics, or claims that SJM is entitled to payment under the SJM merger agreement. Medtronic has deposited the sum of \$3,000,000 into an escrow account to secure such indemnity. Medtronic has further agreed to release any claim it may have against any officer, director, employee or agent of Electromedics in connection with Electromedics entering into the SJM merger agreement. See "The Merger -- SJM Termination Fee" and "-- Indemnification."

As a result of the foregoing, Messrs. Lynch, Carlock and Prosky have a conflict of interest in connection with the Merger. Each of these persons participated in the discussions and deliberations of the Electromedics Board of Directors in connection with the Merger, and Messrs. Lynch and Prosky voted in favor of the Merger. Mr. Carlock is not a Board member.

CONDITIONS; WAIVER

The respective obligations of Medtronic, Merger Subsidiary and Electromedics to effect the Merger are subject to the satisfaction at or prior to the consummation of the Merger of certain conditions, including, among others: (a) the approval by the Electromedics shareholders of the Merger; (b) the effectiveness of the Registration Statement; (c) the expiration or termination of the waiting period applicable to the consummation of the Merger under the HSR Act; (d) the shares of Medtronic Common Stock issuable in the Merger having been duly authorized for listing by the NYSE, subject to official notice of issuance;

and (e) the absence of an order, decree or injunction by any federal or state court or other governmental body, agency or official that would prohibit or materially delay consummation of the Merger (except for any proceedings brought by SJM or its affiliates in connection with the SJM merger agreement). See "The Merger -- SJM Termination Fee."

In addition, the obligations of Electromedics to effect the Merger are subject to the satisfaction at or prior to the Closing of the conditions that: (a) Medtronic and Merger Subsidiary have performed in all material respects their obligations under the Merger Agreement required to be performed by them; (b) each representation and warranty of Medtronic and Merger Subsidiary contained in the Merger Agreement shall be true in all material respects as of the Effective Time; (c) Electromedics shall have received an opinion that the Merger is fair from a financial point of view to the Electromedics shareholders; (d) Electromedics shall have received an opinion of Deloitte & Touche, its tax advisors, substantially to the effect that the Merger will constitute a "tax-free" reorganization for federal income tax purposes; and (e) no events shall have occurred that have caused a material adverse change in the business or condition of Medtronic. See "The Merger -- Certain Federal Income Tax Consequences."

In addition, the obligations of Medtronic and Merger Subsidiary to effect the Merger are subject to the satisfaction at or prior to the Closing of the conditions that: (a) Electromedics shall have performed in all material respects its obligations under the Merger Agreement required to be performed by it; (b) each representation and warranty of Electromedics contained in the Merger Agreement shall be true in all material respects as of the Effective Time; (c) all necessary consents shall have been received; (d) Medtronic shall have received written resignations from each of the directors

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and officers of Electromedics effective immediately following the Effective Time; and (e) no events shall have occurred that have caused a material adverse change in the business or condition of Electromedics.

AMENDMENT AND TERMINATION OF THE MERGER AGREEMENT

Any of the provisions of the Merger Agreement may be amended by written agreement of the respective parties at any time before or after approval of the Plan of Merger by the Electromedics shareholders; provided, however, that after such approval no amendment may be made to the Plan of Merger attached hereto as Appendix A without shareholder approval.

The Merger Agreement may be amended and the Merger abandoned at any time prior to the Effective Time, whether before or after approval of the Plan of Merger by the Electromedics shareholders, only as follows:

(a) By mutual consent of the Board of Directors of each of Medtronic and Electromedics;

(b) By either Medtronic or Electromedics if the Merger has not been effected by May 31, 1994, except that a party cannot terminate the Merger Agreement if its own willful failure to perform under the Merger Agreement is the primary cause of the Merger not being effected by such date;

(c) By either Medtronic or Electromedics if a court or other governmental authority has issued a final, nonappealable order, decree or ruling that permanently enjoins or prohibits the Merger;

(d) By either Medtronic or Electromedics if the Electromedics shareholders do not vote to approve the Plan of Merger, except that a party cannot terminate the Merger Agreement if its own willful failure to perform under the Merger Agreement is the primary cause of the failure of the Electromedics shareholders to approve the Merger;

(e) By Medtronic if it is not in material breach of its obligations under the Merger Agreement and Electromedics has solicited or entertained a

competing offer to acquire Electromedics, or negotiated the terms of any such offer, or recommended, approved, or entered into a definitive agreement regarding any such offer, or withdrawn or modified (in a manner adverse to Medtronic) its recommendation of the Merger;

(f) By Electromedics if it is not in material breach of its obligations under the Merger Agreement and its Board of Directors has accepted a competing offer by a party other than Medtronic to acquire Electromedics, and has paid to Medtronic the termination fee described below; or

(g) By either Medtronic or Electromedics if there occurs a material breach of any representation, warranty or obligation under the Merger Agreement on the part of the other that cannot be cured within 30 days.

Electromedics has agreed to pay Medtronic \$2,000,000 if the Merger Agreement is terminated as described in paragraph (e) or (f) above or if each of the following occurs: (i) a third party either makes an acquisition proposal or in fact acquires 10% or more of the outstanding Electromedics Common Stock prior to the Meeting, (ii) the Electromedics shareholders do not approve the Merger, (iii) the Merger Agreement is terminated, and (iv) by December 23, 1994, either Electromedics enters into an agreement relating to an acquisition proposal or an acquisition proposal is in fact consummated.

EXPENSES AND FEES

Whether or not the Merger is consummated, all out-of-pocket expenses incurred in connection with the Merger (including but not limited to accounting and legal fees) and the transactions contemplated thereby will be paid by the party incurring such costs and expenses, except that Medtronic and

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Electromedics will share equally all expenses related to printing and mailing the Registration Statement and this Proxy Statement/Prospectus, all SEC registration fees and Blue Sky registration fees applicable to the Merger, the filing fees required under the HSR Act and the costs and fees charged by the Exchange Agent and the Proxy Solicitor/Information Agent.

RESTRICTIONS ON RESALE OF MEDTRONIC COMMON STOCK

The Medtronic Common Stock issuable in connection with the Merger has been registered under the Act, but this registration does not cover resales by shareholders of Electromedics who may be deemed to control or be under common control with Electromedics at the time of the Meeting ("Affiliates"). Affiliates may not sell their shares of Medtronic Common Stock acquired in connection with the Merger except pursuant to an effective registration statement under the Act covering such shares, or in compliance with Rule 145 promulgated under the Act or another applicable exemption from the registration requirements of the Act. Prior to the Effective Time, Electromedics will deliver to Medtronic a list identifying all persons who, in Electromedics' opinion, upon advice of counsel, are Affiliates of Electromedics for purposes of Rule 145. Electromedics has agreed to use its best efforts to cause each person who is identified as an Affiliate to deliver to Medtronic, at or prior to the Effective Time, an agreement satisfactory to the parties that such persons (i) will not offer to sell, sell, or otherwise dispose of any shares of Medtronic Common Stock received in the Merger in violation of the Act and (ii) have no present intention to sell, transfer or otherwise dispose of any of the Medtronic Common Stock received in the Merger. It is expected that Affiliates will be able to sell such shares without registration and in accordance with the volume, manner of sale, and other applicable limitations of the Act and the rules and regulations of the Commission thereunder.

It is estimated that Affiliates of Electromedics will receive a maximum of approximately 104,747 shares of Medtronic Common Stock upon consummation of the Merger (assuming full exercise of all outstanding Electromedics options held by such Affiliates, assuming a Conversion Ratio of .0859 and assuming that all such Affiliates elect to receive solely Medtronic Common Stock in the Merger). Such shares would constitute less than approximately 0.2% of the total number of

shares of Medtronic Common Stock anticipated to be outstanding immediately after the Effective Time after giving effect to the shares issued pursuant to the Merger. Solely for illustrative purposes of the foregoing estimate, the Conversion Ratio was calculated by using the March 15, 1994 Medtronic closing sale price of \$80.00 as the assumed Average Market Price. See "The Merger -- Conversion of Electromedics Common Stock in the Merger."

DEREGISTRATION OF ELECTROMEDICS COMMON STOCK

If the Merger is consummated, the Electromedics Common Stock will cease to be quoted on the National Association of Securities Dealers, Inc. Automated Quotation ("NASDAQ") National Market and Medtronic will apply to the Commission for the deregistration of Electromedics Common Stock under the Exchange Act.

ACCOUNTING TREATMENT OF THE MERGER

The Merger will be accounted for as a purchase of Electromedics by Medtronic in accordance with generally accepted accounting principles. Accordingly, Electromedics' results of operations will be included in Medtronic's consolidated results of operations from and after the Effective Time. For purposes of preparing Medtronic's consolidated financial statements, Medtronic will establish a new accounting basis for Electromedics' assets and liabilities based upon the fair values thereof and Medtronic's purchase price, including the costs of the acquisition. A final determination of required purchase accounting adjustments and of the fair value of the assets and liabilities of Electromedics has not yet been made. Accordingly, the purchase accounting adjustments made in connection with the development of the comparative pro forma per share financial information appearing elsewhere in the Summary of this Proxy Statement/Prospectus are preliminary and subject to change.

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CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following general description of the federal income tax consequences of the Merger does not take into account the facts and circumstances of any particular shareholder of Electromedics. Each Electromedics shareholder should consult his or her advisor about the specific tax consequences to him or her of the proposed transactions, including the application and effect of state, local, foreign, and other tax laws. Neither Medtronic nor Electromedics has sought a ruling from the Internal Revenue Service with respect to the income tax consequences of the Merger and related transactions, and there can be no assurance that the Internal Revenue Service will not take a different view of the transaction.

Deloitte & Touche, tax advisor to Electromedics, has advised Electromedics concerning the federal income tax consequences of the proposed Merger. In the opinion of Deloitte & Touche, the federal income tax consequences of the proposed Merger will be:

(a) The Merger will be treated as a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(D) of the Code.

(b) Medtronic, Electromedics, and Merger Subsidiary will each be "a party to a reorganization" within the meaning of Section 368(b) of the Code.

(c) No gain or loss will be recognized to the Electromedics shareholders upon their receipt of Medtronic Common Stock in exchange for their Electromedics Common Stock. If an Electromedics shareholder receives cash, however, he or she will be required to recognize the gain, if any, that he or she realizes in the transaction, but not in excess of the cash received by such shareholder. The gain realized by each shareholder is equal to the excess of the fair market value of the Medtronic Common Stock and the cash received by such shareholder over the shareholder's basis in his or her Electromedics Common Stock. As to each shareholder, the recognized portion of the realized gain will be treated (i) as capital gain or, (ii) if the exchange has the effect of the distribution of a dividend under the tests set forth in Sections 356 and 302 of the Code, then as a dividend to the

extent of the shareholder's share of Electromedics' accumulated earnings and profits, with the remainder of the gain, if any, treated as capital gain. In applying the dividend tests under Section 302 of the Code to a particular Electromedics shareholder, stock of Electromedics or Medtronic that is held by a person related to the Electromedics shareholder may be deemed to be owned by such shareholder, in accordance with the rules under Section 318 of the Code.

Under Section 302, a redemption will be treated as a sale or exchange of stock (and not as a dividend) if it is a "complete redemption" of a shareholder's interest, if it is "substantially disproportionate" with respect to a shareholder, or if it is "not essentially equivalent to a dividend." The constructive ownership rules of Section 318 are applicable for purposes of Section 302.

The Supreme Court has taken the position that, in determining whether an exchange has the effect of the distribution of a dividend, the application of Section 302 of the Code is determined as if the gain is recognized as a result of a post-reorganization redemption of the acquiring corporation's stock. Thus, each shareholder will be treated as having received solely Medtronic Common Stock for the shareholder's Electromedics Common Stock, a portion of which Medtronic stock will then be treated as redeemed by Medtronic for an amount equal in value to the cash that such shareholder will actually receive. The determination as to whether an exchange has the effect of the distribution of a dividend is made on a shareholder-by-shareholder basis.

If an Electromedics shareholder terminates his or her interest in a complete redemption of such shareholder's stock by electing to receive only cash, he or she should receive capital gain or loss treatment. However, to the extent that persons related to such Electromedics shareholder continue to hold stock in Medtronic after the Merger, the rules of Section 318 may require dividend treatment.

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A distribution will be "substantially disproportionate" with respect to a particular shareholder if that shareholder's actual and constructive proportionate interest in Medtronic after his or her shares are treated as redeemed is less than 80% of that shareholder's actual and constructive proportionate interest in Medtronic immediately prior to such redemption and, after such redemption, the shareholder owns, actually and constructively, less than 50% of the total combined voting power of all stock entitled to vote. The rules of Section 318 are also applicable to the discussion in this paragraph.

Even if a shareholder fails to meet the "80% test" described above, an exemption from dividend treatment may nevertheless be available depending upon the individual shareholder's facts and circumstances. For example, under the facts of a published ruling of the Internal Revenue Service, the receipt of cash by a shareholder whose relative stock interest was minimal (approximately .0001%) and who exercised no control over the affairs of the issuing corporation was treated as "not essentially equivalent to a dividend." Electromedics shareholders should consult their own personal tax advisors as to the possible application of the effect of the ruling to their own situation. The constructive ownership rules of Section 318 described above are also applicable to the discussion in this paragraph.

(d) The aggregate basis of the Medtronic Common Stock to be received by an Electromedics shareholder will be the same as the aggregate basis of the Electromedics Common Stock surrendered in exchange therefor, decreased by the amount of cash received, and increased by the amount that was treated as a dividend, if any, and the amount of gain recognized on the exchange (not including any portion of such gain that was treated as a dividend).

(e) The holding period of the Medtronic Common Stock to be received by an Electromedics shareholder will include the holding period of the Electromedics Common Stock surrendered in exchange therefor, provided that

the Electromedics Common Stock was held as a capital asset on the date of the exchange.

(f) An Electromedics shareholder who receives solely cash for his or her Electromedics Common Stock pursuant to the exercise of dissenters' rights, or pursuant to a Cash Election, will be obligated to report either (i) capital gain or loss equal to the difference between the cash received and the shareholder's basis in his or her Electromedics Common Stock, if such Electromedics Common Stock is held as a capital asset on the date of the Merger, or (ii) dividend income, depending on whether the redemption qualifies for sale or exchange treatment under the tests set forth in Section 302(b) of the Code, as described in greater detail above. Most such shareholders should receive capital gain or loss treatment, if the deemed redemption of their Electromedics Common Stock constitutes a complete termination of their interest in Electromedics (and Medtronic, after the Merger). To the extent that persons related to any such shareholder continue to hold stock in Medtronic after the Merger, however, the rules of Section 318 of the Code may require dividend treatment unless Section 302 permits those rules to be waived in a particular instance.

(g) An Electromedics shareholder who receives cash in lieu of a fractional share of Medtronic Common Stock will generally be obligated to report capital gain or loss equal to the difference between the cash received and the shareholder's basis in his or her Electromedics Common Stock for which the fractional share would otherwise be received.

In describing its conclusions as to the tax consequences of the transaction, Deloitte & Touche is relying on certain representations of Medtronic and Electromedics.

THE DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. THE DISCUSSION IS BASED ON CURRENTLY EXISTING PROVISIONS OF THE CODE, EXISTING AND PROPOSED TREASURY REGULATIONS THEREUNDER AND CURRENT ADMINISTRATIVE RULINGS AND COURT DECISIONS, ALL OF WHICH ARE SUBJECT TO CHANGE. ANY SUCH CHANGE, WHICH MAY OR MAY NOT BE RETROACTIVE, COULD ALTER THE TAX CONSEQUENCES TO ELECTROMEDICS OR ITS SHAREHOLDERS DESCRIBED ABOVE. THE FOREGOING DISCUSSION DOES NOT ADDRESS THE TAX CONSEQUENCES, IF ANY, OF THE MERGER

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UNDER APPLICABLE STATE, LOCAL, FOREIGN AND OTHER TAX LAWS. ELECTROMEDICS SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING TAX RETURN REPORTING REQUIREMENTS, THE APPLICABILITY AND EFFECT OF FOREIGN, STATE, LOCAL AND OTHER APPLICABLE TAX LAWS AND THE POSSIBLE EFFECT OF ANY PROPOSED CHANGES IN THE TAX LAWS.

SJM TERMINATION FEE

The merger agreement dated December 6, 1993 between Electromedics and SJM included a "termination fee" of \$3,000,000 to be paid by Electromedics to SJM under certain circumstances set forth in the agreement, including termination by Electromedics of the agreement with SJM. By letter dated December 23, 1993, Electromedics terminated its agreement with SJM in connection with the acceptance of the proposal by Medtronic to enter into the Merger Agreement with Medtronic. On January 3, 1994, SJM filed suit against Medtronic and Electromedics in the Hennepin County District Court, State of Minnesota, seeking to recover the \$3,000,000 termination fee plus attorneys' fees.

In connection with its Merger Agreement with Electromedics, Medtronic has agreed to indemnify Electromedics and its directors, officers, employees and agents, with certain exceptions, from any liability incurred by Electromedics and such persons in connection with the SJM litigation. To partially secure this indemnity, Medtronic has deposited \$3,000,000 into an escrow account. See "The Merger -- Background of the Merger."

INDEMNIFICATION

Under the Merger Agreement, Medtronic has agreed to cause Merger Subsidiary,

as the surviving corporation in the Merger, to indemnify the present and former officers and directors of Electromedics for a period of six years following the Merger with respect to (i) acts or omissions occurring prior to the Effective Time, to the extent that they were indemnified under Electromedics' Articles of Incorporation and Bylaws as of the date of the Merger Agreement, and (ii) certain claims by SJM or any of its affiliates in connection with Electromedics' merger agreement with SJM that arise by reason of the negotiation, execution or performance of the Merger Agreement. See "The Merger -- SJM Termination Fee." Medtronic also agreed to maintain officers' and directors' liability insurance substantially comparable to that previously maintained by Electromedics.

In addition, under the Merger Agreement, regardless of whether the Merger occurs (unless a breach of the Merger Agreement by Electromedics causes the Merger not to occur), Medtronic has agreed to indemnify Electromedics and each director, officer, employee or agent of Electromedics with respect to certain claims by SJM or any of its affiliates in connection with Electromedics' merger agreement with SJM that arise by reason of the negotiation, execution or performance of the Merger Agreement.

REGULATORY REQUIREMENTS

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), certain acquisition transactions, including the Merger, cannot be consummated unless certain information has been furnished to the Federal Trade Commission (the "FTC") and the Antitrust Division of the United States Department of Justice (the "Antitrust Division") and certain waiting period requirements have been satisfied. Medtronic and Electromedics each furnished such information and the requisite waiting period expired on February 13, 1994. See "The Merger -- Conditions; Waiver."

RIGHTS OF DISSENTING ELECTROMEDICS SHAREHOLDERS

The following discussion is not a complete statement of the law pertaining to dissenters' rights under the Colorado Corporation Code (the "Colorado Statute") and is qualified in its entirety by reference to the full text of Section 7-4-123 and 7-4-124 of the Colorado Statute attached to this Proxy Statement/Prospectus as Appendix B. Any shareholder of Electromedics who wishes to exercise such dissenters' rights or who wishes to preserve his or her right to do so should review the following discussion and Appendix B carefully, because failure to timely and properly comply with the procedures specified will result in the loss of dissenters' rights under the Colorado Statute. Medtronic shareholders are not entitled to dissenters' rights in connection with the Merger.

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PROCEDURE TO PRESERVE DISSENTERS' RIGHTS. Under Colorado law, any Electromedics shareholder who follows the procedures set forth in Section 7-4-124 of the Colorado Statute will be entitled to receive payment in cash of the "fair value" of such shareholder's shares.

Under Section 7-4-124 of the Colorado Statute, if a corporation calls a shareholders' meeting at which a plan of merger to which such corporation is a party is to be voted upon, the notice of the meeting must inform each shareholder of the right to dissent and must include a copy of sections 7-4-123 and 7-4-124 of the Colorado Statute and a brief description of the procedure to be followed under such sections. This Proxy Statement/Prospectus constitutes such notice to the shareholders of Electromedics and the applicable statutory provisions of the Colorado Statute are attached to this Proxy Statement/Prospectus as Appendix B. An Electromedics shareholder who fails to follow this procedure will not be entitled to receive dissenters' rights.

The Merger must be approved by the holders of a majority of the outstanding shares of Electromedics Common Stock. A shareholder who wishes to exercise dissenters' rights must file with the corporation before the vote on the Merger a written notice of intent to demand the fair value of the shares owned by such shareholder and must not vote his or her shares in favor of the Merger.

As used in this section regarding dissenters' rights, the "fair value" of dissenting shares means the value of the shares of the corporation immediately before the effective date of the Merger, excluding any appreciation or depreciation in anticipation of the Merger.

After the proposed Merger has been approved by the board and the shareholders of Electromedics, Electromedics must send a written notice to all shareholders who have not voted their shares in favor of the Merger and have filed with Electromedics before the vote on the Merger a written notice of intent to demand the fair value of the shares owned by such shareholder. The notice from Electromedics must contain:

(1) The address to which a demand for payment and the place to which stock certificates must be sent in order to obtain payment and the date by which they must be received;

(2) A form to be used for demanding payment which will certify the date on which the shareholder, or the beneficial owner on whose behalf the shareholder dissents, acquired the shares or an interest in them; and

(3) A copy of sections 7-4-123 and 7-4-124 and a brief description of the procedures to be followed under such sections.

In order to receive the fair value of the dissenting shares, a dissenting shareholder must demand payment and deposit his or her stock certificates within 30 days after the notice was given, but the dissenter retains all other rights of a shareholder until the Merger takes effect.

A shareholder may not assert dissenters' rights as to fewer than all of the shares of Electromedics registered in the name of the shareholder, unless the shareholder dissents with respect to all the shares that are beneficially owned by another person but registered in the name of the shareholder and discloses the name and address of each beneficial owner on whose behalf the shareholder dissents. In that event, the rights of the dissenter will be determined as if the shares as to which the shareholder has dissented and the other shares were registered in the names of different shareholders.

A beneficial owner of shares who is not the shareholder may assert dissenters' rights with respect to shares held on behalf of such beneficial owner, and will be treated as a dissenting shareholder under the terms of sections 7-4-123 and 7-4-124, if the beneficial owner submits to the corporation at the time of or before the assertion of the rights a written consent of the shareholder holding such beneficial owners' shares.

PROCEDURES FOLLOWING AN ASSERTION OF DISSENTERS' RIGHTS. After the Merger takes effect, or after Electromedics receives a valid demand for payment, whichever is later, Electromedics must remit to each dissenting shareholder who has not voted his or her shares in favor of the proposed Merger and

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has filed with Electromedics before the vote on the proposed Merger a written notice of intent to demand the fair value of the shares owned by such shareholder, the amount Electromedics estimates to be the fair value of the shares, plus interest ("interest" commences five days after the effective date of the Merger up to and including the date of payment, calculated at a rate provided under Colorado law for interest on verdicts and judgments), accompanied by:

(1) Electromedics' balance sheet and statement of income for a fiscal year ending not more than 16 months before the effective date of the remittance, together with the latest available interim financial statements;

(2) An estimate by Electromedics of the fair value of the shares and a brief description of the method used to reach the estimate; and

(3) A copy of sections 7-4-123 and 7-4-124, and a brief description of the procedure to be followed in demanding supplemental payment.

Electromedics may withhold the above-described remittance from a person who was not a shareholder on the date the Merger Agreement was first announced to the public or who is dissenting on behalf of a person who was not a beneficial owner on that date. If the dissenter has not voted his or her shares in favor of the proposed Merger and has filed with Electromedics before the vote on the proposed Merger a written notice of intent to demand the fair value of the shares owned by such shareholder, Electromedics must forward to the dissenter the materials described in the preceding paragraph, a statement of reasons for withholding the remittance, and an offer to pay to the dissenter the amount listed in the materials if the dissenter agrees to accept that amount in full satisfaction. The dissenter may decline the offer and demand payment of the dissenter's own estimate of the fair value of the shares, plus interest, by written notice to Electromedics within 30 days after the date of mailing of Electromedics' offer. Failure to do so entitles the dissenter only to the amount offered. If the dissenter makes demand, the procedures, costs, fees and expenses described below for petitioning the court shall apply.

If Electromedics fails to remit payment within 60 days of the deposit of certificates, it must return all deposited certificates. However, Electromedics may require deposit of the certificates at a later time and again give notice that contains:

(1) The address to which a demand for payment and the place to which stock certificates must be sent in order to obtain payment and the date by which they must be received;

(2) A form to be used for demanding payment which will certify the date on which the shareholder, or the beneficial owner on whose behalf the shareholder dissents, acquired the shares or an interest in them; and

(3) A copy of sections 7-4-123 and 7-4-124 and a brief description of the procedures to be followed under such sections.

If a dissenter believes that the amount remitted by Electromedics is less than the fair value of the shares plus interest, the dissenter may give written notice to Electromedics of the dissenter's own estimate of the fair value of shares, plus interest, within 30 days after the corporation mails the remittance, and demand payment of the difference (a "Demand"). Otherwise, a dissenter is entitled only to the amount remitted by the corporation.

If Electromedics receives a Demand, it must, within 60 days after receiving the Demand, either pay to the dissenter the amount demanded or agreed to by the dissenter after discussion with Electromedics or file in court a petition requesting that the court determine the fair value of the shares, plus interest. The petition must be filed in Douglas County, Colorado. The petition must name as parties all dissenters who made a Demand for payment and who have not reached agreement with Electromedics. The jurisdiction of the court is plenary and exclusive. The court may appoint appraisers, with such power and authority as the court deems proper, to receive evidence on and recommend the amount of the fair value of the shares. The court must determine whether the shareholder or the

shareholders in question have fully complied with the requirements of section 7-4-124, and must determine the fair value of the shares, taking into account any and all factors the court finds relevant, computed by any method or combination of methods that the court, in its discretion, sees fit to use, whether or not used by Electromedics or by a dissenter. The fair value of the shares as determined by the court is binding on all shareholders, wherever located. A dissenter is entitled to judgment for the amount by which the fair value of the shares as determined by the court, plus interest, exceeds the amount, if any, remitted by Electromedics, but shall not be liable to Electromedics for the amount, if any, by which the amount, if any, remitted to the dissenter exceeds the fair value of the shares as determined by the court, plus interest.

The court must determine the costs and expenses of any appraisers in a proceeding under the preceding paragraph, including the reasonable expenses and compensation of any appraisers appointed by the court, and must assess those costs and expenses against Electromedics, except that the court may assess part or all of those costs and expenses against a dissenter whose Demand is found to be arbitrary, vexatious, or not in good faith.

If the court finds that Electromedics has failed to comply substantially with section 7-4-124, the court may assess against Electromedics all fees and expenses of any experts or attorneys as the court deems equitable. These fees and expenses may also be assessed against a dissenter who has acted arbitrarily, vexatiously, or not in good faith in bringing the proceeding, and may be awarded to a party injured by those actions.

The court may award, in its discretion, fees and expenses to any attorney for the dissenters out of the amount awarded to the dissenters, if any.

COMPARATIVE STOCK PRICES AND DIVIDENDS

Medtronic Common Stock is listed and traded on the New York Stock Exchange (symbol: MDT), and it is a condition to all parties' obligations to consummate the Merger that the Medtronic Common Stock to be issued in the Merger be approved for such listing. Electromedics Common Stock is traded on the NASDAQ National Market (symbol: ELMD).

The following table sets forth, for the quarters indicated, the high and low sales prices per share of Medtronic Common Stock on the NYSE and the cash dividends paid per share of Medtronic Common Stock. Also set forth, for the calendar period indicated, are the high and low sales prices per share of Electromedics Common Stock as reported by NASDAQ.

	Medtronic Common Stock			Electromedics Common Stock	
	High	Low	Dividends	High	Low
CALENDAR 1992					
First Quarter.....	\$ 98.75	\$ 73.25	\$.12	\$ 9.75	\$ 6.25
Second Quarter.....	\$ 82.50	\$ 63.25	\$.12	\$ 6.62	\$ 4.62
Third Quarter.....	\$ 101.00	\$ 72.00	\$.14	\$ 6.38	\$ 4.00
Fourth Quarter.....	\$ 104.50	\$ 89.625	\$.14	\$ 7.12	\$ 5.12
CALENDAR 1993					
First Quarter.....	\$ 95.50	\$ 67.75	\$.14	\$ 7.38	\$ 4.81
Second Quarter.....	\$ 75.75	\$ 51.625	\$.14	\$ 5.38	\$ 3.75
Third Quarter.....	\$ 69.00	\$ 57.50	\$.17	\$ 4.38	\$ 3.25
Fourth Quarter.....	\$ 85.37	\$ 67.625	\$.17	\$ 6.94	\$ 3.75
CALENDAR 1994					
First Quarter (through March 15, 1994).....	\$ 87.50	\$ 77.75	\$.17	\$ 6.75	\$ 6.375

Electromedics has never paid cash dividends. Under the Merger Agreement, Electromedics has agreed not to pay any dividends on Electromedics Common Stock prior to the Merger. Medtronic has paid regular quarterly cash dividends on Medtronic Common Stock since 1978. It is expected that the Board of Directors of Medtronic will continue the practice of declaring cash dividends on a quarterly basis; however, no assurance can be given as to the amount of future dividends, which will necessarily be dependent on future earnings, financial requirements of Medtronic and its subsidiaries, and other factors.

On November 18, 1993, the day preceding public announcement of Medtronic's initial \$6.125 merger proposal, the reported closing sale price of Medtronic Common Stock on the NYSE was \$75.75 per share. On that day, the reported closing sale price of Electromedics Common Stock on the NASDAQ National Market was \$5.625 per share. On an equivalent per share basis, the reported closing sale price of Electromedics Common Stock on November 18, 1993 (calculated by multiplying the closing sale price of Medtronic Common Stock by .0859) would

have been \$6.51. Solely for illustrative purposes of presenting equivalent share calculations, the portion of a Medtronic share into which one Electromedics share would be converted in the Merger is estimated by using \$80.00 (the reported closing sale price of Medtronic Common Stock on March 15, 1994) as the Average Market Price of Medtronic Common Stock. The reported closing sale price for shares of Electromedics Common Stock as reported by NASDAQ on that day was \$6.50 per share, or \$6.87 on an equivalent per share basis as calculated above. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS.

As of March 10, 1994, there were approximately 13,305 registered holders of Medtronic Common Stock and approximately 11,167 registered holders of Electromedics Common Stock.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements give effect to the acquisition by Medtronic of all the outstanding shares of Electromedics pursuant to the Merger and are based on the estimates and assumptions set forth herein and in the notes to such financial statements. This pro forma information has been prepared utilizing audited historical consolidated financial statements and unaudited condensed consolidated interim financial statements of Electromedics and Medtronic, and the unaudited pro forma condensed combined financial statements reflecting the recent acquisition by Medtronic of DLP, Inc. and its affiliated entities (described in Note (a) of the accompanying Notes to Unaudited Pro forma Condensed Combined Financial Statements), and should be read in conjunction with those financial statements and notes thereto which are incorporated by reference in this Proxy Statement/Prospectus. The pro forma financial data is provided for comparative purposes only and does not purport to be indicative of the results which actually would have been obtained if the Merger had been effected on the date indicated or of those results which may be obtained in the future.

The pro forma financial information is based on the purchase method of accounting for the proposed Merger. The pro forma adjustments are described in the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements. The unaudited pro forma condensed combined statements of earnings assume that the acquisition of Electromedics occurred on May 1, 1992 (combining Medtronic and DLP pro forma results for the fiscal year ended April 30, 1993, and Electromedics results for the twelve-month period ended March 31, 1993, and combining Medtronic and DLP pro forma results for the nine-month period ended January 28, 1994, and Electromedics results for the nine-month period ended December 31, 1993). The unaudited pro forma condensed combined balance sheet assumes that the acquisition of Electromedics occurred on January 28, 1994 (combining the pro forma balance sheet for Medtronic and DLP as of January 28, 1994 and the balance sheet for Electromedics as of December 31, 1993).

For purposes of this presentation, it is assumed that holders of Electromedics Common Stock elect to receive only shares of Medtronic Common Stock in the Merger and no cash and that the Average Market Price for Medtronic Common Stock is \$80.00 (the reported closing sale price of Medtronic Common Stock on March 15, 1994), resulting in a conversion ratio of .0859, or one Medtronic share for every 11.64 Electromedics shares. The assumed conversion ratio of .0859 has been used to calculate the pro forma weighted average shares outstanding, and the Electromedics shares outstanding have been adjusted to eliminate Electromedics shares held by Medtronic. The final conversion ratio is subject to change, as it is based on the Average Market Price of Medtronic Common Stock for the ten consecutive NYSE trading days ending on the third trading day immediately preceding the Effective Time of the Merger, but not less than \$68.00 nor more than \$98.00 per Medtronic share. See "The Merger -- Conversion of Electromedics Common Stock in the Merger."

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MEDTRONIC, INC. AND ELECTROMEDICS, INC.
 UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF EARNINGS
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

Year ended April 30, 1993	Medtronic Historical	Medtronic and DLP Pro Forma Combined(a)	Electromedics Historical(b)	Adjustments	Medtronic, DLP, and Electromedics Pro Forma Combined
Net sales.....	\$ 1,328,208	\$ 1,361,458	\$ 38,856		\$ 1,400,314
Costs and expenses:					
Cost of products sold.....	420,132	431,700	21,183		452,883
Research and development expense.....	132,955	133,865	2,077		135,942
Selling, general, and administrative expense.....	480,006	500,486	12,620	3,054 (c)	516,160
Interest expense.....	10,448	11,208	916		12,124
Interest income.....	(8,791)	(8,791)	(892)		(9,683)
Litigation settlement.....	(50,000)	(50,000)			(50,000)
Other expenses.....	30,000	30,005	5		30,010
Total costs and expenses.....	1,014,750	1,048,473	35,909	3,054	1,087,436
Earnings before income taxes, accounting changes and extraordinary item.....	313,458	312,985	2,947	(3,054)	312,878
Provision for income taxes.....	101,874	101,720	1,169	(1,204) (d)	101,685
Earnings from continuing operations.....	\$ 211,584	\$ 211,265	\$ 1,778	\$ (1,850)	\$ 211,193
Weighted average shares outstanding.....	59,416	59,416	13,105		60,553
Net earnings per share from continuing operations.....	\$3.56	\$3.56	\$0.14		\$3.49
Primary weighted average shares outstanding...	60,105	60,105			61,242
Primary earnings per share from continuing operations.....	\$3.52	\$3.51			\$3.45
Fully diluted weighted average shares outstanding.....	60,186	60,186			61,323
Fully diluted earnings per share from continuing operations.....	\$3.52	\$3.51			\$3.44

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial
 Statements.

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MEDTRONIC, INC. AND ELECTROMEDICS, INC.
 UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF EARNINGS (CONTINUED)
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

Nine months ended January 28, 1994	Medtronic Historical	Medtronic and DLP Pro Forma Combined(a)	Electromedics Historical(e)	Adjustments	Medtronic, DLP, and Electromedics Pro Forma Combined
Net sales.....	\$ 997,964	\$ 1,025,864	\$ 28,000		\$ 1,053,864
Costs and expenses:					
Cost of products sold.....	309,067	319,612	15,772		335,384
Research and development expense.....	112,964	113,650	1,637		115,287
Selling, general, and administrative expense.....	342,851	359,712	9,999	2,291 (c)	372,002
Interest expense.....	6,189	6,752	319		7,071
Interest income.....	(6,332)	(6,332)	(512)		(6,844)
Other (income) expense.....	(13,962)	(13,975)	37		(13,938)
Total costs and expenses.....	750,777	779,419	27,252	2,291	808,962
Earnings before income taxes.....	247,187	246,445	748	(2,291)	244,902
Provision for income taxes.....	81,574	81,327	627	(1,136) (d)	80,818
Net earnings.....	\$ 165,613	\$ 165,118	\$ 121	\$ (1,155)	\$ 164,084
Weighted average shares outstanding.....	57,405	57,405	14,096		58,631
Net earnings per share.....	\$2.88	\$2.88	\$0.01		\$2.80
Primary weighted average shares outstanding	57,856	57,856			59,082
Primary earnings per share.....	\$2.86	\$2.85			\$2.78

Fully diluted weighted average shares outstanding.....	58,088	58,088	59,314
Fully diluted earnings per share.....	\$2.85	\$2.84	\$2.77
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See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

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MEDTRONIC, INC. AND ELECTROMEDICS, INC.
 UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
 JANUARY 28, 1994
 (IN THOUSANDS)

ASSETS

	Medtronic January 28, 1994	Medtronic and DLP Combined January 28, 1994 (a)	Electromedics December 31, 1993	Adjustments	Medtronic, DLP, and Electromedics Pro Forma Combined
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Current assets:					
Cash and cash equivalents.....	\$ 118,986	\$ 31,321	\$ 454		\$ 31,775
Short-term investments.....	87,721	87,721	10,249		97,970
Accounts receivable.....	345,091	350,801	6,554		357,355
Allowance for doubtful accounts.....	(26,229)	(26,229)	(132)		(26,361)
Net accounts receivable.....	318,862	324,572	6,422		330,994
Inventories:					
Finished goods.....	85,548	90,313	6,083	921 (f)	97,317
Work in process.....	40,911	41,628	1,678	1,145 (f)	44,451
Raw materials.....	60,935	63,111	4,109		67,220
Total inventories.....	187,394	195,052	11,870	2,066	208,988
Prepaid expenses and other current assets...	81,307	81,580	984		82,564
Current portion of sales type leases.....			723		723
Total current assets.....	794,270	720,246	30,702	2,066	753,014
Property, plant and equipment.....	562,446	579,205	12,265		591,470
Less accumulated depreciation.....	(295,615)	(302,175)	(2,717)		(304,892)
Net property, plant and equipment.....	266,831	277,030	9,548		286,578
Net investment in sales type leases.....	--	--	1,282		1,282
Goodwill and other intangible assets.....	174,913	290,864	2,085	76,350 (c)	369,299
Less accumulated amortization of intangible assets.....	(35,173)	(35,206)	(659)		(35,865)
Net goodwill and other intangible assets....	139,740	255,658	1,426	76,350	333,434
Other assets.....	114,098	114,455	502	(1,775) (g)	113,182
Total assets	\$ 1,314,939	\$ 1,367,389	\$ 43,460	\$ 76,641	\$ 1,487,490
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See accompanying Notes to Unaudited Pro Forma condensed Combined Financial Statements.

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MEDTRONIC, INC. AND ELECTROMEDICS, INC.
 UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET (CONTINUED)
 JANUARY 28, 1994
 (IN THOUSANDS)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Medtronic January 28, 1994	Medtronic and DLP Combined January 28, 1994	Electromedics December 31, 1993	Adjustments	Medtronic, DLP, and Electromedics Pro Forma Combined
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Current liabilities:					
Short-term borrowings.....	\$ 27,685	\$ 70,789			\$ 70,789
Accounts and notes payable.....	65,581	66,655	2,705		69,360
Accrued expenses and other current liabilities.....	190,194	192,472	1,849		194,321
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Total current liabilities.....	283,460	329,916	4,554		334,470
Long-term liabilities.....	111,180	117,174	6,007	14,350 (h)	137,531
Shareholders' equity:					
Common stock.....	5,734	5,734	723	(601) (i)	5,856
Retained earnings.....	969,347	969,347	34,399	61,008 (c) (f)	1,064,754
Treasury shares.....			(1,884)	(g) (h) (i) (j)	0
Cumulative translation adjustment.....	(21,232)	(21,232)	(339)	1,884 (j)	(21,571)
	953,849	953,849	32,899	62,291	1,049,039
Receivable from employee stock ownership plan.....	(33,550)	(33,550)			(33,550)
Total shareholders' equity.....	920,299	920,299	32,899	62,291	1,015,489
Total liabilities and shareholders' equity.....	\$ 1,314,939	\$ 1,367,389	\$ 43,460	\$ 76,641	\$ 1,487,490

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

(a) On March 17, 1994, Medtronic acquired substantially all of the assets and assumed substantially all of the liabilities of DLP, Inc., a Michigan corporation, and its affiliated entities (DLP Sterilization, Inc. d/b/a Sterile Systems, Inc., DLP-Holland, Inc., DLP-Deutschland, Inc., IOMED, Inc., and FFS Incorporated) (collectively, "DLP"). DLP develops, manufactures and markets cannulae devices used in cardiopulmonary by-pass surgery, fine needle aspiration kits for biopsies, and radiographic needles and kits for interventional radiology.

The Medtronic and DLP pro forma condensed combined financial statements presented herein were derived from Medtronic and DLP historical audited financial statements, Medtronic unaudited condensed quarterly financial statements, and DLP unaudited monthly financial statements. DLP was not subject to the reporting requirements of the Commission.

The Medtronic and DLP pro forma condensed combined balance sheet reflects: pro forma adjustments reducing cash by approximately \$88.3 million and increasing short term borrowings by approximately \$40.0 million relating to the funding of the acquisition; adjustments to record DLP assets at estimated fair market value; and an increase in goodwill and other intangible assets of approximately \$115.5 million relating to the fair value of acquired patents, technology, licensing agreements, and goodwill.

The pro forma condensed combined statements of earnings for the year ended April 30, 1993 and the nine months ended January 28, 1994 reflect pro forma adjustments of approximately \$6.3 million and \$4.7 million, respectively, relating to incremental costs associated with the amortization of goodwill and other intangible assets over periods of 8 to 25 years.

(b) Electromedics data is for the twelve-month period ended March 31, 1993. This data was derived from Electromedics' audited financial statements for the year ended December 31, 1992 and the unaudited financial statements for the quarters ended March 31, 1993 and 1992.

(c) Adjustment to reflect goodwill and intangible assets recorded in conjunction with the acquisition of Electromedics by Medtronic assumed to be amortized over 25 years.

(d) Reflects income tax effect of pro forma adjustments and adjustment of Electromedics' income tax expense. The tax benefit for losses on foreign operations which were not reflected by Electromedics are assumed to be utilized by Medtronic; Medtronic's effective tax rate therefore remains unchanged.

(e) Electromedics data is for the nine-month period ended December 31, 1993. This data was derived from Electromedics' audited financial statements for the year ended December 31, 1993 and the unaudited financial statements for

the quarter ended March 31, 1993.

- (f) Adjustment required to restate Electromedics' assets to estimated fair market value.
- (g) Adjustment required to eliminate Electromedics shares held by Medtronic prior to the acquisition.
- (h) Adjustment to reflect deferred taxes provided on nondeductible intangible assets resulting from the Merger.
- (i) Adjustment required to reflect the actual shares outstanding as if the Merger had taken place on May 1, 1992. For purposes of determining this adjustment, an assumed conversion ratio of .0859 of a Medtronic share for each outstanding Electromedics share, or one Medtronic share for each 11.64 Electromedics shares, has been used to calculate the pro forma shares outstanding, and the Electromedics shares outstanding have been adjusted to eliminate shares held by Medtronic.
- (j) Adjustment required to eliminate treasury shares not reportable by a Minnesota corporation.

Certain historical financial statement amounts of Electromedics have been reclassified to conform to Medtronic's presentation.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)

The unaudited pro forma condensed combined financial information is not necessarily indicative of the results of operations that would have occurred had the companies actually been combined during the periods presented or of future results of operations of the combined companies.

The unaudited pro forma condensed balance sheet reflects the restatement of Electromedics' inventory to estimated fair market value (see Note (f) above). The adjustment related to inventory is a non-recurring charge which is expected to be reflected in the income statement within twelve months subsequent to the acquisition and, consequently, the impact of this adjustment is not reflected in the pro forma statements of earnings.

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COMPARATIVE RIGHTS OF MEDTRONIC SHAREHOLDERS AND ELECTROMEDICS SHAREHOLDERS

Upon consummation of the Merger, shareholders of Electromedics will become shareholders of Medtronic. Medtronic and Electromedics are incorporated under the laws of the states of Minnesota and Colorado, respectively. The rights of Medtronic shareholders under Medtronic's Restated Articles of Incorporation as amended ("Medtronic's Articles"), Medtronic's Bylaws, and the Minnesota Business Corporation Act (the "MBCA") differ in certain respects from the rights of Electromedics shareholders under Electromedics' Restated Articles of Incorporation as amended ("Electromedics' Articles"), Electromedics' Amended Bylaws, and the Colorado Corporation Code (the "CCC"). Certain significant differences between the rights of Medtronic shareholders and Electromedics shareholders are summarized below. This summary does not, however, purport to be a complete description of all of the differences between the rights of shareholders of Electromedics and the rights of shareholders of Medtronic.

CLASSIFICATION, REMOVAL AND ELECTION OF DIRECTORS

CLASSIFICATION. Medtronic's Articles provide for a classified Board of Directors, under which directors are elected to three-year terms, with one-third of the directors being elected each year. Electromedics' Articles do not similarly classify its Board of Directors, and directors are elected each year for a one-year term. Both Medtronic's Articles and Electromedics' Bylaws provide for vacancies on the Board to be filled by a majority of the remaining Board

members.

REMOVAL. Medtronic's Articles provide that directors may be removed, with or without cause, only by the vote of not less than 75% of the voting power of all then outstanding voting shares. Neither Electromedics' Articles nor its Bylaws specifically provide that directors may be removed except upon reaching age 70 or failing to attend a specified number of Board meetings. Under Colorado law, a director may be removed by the vote of the holders of a majority of the shares then entitled to vote at an election of directors.

NOMINATION AND ELECTION. Medtronic's Articles provide that nominations for the election of directors may be made by or at the direction of the Medtronic Board of Directors or by any shareholder entitled to vote in the election of directors generally. Nominations by shareholders must be made pursuant to timely notice in writing to the Secretary of Medtronic. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of Medtronic not less than 50 days nor more than 90 days prior to the meeting; provided, however, that if less than 60 days' notice or prior public disclosure of the date of the meeting is given or made to the shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. The notice must set forth certain information concerning such shareholder and his or her nominee(s), including their names and addresses, the principal occupation or employment of the nominee(s), the class and number of shares of capital stock of Medtronic that are beneficially owned by such persons, such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominees of such shareholder, and the consent of each nominee to serve as a director of Medtronic if so elected. Electromedics' Articles and Bylaws do not address the issue of nomination of directors.

AMENDMENT OF PROVISIONS. Medtronic's Articles require the affirmative vote of not less than 75% of the voting power of all then outstanding voting shares to amend, repeal or adopt any provisions inconsistent with these provisions regarding classification, removal and nomination of directors. Electromedics' Bylaws require only the affirmative vote of a majority of the directors to amend or modify such provisions.

The above-described provisions of Medtronic's Articles regarding directors will be subject to the terms of the certificate of designation or other instrument creating any class or series of preferred stock giving the holders of such class or series of preferred stock the right, voting separately as a class,

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to elect one or more directors (such as is often required by the terms of preferred stock in the event that dividend payments are in arrears for a period of time). See "Comparative Rights of Medtronic Shareholders and Electromedics Shareholders -- Preferred Stock."

These provisions regarding classification, removal and nomination of directors afford some assurance of stability in the composition of the Medtronic Board of Directors, but may discourage or deter attempts by individuals or entities to take control of Medtronic by electing their own slate of directors. To the extent that potential acquirers of Medtronic stock are deterred by the classified Board, such provision also may deter certain mergers, tender offers, or other future takeover attempts which some or a majority of holders of Medtronic Common Stock may deem to be in their best interests. In addition, the classified Medtronic Board would delay shareholders who do not favor the policies of Medtronic's Board of Directors from removing a majority of the Medtronic Board of Directors for two years, unless they can obtain the requisite vote.

LIABILITY OF DIRECTORS. Both Medtronic's Articles and Electromedics' Articles exempt directors from personal liability to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director to the full extent permitted by Minnesota and Colorado law, respectively.

PREFERRED STOCK

Medtronic has 2,500,000 authorized but unissued shares of Preferred Stock, par value \$1 per share. Medtronic's Articles provide that whenever the holders of a class or series of Preferred Stock have the right to elect any directors, the election, term and other features of such directorships shall be governed by the terms set forth in the resolution of the Medtronic Board of Directors designating the rights and preferences of such class or series of Preferred Stock, and any directors elected by the holders of Preferred Stock shall not be divided into classes unless provision is expressly made for such classification by the terms of such Preferred Stock. Shares of Medtronic Preferred Stock could be issued that would have the right to elect directors, either separately or together with the Medtronic Common Stock, with such directors either divided or not divided into classes.

Under certain circumstances such Medtronic Preferred Stock could be used to create voting impediments or to deter persons seeking to effect a takeover or otherwise gain control of Medtronic in a transaction which holders of some or a majority of the Medtronic Common Stock may deem to be in their best interests. Such shares of Medtronic Preferred stock could be sold in public or private transactions to purchasers who might support the Medtronic Board of Directors in opposing a takeover bid that the Medtronic Board of Directors determines not to be in the best interests of Medtronic and its shareholders. In addition, the Medtronic Board of Directors could authorize holders of a class or series of Preferred Stock to vote, either separately as a class or together with the holders of Medtronic Common Stock, on any merger, sale, or exchange of assets by Medtronic or any other extraordinary corporate transaction. The ability to issue such Medtronic Preferred Stock might have the effect of discouraging an attempt by another person or entity, through the acquisition of a substantial number of shares of Medtronic Common Stock, to acquire control of Medtronic with a view to imposing a merger, sale of all or any part of the assets or a similar transaction, because the issuance of new shares could be used to dilute the stock ownership of such person or entity. See "Comparative Rights of Medtronic Shareholders and Electromedics Shareholders -- Shareholder Rights Plan."

Electromedics has no authorized stock other than Common Stock.

SPECIAL MEETINGS OF SHAREHOLDERS

Under Minnesota law, a special meeting of shareholders may be called by certain officers, two or more directors, a person authorized to do so in the articles or bylaws, or shareholders holding at least 10% of the voting power of all shares entitled to vote, except that a special meeting for the purpose of considering an action to effect, directly or indirectly, a business combination must be called by shareholders holding at least 25% of the voting power of all shares entitled to vote.

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Under Colorado law, a special meeting of shareholders may be called by the president, the board of directors, shareholders holding at least 10% of the voting power of all shares entitled to vote, or such other officers or persons authorized to do so in the articles or bylaws. Electromedics' Articles and Bylaws do not so authorize any other officers or persons.

VOTING RIGHTS; SHAREHOLDER APPROVALS

Under both Medtronic's Articles and Electromedics' Articles, holders of Medtronic Common Stock and Electromedics Common Stock, respectively, are entitled to one vote per share on all matters submitted to a vote of the shareholders. Medtronic's Bylaws provide that, except as specifically required otherwise under Medtronic's Articles, Bylaws or Minnesota law, all matters submitted to the shareholders are decided by a majority vote of the shares entitled to vote and represented at a meeting at which there is a quorum.

Under Colorado law, all matters submitted to the shareholders are decided by a majority vote of the shares entitled to vote and represented at a meeting at which there is a quorum, unless the CCC or a corporation's articles of

incorporation require a different number; if the CCC requires a two-thirds majority, the articles can reduce that but not below a majority. Electromedics' Articles provide that the affirmative vote of the holders of two-thirds of the stock of Electromedics then issued and outstanding and having voting power is required to approve an action by the Electromedics Board of Directors to sell, lease, exchange and/or convey all of Electromedics' property and assets. The Merger does not constitute such an action.

CUMULATIVE VOTING

Neither Medtronic's Articles nor Electromedics' Articles provide for cumulative voting with regard to the Medtronic Common Stock or the Electromedics Common Stock, respectively.

PREEMPTIVE RIGHTS

Under both Medtronic's Articles and Electromedics Articles, holders of Medtronic stock and Electromedics stock, respectively, are expressly denied preemptive rights.

AMENDMENT OF THE ARTICLES OF INCORPORATION

Under Minnesota law, an amendment to the articles of incorporation requires the affirmative vote of the holders of a majority of the shares present and entitled to vote unless a larger affirmative vote is required by the corporation's articles. Except as specifically described otherwise in this "Comparative Rights of Medtronic Shareholders and Electromedics Shareholders," Medtronic's Articles do not contain any provisions that require a larger affirmative vote in order to amend Medtronic's Articles.

Under Colorado law, an amendment to the articles of incorporation requires the affirmative vote of the holders of two-thirds of the shares entitled to vote thereon, unless the corporation's articles require a greater or lesser (but not less than a majority) number for approval. Electromedics' Articles do not contain any provision requiring a different number for approval.

BUSINESS COMBINATIONS AND CONTROL SHARE ACQUISITIONS

Medtronic is governed by Sections 302A.671 and 302A.673 of the MBCA. In general, Section 302A.671 provides that the shares of a corporation acquired in a "control share acquisition" have no voting rights unless voting rights are approved in a prescribed manner. A "control share acquisition" is an acquisition, directly or indirectly, of beneficial ownership of shares that would, when added to all other shares beneficially owned by the acquiring person, entitle the acquiring person to have voting power of 20% or more in the election of directors. In general, Section 302A.673 prohibits a public Minnesota corporation from engaging in a "business combination" with an "interested shareholder" for a period of four years after the date of the transaction in which the person became an interested shareholder, unless the business combination is approved in a prescribed manner. "Business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested shareholder. An "interested shareholder" is a person who is the beneficial owner, directly or indirectly, of 10% or more of the corporation's voting stock or who is an affiliate or associate of the

corporation and at any time within four years prior to the date in question was the beneficial owner, directly or indirectly, of 10% or more of the corporation's voting stock. Such provisions of Minnesota law could have the effect of delaying, deferring or preventing a change in control of Medtronic.

Colorado law does not contain any similar provisions regarding business combinations or control share acquisitions.

SHAREHOLDER RIGHTS PLAN

Medtronic adopted a Shareholder Rights Plan in 1991, which replaced the

Shareholder Rights Plan that it adopted in 1986, and has entered into a Rights Agreement with Norwest Bank Minnesota, National Association, as Rights Agent. Pursuant to its Rights Plan, Medtronic declared and paid a dividend of one preferred stock purchase right (a "Right") on each outstanding share of Medtronic Common Stock. As a result of Medtronic's 2-for-1 stock split effective August 30, 1991, the Right associated with each outstanding share of Medtronic Common Stock now entitles a holder, until July 10, 2001, to buy 1/200th of a Series A Junior Participating Preferred Share (the "Series A Preferred Shares") of Medtronic at a price of \$300 per 1/200th of a Series A Preferred Share, subject to adjustment. The Rights are not currently exercisable or transferable apart from the Medtronic Common Stock.

The Rights will not be exercisable until the 15th day after a third party acquires beneficial ownership of 15% or more of the outstanding Medtronic Common Stock (and thereby becomes an "Acquiring Person") or announces a tender offer or exchange offer that would increase the Acquiring Person's beneficial ownership to 15% or more of the outstanding Medtronic Common Stock. In the event that any person becomes an Acquiring Person, then each Right, other than Rights held by an Acquiring Person, will entitle the holder to receive, upon exercise thereof at the then current exercise price, Medtronic Common Stock that has a value of two times the exercise price of the Right. In the event that Medtronic is acquired in a merger or other business combination transaction, or 50% or more of its assets or earning power is sold, each Right will entitle the holder to receive, upon exercise thereof at the then current exercise price, Common Stock of the acquiring entity that has a value of two times the exercise price of the Right.

In certain events the Medtronic Board of Directors may exchange Rights for Medtronic Common Stock or equivalent securities having a market price equal to the exercise price of the Rights. Each Right is redeemable by Medtronic at \$.005 any time before a person or group triggers the 15% threshold to become an Acquiring Person.

The Rights issued under the Medtronic Shareholder Rights Plan may make any merger not approved by Medtronic's Board of Directors prohibitively expensive, because the Rights allow Medtronic shareholders to purchase the voting securities of a potential acquirer at one-half of its fair market value.

Electromedics does not have a shareholders rights plan.

RELATED PERSON BUSINESS TRANSACTIONS

Medtronic's Articles provide that, in certain circumstances, an affirmative vote of two-thirds (66.7%) of the voting power of all then outstanding voting shares is required for the approval or authorization of any "related person business transaction." Such two-thirds (66.7%) approval is not required, however, if (i) a majority vote of "continuing directors" (as defined below) expressly approves the related person business transaction, or (ii) the related person business transaction is a merger, consolidation, exchange of shares or sale of all or substantially all of the assets of Medtronic, and the cash or fair market value of the property received by the Medtronic shareholders is equal to a defined minimum purchase price. For purposes of this provision, a "continuing director" means, generally, those directors who were directors before the "related person" (as defined below) became a related person.

Generally, a related person business transaction includes (i) any merger or consolidation of Medtronic with or into a related person, (ii) any exchange of shares of Medtronic (or a subsidiary) for shares of a related person which would have required an affirmative vote of at least a majority of the voting power of the outstanding shares entitled to vote, (iii) any sale, lease, exchange, transfer, or other disposition (in one transaction or a series of transactions), including without limitation a mortgage or any other security device, of all or any substantial part of the assets of Medtronic (or a subsidiary) to or with a related person, (iv) any sale, lease, transfer, or other disposition (in one transaction or a series of transactions) of all or any substantial part of the assets of a related person to or with Medtronic (or a subsidiary), (v) the

issuance, sale, transfer or other disposition to a related person of any securities of Medtronic (except pursuant to stock dividends, stock splits, or similar transactions that would not have the effect of increasing the proportion of voting power of a related person) or of a subsidiary (except pursuant to a pro rata distribution to all holders of Medtronic Common Stock), (vi) any recapitalization or reclassification that would have the effect of increasing the proportionate voting power of a related person, and (vii) any agreement, contract, arrangement or understanding providing for any of the transactions described above.

Generally, for purposes of a related person business transaction, the term "related person" is broadly defined to include a wide range of potential persons, including any person or entity that, together with affiliates and associates, beneficially owns 15% or more of the outstanding voting stock of Medtronic.

Such a provision could have the effect of impeding a potential acquirer of Medtronic by requiring a larger than normal majority of Medtronic shareholders to approve a transaction. There is no similar "related person business transaction" provision in Electromedics' Articles.

INFORMATION REGARDING ELECTROMEDICS

GENERAL INFORMATION

Electromedics designs, manufactures and markets blood management and blood conservation equipment and related disposable devices for use in cardiovascular, orthopedic and other medium and high blood-loss surgeries. Electromedics is a leader in the autotransfusion segment of the blood processing industry and has the second largest share, approximately one-third, of the United States autotransfusion market. Autotransfusion involves the collection of a patient's own blood before, during and after surgery for washing and reinfusion to the patient, allowing the patient to serve as his or her own blood donor.

Electromedics' autotransfusion systems improve the safety, quality and cost of blood transfusions by (i) reducing the incidence of transmission of blood-borne diseases such as AIDS and hepatitis, (ii) eliminating adverse transfusion reactions, (iii) mitigating the global shortage of donor blood and (iv) providing significant cost savings over homologous (third-party donor) blood. Electromedics anticipates increased market acceptance of autotransfusion products as the safety benefits and cost savings of autotransfusion become more widely recognized. Electromedics' autotransfusion equipment and related disposable devices accounted for approximately 57% of its net sales for the year ended December 31, 1993.

Electromedics' other medical equipment and related disposable devices focus on blood management and blood conservation, primarily in the areas of cardiovascular and orthopedic surgery, and temperature monitoring. These products include blood collection reservoirs, blood filters, blood heating and cooling systems, suction lines and tubing, temperature monitors and probes and tourniquet monitoring systems.

Until December 1993, Electromedics operated from nine buildings located on a 14-acre site that Electromedics owned in the Denver, Colorado metropolitan area. In January 1993, Electromedics purchased for \$4,000,000 fifteen acres of land and a 137,000 square foot building in Parker, Colorado, a suburb of Denver. The purchase was financed with cash and a \$2.6 million bridge loan, subsequently

replaced by a \$5,000,000, 7-year loan secured by a note and deed of trust on the property. Electromedics has constructed clean rooms and administrative offices and has made substantial improvements to the building to house its entire work force under one roof. Management believes that, in addition to certain tax savings, Electromedics will achieve efficiencies through consolidating its operations which could not be attained in its former nine-building structure. In addition, the newly acquired building provides a greater potential for expansion needs. The new facilities will be sufficient to accommodate its operations for

the foreseeable future. Construction was completed by late 1993 and Electromedics completed its move by December 1993. Electromedics has ceased payments on the \$5,116,000 nonrecourse loan on its former facilities.

CERTAIN FINANCIAL PROJECTIONS

Electromedics does not, as a matter of course, make public forecasts as to future sales or earnings. Certain projections were, however, made available to Medtronic on a confidential basis during the course of the discussions regarding the Merger. See "The Merger -- Background of the Merger." The information summarized below was included in the information provided to Medtronic.

The financial projections below were not prepared with a view to public disclosure or to compliance with published guidelines of the Commission or the American Institute of Certified Public Accountants. The projections were based upon the assumptions indicated below and were also based on other estimates and assumptions that are inherently uncertain. Technological, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond Electromedics' control, may render any or all of these assumptions inaccurate. In addition, the projected results do not take into account costs and expenses to Electromedics resulting from the negotiation and consummation of the Merger. Accordingly, there can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. These uncertainties increase in the case of projections for later years. Neither Price Waterhouse nor Deloitte & Touche compiled or examined the projected financial information.

	1994	1995	1996	1997	1998
	-----	-----	-----	-----	-----
	(IN THOUSANDS)				
Sales.....	\$ 46,017	\$ 58,631	\$ 72,391	\$ 90,891	\$ 105,645
Gross profit.....	20,733	26,303	32,104	40,218	47,331
Income from operations.....	2,835	4,982	6,452	9,024	18,797

The principal assumptions employed in the creation of the above projections include the following: (a) unit growth of autotransfusion products averages 10% for disposable products and 7.5% for autotransfusion machines; (b) international sales grow at an average rate of 28%; (c) the percentage of domestic sales sold directly by Electromedics increases from 14% in 1993 to 40% in 1998; (d) excluding the effect of the shift toward direct sales, gross profit margins are held relatively constant at 44%; (e) selling general and administrative expenses decline from 34% of revenues in 1993 to 23% of revenues in 1998; and (f) research and development expenses as a percentage of revenues increase from 5% in 1993 to 10% in 1997 as a result of significant development costs relating to a new product, and research and development expenses as a percentage of revenues decline to 4% in 1998 upon completion of the new product.

LEGAL MATTERS

The validity of the Medtronic Common Stock to be issued in connection with the Merger will be passed upon for Medtronic by Fredrikson & Byron, P.A., Minneapolis, Minnesota. Members of such firm own, in the aggregate, approximately 12,000 shares of Medtronic Common Stock.

Certain legal matters for Electromedics in connection with the Merger were passed upon by Holme Roberts & Owen LLC, Denver, Colorado, and Brenman Key & Bromberg, P.C., Denver, Colorado. Members of Brenman Key & Bromberg, P.C. own, in the aggregate, approximately 11,000 shares of Electromedics Common Stock.

EXPERTS

The consolidated financial statements and schedules incorporated in this Proxy Statement/ Prospectus by reference to the Annual Report on Form 10-K of

Medtronic, Inc. for the fiscal year ended April 30, 1993 have been so incorporated in reliance on the reports of Price Waterhouse, independent accountants, and given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements and the related financial statement schedules incorporated in this Proxy Statement/Prospectus by reference from the Annual Report on Form 10-K of Electromedics, Inc. for the year ended December 31, 1992, and from the Current Report on Form 8-K of Electromedics, Inc. dated March 10, 1994, have been audited by Deloitte & Touche, independent auditors, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm, given upon their authority as experts in accounting and auditing.

The description of certain tax matters in this Proxy Statement/Prospectus has been included herein in reliance upon the tax opinion of Deloitte & Touche, independent accountants, given on the authority of said firm as experts in tax matters.

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APPENDIX A
PLAN OF MERGER

ARTICLE 1
NAMES OF CONSTITUENT CORPORATIONS
AND SURVIVING CORPORATION

The names of the Constituent Corporations are MDT Acquisition Corp., a Minnesota corporation ("Merger Subsidiary"), and Electromedics, Inc., a Colorado corporation ("Electromedics"). Merger Subsidiary is a wholly-owned subsidiary of Medtronic, Inc., a Minnesota corporation ("Medtronic"). The Constituent Corporations shall be combined by the merger of Electromedics into Merger Subsidiary as the Surviving Corporation (the "Merger"), pursuant to the applicable provisions of the Colorado Corporation Code ("CCC") and the Minnesota Business Corporation Act ("MBCA").

ARTICLE 2
MEANS OF EFFECTING REORGANIZATION AND
MERGER AND CONVERTING STOCK

2.1 THE MERGER. The Merger shall be effective upon the filing of this Plan together with the Articles of Merger and such other documents as are required by the CCC and the MBCA to be filed with the Secretaries of State of the States of Colorado and Minnesota (the time of such filing being the "Effective Time"). At the Effective Time the separate existence of Electromedics shall cease and Merger Subsidiary shall alone continue in existence. All transactions after the Effective Time shall be deemed transactions of and for the account of Merger Subsidiary as the Surviving Corporation.

2.2 CONVERSION OF SHARES. At the Effective Time, by virtue of the Merger and without any action on the part of any holder of any share of capital stock of Electromedics or Merger Subsidiary:

2.2.1 Subject to the provisions of Sections 2.3 and 2.4 hereof, each share of common stock of Electromedics, par value \$.05 per share (the "Electromedics Common Stock"), issued and outstanding immediately prior thereto (except for Dissenting Shares (as defined in Section 2.6 hereof) and except for shares referred to in Section 2.2.2 hereof) shall be converted into the right to receive, at the election of the holder, either:

2.2.1.1 the number of shares (the "Conversion Ratio") of common stock of Medtronic, par value \$.10 per share ("Medtronic Common Stock"), equal to \$6.875 divided by the Average Market Price. Each such share of Medtronic Common Stock shall be fully paid and nonassessable. The "Average Market Price" shall be equal to the average of the daily closing sale prices of Medtronic Common Stock as reported on the New York Stock Exchange ("NYSE") Composite Tape, as reported in the Wall Street Journal,

for the ten consecutive NYSE trading days ending on and including the third trading day immediately preceding the Effective Time, but not less than \$68 per share or more than \$98 per share; or

2.2.1.2 \$6.875 in cash (without interest).

The \$6.875 amount per share of Electromedics Common Stock, payable in cash or shares of Medtronic Common Stock as provided above, shall be reduced if the sum of the number of shares of Electromedics Common Stock outstanding at the Effective Time plus the number of shares subject to outstanding options at the Effective Time exceeds 14,801,264 such shares. In such event, the amount per share shall be equal to (a) \$101,758,690 minus the aggregate exercise price of all options outstanding as of the date of the Agreement and Plan of Merger dated December 23, 1993 (the "Merger Agreement"), among Medtronic, Merger Subsidiary and Electromedics, plus the aggregate exercise price of all options outstanding at the Effective Time, divided by (b) such sum of the number of shares of Electromedics Common Stock outstanding at the Effective Time

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plus the number of shares subject to options then outstanding. An appropriate and proportionate adjustment shall similarly be made in the event that, prior to the Effective Time, the outstanding shares of Electromedics Common Stock, without new consideration, are changed into or exchanged for a different kind of shares or securities through a reorganization, reclassification, stock dividend or other like change in Electromedics' capitalization.

2.2.2 Each share of Electromedics Common Stock that is held in the treasury of Electromedics or which is then owned beneficially or of record by Medtronic, Merger Subsidiary or any direct or indirect subsidiary of Medtronic or Electromedics shall be cancelled without payment of any consideration therefor and without any conversion thereof.

2.2.3 Each share of any other class of capital stock of Electromedics (other than Electromedics Common Stock) shall be cancelled without payment of any consideration therefor and without any conversion thereof.

2.2.4 Each share of common stock of Merger Subsidiary (the "Merger Subsidiary Common Stock"), issued and outstanding immediately prior thereto shall remain outstanding. From and after the Effective Time, each outstanding certificate theretofore representing shares of Merger Subsidiary Common Stock shall be deemed for all purposes to evidence ownership of and to represent the same number of shares of common stock of the Surviving Corporation.

2.3 ELECTION PROCEDURES. Prior to the Effective Time, each holder of Electromedics Common Stock (other than holders of shares of Electromedics Common Stock to be cancelled as set forth in Section 2.2.2) shall have the right to submit a request, in accordance with the following procedures, specifying the number of shares of Electromedics Common Stock that such holder desires to have converted into the right to receive Medtronic Common Stock in the Merger and the number of shares of Electromedics Common Stock that such holder desires to have converted into the right to receive cash in the Merger.

2.3.1 Each holder of Electromedics Common Stock shall have the right to specify in a request made in accordance with the provisions of this Section 2.3 (herein called an "Election"):

2.3.1.1 the number of shares of Electromedics Common Stock owned by such holder that such holder desires to have converted into a right to receive cash in the Merger ("Cash Election"); and

2.3.1.2 the number of shares of Electromedics Common Stock owned by such holder that such holder desires to have converted into Medtronic Common Stock in the Merger ("Stock Election").

2.3.2 Medtronic shall authorize one or more persons to receive Elections and to act as Exchange Agent hereunder (the "Exchange Agent") pursuant to an agreement or agreements satisfactory to Medtronic and Electromedics.

2.3.3 Holders of Electromedics Common Stock shall receive a form (the "Election Form") pursuant to which each such holder shall have the right to make an Election. The "Election Deadline" means 5:00 p.m. local time in the city in which the Exchange Agent is located, on the last business day prior to the date of the Electromedics Shareholders Meeting (as defined in the Merger Agreement); except that, if the Electromedics Shareholders Meeting shall be postponed or adjourned without adoption of the Merger Agreement and approval of the Merger, the "Election Deadline" shall mean 5:00 p.m. local time in the city in which the Exchange Agent is located, on the last business day prior to the date of the postponed or adjourned meeting at which the Merger Agreement was adopted and the Merger was approved. To be effective, an Election Form shall be properly completed, signed (with the signature thereon guaranteed if required by the Election Form), and submitted to the Exchange Agent, along with the certificates representing the Electromedics Common Stock as to which the holder made the election (or a guaranty of delivery of such certificates in the form customarily used in transactions of this nature from a member of any

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national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States, provided that such certificates were in fact delivered by the time set forth in such guaranty of delivery), no later than the Election Deadline. Failure to deliver shares covered by such a guaranty of delivery within five business days after the Election Deadline shall be deemed to invalidate any otherwise properly made Election. Any Election relating to shares of Electromedics Common Stock with respect to which the holder thereof has filed and not withdrawn as of the Effective Time a written demand for payment of the fair value of Electromedics Common Stock in accordance with the provisions of Section 2.6 hereof shall be deemed to have been automatically revoked as of the Election Deadline.

2.3.3.1 Notwithstanding anything herein to the contrary, a combined Election Form containing a single Election (a "Combined Election Form") may be submitted by two or more holders of shares of Electromedics Common Stock either of whom may be deemed constructively to own the other's shares of Electromedics Common Stock by reason of the ownership attribution rules of Section 318 of the Code. Any Combined Election Form and any change or revocation in such Combined Election Form shall be signed by or on behalf of all holders of the Electromedics Common Stock covered thereby. For purposes of this Article 2, all shares of Electromedics Common Stock covered by a single Combined Election Form held by holders of Electromedics Common Stock submitting such Combined Election Form shall be treated as being held by a single holder.

2.3.3.2 Any holder of Electromedics Common Stock may at any time on or before the Election Deadline change such holder's Election by written notice received by the Exchange Agent on or before the Election Deadline accompanied by a properly completed, revised Election Form.

2.3.3.3 Any holder of Electromedics Common Stock may at any time on or before the Election Deadline revoke such holder's Election by written notice received by the Exchange Agent on or before the Election Deadline or by withdrawal on or before the Election Deadline of such holder's certificates for Electromedics Common Stock or of the guaranty of delivery of such certificates, previously deposited with the Exchange Agent. Within five business days after receipt of the revocation, the Exchange Agent shall mail to the holder the certificates previously deposited with the Exchange Agent.

2.3.3.4 As used in this Plan of Merger, "holders" of Electromedics Common Stock shall mean record holders of shares of Electromedics Common

Stock. Record holders who hold such shares only as nominees, trustees or in other representative capacities ("Representatives") may submit a separate Election Form for each beneficial owner for whom any such record holder is a nominee; PROVIDED, HOWEVER, that, at the request of Medtronic, such Representative shall certify to the satisfaction of Medtronic that such record holder holds such shares as nominee, trustee or in another representative capacity for the beneficial owner thereof and that each such Election Form covers all the shares of Electromedics Common Stock held by such Representative for a particular beneficial owner. For purposes of this Plan of Merger, each beneficial owner for which an Election Form is submitted shall be treated as a separate holder of shares.

2.3.3.5 Medtronic and Electromedics shall have the right (which right may be delegated to the Exchange Agent in whole or in part) jointly to make rules not inconsistent with the terms of this Plan of Merger governing the validity of the Election Forms, the manner and extent to which Elections are to be taken into account in making the determinations prescribed by Section 2.4, the issuance and delivery of certificates for Medtronic Common Stock into which Electromedics Common Stock is converted in the Merger, and the payment for shares of Electromedics Common Stock converted into the right to receive cash in the Merger. All such rules and determinations thereunder shall be final and binding on all holders of shares of Electromedics Common Stock.

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2.4 SELECTION OF ELECTROMEDICS COMMON STOCK. The manner in which each share of Electromedics Common Stock (other than shares of Electromedics Common Stock to be cancelled as set forth in Section 2.2.2 and other than Dissenting Shares) shall be converted at the Effective Time into either cash or Medtronic Common Stock shall be as set forth below in this Section 2.4.

2.4.1 As more fully set forth below, the aggregate number of shares of Electromedics Common Stock to be converted into the right to receive cash in the Merger (the "Cash Conversion Number") shall be not greater than (i) 50% of the number of shares of Electromedics Common Stock outstanding immediately prior to the Effective Time minus (ii) the sum of (A) any shares of Electromedics Common Stock owned by Medtronic or any subsidiary of Medtronic, (B) the number of shares of Electromedics Common Stock redeemed by Electromedics after January 1, 1993 and prior to the Effective Time, and (C) the aggregate number of shares of Electromedics Common Stock, if any, as to which the holders of such shares have filed and not withdrawn a written demand for payment of the fair value of Electromedics Common Stock pursuant to the provisions of Section 2.6 hereof or otherwise withdrawn or lost their rights to appraisal before the Effective Time.

2.4.2 If Cash Elections are received for a number of shares of Electromedics Common Stock which is equal to or less than the Cash Conversion Number, then each share of Electromedics Common Stock for which a Cash Election has been made shall be converted into a right to receive cash in the Merger.

2.4.3 If Cash Elections are received for a number of shares of Electromedics Common Stock which is more than the Cash Conversion Number, then the shares of Electromedics Common Stock for which a holder has made a Cash Election shall be converted into a right to receive cash and Medtronic Common Stock in the following manner:

2.4.3.1 A cash proration factor (the "Cash Proration Factor") shall be determined by dividing the Cash Conversion Number by the total number of shares of Electromedics Common Stock with respect to which effective Cash Elections were made.

2.4.3.2 The number of shares of Electromedics Common Stock covered by each Cash Election to be converted into the right to receive cash shall be determined by multiplying the Cash Proration Factor by the total number of shares of Electromedics Common Stock covered by such Cash

Election, rounded to the next lowest whole number.

2.4.3.3 Shares of Electromedics Common Stock covered by a Cash Election and not converted into a right to receive cash as set forth above shall be converted into Medtronic Common Stock in the Merger.

2.4.3.4 The cash proration method provided in Section 2.4.3.1 and 2.4.3.2 may be modified by Electromedics if a different method would facilitate one or more of the Electromedics' shareholders qualifying for capital gain treatment with respect to the cash received in the Merger.

2.4.4 Each share of Electromedics Common Stock for which a Stock Election has been made shall be converted into the right to receive Medtronic Common Stock in the Merger.

2.4.5 Outstanding shares of Electromedics Common Stock (other than shares of Electromedics Common Stock to be cancelled as set forth in Section 2.2.2 and other than Dissenting Shares) as to which an Election is not in effect on the Election Deadline shall be called "Non-Electing Electromedics Shares." If Medtronic and Electromedics determine for any reason that any Election was not properly made (or timely received by the Exchange Agent) with respect to shares of Electromedics Common Stock, as set forth in Section 2.3 hereof or otherwise, such Election shall be deemed to be not in effect and shares of Electromedics Common Stock covered

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by such election shall, for purposes hereof, be deemed to be Non-Electing Electromedics Shares. Each Non-Electing Electromedics Share shall be converted into the right to receive Medtronic Common Stock in the Merger.

2.5 EXCHANGE OF ELECTROMEDICS COMMON STOCK.

2.5.1 Promptly after completion of the election and allocation procedures set forth in Sections 2.3 and 2.4, Medtronic shall deposit or cause to be deposited with the Exchange Agent the amount of cash and certificates representing the shares of Medtronic Common Stock payable to the holders of Electromedics Common Stock pursuant to Section 2.2 (as modified by Sections 2.3 and 2.4), based on the number of shares of Electromedics Common Stock (A) covered by a Cash Election and converted into cash pursuant to Sections 2.4.2 or 2.4.3.2, (B) covered by a Cash Election and converted into Medtronic Common Stock pursuant to Section 2.4.3.3, (C) covered by a Stock Election and converted into Medtronic Common Stock pursuant to Section 2.4.4, (D) deemed to be Non-Electing Electromedics Shares and converted into Medtronic Common Stock pursuant to Section 2.4.5, and (E) converted into fractional shares of Medtronic Common Stock and paid in cash pursuant to Section 2.5.7. The Exchange Agent may invest portions of the cash deposited with it, provided that such investments shall be in obligations of or guaranteed by the United States of America, in commercial paper, obligations receiving the highest rating from either Moody's Investors Service, Inc. or Standard & Poors Corporation, or in certificates of deposit, bank repurchase agreements or banker's acceptances of commercial banks with capital exceeding \$250,000,000 or in money market funds that are invested substantially in any such investments. Any net profit resulting from, or interest or income produced by, such investments shall be payable to Medtronic.

2.5.2 As soon as practicable after the Effective Time, the Exchange Agent shall mail to each holder of record (other than Medtronic, Merger Subsidiary, Electromedics or any subsidiary of Medtronic or Electromedics, and other than holders of Dissenting Shares, as defined in Section 2.6 below) of a certificate or certificates that immediately prior to the Effective Time represented outstanding shares of Electromedics Common Stock (the "Certificates"), to the extent not previously surrendered with an Election Form or pursuant to a guaranty of delivery, a form letter of transmittal (which shall specify that delivery shall be effective, and risk of loss and title to the Certificate(s) shall pass, only upon delivery of the Certificate(s) to the Exchange Agent) and instructions for such holder's

use in effecting the surrender of the Certificates in exchange for certificates representing shares of Medtronic Common Stock.

2.5.3 As soon as practicable after the Effective Time, the Exchange Agent shall distribute to holders of shares of Electromedics Common Stock, upon surrender to the Exchange Agent (to the extent not previously surrendered with an Election Form or pursuant to a guaranty of delivery) of one or more Certificates for cancellation, together with a duly-executed letter of transmittal, if applicable pursuant to Section 2.5.2, (i) a bank check in the amount of cash into which the shares represented by the Certificate(s) shall have been converted pursuant to Sections 2.4.2, 2.4.3.2, and 2.5.7, and (ii) one or more certificates representing the number of whole shares of Medtronic Common Stock into which the shares represented by the Certificate(s) shall have been converted pursuant to Sections 2.4.3.3, 2.4.4, and 2.4.5, and the Certificate(s) so surrendered shall be cancelled. In no event shall the holder of any such surrendered Certificates be entitled to receive interest on any of the funds received in the Merger. In the event of a transfer of ownership of Electromedics Common Stock that is not registered in the transfer records of Electromedics, it shall be a condition to the payment of cash and/or issuance of shares of Medtronic Common Stock pursuant to the above-described Sections that the Certificate so surrendered shall be properly endorsed or be otherwise in proper form for transfer and that such transferee shall (i) pay to the Exchange Agent any transfer or other taxes required, or (ii) establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

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2.5.4 No dividends or other distributions declared after the Effective Time with respect to Medtronic Common Stock and payable to the holders of record thereof after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Medtronic Common Stock represented thereby until the holder of record shall surrender such Certificate. Subject to the effect, if any, of applicable law, after the subsequent surrender and exchange of a Certificate, the holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, that previously became payable with respect to shares of Medtronic Common Stock represented by such Certificate.

2.5.5 All cash paid and shares of Medtronic Common Stock issued upon the surrender for exchange of Electromedics Common Stock in accordance with the terms hereof (including any cash paid for fractional shares pursuant to Section 2.5.7 hereof) shall be deemed to have been paid or issued, as applicable, in full satisfaction of all rights pertaining to such shares of Electromedics Common Stock.

2.5.6 After the Effective Time, there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Electromedics Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates representing such shares are presented to the Surviving Corporation, they shall be deemed to be Electromedics Non-Electing Shares as provided in Section 2.4.5 and shall be cancelled and exchanged as provided in this Article 2. As of the Effective Time, the holders of Certificates representing shares of Electromedics Common Stock shall cease to have any rights as shareholders of Electromedics, except such rights, if any, as they may have pursuant to Colorado law. Except as provided above, until such certificates are surrendered for exchange, each such Certificate shall, after the Effective Time, represent for all purposes only the right to receive the number of whole shares of Medtronic Common Stock into which the shares of Electromedics Common Stock shall have been converted by the Merger as provided in Sections 2.2.1 and 2.4.5 hereof and the right to receive the cash value of any fraction of a share of Medtronic Common Stock as provided in Section 2.5.7 hereof.

2.5.7 No fractional shares of Medtronic Common Stock and no certificates or scrip therefor, or other evidence of ownership thereof,

shall be issued upon the surrender for exchange of Certificates, no dividend or distribution of Medtronic shall relate to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a shareholder of Medtronic. All fractional shares of Medtronic Common Stock to which a holder of Electromedics Common Stock immediately prior to the Effective Time would otherwise be entitled, at the Effective Time, shall be aggregated. If a fractional share results from such aggregation, then (in lieu of such fractional share) the Exchange Agent shall pay to each holder of shares of Electromedics Common Stock who otherwise would be entitled to receive such fractional share of Medtronic Common Stock an amount of cash (without interest) determined by multiplying (i) the Average Market Price by (ii) the fractional share of Medtronic Common Stock to which such holder would otherwise be entitled. Medtronic will make available to the Exchange Agent, without regard to any other cash being provided to the Exchange Agent, any cash necessary for this purpose.

2.5.8 In the event any Certificates shall have been lost, stolen or destroyed, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificate, upon the making of an affidavit of that fact by the holder thereof, such shares of Medtronic Common Stock and/or cash as may be required pursuant to this Article 2; PROVIDED, HOWEVER, that Medtronic may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificate to deliver a bond in such sum as it may direct as indemnity against any claim that may be made against Medtronic or the Exchange Agent with respect to the Certificate alleged to have been lost, stolen or destroyed; and PROVIDED, FURTHER, that the shares represented by such

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Certificates shall be deemed to be Electromedics Non-Electing Shares unless the holder thereof shall have made such affidavit and properly submitted a Form of Election, in accordance with the provisions of Section 2.3.3, on or before the Election Deadline.

2.5.9 Each person entitled to receive shares of Medtronic Common Stock pursuant to this Article 2 shall receive together with such shares the number of Medtronic Preferred Stock Purchase Rights (pursuant to the Rights Agreement dated as of June 27, 1991, between Medtronic and Norwest Bank Minnesota, N.A.) per share of Medtronic Common Stock equal to the number of Medtronic Preferred Stock Purchase Rights associated with one share of Medtronic Common Stock at the Effective Time.

2.6 DISSENTING SHARES.

2.6.1 Notwithstanding any provision hereof to the contrary, each outstanding share of Electromedics Common Stock, the holder of which has demanded and perfected his or her right for appraisal of such shares in accordance with Colorado law (the "Appraisal Laws") and, as of the Effective Time, has not effectively withdrawn or lost such right to appraisal ("Dissenting Shares"), shall not be converted into or represent a right to receive the Medtronic Common Stock or cash into which Electromedics shares are converted pursuant to Section 2.2, but the holder thereof shall only be entitled to such rights as are granted by the Appraisal Laws.

2.6.2 Notwithstanding the provisions of Section 2.4.1, if any holder of shares of Electromedics Common Stock who demands appraisal of such shares under the Appraisal Laws shall effectively withdraw or lose (through failure to perfect or otherwise) his or her right to appraisal, at or prior to the Election Deadline, then the shares of Electromedics Common Stock of such holder shall be converted into a right to receive Medtronic Common Stock or cash in accordance with the applicable provisions hereof, including Section 2.3. If such holder shall effectively withdraw or lose (through failure to perfect or otherwise) his or her right to such payment after the Election Deadline, each share of Electromedics Common Stock of such holder shall be treated in the same manner as Non-Electing Electromedics Shares under Section 2.4.5 hereof.

2.6.3 Electromedics shall give Medtronic (i) prompt written notice of any notice of intent to demand fair value for any shares of Electromedics Common Stock, withdrawals of such notices and any other instruments served pursuant to the Appraisal Laws or any other provisions of Colorado law and received by Electromedics and (ii) the opportunity to conduct jointly all negotiations and proceedings with respect to demands for fair value for shares of Electromedics Common Stock under the Appraisal Laws. Electromedics shall not, except with the prior written consent of Medtronic, voluntarily make any payment with respect to any demands for fair value for shares of Electromedics Common Stock or offer to settle or settle any such demands.

2.7 ADJUSTMENTS. In the event that, between December 23, 1993 and the Effective Time, the outstanding shares of Medtronic Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities and such increase, decrease, change or exchange shall have been effected through a stock dividend, stock split, reverse stock split, exchange or similar action, then an appropriate and proportionate adjustment shall be made in the manner in which the Conversion Ratio and all per share price amounts are calculated hereunder.

2.8 STOCK OPTIONS.

2.8.1 Electromedics shall cause each outstanding option (the "Options") under the Stock Option Plans (as defined in Section 3.6 of the Merger Agreement) to vest at such time prior to the Effective Time as Electromedics deems appropriate. Electromedics may make any acceleration of Options and any exercise of Options accelerated under this Section 2.8 subject to consummation of the Merger, and any holder of an Option may make any exercise of the Option subject to consummation of the Merger by so specifying to Electromedics in writing upon exercise of such Option. Electromedics shall cause any such option not so exercised to terminate at or before the Effective Time, in accordance with the terms of the Stock Option Plans.

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2.8.2 Electromedics may make interest-free loans or similar financial assistance to enable holders of the Electromedics Options to exercise such Options prior to the Effective Time. Any such loan or similar financial assistance may be made by Electromedics only within the 30-day period prior to the Effective Time and shall be repaid to Electromedics by an optionee receiving such assistance from the cash received by such optionee in the Merger. Any Stock Election submitted by such optionee shall be decreased, and such optionee's Cash Election correspondingly increased, to provide sufficient cash from the Merger to repay such loan.

ARTICLE 3 ORGANIZATION OF THE SURVIVING CORPORATION

3.1 ARTICLES OF INCORPORATION OF THE SURVIVING CORPORATION. The Articles of Incorporation of Merger Subsidiary, as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended in accordance with applicable law; provided, however, that section 1.1 of Article 1 of the Articles of Incorporation of the Surviving Corporation shall be amended in its entirety to read as follows:

"1.1) The name of the corporation shall be Electromedics, Inc."

3.2 BYLAWS OF THE SURVIVING CORPORATION. The Bylaws of Merger Subsidiary, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation until thereafter amended in accordance with applicable law.

3.3 DIRECTORS AND OFFICERS OF THE SURVIVING CORPORATION. The directors of Merger Subsidiary and the officers of Merger Subsidiary immediately prior to the Effective Time shall be the directors and officers, respectively, of the Surviving Corporation until their respective successors shall be duly elected

and qualified.

ARTICLE 4
GENERAL PROVISIONS

At the Effective Time, Merger Subsidiary shall succeed to and possess all the rights, privileges, powers, franchises and immunities of a public as well as of a private nature, and be subject to all liabilities, restrictions, disabilities and duties of Electromedics; and all and singular, the rights, privileges, powers, franchises and immunities of both of the Constituent Corporations and all property, assets, rights, privileges, powers, franchises, immunities and all and every other interest shall be thereafter as effectively the property of Merger Subsidiary as they were or would be of the Constituent Corporations or either of them; and title to any real estate or any interest therein vested by deed or otherwise in either of the Constituent Corporations shall not revert or be in any way impaired by any reason of this merger; provided, however, that all rights of creditors and all liens upon any property of either of the Constituent Corporations shall be preserved unimpaired, limited in lien to the property affected by such liens at the Effective Time, and all debts, liabilities and duties of either of the Constituent Corporations shall thenceforth become those of Merger Subsidiary and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it.

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APPENDIX B
COLORADO CORPORATION CODE

7-4-123 RIGHT OF SHAREHOLDERS TO DISSENT AND OBTAIN PAYMENT FOR SHARES. --

(1) Any shareholder of a corporation shall have the right to dissent from, and to obtain payment for his shares in the event of, any of the following corporate actions:

(a) Except as provided in subsection (3) of this section, any plan of merger or consolidation to which the corporation is a party or any plan of exchange pursuant to section 7-7-102.5 as to which the corporation is a party other than the acquiring corporation; or

(b) Any sale, lease, exchange, or other disposition of all or substantially all of the property and assets of the corporation not made in the usual or regular course of its business, including a sale in dissolution but not including a sale pursuant to an order of a court having jurisdiction in the premises or a sale for cash on terms requiring that all or substantially all of the net proceeds of sale be distributed to the shareholders in accordance with their respective interests within one year after the date of sale.

(2) (a) A shareholder may assert dissenters' rights as to less than all of the shares registered in his name only if he dissents with respect to all the shares beneficially owned by any one person and discloses the name and address of the person or persons on whose behalf he dissents. In that event, his rights shall be determined as if the shares as to which he has dissented and his other shares were registered in the names of different shareholders.

(b) A beneficial owner of shares who is not the record holder may assert dissenters' rights with respect to shares held on his behalf and shall be treated as a dissenting shareholder under the terms of this section and section 7-4-124 if he submits a written consent of the shareholder to the corporation at the time of or before the assertion of those rights.

(3) The right to obtain payment under this section shall not apply to the shareholders of the surviving corporation in a merger if a vote of the shareholders of such corporation is not necessary to authorize such merger; except that this subsection (3) shall not apply if the merger is pursuant to section 7-7-106, all of the stock of the subsidiary corporation was not owned by the parent corporation immediately prior to the merger, and the subsidiary

corporation is the surviving corporation.

(4) A shareholder who has a right under this code to obtain payment for his shares shall have no right at law or in equity to attack the validity of the corporate action which gives rise to his right to obtain payment nor to have the action set aside or rescinded, except when the corporate action is illegal or fraudulent with regard to the complaining shareholder or the corporation.

7-4-124 PROCEDURES FOR PROTECTION OF DISSENTERS' RIGHTS. --

(1) As used in this section:

(a) "Corporation" means the issuer of the shares held by the dissenter before the corporate action or the successor by merger or consolidation of that issuer.

(b) "Dissenter" means a shareholder or beneficial owner who is entitled to and does assert dissenters' rights under section 7-4-123 and who has performed every act required up to the time involved for the assertion of such rights.

(c) "Fair value" means the value of shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of such corporate action, unless such exclusion would be inequitable.

(d) "Interest" means interest from the effective date of the corporate action until the date of payment calculated at the average rate currently paid by the corporation on its principal bank loans or, if none, at such rate as is fair and equitable under all the circumstances.

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(2) If a proposed corporate action which would give rise to dissenters' rights under section 7-4-123 is submitted to a vote at a meeting of shareholders, the notice of meeting shall notify all shareholders that they have or may have a right to dissent and obtain payment for their shares by complying with the terms of this section, and the notice shall be accompanied by a copy of section 7-4-123 and this section.

(3) If the proposed corporate action is submitted to a vote at a meeting of shareholders, any shareholder who wishes to dissent and obtain payment for his shares shall file with the corporation, prior to the vote, a written notice of intention to demand that he be paid fair compensation for his shares if the proposed action is effectuated and shall refrain from voting his shares in approval of such action. A shareholder who fails in either respect shall not acquire a right to payment for his shares under this section or section 7-4-123.

(4) If the proposed corporate action is approved by the required vote at a meeting of shareholders, the corporation shall mail a notice to all shareholders who gave due notice of intention to demand payment and who refrained from voting in favor of the proposed action. If the proposed corporate action is to be taken without a vote of shareholders, the corporation shall send to all shareholders who are entitled to dissent and demand payment for their shares a notice of the adoption of the plan of corporate action. The notice shall state where and when a demand for payment shall be sent and certificates shall be deposited in order to obtain payment, shall supply a form for demanding payment which includes a request for certification of the date on which the shareholder or the person on whose behalf the shareholder dissents acquired beneficial ownership of the shares, and shall be accompanied by a copy of section 7-4-123 and this section. The time set for the demand and deposit shall be not less than thirty days from the mailing of the notice.

(5) A shareholder who fails to demand payment or fails to deposit certificates, as required by a notice mailed to such shareholder pursuant to subsection (4) of this section, shall have no right under this section or section 7-4-123 to receive payment for his shares. The dissenter shall retain all other rights of a shareholder until those rights are modified by

effectuation of the proposed corporate action.

(6) (a) If the corporation has not effectuated the proposed corporate action and remitted payment for shares pursuant to paragraph (c) of this subsection (6) within sixty days after the date set for demanding payment and depositing certificates, it shall return any certificates that have been deposited.

(b) If deposited certificates have been returned, the corporation may, at any later time, send a new notice conforming to the requirements of subsection (4) of this section.

(c) Immediately upon effectuation of the proposed corporate action or upon receipt of demand for payment, if the corporate action has already been effectuated, the corporation shall remit to a dissenter who has made demand and who has deposited his certificates the amount which the corporation estimates to be the fair value of the shares, with interest if any has accrued. The remittance shall be accompanied by:

(I) The corporation's closing balance sheet and statement of income for a fiscal year ending not more than sixteen months before the date of remittance, together with the latest available interim financial statements;

(II) A statement of the corporation's estimate of fair value of the shares; and

(III) A notice of the dissenter's right to demand supplemental payment, accompanied by a copy of section 7-4-123 and this section.

(7) If the corporation fails to remit payment for his shares as required by subsection (6) of this section or if the dissenter believes that the amount remitted is less than the fair value of his shares or that the interest is not correctly determined, he may, within thirty days after the date of mailing of the

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corporation's remittance, mail to the corporation his own estimate of the value of the shares or of the interest to the corporation and demand payment of the deficiency. If he fails to do so, he shall be entitled to no more than the amount remitted.

(8) (a) Within sixty days after receiving a demand for payment pursuant to subsection (7) of this section, if any such demand for payment remains unsettled, the corporation shall file in an appropriate court a petition requesting that the fair value of the shares and interest thereon be determined by the court.

(b) An appropriate court is a court of competent jurisdiction in the county of this state where the registered office of the corporation is located. If the corporation is a foreign corporation without a registered office in this state, the petition shall be filed in the county where the registered office of the foreign corporation was last located.

(c) All dissenters, wherever residing, whose demands have not been settled shall be made parties to the proceeding as in an action against their shares. A copy of the petition shall be served on each such dissenter; except that, if a dissenter is a nonresident, the copy may be served on him by registered or certified mail or by publication as provided by law.

(d) The jurisdiction of the court shall be plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and to recommend a decision on the question of fair value. The appraisers shall have the power and authority specified in the order of their appointment or in any amendment thereof. The dissenters are entitled to discovery in the same manner as parties in other civil suits.

(e) All dissenters who are made parties are entitled to judgment for the

amount by which the fair value of their shares is found to exceed the amount previously remitted, with interest.

(f) If the corporation fails to file a petition as provided in paragraph (a) of this subsection (8), each dissenter who has made a demand and who has not already settled his claim against the corporation shall be paid by the corporation the amount demanded by him with interest and may sue therefor in an appropriate court.

(9) (a) The costs and expenses of any proceeding under subsection (8) of this section, including the reasonable compensation and expenses of appraisers appointed by the court, shall be determined by the court and assessed against the corporation; except that any part of the costs and expenses may be apportioned and assessed as the court may deem equitable against all or some of the dissenters who are parties and whose action in demanding supplemental payment the court finds to be arbitrary, vexatious, or not in good faith.

(b) Fees and expenses of counsel and of experts for the respective parties may be assessed as the court deems equitable against the corporation and in favor of any or all dissenters if the corporation fails to comply substantially with the requirements of this section and may be assessed against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith in respect to the rights provided by this section and section 7-4-123.

(c) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and should not be assessed against the corporation, it may award to the counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

(10) (a) Notwithstanding any other provisions of this section, the corporation may elect to withhold the remittance required by subsection (6) of this section from any dissenter with respect to shares of which the dissenter or the person on whose behalf the dissenter acts was not the beneficial owner on the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action. With respect to such shares, the corporation shall, upon effectuating the corporate

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action, state to each dissenter its estimate of the fair market value of the shares, state the rate of interest to be used (explaining the basis thereof), and offer to pay the resulting amounts on receiving the dissenter's agreement to accept them in full satisfaction.

(b) If the dissenter believes that the amount offered under paragraph (a) of this subsection (10) is less than the fair value of the shares and interest determined according to this section, he may, within thirty days after the date of mailing of the corporation's offer, mail to the corporation his own estimate of fair value and interest and demand payment of that amount. If he fails to do so, he shall be entitled to no more than the corporation's offer.

(c) If the dissenter makes a demand as provided in paragraph (b) of this subsection (10), the provisions of subsections (8) and (9) of this section shall apply to further proceedings on the dissenter's demand.

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APPENDIX C
OPINION OF DAIN BOSWORTH INCORPORATED

March 18, 1994

Board of Directors
Electromedics, Inc.

Gentlemen:

We understand that Electromedics, Inc. ("Electromedics"), Medtronic, Inc. ("Medtronic"), and MDT Acquisition Corp. ("Merger Subsidiary"), a wholly-owned subsidiary of Medtronic, have entered into an Agreement and Plan of Merger dated December 23, 1993 (the "Merger Agreement") pursuant to which (a) Electromedics will be merged with and into Merger Subsidiary with Merger Subsidiary being the surviving corporation in the Merger, and (b) each share of Electromedics common stock, par value \$.05 per share ("Electromedics Common Stock"), will be converted, at the option of its holder, into either \$6.875 in cash or a portion of a share of Medtronic common stock, par value \$.01 per share ("Medtronic Common Stock"), or a combination of cash and Medtronic Common Stock, based upon a conversion ratio described in the Merger Agreement. Together the cash and Medtronic Common Stock to be received pursuant to the Merger are referred to herein as the "Consideration."

You have asked our opinion as to whether the Consideration is fair to the holders of shares of Electromedics Common Stock from a financial point of view. You have supplied us with a copy of the Proxy Statement/Prospectus substantially in the form to be distributed to shareholders of Electromedics (the "Proxy Statement/Prospectus"). The terms of the Merger are more fully described in the Proxy Statement/Prospectus, which includes the Plan of Merger.

Dain Bosworth Incorporated ("DBI"), as part of its investment banking business, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes.

DBI is acting as financial advisor to Electromedics in connection with the transactions contemplated by the Merger Agreement and has received and will receive fees for various services in connection therewith. In addition, your attention is directed to the disclosure regarding DBI set forth in the Proxy Statement/Prospectus describing DBI's various involvements during the extended course of the Merger. DBI has previously rendered investment banking services to Electromedics for which it has received customary compensation, including acting as managing underwriter of a public offering of Electromedics Common Stock in November 1990. In addition, in the ordinary course of its business, DBI actively trades the securities of Electromedics and Medtronic for its own account and for the accounts of customers and accordingly, at any time may hold a long or short position in such securities.

In the course of our review of the Merger, we have (i) reviewed the Proxy Statement/Prospectus, the Merger Agreement and the exhibits to the Merger Agreement; (ii) analyzed financial and other information that is publicly available relating to Electromedics and Medtronic; (iii) analyzed certain other operating data of Electromedics and Medtronic and their respective operating units that have been made available to us in our role as financial advisor to Electromedics; (iv) discussed with management of Electromedics and Medtronic the business, properties and prospects of Electromedics and Medtronic and their respective operating units; (v) analyzed the financial performance of certain other companies in the medical device and healthcare industry that we deemed comparable; (vi) analyzed the financial terms of certain other similar transactions that have recently been effected; (vii) taken into account our general experience in similar transactions and our knowledge derived from our role as financial advisor to Electromedics, including our efforts to secure other merger proposals for Electromedics; and (viii) undertaken such other reviews, analyses and inquiries relating to Electromedics as we deemed relevant under the circumstances.

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In rendering our opinion, we have relied without independent verification on the accuracy, completeness and fair presentation of all financial and other information that was provided to us by Electromedics or was publicly available, and this opinion is conditioned upon such information being complete and accurate in all material respects. We have not made an independent evaluation or

appraisal of the assets of Electromedics or Medtronic, nor have we been furnished with any such appraisals. Further, our opinion is based on economic, monetary and market conditions existing as of the date of this opinion.

Based upon and subject to the foregoing, including the various assumptions and limitation set forth herein, it is our opinion that, as of the date hereof, the consideration to be received by the stockholders of Electromedics pursuant to the Merger Agreement is fair to the shareholders of Electromedics from a financial point of view.

Very truly yours,
By: /s/ Dain Bosworth Incorporated

DAIN BOSWORTH INCORPORATED

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Minnesota Statutes Section 302A.521 provides that a Minnesota business corporation shall indemnify any director, officer, employee or agent of the corporation made or threatened to be made a party to a proceeding, by reason of the former or present official capacity (as defined) of the person, against judgments, penalties, fines, settlements and reasonable expenses incurred by the person in a connection with the proceeding if certain statutory standards are met. "Proceeding" means a threatened, pending or completed civil, criminal administrative, arbitration or investigative proceeding, including one by or in the right of the corporation. Section 302A.521 contains detailed terms regarding such right of indemnification and reference is made thereto for a complete statement of such indemnification rights.

Section 4.1 of Medtronic Bylaws provides that directors, officers and employees shall be indemnified by Medtronic to the fullest extent permitted by Section 302A. 521 of the Minnesota Statutes.

Medtronic has purchased directors' and officers liability insurance, including a company reimbursement policy. Subject to the stated conditions, the policy insures the directors and officers of Medtronic against liability arising out of actions taken in their official capacities. To the extent that such actions entitle a director or officer to indemnification by Medtronic, the policy provides that the insurer will reimburse Medtronic for any amounts paid.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) Exhibits
2 Agreement and Plan of Merger, dated December 23, 1993, by and among Medtronic, Inc., Electromedics, Inc., and MDT Acquisition Corp., including the Exhibits thereto. Upon the request of the Commission, Medtronic agrees to furnish supplementally to the Commission a copy of any schedules to the Agreement and Plan of Merger described as follows:
- | | | |
|-----------------|----|--------------------------------|
| Schedule 3.1 | -- | Subsidiaries |
| Schedule 3.4 | -- | Contract Consents |
| Schedule 3.6 | -- | Stock option plans |
| Schedule 3.8.9 | -- | Financings |
| Schedule 3.8.10 | -- | Liens |
| Schedule 3.8.11 | -- | Employee/consulting agreements |
| Schedule 3.9 | -- | Liens |
| Schedule 3.10 | -- | Litigation |
| Schedule 3.11 | -- | Tax matters |
| Schedule 3.12 | -- | Employee plan matters |
| Schedule 3.14 | -- | Finders |
| Schedule 3.15 | -- | Intellectual property matters |
| Schedule 3.16 | -- | Environmental matters; OSHA |
| Schedule 3.17 | -- | Contracts |
| Schedule 3.18 | -- | Real estate |
| Schedule 3.19 | -- | Obligations |

Schedule 3.23	--	Supplier/customer matters
Schedule 3.25	--	Insurance
Schedule 3.26	--	Conflicts
Schedule 3.27	--	Bank accounts
Schedule 5.1	--	Conduct of business
Schedule 10.3	--	Employee listing

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5	Opinion and Consent of Fredrikson & Byron, P.A. regarding validity of shares.
8	Opinion and Consent of Deloitte & Touche regarding certain tax matters.
23.1	Consent of Fredrikson & Byron, P.A. (included in Exhibit 5).
23.2	Consent of Deloitte & Touche regarding certain tax matters (included in Exhibit 8).
23.3	Consent of Price Waterhouse, independent certified public accountants for Medtronic, Inc.
23.4	Consent of Deloitte & Touche, independent certified public accountants for Electromedics, Inc.
23.5	Consent of Dain Bosworth Incorporated.
24	Power of Attorney.
99.1	Form of Proxy to be used by Electromedics, Inc. shareholders.
99.2	Election Form to be used by Electromedics, Inc. shareholders.
(b)	Financial Statement Schedules. Not applicable.
(c)	Reports, Opinions and Appraisals Materially Related to the Transaction. Opinion of Dain Bosworth Incorporated is furnished as Appendix C to the Proxy Statement/Prospectus forming a part of this Registration Statement.

ITEM 22. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) (i) The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.

(ii) The registrant undertakes that every prospectus [a] that is filed pursuant to paragraph (b)(i) immediately preceding, or [b] that purports to meet the requirements of Section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other

than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Minneapolis, State of Minnesota, on March 18, 1994.

MEDTRONIC, INC.

By /s/ William W. George

 William W. George
 PRESIDENT AND CHIEF EXECUTIVE OFFICER

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed on March 18, 1994 by the following persons in the capacities indicated.

SIGNATURE	TITLE	

----- Winston R. Wallin*	Chairman of the Board and Director	
----- William W. George*	President, Chief Executive Officer and Director (principal executive officer)	
----- Glen D. Nelson, M.D.*	Vice Chairman and Director	
----- Robert L. Ryan*	Senior Vice President and Chief Financial Officer (principal financial officer)	
----- John T. Lemley*	Vice President and Corporate Controller (principal accounting officer)	
----- Earl E. Bakken*	Director	
----- F. Caleb Blodgett*	Director	
----- Antonio M. Gotto Jr., M.D.*	Director	
----- Bernadine P. Healy, M.D.*	Director	

*By /s/ Ronald E. Lund

 Ronald E. Lund
 ATTORNEY-IN-FACT
 Date: March 18, 1994

-----	Director
Vernon H. Heath*	
-----	Director
Thomas E. Holloran*	
-----	Director
Edith W. Martin, Ph.D.*	
-----	Director
Richard L. Schall*	
-----	Director
Jack W. Schuler*	
-----	Director
Gerald W. Simonson*	
-----	Director
Gordon M. Sprenger*	
-----	Director
Richard A. Swalin, Ph.D.*	

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

EXHIBIT INDEX
TO
FORM S-4

MEDTRONIC, INC.

EXHIBIT

PAGE NUMBER
IN SEQUENTIAL
NUMBERING OF
ALL PAGES,
INCLUDING EXHIBITS

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AGREEMENT AND PLAN OF MERGER

DATED
DECEMBER 23, 1993
AMONG

MEDTRONIC, INC.,
MDT ACQUISITION CORP.
AND
ELECTROMEDICS, INC.

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT dated December 23, 1993, among Electromedics, Inc., a Colorado corporation ("Electromedics"), Medtronic, Inc., a Minnesota corporation ("Medtronic"), and MDT Acquisition Corp., a Minnesota corporation and a wholly owned subsidiary of Medtronic ("Merger Subsidiary").

WHEREAS, the Boards of Directors of Medtronic, Merger Subsidiary and Electromedics have each determined that it is in the best interests of their respective shareholders for Medtronic to acquire Electromedics upon the terms and subject to the conditions set forth herein;

WHEREAS, the Merger, as defined in Section 1.1.1, is structured to qualify as a tax-free reorganization as defined in Sections 368(a) (1) (A) and (a) (2) (D) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, in furtherance of such acquisition, the Boards of Directors of Medtronic, Merger Subsidiary and Electromedics have each approved the merger of Electromedics with and into Merger Subsidiary in accordance with the Colorado Corporation Code ("Colorado Law") and the Minnesota Business Corporation Act (the "MBCA") and upon the terms and subject to the conditions set forth herein;

WHEREAS, Electromedics entered into an Agreement and Plan of Merger, dated December 6, 1993, with St. Jude Medical, Inc. ("SJM") and SJM Acquisition Corp. (the "St. Jude Agreement") and

WHEREAS, the Board of directors of Electromedics, Inc., in the exercise of their fiduciary duties, have determined that it is in the best interest of Electromedics, Inc. and its shareholders that Electromedics, Inc. enter into this Agreement and Plan of Merger based upon information available to the Board as of the date of this Agreement.

The parties hereto agree as follows:

1. THE MERGER

1.1 THE MERGER.

1.1.1 Subject to the terms and conditions of this Agreement, at the Effective Time (as defined in Section 1.1.2), Electromedics shall be merged with and into Merger Subsidiary (the "Merger") in accordance with Colorado Law and the MBCA, whereupon the separate existence of Electromedics shall cease, and Merger Subsidiary shall continue as the surviving corporation (the "Surviving Corporation") under the name of Electromedics, Inc. as set forth in Section 2.

1.1.2 As soon as practicable after satisfaction of, or to the extent permitted hereunder, waiver of, all conditions to the Merger, the parties hereto shall cause the Merger to be consummated by filing Articles of Merger with the Secretaries of State of the States of Colorado and Minnesota, in such form as required by, and executed in accordance with the relevant provisions of, Colorado Law and the MBCA and the parties hereto shall make all other filings or recordings required by Colorado Law and the MBCA in connection with the Merger. The Merger shall become effective at such time as the Articles of Merger are duly filed with the Secretaries of State of the States of Colorado and Minnesota or, if agreed to by Medtronic and Electromedics, such later date set forth in

the Articles of Merger (the "Effective Time").

1.1.3 At the Effective Time, (i) the separate existence of Electromedics shall cease and Electromedics shall be merged with and into Merger Subsidiary, which shall be the Surviving Corporation; (ii) the directors and the officers of the Surviving Corporation shall be the same as the directors and officers, respectively, of Merger Subsidiary immediately prior to the Merger; (iii) the Articles of Incorporation and Bylaws of the Surviving Corporation shall be the same as the Articles of Incorporation and Bylaws, respectively, of Merger Subsidiary immediately prior to the Merger; and (v) the Merger shall, from and after the Effective Time, have all of the effects provided by applicable law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the

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property, rights, privileges, powers and franchises of Merger Subsidiary and Electromedics shall vest in the Surviving Corporation, and all debts, liabilities and duties of Merger Subsidiary and Electromedics shall become the debts, liabilities and duties of the Surviving Corporation.

1.2 CONVERSION OF SHARES. At the Effective Time, by virtue of the Merger and without any action on the part of any holder of any share of capital stock of Electromedics or Merger Subsidiary:

1.2.1 Subject to the provisions of Sections 1.3 and 1.4 hereof, each share of common stock of Electromedics, par value \$.05 per share (the "Electromedics Common Stock"), issued and outstanding immediately prior thereto (except for Dissenting Shares (as defined in Section 1.6 hereof) and except for shares referred to in Section 1.2.2 hereof) shall be converted into the right to receive, at the election of the holder, either:

1.2.1.1 the number of shares (the "Conversion Ratio") of common stock of Medtronic, par value \$.10 per share ("Medtronic Common Stock"), equal to \$6.875 divided by the Average Market Price. Each such share of Medtronic Common Stock shall be fully paid and nonassessable. The "Average Market Price" shall be equal to the average of the daily closing sale prices of Medtronic Common Stock as reported on the New York Stock Exchange ("NYSE") Composite Tape, as reported in the Wall Street Journal, for the ten consecutive NYSE trading days ending on and including the third trading day immediately preceding the Effective Time, but not less than \$68 per share or more than \$98 per share; or

1.2.1.2 \$6.875 in cash (without interest).

The \$6.875 amount per share of Electromedics Common Stock, payable in cash or shares of Medtronic Common Stock as provided above, shall be reduced if the sum of the number of shares of Electromedics Common Stock outstanding at the Effective Time plus the number of shares subject to outstanding options at the Effective Time exceeds 14,801,264 such shares. In such event, the amount per share shall be equal to (a) \$101,758,690 minus the aggregate exercise price of all options outstanding as of the date of this Agreement plus the aggregate exercise price of all options outstanding at the Effective Time divided by (b) such sum of the number of shares of Electromedics Common Stock outstanding at the Effective Time plus the number of shares subject to options then outstanding. An appropriate and proportionate adjustment shall similarly be made in the event that, prior to the Effective Time, the outstanding shares of Electromedics Common Stock, without new consideration, are changed into or exchanged for a different kind of shares or securities through a reorganization, reclassification, stock dividend or other like change in Electromedics's capitalization; PROVIDED, HOWEVER, that nothing in this sentence shall be deemed to constitute authorization or permission for or consent to any such change in capitalization from Medtronic or Merger Subsidiary.

1.2.2 Each share of Electromedics Common Stock that is held in the treasury of Electromedics or which is then owned beneficially or of record by Medtronic, Merger Subsidiary or any direct or indirect subsidiary of

Medtronic or Electromedics shall be cancelled without payment of any consideration therefor and without any conversion thereof.

1.2.3 Each share of any other class of capital stock of Electromedics (other than Electromedics Common Stock) shall be cancelled without payment of any consideration therefor and without any conversion thereof.

1.2.4 Each share of common stock of Merger Subsidiary (the "Merger Subsidiary Common Stock"), issued and outstanding immediately prior thereto shall remain outstanding. From and after the Effective Time, each outstanding certificate theretofore representing shares of Merger Subsidiary Common Stock shall be deemed for all purposes to evidence ownership of and to represent the same number of shares of common stock of the Surviving Corporation.

1.3 ELECTION PROCEDURES. Each holder of Electromedics Common Stock (other than holders of shares of Electromedics Common Stock to be cancelled as set forth in Section 1.2.2) shall have the

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right to submit a request, in accordance with the following procedures, specifying the number of shares of Electromedics Common Stock that such holder desires to have converted into the right to receive Medtronic Common Stock in the Merger and the number of shares of Electromedics Common Stock that such holder desires to have converted into the right to receive cash in the Merger.

1.3.1 Each holder of Electromedics Common Stock may specify in a request made in accordance with the provisions of this Section 1.3 (herein called an "Election"):

1.3.1.1 the number of shares of Electromedics Common Stock owned by such holder that such holder desires to have converted into a right to receive cash in the Merger ("Cash Election"); and

1.3.1.2 the number of shares of Electromedics Common Stock owned by such holder that such holder desires to have converted into Medtronic Common Stock in the Merger ("Stock Election").

1.3.2 Medtronic shall authorize one or more persons to receive Elections and to act as Exchange Agent hereunder (the "Exchange Agent") pursuant to an agreement or agreements satisfactory to Medtronic and Electromedics.

1.3.3 Medtronic and Electromedics shall prepare a form (the "Election Form") pursuant to which each holder of Electromedics Common Stock may make an Election. The Election Form shall be mailed to holders of record of Electromedics Common Stock on the record date for the Electromedics Shareholders Meeting, together with the Proxy Statement and Prospectus, as defined in Section 5.2. Persons who become holders of Electromedics Common Stock after the record date for the Electromedics Shareholders Meeting will be able to obtain Election Forms from the Exchange Agent prior to the Election Deadline upon request. The "Election Deadline" means 5:00 p.m. local time in the city in which the Exchange Agent is located, on the fifth business day prior to the date of the Electromedics Shareholders Meeting; except that, if the Electromedics Shareholders Meeting is postponed or adjourned without adoption of this Agreement and approval of the Merger, the "Election Deadline" will mean 5:00 p.m. local time in the city in which the Exchange Agent is located, on the fifth business day prior to the date of the postponed or adjourned meeting at which this Agreement is adopted and the Merger is approved. To be effective, an Election Form must be properly completed, signed (with the signature thereon guaranteed if required by the Election Form), and submitted to the Exchange Agent, along with the certificates representing the Electromedics Common Stock as to which the holder is making the election (or a guarantee of delivery of such certificates in the form customarily used in transactions of this nature from a member of any national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust

company in the United States, provided that such certificates are in fact delivered by the time set forth in such guarantee of delivery), no later than the Election Deadline. Failure to deliver shares covered by such a guaranty of delivery within five business days after the Election Deadline shall be deemed to invalidate any otherwise properly made Election. Any Election relating to shares of Electromedics Common Stock with respect to which the holder thereof has filed and not withdrawn as of the Effective Time a written demand for payment of the fair value of Electromedics Common Stock in accordance with the provisions of Section 1.6 hereof shall be deemed to have been automatically revoked as of the Election Deadline.

1.3.3.1 Notwithstanding anything herein to the contrary, a combined Election Form containing a single Election (a "Combined Election Form") may be submitted by two or more holders of shares of Electromedics Common Stock either of whom may be deemed constructively to own the other's shares of Electromedics Common Stock by reason of the ownership attribution rules of Section 318 of the Code. Any Combined Election Form and any change or revocation in such Combined Election Form must be signed by or on behalf of all holders of the Electromedics Common Stock covered thereby. For purposes of this Article 1, all shares of

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Electromedics Common Stock covered by a single Combined Election Form held by holders of Electromedics Common Stock submitting such Combined Election Form will be treated as being held by a single holder.

1.3.3.2 Any holder of Electromedics Common Stock may at any time on or before the Election Deadline change such holder's Election by written notice received by the Exchange Agent on or before the Election Deadline accompanied by a properly completed, revised Election Form.

1.3.3.3 Any holder of Electromedics Common Stock may at any time on or before the Election Deadline revoke such holder's Election by written notice received by the Exchange Agent on or before the Election Deadline or by withdrawal on or before the Election Deadline of such holder's certificates for Electromedics Common Stock or of the guaranty of delivery of such certificates, previously deposited with the Exchange Agent. Within five business days of receipt of the revocation, the Exchange Agent will mail to the holder the certificates previously deposited with the Exchange Agent.

1.3.3.4 As used in this Agreement, "holders" of Electromedics Common Stock shall mean record holders of shares of Electromedics Common Stock. Record holders who hold such shares only as nominees, trustees or in other representative capacities ("Representatives") may submit a separate Election Form for each beneficial owner for whom any such record holder is a nominee; PROVIDED, HOWEVER, that, at the request of Medtronic, such Representative shall certify to the satisfaction of Medtronic that such record holder holds such shares as nominee, trustee or in another representative capacity for the beneficial owner thereof and that each such Election Form covers all the shares of Electromedics Common Stock held by such Representative for a particular beneficial owner. For purposes of this Agreement, each beneficial owner for which an Election Form is submitted will be treated as a separate holder of shares.

1.3.3.5 Medtronic and Electromedics shall have the right (which right may be delegated to the Exchange Agent in whole or in part) jointly to make rules not inconsistent with the terms of this Agreement governing the validity of the Election Forms, the manner and extent to which Elections are to be taken into account in making the determinations prescribed by Section 1.4, the issuance and delivery of certificates for Medtronic Common Stock into which Electromedics Common Stock is converted in the Merger, and the payment for shares of Electromedics Common Stock converted into the right to receive cash in the Merger. All such rules and determinations thereunder shall be final and binding on all holders of shares of Electromedics Common Stock.

1.4 SELECTION OF ELECTROMEDICS COMMON STOCK. The manner in which each share of Electromedics Common Stock (other than shares of Electromedics Common Stock to be cancelled as set forth in Section 1.2.2 and other than Dissenting Shares) shall be converted at the Effective Time into either cash or Medtronic Common Stock shall be as set forth below in this Section 1.4.

1.4.1 As more fully set forth below, the aggregate number of shares of Electromedics Common Stock to be converted into the right to receive cash in the Merger (the "Cash Conversion Number") shall be not greater than (i) 50% of the number of shares of Electromedics Common Stock outstanding immediately prior to the Effective Time minus (ii) the sum of (A) any shares of Electromedics Common Stock owned by Medtronic or any subsidiary of Medtronic, (B) the number of shares of Electromedics Common Stock redeemed by Electromedics, if any, after January 1, 1993 prior to the Effective Time (provided, nothing in this sentence shall be deemed to constitute authorization or permission for or consent to any such stock redemptions by Electromedics), and (C) the aggregate number of shares of Electromedics Common Stock, if any, as to which the holders of such shares have filed and not withdrawn a written demand for payment of the fair value of Electromedics Common Stock pursuant to the provisions of Section 1.6 hereof or otherwise withdrawn or lost their rights to appraisal before the Effective Time.

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1.4.2 If Cash Elections are received for a number of shares of Electromedics Common Stock which is equal to or less than the Cash Conversion Number, then each share of Electromedics Common Stock for which a Cash Election has been made shall be converted into a right to receive cash in the Merger.

1.4.3 If Cash Elections are received for a number of shares of Electromedics Common Stock which is more than the Cash Conversion Number, then the shares of Electromedics Common Stock for which a holder has made a Cash Election shall be converted into a right to receive cash and Medtronic Common Stock in the following manner:

1.4.3.1 A cash proration factor (the "Cash Proration Factor") shall be determined by dividing the Cash Conversion Number by the total number of shares of Electromedics Common Stock with respect to which effective Cash Elections were made.

1.4.3.2 The number of shares of Electromedics Common Stock covered by each Cash Election to be converted into the right to receive cash shall be determined by multiplying the Cash Proration Factor by the total number of shares of Electromedics Common Stock covered by such Cash Election, rounded to the next lowest whole number.

1.4.3.3 Shares of Electromedics Common Stock covered by a Cash Election and not converted into a right to receive cash as set forth above shall be converted into Medtronic Common Stock in the Merger.

1.4.3.4 The cash proration method provided in Section 1.4.3.1 and 1.4.3.2 may be modified by Electromedics if a different method would facilitate one or more of the Electromedics' shareholders qualifying for capital gain treatment with respect to the cash received in the Merger.

1.4.4 Each share of Electromedics Common Stock for which a Stock Election has been made shall be converted into the right to receive Medtronic Common Stock in the Merger.

1.4.5 Outstanding shares of Electromedics Common Stock (other than shares of Electromedics Common Stock to be cancelled as set forth in Section 1.2.2 and other than Dissenting Shares) as to which an Election is not in effect on the Election Deadline shall be called "Non-Electing Electromedics Shares." If Medtronic and Electromedics determine for any reason that any Election was not properly made (or timely received by the Exchange Agent) with respect to shares of Electromedics Common Stock, as set forth in

Section 1.3 hereof or otherwise, such Election shall be deemed to be not in effect and shares of Electromedics Common Stock covered by such election shall, for purposes hereof, be deemed to be Non-Electing Electromedics Shares. Each Non-Electing Electromedics Share shall be converted into the right to receive Medtronic Common Stock in the Merger.

1.5 EXCHANGE OF ELECTROMEDICS COMMON STOCK.

1.5.1 Promptly after completion of the election and allocation procedures set forth in Sections 1.3 and 1.4, Medtronic will deposit or cause to be deposited with the Exchange Agent the amount of cash and certificates representing the shares of Medtronic Common Stock payable to the holders of Electromedics Common Stock pursuant to Section 1.2 (as modified by Sections 1.3 and 1.4), based on the number of shares of Electromedics Common Stock (A) covered by a Cash Election and converted into cash pursuant to Sections 1.4.2 or 1.4.3.2, (B) covered by a Cash Election and converted into Medtronic Common Stock pursuant to Section 1.4.3.3, (C) covered by a Stock Election and converted into Medtronic Common Stock pursuant to Section 1.4.4, (D) deemed to be Non-Electing Electromedics Shares and converted into Medtronic Common Stock pursuant to Section 1.4.5, and (E) converted into fractional shares of Medtronic Common Stock and paid in cash pursuant to Section 1.5.7. The Exchange Agent may invest portions of the cash deposited with it, provided that such investments shall be in obligations of or guaranteed by the United States of America, in commercial paper, obligations receiving the highest rating from either Moody's Investors Service, Inc.

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or Standard & Poors Corporation, or in certificates of deposit, bank repurchase agreements or banker's acceptances of commercial banks with capital exceeding \$250,000,000 or in money market funds that are invested substantially in any such investments. Any net profit resulting from, or interest or income produced by, such investments shall be payable to Medtronic.

1.5.2 As soon as practicable after the Effective Time, the Exchange Agent shall mail to each holder of record (other than Medtronic, Merger Subsidiary, Electromedics or any subsidiary of Medtronic or Electromedics, and other than holders of Dissenting Shares, as defined in Section 1.6 below) of a certificate or certificates that immediately prior to the Effective Time represented outstanding shares of Electromedics Common Stock (the "Certificates"), to the extent not previously surrendered with an Election Form or pursuant to a guaranty of delivery, a form letter of transmittal (which shall specify that delivery shall be effective, and risk of loss and title to the Certificate(s) shall pass, only upon delivery of the Certificate(s) to the Exchange Agent) and instructions for such holder's use in effecting the surrender of the Certificates in exchange for certificates representing shares of Medtronic Common Stock.

1.5.3 As soon as practicable after the Effective Time, the Exchange Agent shall distribute to holders of shares of Electromedics Common Stock, upon surrender to the Exchange Agent (to the extent not previously surrendered with an Election Form or pursuant to a guaranty of delivery) of one or more Certificates for cancellation, together with a duly-executed letter of transmittal, if applicable pursuant to Section 1.5.2, (i) a bank check in the amount of cash into which the shares represented by the Certificate(s) shall have been converted pursuant to Sections 1.4.2, 1.4.3.2, and 1.5.7, and (ii) one or more certificates representing the number of whole shares of Medtronic Common Stock into which the shares represented by the Certificate(s) shall have been converted pursuant to Sections 1.4.3.3, 1.4.4, and 1.4.5, and the Certificate(s) so surrendered shall be cancelled. In no event shall the holder of any such surrendered Certificates be entitled to receive interest on any of the funds received in the Merger. In the event of a transfer of ownership of Electromedics Common Stock that is not registered in the transfer records of Electromedics, it shall be a condition to the payment of cash and/or issuance of shares of Medtronic Common Stock pursuant to the above-described Sections that the Certificate so surrendered shall be properly endorsed or be otherwise in proper form for transfer and that such transferee shall (i) pay to the Exchange Agent any transfer or other taxes required, or (ii) establish to the satisfaction of

the Exchange Agent that such tax has been paid or is not payable.

1.5.4 No dividends or other distributions declared after the Effective Time with respect to Medtronic Common Stock and payable to the holders of record thereof after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Medtronic Common Stock represented thereby until the holder of record shall surrender such Certificate. Subject to the effect, if any, of applicable law, after the subsequent surrender and exchange of a Certificate, the holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, that previously became payable with respect to shares of Medtronic Common Stock represented by such Certificate.

1.5.5 All cash paid and shares of Medtronic Common Stock issued upon the surrender for exchange of Electromedics Common Stock in accordance with the terms hereof (including any cash paid for fractional shares pursuant to Section 1.5.7 hereof) shall be deemed to have been paid or issued, as applicable, in full satisfaction of all rights pertaining to such shares of Electromedics Common Stock.

1.5.6 After the Effective Time, there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Electromedics Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates representing such shares are presented to the Surviving Corporation, they shall be deemed to be Electromedics Non-Electing Shares as provided in Section 1.4.5 and shall be cancelled and exchanged as provided in this Article 1. As of the Effective Time, the holders of Certificates representing shares of Electromedics Common Stock shall cease to have any rights as shareholders of Electromedics, except

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such rights, if any, as they may have pursuant to Colorado Law. Except as provided above, until such certificates are surrendered for exchange, each such Certificate shall, after the Effective Time, represent for all purposes only the right to receive the number of whole shares of Medtronic Common Stock into which the shares of Electromedics Common Stock shall have been converted by the Merger as provided in Sections 1.2.1 and 1.4.5 hereof and the right to receive the cash value of any fraction of a share of Medtronic Common Stock as provided in Section 1.5.7 hereof.

1.5.7 No fractional shares of Medtronic Common Stock and no certificates or scrip therefor, or other evidence of ownership thereof, shall be issued upon the surrender for exchange of Certificates, no dividend or distribution of Medtronic shall relate to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a shareholder of Medtronic. All fractional shares of Medtronic Common Stock to which a holder of Electromedics Common Stock immediately prior to the Effective Time would otherwise be entitled, at the Effective Time, shall be aggregated. If a fractional share results from such aggregation, then (in lieu of such fractional share) the Exchange Agent shall pay to each holder of shares of Electromedics Common Stock who otherwise would be entitled to receive such fractional share of Medtronic Common Stock an amount of cash (without interest) determined by multiplying (i) the Average Market Price by (ii) the fractional share of Medtronic Common Stock to which such holder would otherwise be entitled. Medtronic will make available to the Exchange Agent, without regard to any other cash being provided to the Exchange Agent, any cash necessary for this purpose.

1.5.8 In the event any Certificates shall have been lost, stolen or destroyed, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificate, upon the making of an affidavit of that fact by the holder thereof, such shares of Medtronic Common Stock and/or cash as may be required pursuant to this Article 1; PROVIDED, HOWEVER, that Medtronic may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificate to deliver a bond in such sum as it may direct as indemnity against any claim that may be made against Medtronic or the Exchange Agent with respect to the Certificate alleged to have been lost, stolen or destroyed; and PROVIDED, FURTHER, that the shares

represented by such Certificates shall be deemed to be Electromedics Non-Electing Shares unless the holder thereof shall have made such affidavit and properly submitted a Form of Election, in accordance with the provisions of Section 1.3.3, on or before the Election Deadline.

1.5.9 Each person entitled to receive shares of Medtronic Common Stock pursuant to this Article 1 shall receive together with such shares the number of Medtronic Common Stock Purchase Rights (pursuant to the Rights Agreement dated as of June 27, 1991, between Medtronic and Norwest Bank Minnesota, N.A., the "Medtronic Rights Plan") per share of Medtronic Common Stock equal to the number of Medtronic Common Stock Purchase Rights associated with one share of Medtronic Common Stock on the Effective Time.

1.6 DISSENTING SHARES.

1.6.1 Notwithstanding any provision of this Agreement to the contrary, each outstanding share of Electromedics Common Stock, the holder of which has demanded and perfected its right for appraisal of such shares in accordance with Colorado Law (the "Appraisal Laws") and, as of the Effective Time, has not effectively withdrawn or lost such right to appraisal ("Dissenting Shares"), shall not be converted into or represent a right to receive the Medtronic Common Stock or cash into which Electromedics shares are converted pursuant to Section 1.2, but the holder thereof shall only be entitled to such rights as are granted by the Appraisal Laws.

1.6.2 Notwithstanding the provisions of Section 1.4.1, if any holder of shares of Electromedics Common Stock who demands appraisal of such shares under the Appraisal Laws shall effectively withdraw or lose (through failure to perfect or otherwise) his right to appraisal, at or prior to the Election Deadline, then the shares of Electromedics Common Stock of such holder shall be converted into a right to receive Medtronic stock or cash in accordance with the applicable provisions of this Agreement, including Section 1.3. If such holder shall effectively withdraw or lose (through failure to

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perfect or otherwise) his right to such payment after the Election Deadline, each share of Electromedics Common Stock of such holder shall be treated in the same manner as Non-Electing Electromedics Shares under Section 1.4.5 hereof.

1.6.3 Electromedics shall give Medtronic (i) prompt written notice of any notice of intent to demand fair value for any shares of Electromedics Common Stock, withdrawals of such notices and any other instruments served pursuant to the Appraisal Laws or any other provisions of Colorado Law and received by Electromedics and (ii) the opportunity to conduct jointly all negotiations and proceedings with respect to demands for fair value for shares of Electromedics Common Stock under the Appraisal Laws. Electromedics shall not, except with the prior written consent of Medtronic, voluntarily make any payment with respect to any demands for fair value for shares of Electromedics Common Stock or offer to settle or settle any such demands.

1.7 ADJUSTMENTS. In the event that, subsequent to the date of this Agreement but prior to the Effective Time of the Merger the outstanding shares of Medtronic Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities and such increase, decrease, change or exchange shall have been effected through a stock dividend, stock split, reverse stock split, exchange or similar action, then an appropriate and proportionate adjustment shall be made in the manner in which the Conversion Ratio and all per share price amounts are calculated hereunder.

1.8 STOCK OPTIONS.

1.8.1 Electromedics shall cause each outstanding option (the "Options") under the Stock Option Plans (as defined in Section 3.6) to vest at such time prior to the Effective Time as Electromedics deems appropriate. Electromedics may make any acceleration of Options and any exercise of Options accelerated under this Section 1.8 subject to consummation of the Merger, and any holder of an Option may make any exercise of the Option subject to consummation of the

Merger by so specifying to Electromedics in writing upon exercise of such Option. Electromedics shall cause any such option not so exercised to terminate at or before the Effective Time, in accordance with the terms of the Stock Option Plans.

1.8.2 Electromedics may make interest-free loans or similar financial assistance to enable holders of the Electromedics Options to exercise such Options prior to the Effective Time. Any such loan or similar financial assistance may be made by Electromedics only within the 30 day period prior to the Effective Time and shall be repaid to Electromedics by an optionee receiving such assistance from the cash received by such optionee in the Merger. Any Stock Election submitted by such optionee shall be decreased, and such optionee's Cash Election correspondingly increased, to provide sufficient cash from the Merger to repay such loan.

2. CLOSING; CLOSING DATE

Unless this Agreement shall have been terminated and the Merger herein contemplated shall have been abandoned pursuant to a provision of Section 9 below, a closing (the "Closing") will be held on a date mutually acceptable to Medtronic and Electromedics as soon as practicable after the Electromedics Shareholders Meeting referred to in Section 5.2 hereof and the obtaining of all consents and approvals referred to in Sections 5.5 and 6.2 hereof, at the offices of Holme Roberts & Owen LLC in Denver, Colorado, commencing at 10:00 a.m. Mountain Time, but in no event shall the Closing occur beyond May 31, 1994. At such time and place, the documents referred to in Sections 7 and 8 hereof will be exchanged by the parties and, immediately thereafter, the Articles of Merger will be filed by Merger Subsidiary and Electromedics with the Secretaries of State of the States of Colorado and Minnesota. The date on which the Closing occurs is hereinafter referred to as the Closing Date.

3. REPRESENTATIONS AND WARRANTIES OF ELECTROMEDICS

Electromedics represents and warrants to Medtronic as set forth below. Such representations and warranties are qualified by Electromedics execution and delivery of the St. Jude Agreement and any dispute that may arise thereunder.

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3.1 CORPORATE EXISTENCE AND POWER. Electromedics and each of its subsidiaries, referenced in Schedule 3.1, is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers required to carry on its business as now conducted or as currently proposed. References in this Section 3 to Electromedics shall include Electromedics and its subsidiaries. Electromedics and each of its subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified would not, individually or in the aggregate, have a material adverse effect on the business, results of operations, financial condition or prospects of Electromedics and its subsidiaries taken as a whole (a "Material Adverse Effect"). Electromedics has delivered to Medtronic true and complete copies of Electromedics' and each of its subsidiaries' Articles of Incorporation and Bylaws, as currently in effect. Electromedics has three subsidiaries and, except with respect to such subsidiaries, does not, directly or indirectly, own or have the power to vote, or to exercise a controlling influence with respect to, any securities of any class of any person, the holders of which class are entitled to vote for the election of directors (or persons serving similar functions) of such person.

3.2 CORPORATE AUTHORIZATION. Electromedics has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Electromedics' Board of Directors and no other corporate proceedings on the part of Electromedics are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions so

contemplated (subject to the approval and adoption of this Agreement and the transactions contemplated hereby by the shareholders of Electromedics required in accordance with Colorado Law and the Articles of Incorporation and Bylaws of Electromedics).

3.3 GOVERNMENTAL AUTHORIZATION: CONSENTS.

3.3.1 The execution, delivery and performance by Electromedics of this Agreement and the consummation of the Merger by Electromedics require no action by or in respect of, or filing with, any governmental body, agency, official or authority other than (i) the filing of Articles of Merger in accordance with Colorado Law and the MBCA; (ii) compliance with any applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"); (iii) compliance with any applicable requirements of the Securities Act of 1933 (the "1933 Act") and the Securities Exchange Act of 1934 (the "1934 Act"); and (iv) compliance with any applicable state securities or Blue Sky laws.

3.3.2 Except as disclosed in Schedule 3.3.2, no consent, approval, waiver or other action by any person under any contract, agreement, indenture, lease, instrument or other document to which Electromedics is a party or by which it is bound is required or necessary for the execution, delivery and performance of this Agreement by Electromedics or the consummation of the transactions contemplated hereby.

3.4 NON-CONTRAVENTION. Except as disclosed in Schedule 3.4, the execution, delivery and performance by Electromedics of this Agreement and the consummation by Electromedics of the transactions contemplated hereby do not and will not (i) contravene or constitute a default under or give rise to a penalty or right of termination, cancellation or acceleration of any right or obligation of Electromedics or to a loss of any benefit to which Electromedics is entitled under (A) any provision of applicable law or regulation (assuming compliance with the matters referred to in Section 3.3); (B) the Articles of Incorporation or Bylaws of Electromedics; (C) any material agreement, contract, plan, lease, arrangement or commitment; or (D) any judgment, injunction, order, decree, administrative interpretation, award or other instrument binding upon Electromedics, or (ii) result in the creation or imposition of any Lien on any asset of Electromedics. For purposes of this Agreement, "Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, restriction on transfer or encumbrance of any kind in respect of such asset.

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3.5 BINDING EFFECT. This Agreement constitutes a legal, valid and binding agreement of Electromedics enforceable against Electromedics in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by principles of equity regarding the availability of remedies.

3.6 CAPITALIZATION. The authorized capital stock of Electromedics consists of 50,000,000 shares of Electromedics Common Stock. As of November 30, 1993, (i) 14,004,747 shares of Electromedics Common Stock were outstanding, (ii) employee and director stock options to purchase an aggregate of 783,000 shares were outstanding, and (iii) 446,951 shares of Electromedics Common Stock were held in treasury and 13,517 shares of stock were committed for issuance pursuant to the Electromedics Employee Stock Purchase Plan. All outstanding shares of Electromedics Common Stock have been duly authorized and validly issued and are fully paid and nonassessable. Except for the plans referenced in Schedule 3.6 hereto (collectively, the "Stock Option Plans"), no plans, agreements or other arrangements pursuant to which any options, warrants or other rights to acquire Electromedics Common Stocks are outstanding. True and complete copies of the Stock Option Plans have been delivered to Medtronic. Except as set forth in this Section and on Schedule 3.6, there are outstanding (i) no shares of capital stock or other voting securities of Electromedics, (ii) no securities of Electromedics convertible into or exchangeable for shares of capital stock or voting securities of Electromedics, and (iii) no options or other rights to acquire from Electromedics, and no obligation of Electromedics to issue, any capital stock, voting securities or securities convertible into or exchangeable

for capital stock or voting securities of Electromedics (collectively "Electromedics Securities"). There are no outstanding obligations of Electromedics to repurchase, redeem or otherwise acquire any Electromedics Securities.

3.7 FINANCIAL STATEMENTS AND SEC FILINGS.

3.7.1 Electromedics has delivered to Medtronic true and complete copies of (i) its annual reports on Form 10-K for its fiscal years ended December 31, 1990, 1991 and 1992, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended March 31, 1991, 1992 and 1993, June 30, 1991, 1992 and 1993 and September 30, 1991, 1992 and 1993, (iii) its proxy or information statements relating to all meetings of, or actions taken without a meeting by, the shareholders of Electromedics held since December 31, 1990, and (iv) all of its other reports or registration statements filed with the Securities and Exchange Commission (the "SEC") since December 31, 1990. The reports and statements so delivered are referred to collectively in this Agreement as the "SEC Filings." As of their respective dates, the SEC Filings (including all exhibits and schedules thereto and documents incorporated by reference therein) did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Electromedics has delivered to Medtronic's counsel copies of all statements on Schedule 13D and Schedule 13G known to Electromedics which had been filed with the SEC since January 1, 1990 with respect to capital stock of, Electromedics pursuant to the 1934 Act. Without limiting the generality of the foregoing, Electromedics has delivered to Medtronic its audited financial statements included within the SEC Filings for fiscal years ended December 31, 1990, 1991 and 1992, its most recently completed fiscal years (the "Audited Financial Statements") and all interim quarterly financial statements for fiscal year to date 1993 (the "Interim Financial Statements") (collectively, the "Financial Statements"). The audited financial statements and unaudited interim financial statements of Electromedics included or incorporated by reference in the SEC Filings (i) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto); (ii) complied as of their respective dates in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; and (iii) fairly present the financial position of Electromedics as of the dates thereof and the income and cash flows for the periods then ended (subject, in the case of any unaudited interim financial statements, to normal year-end adjustments).

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3.8 MATERIAL EVENTS. Except as disclosed in Schedule 3.8 or as otherwise set forth in the Financial Statements, after September 30, 1993 (unless otherwise set forth below), there has not been:

3.8.1 Any Material Adverse Effect;

3.8.2 Discharge or satisfaction of any Lien other than those then required to be discharged or satisfied, or paid any obligation or liability, absolute, accrued, contingent or otherwise, whether due or to become due, other than current liabilities shown on the Financial Statements and current liabilities incurred since September 30, 1993, in the ordinary course of business and consistent with its prior practice;

3.8.3 Any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of Electromedics, or any repurchase, redemption or other acquisition by Electromedics of any outstanding shares of capital stock or other Electromedics Securities;

3.8.4 Any alteration in any material term of any outstanding security of Electromedics;

3.8.5 Any damage, destruction or other casualty loss (whether or not covered by insurance) affecting the business or assets of Electromedics

which, in the aggregate, has had or might reasonably be expected to have, a Material Adverse Effect;

3.8.6 Any change in any method of accounting or accounting practice by Electromedics, except for any such change required by reason of a concurrent change in generally accepted accounting principles;

3.8.7 Any labor dispute, other than routine individual grievances, or, to Electromedics' knowledge, any activity or proceeding by a labor union or representative thereof to organize any employees of Electromedics or any lockouts, strikes, slowdowns, work stoppages or, to Electromedics knowledge, threats thereof by or with respect to such employees;

3.8.8 Any transaction or commitment made by Electromedics relating to its assets or business (including the acquisition or disposition of any assets), cancellation or compromise of any debt or claim, or waiver or release of any right or any relinquishment of any contract or other right material to Electromedics taken as a whole, other than transactions and commitments in the ordinary course of business or those contemplated by this Agreement;

3.8.9 Any (i) incurrence, assumption or guarantee by Electromedics of any indebtedness other than in the ordinary course of business in amounts and on terms consistent with past practices, (ii) issuance or sale of any securities convertible into or exchangeable for debt securities of Electromedics, or (iii) issuance or sale of options or other rights to acquire from Electromedics, directly or indirectly, debt securities of Electromedics or any securities convertible into or exchangeable for any such debt securities;

3.8.10 Any creation or assumption of any Lien by Electromedics on any asset of Electromedics other than any Liens which, in the aggregate, would not have a Material Adverse Effect;

3.8.11 Any grant of any severance or termination pay to any officer, employee or director of Electromedics, any entering into of any employment, deferred compensation or other similar agreement with any officer, employee or director of Electromedics or any increase in benefits payable under any existing severance or termination pay policies or employment agreements, or any increase in compensation, bonus or other benefits payable to officers, directors or employees of Electromedics, other than any grants or increases in the ordinary course of business consistent with past practice;

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3.8.12 Any acceleration of vesting provisions of outstanding options and shares granted under Electromedics' Stock Option Plans, except pursuant to the terms of such outstanding options and plans or as contemplated by this Agreement;

3.8.13 Any notice or threat of termination of any contract (including without limitation, any distributorship agreement), lease or other agreement;

3.8.14 Any transfer or grant of any rights under, or settlement regarding the breach or infringement of, any United States or foreign license, patent, copyright, trademark, trade name, invention or similar rights, or modified any existing rights with respect thereto;

3.8.15 Any direct or indirect payments (other than compensation paid in the ordinary course of Electromedics' business), or any material change in the rate of compensation, commission, bonus or other direct or indirect remuneration payable, or paid or agreed or orally promised to pay, conditionally or otherwise, to any current or former shareholder, director, officer, employee, salesperson, distributor or agent;

3.8.16 Any material increase or decrease in the quantity of items of inventory not consistent with its prior practice and prudent business

practices prevailing in the industry, or any purchase commitment in excess of the normal, ordinary and usual requirements of Electromedics business, or any change in Electromedics' selling, pricing, advertising or personnel practices inconsistent with its prior practice;

3.8.17 Any action taken by the United States Food and Drug Administration (the "FDA") or other foreign regulatory authority, excluding observations of inspectors which have not been acted upon by the FDA, which would have a Material Adverse Effect; and

3.8.18 Any agreement or any commitment to take any of the types of action described in Sections 3.8.1 through 3.8.17 above.

3.9 TITLE TO PROPERTIES; LIENS. Except as set forth in paragraph (a) of Schedule 3.9, Electromedics has good and marketable title to all of its real properties material to the business, results of operations, financial condition or prospects of Electromedics, in fee simple absolute (except for leasehold interests, easements, licenses and other incorporeal hereditaments, in which case the entity directly holding such interest has a valid interest), and has good title to all of its other assets material to the business, results of operation, financial condition or prospects of Electromedics, subject, in each case, only to (i) statutory Liens not delinquent or the validity of which is being contested in good faith by appropriate proceedings, (ii) Liens disclosed or reflected in the Financial Statements, (iii) Liens for taxes not yet delinquent or the validity of which is being contested in good faith by appropriate proceedings, and (iv) Liens and imperfections of title and encumbrances, if any, which, individually or in the aggregate, do not have a Material Adverse Effect. Except as set forth in paragraph (b) of Schedule 3.9, no lender or any other person or entity has or will have any recourse against Electromedics as a result of Electromedics vacating and abandoning to such entity title and possession of any of its facilities or property.

3.10 LITIGATION. Except as described in paragraph (a) of Schedule 3.10, there is no action, suit, proceeding or, to the knowledge of Electromedics, any investigation pending against, or, to the knowledge of Electromedics, threatened against or affecting, Electromedics or any of its respective properties before any court or arbitrator or any governmental body, agency or official. None of the actions, suits, claims, proceedings or investigations set forth in paragraph (a) of Schedule 3.10 (except as specifically stated thereon), individually or together with any other, will have a Material Adverse Effect or will result in any order, judgment, injunction, award or decree of any court, governmental or regulatory body or arbitration tribunal that is not adequately reserved against on the Financial Statements. The matters set forth in paragraph (a) of Schedule 3.10 include all trademark infringement or other intellectual property claims, and all product liability claims or claims related to products sold or purportedly sold by Electromedics, against or involving Electromedics and any products or product lines Electromedics sells or for which it acts as a distributor or manufacturer's

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representative. All such product liability claims currently pending or, to Electromedics' knowledge, threatened against Electromedics are fully covered by insurance, subject to applicable deductibles. There are no actions, suits or claims or legal, administrative or arbitral proceedings pending or, to the knowledge of Electromedics, threatened that would give rise to any right of indemnification on the part of any director or officer of Electromedics, or the heirs, executors or administrators of such director or officer, against Electromedics or any successor to the business of Electromedics.

3.11 TAXES. Except as set forth in paragraph (a) of Schedule 3.11, the statute of limitations for the assessment of federal income taxes has expired for all federal income tax returns of Electromedics or its predecessor through the fiscal year ended December 31, 1989. As of the date hereof, except as set forth on Schedule 3.11, Electromedics is not currently being audited by any tax authority. Electromedics has filed all returns for Taxes, as defined below, that it is required to file through the date hereof, and shall, on or before the Effective Time, prepare and file, in a manner consistent with prior years, all

returns for Taxes that it is required to file on or before the Effective Time. Each of the federal, state, and local income tax returns heretofore filed by Electromedics correctly and accurately reflects the amounts of all items of income, deduction, gain, loss, or credit required to be reported thereon (other than any such item arising as a result of audit adjustments not material in the aggregate and for which liability is adequately reserved for by Electromedics in the Financial Statements). Electromedics has timely paid or made provision for all Taxes that have been shown as due and payable on the returns that have been filed. Electromedics has made or will make provision for all Taxes payable for any periods that end before the Effective Time for which no returns have yet been filed and for any periods that begin before the Effective Time and end after the Effective Time to the extent such Taxes are attributable to the portion of any such period ending at the Effective Time. The charges, accruals and reserves for taxes reflected on the books of Electromedics are adequate to cover the Tax liabilities accruing or payable by Electromedics in respect of periods prior to the Effective Time. Electromedics is not delinquent in the payment of any Taxes, nor has Electromedics requested any extension of time within which to file or send any return, which return has not since been filed or sent. Except as disclosed in paragraph (b) of Schedule 3.11, no deficiency for any Taxes has been proposed, asserted or assessed in writing against Electromedics and Electromedics does not know of any other unassessed Tax deficiency threatened or proposed against Electromedics. Except as disclosed in paragraph (c) of Schedule 3.11, Electromedics has not been granted any extension of the limitation period applicable to any Tax claims. Electromedics is not, nor has Electromedics been, a party to any tax sharing agreement with any corporation. Paragraph (d) of Schedule 3.11 sets forth all federal tax elections under the Code that are or will be in effect with respect to any tax year of Electromedics, including without limitation the tax year ended December 31, 1992, and ending at the Effective Time. "Tax" means with respect to any person (i) any net income, gross income, gross receipts, sales, use, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property or windfall profit tax, custom duty or other tax, governmental fee, or other like assessment or charge of any kind whatsoever, together with any interest and any penalty, addition to tax or additional amount imposed by any taxing authority (domestic or foreign) on such person and (ii) any liability of Electromedics for the payment of any amount of the type described in the immediately preceding clause (i) as a result of being a member of an affiliated or combined group, or as a result of any spin off, distribution or other reorganization related to the disposition of any assets or business of Electromedics. Electromedics has not, for the 5-year period preceding the Effective Time; been a United States real property holding corporation within the meaning of Section 897(c) (2) of the Code. Electromedics has heretofore delivered to Medtronic a properly executed FIRPTA exemption certificate which meets the requirements of Section 1.1445-2 of the Treasury Regulations.

3.12 ERISA.

3.12.1 Paragraph (a) of Schedule 3.12.1 sets forth a list identifying each "employee benefit plan", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), which is or was subject to any provision of ERISA and with respect to which Electromedics or any

affiliate (as defined below) has any direct or indirect, fixed or contingent liability as of the Effective Time. Copies of such plans (and, if applicable, related trust agreements) and all written amendments thereto, summary plan descriptions thereof and any material written employee communications with respect to them have been furnished to Medtronic, together with the three most recent annual reports (Form 5500 including, if applicable, Schedule B thereto) and any annual accounting of plan assets prepared in connection with any such plan. Such plans are hereinafter referred to collectively as the "Employee Plans". For purposes of this Section, "affiliate" of any person means any other person which, together with Electromedics, is treated as a single employer under Section 414 of the Code. The only Employee Plans which individually or collectively would constitute an "employee pension benefit plan" as defined in Section 3(2) of ERISA (the "Pension Plans") are identified as such in the list

referred to above. Except as set forth in paragraph (b) of Schedule 3.12.1, neither Electromedics nor any affiliate has terminated or caused to be terminated in whole or in part or merged any Employee Plan. Electromedics has provided Medtronic with complete age, salary, service and related data as of September 30, 1993 for employees and former employees of Electromedics and any affiliate covered as of the Effective Time under the Pension Plans.

3.12.2 No Employee Plan constitutes a "multi-employer plan," as defined in Section 3(37) of ERISA (a "Multi-employer Plan"); there are no reserves, assets, surpluses or prepaid premiums under any Employee Plan which is a welfare plan as defined in ERISA Section 3(1); no Employee Plan is subject to Title IV of ERISA and there are no unfunded benefit obligations that are not subject to United States law which are not accounted for by reserves shown on the Financial Statements and established under generally accepted accounting principles or otherwise noted on such Financial Statements. Neither Electromedics nor, to the knowledge of Electromedics, any disqualified person, as defined in Section 4975 of the Code, has engaged in any "prohibited transaction", as defined in Section 406 of ERISA or Section 4975 of the Code, with respect to any Employee Plan which is covered by Title I of ERISA, excluding transactions effected pursuant to a statutory or administrative exemption. Nothing done or omitted to be done and no transaction or holding of any asset under or in connection with any Employee Plan has or will make Electromedics or any affiliate, officer or director of Electromedics subject to any liability under Title I of ERISA or liable for any tax pursuant to Section 4975 of the Code.

3.12.3 Each Employee Plan which is intended to be qualified under Section 401(a) of the Code is or was the subject of a favorable Internal Revenue Service determination with respect to such qualification, and Electromedics has furnished to Medtronic copies of the most recent such determination letters, and nothing has occurred since the date thereof that would have an adverse effect on such qualification. There are no accrued liabilities under any Employee Plan which have not been fully provided for by contributions to such Employee Plans or which are not provided for on the Financial Statements. Each Employee Plan has been maintained in compliance in all material respects with its terms and with the requirements prescribed, by any and all statutes, orders, rules and regulations, including but not limited to ERISA and the Code, which are applicable to such Employee Plans, including without limitation those requirements necessary to maintain its qualification and the continuation of coverage requirements of Code Section 162 (i) and (k). Other than for claims in the ordinary course for benefits under the Employee Plans, there are no suits, actions, claims or proceedings pending or, to the knowledge of Electromedics, threatened which would result in any material liability with respect to any such Employee Plan.

3.12.4 Except as set forth on Schedule 3.12.4 there is no contract, agreement, plan or arrangement covering any employee or former employee of Electromedics or any affiliate that, individually or collectively, could give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G or Section 162(a)(1) of the Code.

3.12.5 Paragraph (a) of Schedule 3.12.5 sets forth a list of each employment, severance or other similar contract, arrangement or policy and each plan or arrangement (written or oral) providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits or for deferred

compensation, profit sharing, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits in effect at the Effective Time which (i) is not an Employee Plan (as defined in Section 3.12.1), (ii) is entered into, maintained or contributed to, as the case may be, by Electromedics or any of its subsidiaries and (iii) covers any employee or former employee of Electromedics or any of its subsidiaries. Such contracts, plans and arrangements as are described above, copies or descriptions of all of which have been furnished previously to Medtronic, are hereinafter referred to collectively as the "Benefit

Arrangements." Each Benefit Arrangement has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such benefit Arrangement. Except as set forth in paragraph (b) of Schedule 3.12.5, Electromedics has no liability with respect to post-retirement medical or death benefits for retired employees other than coverage mandated by law or death benefits under any Pension Plan.

3.12.6 Except as disclosed in Schedule 3.12.6, there has been no amendment to, written interpretation or announcement (whether or not written) by Electromedics or any of its affiliates relating to, or change in employee participation or coverage under, any Employee Plan or Benefit Arrangement which would increase the expense (whether or not such expense is recognized under generally accepted accounting principles) of maintaining such Employee Plan or Benefit Arrangement above the level of the expense incurred in respect thereof for the fiscal year ended on December 31, 1992.

3.12.7 Except as disclosed in Schedule 3.12.7, with respect to any Employee Plan or Benefit Arrangement, no event has occurred, and there exists no condition or set of circumstances in connection with which Electromedics or any such plan, directly or indirectly, could be subject to any liability under ERISA, the Code or any other law, regulation or governmental order including, without limitation, ERISA section 409 or 502(i) or Code section 162(k), 4971, 4975, 4977, 4978, 4978A, 4979 or 4980. With respect to each Employee Plan and Benefit Arrangement, except as disclosed in Schedule 3.12.7: (i) Electromedics has made all payments due from it to date or has established a reasonable reserve therefor and all amounts properly accrued to date as liabilities of Electromedics which have not been paid have been properly recorded on the books of Electromedics (including without limitation the Financial Statements); (ii) no such plan which is subject to ERISA section 302 or Code section 412 has incurred any "accumulated funding deficiency" (as defined in either such section), whether or not waived.

3.12.8 Except as disclosed in Schedule 3.12.8, the consummation of the transactions contemplated by this Agreement will not (i) entitle any current or former employee of Electromedics or any affiliate to severance pay, supplementary unemployment compensation or any similar payment, (ii) accelerate the time of payment or vesting, or increase the amount, of any compensation due to any such employee or former employee, or (iii) constitute or involve a prohibited transaction (as defined in ERISA section 406 or Code section 4975) that is not otherwise covered by a statutory or administrative exemption.

3.13 COMPLIANCE WITH LAWS; PERMITS. Except for violations which do not and will not have individually or in the aggregate a Material Adverse Effect, Electromedics (i) has not violated, and is not in violation of, any applicable provision of any law, statute, ordinance or regulation and (ii) would not, to the knowledge of Electromedics, be in violation of any provision of any law, statute, ordinance or regulation known to Electromedics that has been enacted or adopted but is not yet effective if it were effective at the date hereof. Electromedics, to its knowledge, has not made any illegal payment to any officer or employee of any governmental or regulatory body, or made any payment to any customer for the sharing of fees or to any customer or supplier for rebating of charges, or engaged in any other reciprocal practices, or made any illegal payment or given any other illegal consideration to any purchasing agent or other representative of customers in respect of sales made or to be made by Electromedics. Except as disclosed in paragraph (a) of Schedule 3.13, Electromedics has all licenses, permits, orders and approvals of any federal, state, local or foreign governmental or regulatory body that are material to or necessary for the conduct of the business of Electromedics (collectively,

"Permits"); such Permits are in full force and effect; no material violations are or have been recorded in respect of any Permit; and no proceeding is pending or, to the knowledge of Electromedics, threatened to revoke or limit any Permit.

3.14 FINDERS' FEES. Except as described in Schedule 3.14, there is no investment banker, broker, finder or other intermediary which has been retained

by or is authorized to act on behalf of, Electromedics who might be entitled to any fee or commission from Electromedics or Medtronic or any of its affiliates upon consummation of the transactions contemplated by this Agreement. The amount and basis of calculation of any fee, commission or other amounts to which such investment banker, broker, finder or other intermediary may be entitled is fully set forth in Schedule 3.14 and true and complete copies of all agreements with such persons and Electromedics have been delivered by Electromedics to Medtronic.

3.15 PATENTS, TRADEMARKS, TRADE NAMES, SERVICE MARKS AND COPYRIGHTS.

3.15.1 Except as disclosed in paragraph (a) of Schedule 3.15.1, Electromedics owns or has the right to use all trademarks, patents, copyrights, service marks, applications there for, logos, tradenames and computer software and firmware (collectively the "Proprietary Rights") used in connection with the research, development, operation, manufacture, marketing or sale of its products and accessories. Except as disclosed in paragraph (b) of Schedule 3.15.1, any such rights held as licensee include the right to sublicense. Subject to the rights of third parties under contracts listed on Schedule 3.17, or paragraph (c) of Schedule 3.15.1, all trade secrets (if any) of Electromedics ("Proprietary Information") have been developed independently by Electromedics, or on behalf of Electromedics by independent contractors, under circumstances and arrangements which vest in Electromedics the exclusive and unencumbered rights to such Proprietary Information (subject only to such rights as a third party may have due to its independent development of such information or obtaining such information in a manner which does not constitute or involve an act of misappropriation). To the knowledge of Electromedics, the research, development, manufacture and sale of products of Electromedics do not constitute or involve the misappropriation of trade secrets of any third party. Electromedics' rights, title and interest in and to the Proprietary Rights and Proprietary Information are free and clear of all encumbrance, Liens and rights of third parties, except as otherwise described in paragraphs (d) or (f) of Schedule 3.15.1. Except as disclosed in paragraph (e) of Schedule 3.15.1, to Electromedics' knowledge, there are no other parties infringing the Proprietary Rights. Except as disclosed in paragraph (f) of Schedule 3.15.1, Electromedics has not granted, conveyed, licensed or assigned any rights in the Proprietary Rights or Proprietary Information to any third party. Paragraph (g) of Schedule 3.15.1 sets forth a list of all Proprietary Rights, specifying as to each, as applicable (i) the nature of such Proprietary Right; (ii) the owner of such Proprietary Right; (iii) the jurisdiction by or in which such Proprietary Right has been issued or registered or in which an application for such issuance or registration has been filed, including the respective registration or application number; and (iv) licenses, sublicenses or other agreements as to which Electromedics is a party pursuant to which any person is authorized to use such Proprietary Right, including the identity of all parties thereto. Electromedics has previously furnished or made available to Medtronic, copies of all such licenses, sublicenses or other agreements.

3.15.2 All trademarks, copyrights and U.S. patents included in the Proprietary Rights are believed to be valid and enforceable, to Electromedics' knowledge. Electromedics has disclosed to Medtronic all material facts of which it has knowledge which bear on the validity or enforceability of any of the Proprietary Rights.

3.15.3 Except as set forth in Schedule 3.15.3, none of the features, components or configurations (whether developed or under development) of Electromedics' products or processes are, to the knowledge of Electromedics, believed to infringe, nor has any claim been made that they may infringe, the intellectual property rights of any other party. Electromedics has not been sued or charged in writing

with, or been a defendant in any claim, suit, action or proceeding relating to Electromedics' assets or business which has not been finally determined prior to the date hereof and which involves a claim of infringement of any patents, trademarks, service marks or copyrights, or claim of unfair competition.

3.15.4 Except as set forth in Schedule 3.15.4, none of the Proprietary Rights or Proprietary Information are subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof by Electromedics or restricting the licensing thereof by Electromedics to any person.

3.15.5 Except as set forth in Schedule 3.15.5, Electromedics has not entered into any agreement to indemnify any person against any charge of infringement of any patent, trademark, service mark or copyright.

3.15.6 Electromedics has established reasonable safeguards to maintain the secrecy of all the Proprietary Information. Except as disclosed in Schedule 3.15.6 and to the knowledge of Electromedics, Electromedics has executed agreements respecting the non-disclosure of Proprietary Information, and the assignment of inventions with each of its employees, excluding clerical, janitorial and similar employees. To the knowledge of Electromedics, the information which Electromedics believes is Proprietary Information has not been disclosed by Electromedics or any of its affiliates to any person, entity or governmental agencies other than to employees, representatives or agencies of Electromedics and certain governmental agencies except pursuant to confidentiality agreements or protective orders (as appropriate).

3.16 ENVIRONMENTAL MATTERS: OSHA

3.16.1 Except as set forth on Schedule 3.16, Electromedics has obtained all permits, licenses and other authorizations which are required under federal, state, county, local and foreign laws relating to employee safety and human health, pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, record-keeping, or handling of asbestos, area formaldehyde, polychlorinated biphenyls, petroleum products, pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes (for purposes of this Agreement referred to as "Hazardous Materials" and "Environmental Laws"). Electromedics is in compliance in all material respects with all terms and conditions of such required permits, licenses and authorizations and in all material respects with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder. Except as set forth in Schedule 3.16, Electromedics is not aware of, nor has it since January 1, 1990, received notice of, any events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent compliance or continued compliance with any Environmental Law or any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, or which may give rise to any common law or legal liability, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, study or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, recordkeeping or handling, or the emission, discharge, release or threatened release into the environment, of any Hazardous Material. Except as set forth in Schedule 3.16, Electromedics is not a party to, nor has it since January 1, 1990, received notice of, any civil, criminal or administrative action, suit, demand, claim, hearing, violation, investigation, or proceeding, whether pending or threatened, against Electromedics relating in any way to any Environmental Law or any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder. Except as set forth in Schedule 3.16, Electronics is not aware of any Hazardous Material located on or beneath the surface of any real property owned or leased by Electromedics.

3.16.2 Electromedics is not operating its business in material violation of the Occupational Safety and Health Act of 1970, or the regulations promulgated

thereunder or any similar laws or regulations of any other country. To Electromedics' knowledge, Electromedics is not, nor will it become, liable for any retroactive workers' compensation insurance premiums relating to the period of time prior to the date of this Agreement in excess of the reserves shown on its Financial Statements.

3.17 CONTRACTS. Paragraph (a) of Schedule 3.17 sets forth a list of all of the following contracts and other agreements to which Electromedics is a party or by which Electromedics or its assets or properties are bound or subject: (i) customer contracts and agreements for the sale by Electromedics of materials or products which by their terms exceed one year or which are in dollar amounts in excess of \$50,000; (ii) supply contracts, distributorship agreements and manufacturer's representative agreements; (iii) research and development agreements; (iv) employment, consulting, independent contractor, severance and indemnification agreements, arrangements or understandings, and any other agreements, arrangements or understandings, between Electromedics and any current or former shareholder, officer, director, employee, consultant, agent or other representative; (v) contracts and other agreements with any labor union or association representing any employee of Electromedics; (vi) joint venture agreements; (vii) contracts or other agreements under which Electromedics agrees to indemnify any party or to share tax liability of any party; (viii) contracts and other agreements relating to the borrowing of money; (ix) any equipment leases requiring payment by Electromedics of at least \$10,000, within a given year which are not cancelable without penalty upon 90 days notice; (x) any software, patent or technology licenses; or (xi) any other material contract or other agreement whether or not made in the ordinary course of business. There have been delivered to Medtronic true and complete copies of all such contracts and other agreements set forth in paragraph (a) of Schedule 3.17. All of such contracts and other agreements are in full force and effect and Electromedics is not in default under any of them, nor, to the knowledge of Electromedics, is any other party to any such contract or other agreement in default thereunder, nor does any condition exist that with notice or lapse of time or both would constitute a default thereunder. Except as disclosed in paragraph (b) of Schedule 3.17, no approval or consent of any person is needed in order that any material contracts and other agreements to which Electromedics is a party or by or to which either Electromedics or its assets or properties are bound or subject continue in full force and effect following the consummation of the transactions contemplated by this Agreement. Electromedics is not a party to any material contract to sell products or to provide services to third parties which is to be performed at a price which is less than Electromedics' full cost. To the knowledge of Electromedics, the relationships of Electromedics with its suppliers, distributors, customers, licensors, licensees and researchers are good commercial working relationships.

3.18 REAL ESTATE. Paragraph (a) of Schedule 3.18 sets forth a summary description of all real property (including warehouses) owned or leased by Electromedics together with encumbrances on Electromedics' interest. Such leases, subleases and other agreements are in full force and effect and neither Electromedics nor, to the knowledge of Electromedics, any other party thereto is in default or has received any notice of default thereunder. Except as described in paragraph (a) of Schedule 3.18, Electromedics does not own any real property or buildings or structures located on real property. Except as disclosed in paragraph (b) of Schedule 3.18, the real estate interests of Electromedics are not subject to any Lien, and Electromedics enjoys a right of quiet possession as against any Lien on the property. To Electromedics' knowledge, except as set forth in paragraph (c) of Schedule 3.18, all buildings and other structures located on such real property are (A) in good operating condition and repair, normal wear and tear excepted and (B) adequate for the uses to which they are being put. Electromedics has not received any notice nor has any knowledge of any pending, threatened or contemplated condemnation proceeding affecting the real property owned or leased by Electromedics or any part thereof or of any sale or other disposition of such real property or any part thereof in lieu of condemnation.

3.19 MATERIAL OBLIGATIONS. Except as disclosed on Schedule 3.19 or another Schedule to this Agreement, Electromedics does not have any material liabilities or obligations, absolute or contingent

(individually or in the aggregate) except (i) the liabilities and obligations set forth in the Financial Statements; (ii) liabilities and obligations which have been incurred subsequent to September 30, 1993, in the ordinary course of business which are usual and normal in amount, both individually and in the aggregate; and (iii) liabilities and obligations under a lease for its principal offices and leases for equipment, and liabilities and obligations under sales, procurement and other contracts and arrangements entered into in the ordinary course of business.

3.20 ELECTROMEDICS PRODUCTS; REGULATION.

3.20.1 Except as disclosed in paragraph (a) of Schedule 3.20.1, since January 1, 1990 there are no statements, citations or decisions by any governmental or regulatory body that any product produced, manufactured, marketed or distributed at any time by Electromedics ("Electromedics Products") is defective or fails to meet any applicable requirements or standards promulgated by any such governmental or regulatory body. Except as disclosed in paragraph (b) of Schedule 3.20.1, since January 1, 1990 there have been no recalls voluntarily undertaken by Electromedics or ordered by any such governmental or regulatory body with respect to any Electromedics Product. Except as disclosed in paragraph (c) of Schedule 3.20.1, to the knowledge of Electromedics, there is (i) no fact relating to any Electromedics Product that may give rise to a recall of any Electromedics Product or a duty to warn of defect in any Electromedics Product; and (ii) no latent or overt design, manufacturing or other defect in any Electromedics Product.

3.20.2 All Electromedics Products used, marketed or distributed by Electromedics in clinical investigations are subject to, and are so used, marketed or distributed by Electromedics in full compliance with, all applicable licenses registrations, approvals, clearances, and authorizations required by local, state, and federal agencies, foreign or domestic, regulating the safety, effectiveness, and market clearance of medical devices, which licenses, registrations, approval, clearances and authorizations are held by Electromedics. Those licenses, registrations, approvals, clearances, and authorizations will not be affected or impaired by the Merger. Schedule 3.20.2 lists all such licenses, registrations, approvals, clearances and authorizations obtained or held by Electromedics in its own name.

3.20.3 Electromedics is in possession of and has provided to Medtronic all supportive materials and data substantiating representations or statements made to the FDA in Electromedics material filings therewith, including any and all testing data in the possession or under the control of Electromedics, whether or not submitted to the FDA. Electromedics further represents and warrants that Electromedics Products perform in compliance with the representations and performance specifications as contained in said filings.

3.21 INVENTORY. The inventory (including, without limitation, finished goods, parts and supplies) of Electromedics included in the latest Financial Statements and that acquired after the date of the latest Financial Statements is or was, prior to the sale thereof, (i) in good and merchantable condition, and suitable and usable or saleable in the ordinary course of business for the purposes for which intended, (ii) is not obsolete, damaged or defective, and (iii) has been reflected on the Financial Statements and carried on the books of account of Electromedics in accordance with generally accepted accounting principles consistently applied.

3.22 ACCOUNTS AND NOTES RECEIVABLE. All accounts and notes receivable reflected on the Financial Statements, and all accounts and notes receivable arising subsequent to December 31, 1992, have arisen in the ordinary course of business of Electromedics, represent valid obligations due to Electromedics and, subject only to a reserve for bad debts computed in a manner consistent with past practice, have been collected or are collectible in the ordinary course of business of Electromedics in the aggregate recorded amounts thereof in accordance with their terms. All items that are required by generally accepted accounting principles to be reflected as accounts and notes receivable on the Financial Statements and on the books of account of Electromedics are so

reflected.

3.23 SUPPLIERS AND CUSTOMERS. Paragraph (a) of Schedule 3.23 is a complete list of Electromedics' suppliers and customers (including without limitation its distributors) with purchases and sales (as the case may be) exceeding \$5,000 in the applicable period, identifying sales for calendar years 1992 and year-to-date through November 30, 1993, for the products of each such vendor and customer. Except as disclosed in paragraph (b) of Schedule 3.23, no customer or supplier has cancelled or otherwise terminated, or threatened in writing to cancel or otherwise terminate, its relationship with Electromedics during the last twelve (12) months or has during the last twelve (12) months decreased materially, or threatened to decrease or limit materially, its services, supplies or material to Electromedics or its usage or purchase of the services or products from Electromedics, as the case may be. Electromedics has not received any notification of any change in its arrangements with customers or suppliers which would have a Material Adverse Effect, nor is Electromedics aware of any indication that any of its customers, suppliers or vendors may take or omit action, nor any other material fact regarding or pertaining to its customers, suppliers or vendors, which would have a Material Adverse Effect on Medtronic after the consummation of the transactions contemplated hereby. The Merger will not, to the knowledge of Electromedics, have a Material Adverse Effect on the relationship of Electromedics with any such customer, supplier or vendor. Except as disclosed in paragraph (c) of Schedule 3.23, the Merger will not cause termination of any distributorship agreement or permit termination of any distributorship agreement without the consent of Electromedics, which consent has not and shall not be given by Electromedics without prior written permission from Medtronic.

3.24 EMPLOYEE RELATIONS. Electromedics has delivered to Medtronic a complete list of all employees of Electromedics stating position, salary and dates of service. Schedule 3.17 lists all material independent contractor arrangements of Electromedics. None of Electromedics' employees are union members. No union organizing efforts have been conducted within the last three years or to the knowledge of Electromedics, are now being conducted with respect to the employees of Electromedics. Electromedics is not aware of any pending or threatened union activity, strike, work stoppage or other labor trouble with respect to the employees of any of the suppliers or customers of Electromedics. Electromedics is in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment, wages and hours, equal opportunity, civil rights and payroll taxes, including without limitation, the Immigration and Reform Control Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Federal Age Discrimination in Employment Act and any state human rights act. Electromedics is not in receipt of a complaint, demand letter or charge issued by a federal, state or local agency which alleges a violation by Electromedics of any federal, state or local law or regulation respecting employment and employment practices, terms and conditions of employment or wages and hours. Electromedics has no knowledge of any pending or threatened claims by employees or former employees for any contract claims, intentional infliction of emotional distress, defamation or any other tort, or any claims arising from any federal, state or local law or ordinance.

3.25 INSURANCE. Paragraph (a) of Schedule 3.25 sets forth a list and brief description of all policies or binders of fire, liability, product liability, worker's compensation, vehicular and other insurance held by or on behalf of Electromedics. Such policies and binders are valid and enforceable in accordance with their terms, are in full force and effect, and insure against risks and liabilities to the extent and in the manner deemed appropriate and sufficient by Electromedics. Electromedics is not in default with respect to any provision contained in any such policy or binder and has not failed to give any notice or present any claim under any such policy or binder in due and timely fashion. Electromedics has received no notice of cancellation or non-renewal of any such policy or binder. Electromedics has no knowledge of any inaccuracy in any application for such policies or binders, any failure to pay premiums when due or any similar state of facts that might form the basis for termination of any such insurance. Except as set forth in paragraph (b) of Schedule 3.25, the

consummation of the Merger will not constitute a default under any of such policy or binder or grounds for the termination thereof.

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3.26 POTENTIAL CONFLICTS OF INTEREST. Except as disclosed in Schedule 3.26, no officer or director of Electromedics, no entity controlled by any such officer or director and no relative or spouse (or relative of such spouse) of any such officer or director:

(i) owns, directly or indirectly, any interest in (excepting not more than 1% stock holdings for investment purposes in securities of publicly held and traded companies), or is an officer, director, employee or consultant of, any person which is, or is engaged in business as, a competitor, lessor, lessee, customer or supplier of Electromedics;

(ii) owns, directly or indirectly, in whole or in part, any tangible or intangible property that Electromedics uses or the use of which is necessary or desirable for the conduct of business of Electromedics;

(iii) has any cause of action or other claim whatsoever against, or owes any amount to, Electromedics, except for claims in the ordinary course of business, such as for accrued vacation pay, accrued benefits under employee benefit plans, and similar matters and agreements existing on the date hereof; or

(iv) has made any payment of or commitment to pay any commission, fee or other amount to, or purchase or obtain or otherwise contract to purchase or obtain any goods or services from, any corporation or other person of which any officer or director of Electromedics, or a relative of any of the foregoing, is a partner or shareholder (excepting stock holdings solely for investment purposes in securities of publicly held and traded companies).

3.27 BANK ACCOUNTS. Schedule 3.27 constitutes a full and complete list of all the bank accounts of Electromedics, together with the names of the persons authorized to draw thereon.

3.28 MINUTE BOOKS. The minute books of Electromedics and its subsidiaries, as previously made available to Medtronic and its representatives, contain complete and accurate records of all meetings of and corporate actions or written consents by the shareholders, Boards of Directors, and committees of the Boards of Directors of Electromedics and its subsidiaries.

3.29 ACQUISITION PROPOSAL. Except as disclosed to Medtronic, during the period from November 29, 1993 through the date of this Agreement, Electromedics has not received any proposal or inquiry which, if received after the execution of this Agreement would be required to be disclosed to Medtronic pursuant to Section 5.8 hereof.

3.30 FULL DISCLOSURE. To the knowledge of Electromedics, all documents, contracts, instruments, certificates, notices, consents, affidavits, letters, telegrams, telexes, statements, schedules (including Schedules to this Agreement), exhibits (including Exhibits to this Agreement) and any other papers whatsoever (collectively, "Documents") delivered by or on behalf of Electromedics in connection with this Agreement and the transactions contemplated thereby are true and complete in all material respects and authentic. No representation or warranty of Electromedics contained in this Agreement, in the Schedules hereto or in any certificate delivered to Medtronic pursuant to the requirements of this Agreement or in connection with the transactions contemplated thereby, contains an untrue statement of a fact or omits to state a fact required to be stated therein or necessary to make the statements made, in the context in which made, not materially false or misleading.

4. REPRESENTATIONS AND WARRANTIES OF MEDTRONIC AND MERGER SUBSIDIARY

Medtronic and Merger Subsidiary each represents, warrants and covenants to Electromedics that:

4.1 CORPORATE AUTHORIZATION. Each of Medtronic and Merger Subsidiary has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Medtronic's Board of

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Directors and Merger Subsidiary's Board of Directors and no other corporate proceedings on the part of either Medtronic or Merger Subsidiary are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions so contemplated.

4.2 GOVERNMENTAL AUTHORIZATION; CONSENTS.

4.2.1 The execution, delivery and performance by Medtronic and Merger Subsidiary of this Agreement and the consummation of the Merger by Medtronic and Merger Subsidiary require no, action by or in respect of, or filing with, any governmental body, agency, official or authority other than (i) the filing of Articles of Merger in accordance with Colorado Law and the MBCA; (ii) compliance with any applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"); (iii) compliance with any applicable requirements of the 1933 Act and the 1934 Act; and (iv) compliance with any applicable state securities or Blue Sky laws.

4.2.2 No consent, approval, waiver or other action by any person under any contract, agreement, indenture, lease, instrument or other document to which Medtronic is a party or by which it is bound is required or necessary for the execution, delivery and performance of this Agreement by Medtronic or Merger Subsidiary or the consummation of the transactions contemplated hereby.

4.3 CAPITALIZATION. The authorized capital stock of Medtronic consists of (a) 100,000,000 shares of Common Stock with a par value of \$.10 per share, of which as of November 26, 1993 there were 57,115,444 shares issued and outstanding and no shares held in Medtronic's treasury, and (b) 2,500,000 shares of Preferred Stock with a par value of \$1.00 per share, of which as of the date hereof there were no shares issued and outstanding. The authorized capital stock of Merger Subsidiary consists of 1,000 shares of Merger Subsidiary Common Stock, all of which are issued and outstanding and owned by Medtronic. All issued and outstanding shares of Medtronic Common Stock and Merger Subsidiary Common Stock are, and the shares of Medtronic Common Stock to be issued and delivered in the Merger pursuant to Article 1 hereof shall be, at the time of issuance and delivery, validly issued, fully paid, nonassessable and free of preemptive rights. The shares of Medtronic Common Stock to be issued and delivered in the Merger pursuant to Article 1 hereof shall be registered under the 1933 Act and duly listed for trading on the NYSE, subject to official notice of issuance. Except as disclosed in the financial statements, or notes thereto, included in Medtronic's quarterly report on Form 10-Q for the quarter ended October 31, 1993, and except for (a) options, awards, units or other rights to purchase or acquire shares of Medtronic Common Stock pursuant to the 1990 Employees Stock Purchase Plan, the Incentive Stock Option Plan, the 1979 Nonqualified Stock Option Plan, the 1979 Restricted Stock and Performance Share Award Plan, the Bio-Medicus, Inc. 1987 Omnibus Stock Option Plan, the HemoTec, Inc. Employee Stock Option Plan, or Medtronic's Employee Stock Ownership Plan, and (b) rights issued under the Medtronic Rights Plan, there are not as of the date of this Agreement any outstanding or authorized subscriptions, options, warrants, calls, rights, commitments, restrictions, arrangements or any other agreements of any character that, directly or indirectly, (i) obligate Medtronic to issue any shares of capital stock or any securities convertible into, or exercisable or exchangeable for, or evidencing the right to subscribe for, any shares of capital stock, or (ii) call for or relate to the sale, pledge, transfer or other disposition or encumbrance by Medtronic of any shares of its capital stock.

4.4 NON-CONTRAVENTION. The execution, delivery and performance by Medtronic and Merger Subsidiary of this Agreement and the consummation by Medtronic of the transactions contemplated hereby do not and will not (i) contravene or constitute a default under or give rise to a right of termination,

cancellation or acceleration of any right or obligation of Medtronic and Merger Subsidiary or to a loss of any benefit to which Medtronic and Merger Subsidiary is entitled under (A) any provision of applicable law or regulation (assuming compliance with the matters referred to in Section 4.2); (B) the articles of incorporation or bylaws of Medtronic and Merger Subsidiary; (C) any agreement, contract, plan, lease, arrangement or commitment; or (D) any judgment, injunction, order,

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decree, administrative interpretation, award or other instrument binding upon Medtronic and Merger Subsidiary, or (ii) result in the creation or imposition of any Lien on any asset of Medtronic and Merger Subsidiary.

4.5 BINDING EFFECT. This Agreement constitutes a legal, valid and binding agreement of Medtronic and Merger Subsidiary enforceable against Medtronic and Merger Subsidiary in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by principles of equity regarding the availability of remedies.

4.6 FINANCIAL STATEMENTS AND SEC FILINGS. Medtronic has delivered to Electromedics true and complete copies of (i) its annual reports on Form 10-K for its fiscal years ended April 30, 1991, 1992 and 1993, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended July 31, 1991, 1992 and 1993, October 31, 1991, 1992 and 1993, and January 31, 1992 and 1993, (iii) its proxy or information statements relating to all meetings of, or actions taken without a meeting by, the shareholders of Medtronic held since April 30, 1991, and (iv) all of its other reports or registration statements filed with the SEC since April 30, 1991. The reports and statements so delivered are referred to collectively in this Section as the "SEC Filings." As of their respective dates, the SEC Filings (including all exhibits and schedules thereto and documents incorporated by reference therein) do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The audited financial statements and unaudited interim financial statements (the "Financial Statements" for purposes of this Article 4) of Medtronic included or incorporated by reference in the SEC Filings (i) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto); (ii) complied as of their respective dates in all respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; and (iii) fairly present the financial position of Medtronic as of the dates thereof and the income and cash flow for the periods then ended (subject, in the case of any unaudited interim financial statements, to normal year-end adjustments).

4.7 CORPORATE EXISTENCE AND POWER. Each of Medtronic and Merger Subsidiary is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers required to carry on its business as now conducted or as currently proposed. Each of Medtronic and Merger Subsidiary is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified would not, individually, or in the aggregate, have a material adverse effect on the business, results of operations, financial condition, or prospects of Medtronic and its subsidiaries taken as a whole (a "Material Adverse Effect").

4.8 MATERIAL OBLIGATIONS; MATERIAL EVENTS. Medtronic does not have any liabilities or obligations, absolute or contingent (individually or in the aggregate), that would have a Material Adverse Effect except the liabilities and obligations set forth in the Financial Statements. Except as disclosed in the Financial Statements, since October 31, 1993, there has not been any Material Adverse Effect.

4.9 FULL DISCLOSURE. To the knowledge of Medtronic, all documents, contracts, instruments, certificates, notices, consents, affidavits, letters, telegrams, telexes, statements, schedules (including Schedules to this Agreement), exhibits (including Exhibits to this Agreement) and any other papers whatsoever (collectively, "Documents") delivered by or on behalf of Medtronic in connection with this Agreement and the transactions contemplated thereby are true and complete and authentic. No representation or warranty of Medtronic contained in this Agreement or in the Schedules hereto or in any certificate delivered to Electromedics pursuant to the requirements of this Agreement or in connection with the transactions contemplated thereby, contains an untrue statement of a fact or omits to state a fact required to be stated therein or necessary to make the statements made, in the context in which made, not materially false or misleading.

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5. COVENANTS OF ELECTROMEDICS

Electromedics agrees that:

5.1 CONDUCT OF ELECTROMEDICS. From the date hereof until the Effective Time, Electromedics shall conduct its business in the ordinary course consistent with past practice and will use its best efforts to preserve intact its business organization and relationships with third parties and to keep available the services of its present officers and employees. Without limiting the generality of the foregoing, from the date hereof until the Effective Time and without the written consent of Medtronic:

5.1.1 Electromedics will not declare, set aside or pay any dividend or other distribution with respect to any shares of capital stock of Electromedics;

5.1.2 Electromedics will not amend or alter any material term of any outstanding Electromedics securities;

5.1.3 Electromedics will not (i) incur, assume or guarantee any debt other than in the ordinary course of business consistent with historic practices; (ii) issue or sell any securities convertible into or exchangeable for debt securities of Electromedics; or (iii) issue or sell any options or other rights to acquire from Electromedics, directly or indirectly, any debt securities of Electromedics or any securities convertible into or exchangeable for any such debt securities;

5.1.4 Electromedics will not create, assume or incur any Lien on any material asset of Electromedics;

5.1.5 Except for the issuance of shares pursuant to the exercise of stock options outstanding on the date hereof granted under the Stock Option Plans, Electromedics will not (i) issue or sell Electromedics securities, or (ii) redeem, repurchase or otherwise acquire any Electromedics securities.

5.1.6 Electromedics will not relinquish any material contract or other material right of Electromedics, make any payment (direct or indirect) of any liability of Electromedics before the same becomes due in accordance with its terms or make any change in its operations that is in any such case material to Electromedics taken as a whole;

5.1.7 Electromedics will not adopt any change in any method of accounting or accounting practice used by Electromedics other than by reason of a concurrent change in generally accepted accounting principles and upon the recommendation of Electromedics' independent public accountants;

5.1.8 Except for the agreements referenced in Schedule 5.1.8, which Electromedics may amend with the prior written consent of Medtronic (which will not be unreasonably withheld), Electromedics will not (i) grant or make any severance or termination payments to any officer, director or employee of Electromedics, except pursuant to written agreements in effect on the date hereof, (ii) enter into any material employment, deferred compensation

or other similar agreement (or enter into any amendment to any such existing agreement) with any officer, director or employee of Electromedics, (iii) materially accelerate or increase benefits payable under any existing severance or termination pay policies or employment agreements, or (iv) accelerate, vest, pay or provide for any material increase in compensation, bonus, or other benefits payable to officers, directors or employees of Electromedics except for normal increases to nonmanagerial employees consistent with past practice, to the extent required under existing employment and labor agreements or as set forth in Section 1.8.

5.1.9 Electromedics will not amend its Articles of Incorporation or Bylaws;

5.1.10 Subject to the fiduciary duties of the Board of Directors of Electromedics, Electromedics will not merge or consolidate with any person, acquire any stock or other ownership interest in any person, or the assets of any business as an entity, or liquidate, dissolve or otherwise reorganize or seek protection from creditors;

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5.1.11 Subject to the fiduciary duties of the Board of Directors of Electromedics, Electromedics will not take any action, the taking of which, or omit to take any action, the omission of which, would reasonably be expected to cause any of the representations and warranties in Section 3 to be inaccurate in any material respect at or as of any time prior to the Effective Time;

5.1.12 Except as set forth in Schedule 5.1.12 except for the sale of inventory and the disposition of obsolete or defective equipment or other assets in the ordinary course of business, Electromedics will not sell, transfer, mortgage, or otherwise dispose of, or encumber, or agree to sell, transfer, mortgage or otherwise dispose of or encumber, any assets or properties, real, personal or mixed;

5.1.13 Subject to the fiduciary duties of the Board of Directors of Electromedics, Electromedics will not (a) enter into any other agreements, commitments or contracts (including without limitation joint venture agreements or material license agreements) which, individually or in the aggregate, are material to Electromedics, except agreements, commitments or contracts for the purchase, sale or lease of goods or services, consistent with past practice or (b) otherwise make any material change in any existing material agreement, commitment or arrangement, except in the ordinary course of business;

5.1.14 Except with the prior written consent of Medtronic, Electromedics will not make any investment of a capital nature either by purchase of stock or securities, contributions to capital, property transfers or otherwise, or by the purchase of any property or assets of any other individual, firm or corporation;

5.1.15 Except with the prior written consent of Medtronic, Electromedics will not purchase any fixed assets which, singly or in the aggregate have an installed purchase price greater than \$1,800,000;

5.1.16 Electromedics will not distribute or otherwise circulate any notices, directives or other communications directed to all or groups of customers, vendors, employees, distributors or others associated with its business without consulting with Medtronic and giving Medtronic reasonable opportunity to comment thereon; and

5.1.17 Electromedics will not agree or commit to do any of the foregoing.

5.2 ELECTROMEDICS SHAREHOLDERS MEETING; PROXY MATERIAL. Electromedics agrees that it shall prepare and file with the SEC under the 1934 Act, and shall use all reasonable efforts to have cleared by the SEC, and promptly thereafter shall mail to shareholders of Electromedics, a proxy statement (the "Proxy

Statement"). The Proxy Statement shall be in form and substance reasonably satisfactory to Electromedics and Medtronic. The Board of Directors of Electromedics shall, subject to its fiduciary duties, recommend that the shareholders of Electromedics vote to adopt this Agreement and approve the Merger. Electromedics shall promptly take all action necessary in accordance with Colorado Law and its Articles of Incorporation and By-Laws to convene, a meeting of its shareholders (the "Electromedics Shareholders Meeting"). The shareholder vote or consent required for approval of the Merger shall be no greater than that set forth in the Colorado Law and Electromedics' Articles of Incorporation. Accordingly, Electromedics represents and warrants that the affirmative vote of the holders of record of a simple majority of the outstanding shares of Electromedics Common Stock is all that is necessary to obtain shareholder approval of the Merger. Subject to its fiduciary duties, the Board of Directors of Electromedics shall use its best efforts to solicit from shareholders of Electromedics proxies in favor of the Merger and shall take all other action necessary or, in the opinion of Medtronic, advisable to secure the vote or consent of shareholders required by Colorado Law to effect the Merger.

5.3 ACCESS TO INFORMATION. Electromedics will give Medtronic, its counsel, financial advisors, auditors and other authorized representatives full access to the offices, properties, books and records of Electromedics and will promptly furnish to Medtronic, its counsel, financial advisors, auditors and authorized representatives such financial and operating data and other information as such persons

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may reasonably request and will instruct Electromedics's employees, counsel and financial advisors to fully cooperate with the other party in its investigation of the business of Electromedics; PROVIDED that no investigation pursuant to this Section shall affect any representation or warranty given by Electromedics to Medtronic hereunder.

5.4 NOTICES OF CERTAIN EVENTS. Electromedics shall promptly notify Medtronic of:

(i) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement;

(ii) any notice or other communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement;

(iii) any actions, suits, claims, investigations or proceedings commenced or, to the best of Electromedics's knowledge, threatened against, relating to or involving or otherwise affecting Electromedics which relate to the consummation of the transactions contemplated by this Agreement or which, if pending on the date of this Agreement, would have been required to have been disclosed in Schedule 3.10;

(iv) any change having a Material Adverse Effect; and

(v) any other event or change of fact or circumstance causing any representation contained in Section 3 of this Agreement to be, as of the date of such event or change, incorrect or misleading in any material respect.

5.5 CONSENTS APPROVALS AND FILINGS. Subject to the fiduciary duties of its Board of Directors and subject to the terms and conditions herein provided and without being required to waive any conditions herein, Electromedics will use its best efforts to obtain as promptly as possible all necessary approvals, authorizations, consents, licenses, clearances or orders of governmental and regulatory authorities required in order for Electromedics to perform its obligations hereunder.

5.6 BEST EFFORTS. Subject to the fiduciary duties of its Board of Directors, Electromedics shall use its best efforts (a) to cause to be fulfilled

and satisfied all of the conditions to the Merger to be fulfilled and satisfied by it, (b) to cause to be performed all of the matters required of it at or prior to the Effective Time and (c) to achieve full compliance with applicable law. If consent to the transaction under the HSR Act cannot be obtained because the parties have competing lines of business, Electromedics will co-operate fully with Medtronic to take such action as may be necessary to obtain such consent including selling competitive business lines or taking such other similar action as may be necessary to obtain such consent.

5.7 DELIVERY OF SCHEDULES. Electromedics represents and warrants that prior to the date of this Agreement Electromedics has delivered to Medtronic complete Schedules called for hereby, true and complete copies of all documents or attachments referred to in such Schedules and true and complete copies of all other materials and documents which this Agreement states were to be delivered or made available to Medtronic.

5.8 EXCLUSIVITY. In order to induce Medtronic to enter into this Agreement, Electromedics agrees that subject to the fiduciary duties of the Board of Directors of Electromedics, it will not (and Electromedics will cause its officers, directors, employees and agents not to), during the term of this Agreement, directly or indirectly, (a) take any further action to solicit, initiate or encourage any offer or indication of, interest from any person with respect to any Acquisition Proposal (as hereinafter defined), including without limitation, any such further action through any investment banker, broker, finder or other intermediary previously engaged or which may be engaged for the purpose of soliciting, initiating or encouraging such offer or indication of interest, or (b) engage in negotiations with, or disclose any non-public information relating to the businesses, assets or operations which are the subject of this Agreement or afford access to the properties, books or records of Electromedics to, any person that has made, or that Electromedics has good reason to believe may be considering

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making, an offer with respect to an Acquisition Proposal; provided, however, that Electromedics may furnish information concerning its business, properties or assets in response to a solicitation, indication of interest or request by another person if Electromedics has determined, after receipt of an opinion of its legal counsel or upon advice of its legal counsel confirmed by an opinion of such counsel, that Electromedics' Board of Directors has an obligation to do so. Electromedics will keep Medtronic informed of any such offer, indication or request. Electromedics shall promptly notify Medtronic of any information concerning its business, properties or assets which Electromedics shall furnish in response to such solicitation, indication of interest or request. Electromedics will promptly notify Medtronic after receipt of any offer or indication that any person is considering making an offer with respect to an Acquisition Proposal or any request for non-public information relating to the businesses, assets or operations which are the subject of this Agreement or for access to the properties, books or records of Electromedics by any person that has made, or that Electromedics has good reason to believe may be considering making, an offer with respect to any Acquisition Proposal and will keep Medtronic informed of any such offer, indication of interest or request. Electromedics will not enter into any agreement relating to any such Acquisition Proposal for a period of three (3) business days following receipt by Medtronic of such notification by Electromedics. "Acquisition Proposal" means any proposal to (i) effect a merger or consolidation or similar transaction involving Electromedics or any of its subsidiaries, (ii) purchase, lease, or otherwise acquire ten percent (10%) or more of the assets of Electromedics or any of its subsidiaries, (iii) purchase or otherwise acquire (including by way of merger, consolidation, share exchange or similar transaction) beneficial ownership (as defined in Rule 13d-3 under the 1934 Act) of securities representing ten percent (10%) or more of the voting power of Electromedics of any of its subsidiaries, or (iv) the assignment, transfer, licensing or other disposition of, in whole or in part, the patents, patent rights, trade secrets or other technology of Electromedics or any of its subsidiaries, other than in the ordinary course of business.

5.9 AFFILIATES' LETTERS. Prior to the Effective Time, Electromedics shall,

upon advice of counsel, furnish Medtronic with a list identifying all persons who may be considered, in its opinion, at the time of the Electromedics Shareholder Meeting, to be "affiliates" of Electromedics, as that term is used in paragraphs (c) and (d) of Rule 145 under the 1933 Act (the "Affiliates"). Electromedics shall use its best efforts to cause each person who is identified as an Affiliate in the opinion referred to above to deliver to Medtronic on or prior to the Effective Time a written agreement, in the form previously approved by the parties, that such Affiliate (a) will not offer to sell, transfer or otherwise dispose of any Medtronic Common Stock issued pursuant to the Merger, except pursuant to an effective registration statement or in compliance with Rule 145 or another exemption from the registration requirements of the 1933 Act (the availability of such other exemption to be satisfactory to Medtronic's counsel), and (b) has no present intention to sell, transfer or otherwise dispose of (and does not have any short position in or agreement to sell) any of such Medtronic Common Stock.

5.10 ST. JUDE AGREEMENT. In consideration of the agreements in Section 6.5, Electromedics shall not pay any termination fee or other amounts under the St. Jude Agreement or otherwise to SJM or its affiliates without Medtronic's prior written consent unless required to do so by a final order of a court of competent jurisdiction from which no further appeal has or can be taken, unless the failure to pay results in a lien on the assets of Electromedics.

6. COVENANTS OF MEDTRONIC

6.1 BEST EFFORTS. Subject to the terms and conditions herein provided and without being required to waive any conditions herein, Medtronic shall use its best efforts (a) to cause to be fulfilled and satisfied all of the conditions to the Merger to be fulfilled and satisfied by it, (b) to cause to be performed all of the matters required of it at or prior to the Effective Time and (c) to achieve full compliance with applicable law. Medtronic shall use its best efforts to make all of its warranties and representations contained in this Agreement true and correct in all material respects as at the Effective Time, with the same effect as if the same had been made and this Agreement had been dated as at the Effective Time.

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6.2 CONSENTS, APPROVALS AND FILINGS. Medtronic will use its best efforts to obtain as promptly as possible all necessary approvals, authorizations, consents, licenses, clearances or orders of governmental and regulatory authorities required in order for Medtronic to perform its obligations hereunder. If consent to the transaction under the HSR Act cannot be obtained because the parties have competing lines of business, Medtronic will co-operate fully with Electromedics to take such action as may be necessary to obtain such consent including selling competing business lines or taking such other similar action as may be necessary to obtain such consent.

6.3 ADVICE OF CHANGES. Medtronic will promptly advise Electromedics orally and in writing of (i) any event occurring subsequent to the date of this Agreement which would render any representation or warranty of Medtronic contained in this Agreement, if made on or as of the date of such event or the Effective Time untrue, inaccurate or incomplete in any material respect and (ii) any material adverse change in the working capital, financial condition, assets, liabilities (whether absolute, accrued, contingent or otherwise), operating profits, business or prospects of Medtronic.

6.4 DIRECTOR AND OFFICER LIABILITY. For six years after the Effective Time, Medtronic will cause the Surviving Corporation to indemnify and hold harmless the present and former officers and directors of Electromedics (a) in respect of acts or omissions occurring prior to the Effective Time to the extent provided under Electromedics' Articles of Incorporation and Bylaws in effect on the date hereof and (b) from any damage, liability, payment or expense, which shall include reasonable costs of investigation of any claim and attorney's fees, incurred by such officers or directors in connection with the claim by SJM or any affiliate of SJM that the negotiation, execution, delivery or performance of this Agreement by Electromedics (i) constitutes a breach of the St. Jude Agreement, (ii) otherwise entitles SJM or any such affiliate to payment under

Section 9.3 of the St. Jude Agreement, or (iii) entitles SJM or any such affiliate to any other rights or remedies in connection with the St. Jude Agreement or the transactions contemplated thereby; provided, that in the event any claim or claims are asserted or made within such six year period, all rights to indemnification in respect of any such claim or claims shall continue until final disposition of any and all such claims. For six years after the Effective Time, Medtronic will cause the Surviving Corporation at the Surviving Corporation's expense to provide officers and directors liability insurance in respect of acts or omissions occurring prior to the Effective Time covering each such person currently covered by each respective Electromedics' officers and directors' liability insurance policy on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date hereof; provided, as indicated below, Medtronic need not spend more than an amount equal to the premium amount currently in effect as of the date of this Agreement; and provided further, that in the event any claim or claims are asserted or made within such six year period, all rights to indemnification in respect of any such claim or claims shall continue until final disposition of any and all such claims. If the annual premiums of such insurance would exceed the premiums in effect as of the date of the Agreement, Medtronic shall use its best efforts to procure such level of insurance having the same coverage as in effect as of the date of the Agreement for an annual premium equal to such current premium amount. In its capacity as a shareholder of Electromedics, Medtronic releases and covenants not to sue Electromedics or any officer, director, employee or agent of Electromedics in connection with the entering into of the St. Jude Agreement by Electromedics and Electromedics' actions in complying therewith; provided, the foregoing shall not preclude Medtronic from bringing any action to render the termination fee under the St. Jude Agreement void or otherwise unenforceable, in whole or in part, or any action to challenge or defend any claims asserted by SJM in connection with the St. Jude Agreement or Electromedics' actions with respect thereto.

6.5 INDEMNIFICATION. Each of Medtronic and Merger Subsidiary shall indemnify Electromedics and each director, officer, employee or agent of Electromedics (collectively, the "Indemnified Persons") from any claim, loss, damage, liability, payment or expense (collectively, a "Loss", which shall include reasonable costs of investigation of any claim and attorney's fees) incurred by any Indemnified Person in connection with any claim by SJM or any affiliate of SJM that the negotiation, execution, delivery or performance of this Agreement by Electromedics or any other act or failure to act by an Indemnified

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Person in connection with the St. Jude Agreement related to the negotiation, execution, delivery or performance of the Agreement by Electromedics, (i) constitutes a breach of the St. Jude Agreement, (ii) entitles SJM or any such affiliate to payment under Section 9.3 of the St. Jude Agreement, or (iii) entitles SJM or any such affiliate to any other rights or remedies in connection with the St. Jude Agreement or the transactions contemplated thereby. To partially secure such indemnity Medtronic shall deposit the sum of \$3 million into an escrow account to be held on the terms of the escrow agreement attached as Exhibit 6.5.

6.5.1 Notwithstanding the foregoing or anything herein to the contrary, the obligation of Medtronic and Merger Subsidiary to indemnify the Indemnified Persons shall continue so long as this Agreement is in effect and shall survive any termination of this Agreement without the Merger having occurred unless, at the time of such termination, Electromedics was in material, uncured breach or noncompliance with the terms and conditions of this Agreement and such material, uncured breach or noncompliance caused Medtronic to terminate this Agreement or unless Electromedics terminated this Agreement in the exercise of its fiduciary duties or accepted another Acquisition Proposal.

6.5.2 In the event of any claim by SJM or any affiliate of SJM for which an Indemnified Person intends to seek indemnity from Medtronic or Merger Subsidiary, the Indemnified Person shall promptly, but in no event more than ten business days following such Indemnified Person's receipt of

such claim or demand, notify Medtronic of such claim or demand and the amount thereof (the "Claim Notice"). Medtronic shall have the right, by giving notice to the Indemnified Person within ten business days from the personal delivery to Medtronic of the Claim Notice, to undertake, conduct and control the defense of such claim. If Medtronic so elects to control the defense of such claim, all costs and expenses incurred by Medtronic in defending such third party claim shall be paid by Medtronic. If the Indemnified Person desires to participate in any such defense, it may do so at its sole cost and expense (it being understood that Medtronic shall be entitled to control the defense). So long as Medtronic is defending such claim, the Indemnified Person shall not settle such claim. If Medtronic so elects to control the defense of such claim, the Indemnified Person shall use all reasonable efforts to assist Medtronic in the defense of such claim and shall make available to Medtronic and its counsel access to the relevant business records and other documents and information as may be of assistance in such defense.

7. REGISTRATION STATEMENT AND RELATED MATTERS

7.1 PREPARATION OF THE REGISTRATION STATEMENT. Promptly after this Agreement is executed, Medtronic shall commence preparation of a registration statement on Form S-4 for filing with the SEC (the "Registration Statement"). Such Registration Statement shall contain a prospectus and proxy statement (the "Prospectus" and "Proxy Statement") which shall include information regarding Medtronic, Electromedics, the combined entity and the terms of the Merger, among other things. Neither the Registration Statement nor any amendments thereto shall be filed with the SEC unless approved by Medtronic and Electromedics, provided that such approval shall not be unreasonably withheld.

7.2 RESALES. Medtronic shall have no obligation to file a new registration statement or a post-effective amendment to the Registration Statement covering the re-offering of Medtronic Common Stock by affiliates of Electromedics. Medtronic shall maintain the registration of the Medtronic Common Stock under the 1934 Act.

7.3 SUBMISSION OF MATERIALS TO MEDTRONIC. In order to enable Medtronic to prepare the Registration Statement, Electromedics' shall deliver to Medtronic, promptly after the parties have executed this Agreement, its (i) audited balance sheets as of December 31, 1991 and 1992, and audited statements of income, cash flows and changes in shareholders' equity for the years ended December 31, 1990, 1991 and 1992, (ii) unaudited balance sheet as of September 30, 1993 and unaudited statements of income, cash flows and changes in shareholders' equity for the nine months ended September 30, 1992 and 1993 and (iii) all supporting footnotes and schedules for the foregoing financial statements,

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all of which shall be prepared (a) in accordance with generally accepted accounting principles, consistently applied, and (b) in a manner consistent with Regulation S-X. At the same time, in the case of the audited financial statements, Electromedics shall deliver to Medtronic an appropriate certification by Electromedics's independent certified public accountant and such consents of such accountants shall be required in connection with the filings of the Registration Statement. At Medtronic's request, Electromedics shall also furnish to Medtronic such financial statements and financial data regarding Electromedics, and shall use its best efforts to cause its independent public accountant to provide to Medtronic such comfort letters (dated a date within five days prior to the effective date of the Registration Statement and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Registration Statement) regarding such financial statements and financial data, as Medtronic shall reasonably deem necessary or appropriate in order to assist Medtronic in preparing the Registration Statement and filing the Registration Statement with the SEC.

7.4 BLUE SKY. Electromedics shall provide Medtronic with such documentation as Medtronic shall reasonably request in order to comply with all applicable state securities laws.

7.5 WARRANTIES AND COVENANTS OF ELECTROMEDICS. Electromedics represents and warrants to Medtronic that the Registration Statement, insofar as it contains or incorporates by reference information pertaining to Electromedics, will comply in all material respects with the requirements of the 1933 Act and the 1934 Act, and the applicable rules and regulations adopted under said Acts, and that such information will contain no untrue statements of any material fact and will not omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Electromedics will promptly advise Medtronic in writing if at any time prior to the Effective Time of the Merger it shall obtain knowledge of any facts that might make it necessary or appropriate to amend or supplement the Registration Statement in order to make the statements contained or incorporated by reference therein not misleading or to comply with applicable law.

7.6 WARRANTIES AND COVENANTS OF MEDTRONIC. Medtronic represents and warrants to Electromedics that the Registration Statement, insofar as it contains or incorporates by reference information pertaining to Medtronic, will comply in all material respects with the requirements of the 1933 Act and the 1934 Act, and the applicable rules and regulations adopted under said Acts, and that such information will contain no untrue statement of any material fact and will not omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Medtronic will promptly advise Electromedics in writing if at any time prior to the Effective Time of the Merger it shall obtain knowledge of any facts that might make it necessary or appropriate to amend or supplement the Registration Statement in order to make the statements contained or incorporated by reference therein not misleading or to comply with applicable law.

7.7 MAILINGS TO SHAREHOLDERS. After the Registration Statement is declared effective, Electromedics shall cause the Prospectus and Proxy Statement to be mailed to its shareholders at such time as Medtronic shall reasonably request and in accordance with applicable federal and state law; provided, however, that Electromedics shall not mail or otherwise furnish the Prospectus and Proxy Statement to its shareholders unless and until Medtronic and Electromedics shall have received a letter from their respective independent public accounting firms with respect thereto in form and substance reasonably satisfactory to Medtronic and Electromedics, in accordance with current Auditing Standards issued by the Auditing Standards Executive Committee of the American Institute of Certified Public Accountants and based upon procedures carried out to a specified date not earlier than five days prior to the date that the Registration Statement is declared effective by the SEC. Electromedics will not, without giving prior notice to, and without the prior approval (which shall not be unreasonably withheld) of, Medtronic, use any proxy material other than the Prospectus and Proxy Statement and any other proxy material filed with the SEC prior to or concurrently with the filing of the Prospectus and Proxy Statement.

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8. CONDITIONS TO THE MERGER

8.1 CONDITIONS TO THE OBLIGATIONS OF ELECTROMEDICS. The obligation of Electromedics to consummate the Merger is subject to the satisfaction of the following further conditions, unless waived by Electromedics in its discretion:

8.1.1 Medtronic and Merger Subsidiary shall have performed in all material respects all of their obligations hereunder required to be performed by them at or prior to the Effective Time;

8.1.2 The representations and warranties of Medtronic contained in this Agreement and in any certificate or other writing delivered by Medtronic pursuant hereto shall be true in all material respects at and as of the Effective Time as if made at and as of such time;

8.1.3 Receipt by Electromedics of a certificate signed by an officer of Medtronic to the effect set forth in Sections 8.1.1 and 8.1.2;

8.1.4 Receipt by Electromedics of all documents it may reasonably request relating to the existence of Medtronic and Merger Subsidiary and their corporate authority for this Agreement, all in form and substance satisfactory to Electromedics;

8.1.5 No court, arbitrator or governmental body, agency or official shall have issued any order restraining or prohibiting the effective operation of the business of Electromedics after the Effective Time and no proceeding challenging this Agreement or seeking to prohibit, alter, prevent or materially delay the Merger shall have been instituted and be pending (except for any proceedings brought by SJM or its affiliates in connection with the St. Jude Agreement);

8.1.6 Approval of the Merger by the shareholders of Electromedics and all approvals of applications to public authorities, federal, state or local, the granting of which is necessary for the consummation of the Merger, shall have been obtained;

8.1.7 The Registration Statement shall have become effective under the 1933 Act and shall not be subject to any "stop order," and no action, suit, proceeding or investigation by the SEC to suspend the effectiveness or qualification thereof shall have been initiated and be continuing, or have been threatened and be unresolved. Medtronic shall have received all state securities law or blue sky authorizations necessary to carry out the transactions contemplated hereby;

8.1.8 Electromedics shall have received a written opinion addressed to Electromedics, for inclusion in the Proxy Statement, that the Merger is fair, from a financial point of view, to the shareholders of Electromedics;

8.1.9 Electromedics shall have received an opinion, dated the Closing Date, of Deloitte & Touche, substantially to the effect that, for federal income tax purposes: (i) the Merger will constitute a reorganization within the meaning of Section 368(a) of the Code, (ii) no gain or loss will be recognized by the holders of Electromedics Common Stock upon receipt of Medtronic Common Stock except for cash; (iii) the basis of Medtronic Common Stock received by the shareholders of Electromedics will be the same as the basis of Electromedics Common Stock exchanged therefor; and (iv) the holding period of the shares of Medtronic Common Stock received by the shareholders of Electromedics will include the holding period of the Electromedics Common Stock, provided such shares of Electromedics Common Stock were held as a capital asset as of the Effective Time of the Merger; and

8.1.10 From the date of this Agreement, there shall have been no Material Adverse Effect with respect to Medtronic; and

8.1.11 The shares of Medtronic Common Stock to be delivered pursuant to the Merger shall have been duly listed on the NYSE, subject to official notice of issuance.

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8.2 CONDITIONS TO THE OBLIGATIONS OF MEDTRONIC AND MERGER SUBSIDIARY. The obligations of Medtronic and Merger Subsidiary to consummate the Merger are subject to the satisfaction of the following further conditions, unless waived by Medtronic in its discretion:

8.2.1 Electromedics shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Effective Time;

8.2.2 The representations and warranties of Electromedics contained in this Agreement and in any certificate or other writing delivered by Electromedics pursuant hereto shall be true in all material respects at and as of the Effective Time as if made at and as of such time;

8.2.3 Receipt by Medtronic of a certificate signed by the President of

Electromedics to the effect set forth in Sections 8.2.1 and 8.2.2;

8.2.4 Receipt by Medtronic of all documents it may reasonably request relating to the corporate authority of Electromedics for this Agreement, all in form and substance satisfactory to Medtronic;

8.2.5 The shares of Medtronic Common Stock to be delivered pursuant to the Merger shall have been duly listed on the NYSE, subject to official notice of issuance;

8.2.6 All actions by or in respect of, or filings with, any governmental body, agency or official, or authority referred to in or pursuant to Section 4.2.1, or required to permit the consummation of the Merger so that the Surviving Corporation shall be able to continue to carry on the business of Electromedics substantially in the manner now conducted, shall have been taken, made or obtained and Medtronic shall have received or be satisfied that it will receive evidence of all such actions;

8.2.7 Medtronic shall have received, or be satisfied that it will receive, any consents, approvals or waivers from third parties required to consummate the Merger;

8.2.8 No court, arbitrator or governmental body, agency or official shall have issued any order restraining or prohibiting the effective operation of the business of Electromedics after the Effective Time and no proceeding challenging this Agreement or seeking to prohibit, alter, prevent or materially delay the Merger shall have been instituted and be pending (except for any proceedings brought by SJM or its affiliates in connection with the St. Jude Agreement);

8.2.9 Approval of the Merger by the shareholders of Electromedics (together with satisfactory evidence thereof) and all approvals of applications to public authorities, federal, state or local, the granting of which is necessary for the consummation of the Merger, shall have been obtained;

8.2.10 The Registration Statement shall have become effective under the 1933 Act and shall not be subject to any "stop order," and no action, suit, proceeding or investigation by the SEC to suspend the effectiveness or qualification thereof shall have been initiated and be continuing, or have been threatened and be unresolved. Medtronic shall have received all state securities law or blue sky authorizations necessary to carry out the transactions contemplated hereby;

8.2.11 Medtronic shall have received from Deloitte & Touche, Electromedics' independent public accountants, a letter regarding Electromedics Financial Statements and financial data included within the Registration Statement, dated as of the effective date of the Registration Statement (the "RS Date") and addressed to Medtronic and Merger Subsidiary, in substance satisfactory to Medtronic, of the type contemplated by Auditing Standards referenced in Section 7.7 and based upon procedures carried out to a specified date not earlier than five days prior to the RS Date;

8.2.12 Receipt by Medtronic, without expense to it, of executed originals of any and all consents, approvals, waivers and/or acknowledgments required or advisable under any lease, license, or agreement, in order to permit the consummation of the transactions provided for

herein without causing or resulting in a default, event of default, acceleration event or termination event under any of such documents and without entitling any party to any of such documents to exercise any other right or remedy adverse to the interests of Medtronic thereunder. Each such consent, approval or waiver shall be in form satisfactory to counsel for Medtronic;

8.2.13 Receipt by Medtronic of written resignations of each of the

directors and officers of Electromedics, to be effective immediately after the Effective Time;

8.2.14 [Intentionally Omitted]

8.2.15 From the date of this Agreement, there shall have been no Material Adverse Effect with respect to Electromedics.

9. TERMINATION

9.1 TERMINATION. This Agreement may be terminated, and the Merger contemplated by this Agreement may be abandoned, at any time prior to the Effective Time, notwithstanding the adoption of this Agreement and the approval of the Merger by the shareholders of Electromedics:

9.1.1 By mutual written consent duly authorized by the Board of Directors of Medtronic and by the Board of Directors of Electromedics;

9.1.2 By either Medtronic or Electromedics if the Merger has not been consummated by May 31, 1994, except that the right to terminate this Agreement under this Section 9.1.2 will not be available to any party whose willful failure to perform any material obligation or to fulfill any material condition under this Agreement has been the proximate cause of, or resulted in, the failure of the Effective Time to occur on or before that date;

9.1.3 By either Medtronic or Electromedics if a court of competent jurisdiction or an administrative, governmental, or regulatory authority has issued a final non-appealable order, decree, or ruling, or taken any other action, having the effect of permanently restraining, enjoining, or otherwise prohibiting the Merger;

9.1.4 By either Medtronic or Electromedics if, at Electromedics' Shareholders Meeting, as defined in Section 5.2 (including any adjournment or postponement thereof), the requisite vote of the shareholders of Electromedics is not obtained, except that the right to terminate this Agreement under this Section 9.1.4 will not be available to any party whose willful failure to perform any material obligation or to perform any material condition under this Agreement has been the proximate cause of, or resulted in, the failure to obtain the requisite vote of the shareholders of Electromedics;

9.1.5 By Medtronic if (i) it is not in material breach of its obligations under this Agreement and (ii) either (A) Electromedics has breached its obligations under Section 5.8 in any material respect, (B) the Board of Directors of Electromedics has recommended, approved, accepted, or entered into a definitive agreement regarding an Acquisition Proposal, as defined in Section 5.8, or (C) an Acquisition Proposal has been made and the Board of Directors of Electromedics has withdrawn or modified in a manner adverse to Medtronic its recommendation of the Merger;

9.1.6 By Electromedics if (i) it is not in material breach of its obligations under this Agreement, (ii) the Board of Directors of Electromedics has accepted an Acquisition Proposal, and (iii) Electromedics has paid to Medtronic the Termination Fee, if required to be paid to Medtronic by Section 9.3 in the manner therein provided;

9.1.7 By Medtronic if (i) Medtronic is not in material breach of its obligations under this Agreement and (ii) there has been (A) a material breach by Electromedics of any of its representations and warranties under this Agreement such that the conditions in Section 8.2.2 will not be satisfied or (B) a material failure by Electromedics to perform any of its obligations under this Agreement such that the conditions in Section 8.2.1 will not be satisfied, and, in both case (A) and case (B), the breach or failure cannot be cured by Electromedics within thirty calendar days following receipt by Electromedics of notice of the breach;

9.1.8 By Electromedics if (i) Electromedics is not in material breach of its obligations under this Agreement and (ii) there has been (A) a material breach by Medtronic of any of its representations and warranties under this Agreement such that the conditions in Section 8.1.2 will not be satisfied or (B) a material failure by Medtronic to perform any of its obligations under this Agreement such that the conditions in Section 8.1.1 will not be satisfied, and, in both case (A) and case (B), the breach or failure cannot be cured by Medtronic within thirty calendar days following receipt by Medtronic of notice of the breach;

9.2 EFFECT OF TERMINATION. In the event of the termination of this Agreement pursuant to Section 9.1.1, 9.1.2 (except as set forth in the next sentence of this Section), 9.1.3, 9.1.4 (except as set forth in the next sentence), and 9.1.8, the obligation of the parties to consummate the Merger will expire, and none of the parties will have any further obligations under this Agreement, except as set forth in Sections 11.6 and 11.7. In the event of the termination of this Agreement pursuant to Sections 9.1.2 or 9.1.4 that is caused by a breach of a party or that occurs pursuant to Sections 9.1.7 or 9.1.8, the party whose breach was the basis for the termination will not be relieved from any liability for its breach, or, if applicable, its obligations pursuant to Section 9.3, and the other party will have no further obligations under this Agreement except as provided in Sections 11.6 and 11.7. In the event Electromedics pays Medtronic a Termination Fee under Section 9.3, Electromedics shall have no further liability or obligation to Medtronic, except as provided in Sections 11.6 and 11.7.

9.3 TERMINATION FEE. In recognition of the efforts and expenses expended and incurred by Medtronic with respect to Electromedics and the opportunity Electromedics presents to Medtronic, if (i) this Agreement is terminated pursuant to Section 9.1.5 or 9.1.6 or (ii) (a) any third party makes an Acquisition Proposal or acquires 10% or more of the outstanding Electromedics Common Stock prior to the Electromedics Shareholders Meeting, (b) the requisite vote of the shareholders of Electromedics is not obtained, (c) this Agreement is terminated, and (d) within 12 months after the execution of this Agreement, (x) Electromedics enters into an agreement relating to an Acquisition Proposal or (y) an Acquisition Proposal is consummated, then, in any such event, Electromedics will pay to Medtronic, within five business days after demand by Medtronic in the case of the occurrence of either of the events specified in clause (i) above and immediately upon the first to occur of the entering into an agreement providing for, or the consummation of, an Acquisition Proposal in the case of the events specified in clause (ii) above (by wire transfer of immediately available funds to an account designated by Medtronic for such purpose), a termination fee (the "Termination Fee") equal to \$2,000,000.

10. OTHER AGREEMENTS

10.1 VOTING OF MANAGEMENT SHARES IN ELECTROMEDICS. To induce Medtronic's execution of this Agreement, Electromedics agrees to obtain the execution of that certain form of Agreement to Facilitate Merger attached hereto as Exhibit 10.1, whereby the named members of Electromedics' management shall agree to vote their shares of Electromedics Common Stock in favor of the Merger at an Electromedics' Shareholders' Meeting called to approve the Merger.

10.2 EMPLOYEE BENEFIT PLANS. Medtronic agrees that, following the Effective Time, the Surviving Corporation will use its best efforts to provide benefits to Electromedics employees which will, in the aggregate, be no less favorable than those currently provided by Electromedics to its employees.

10.3 AGREEMENTS WITH KEY EMPLOYEES. Medtronic and Electromedics will use their reasonable best efforts to cause those (i) persons listed on Schedule 10.3 hereto (which Schedule shall be reasonably satisfactory to Medtronic) to enter into Noncompetition Agreements satisfactory to Medtronic, and (ii) key employees of Electromedics (as identified by Medtronic) to enter into management, employment or consulting agreements with Medtronic or Merger Subsidiary, satisfactory to Medtronic, whereby each shall commit to remain employed or otherwise engaged for a minimum period of time as specified in Schedule 10.3.

10.4 REORGANIZATION UNDER SECTION 368 OF THE CODE. Electromedics will not, and Medtronic will not and will cause the Surviving Corporation not to, take any actions that would cause the Merger not

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to qualify as a "reorganization" within the meaning of Section 368 (a) (1)(A) and (a)(2)(D) of the Code. The parties shall supply to the tax advisor for Electromedics reasonable representations with respect to the Merger as may reasonably be requested by such advisor.

10.5 ACCESS TO EMPLOYEES. From the date hereof and for a period of one year from the date of termination of this Agreement neither party shall solicit for employment or employ, without first receiving the prior written approval of the other, any employee employed by the other or any corporate or non-corporate affiliate or associate of the other; provided, however, the term "solicit for employment" shall not be deemed to include advertising in newspapers or trade publications addressed to the general public and either party may employ any person who, without other solicitation, responds to such an advertisement.

11. MISCELLANEOUS

11.1 NOTICES. All notices, requests and other communications to any party hereunder shall be in writing and shall be given, if to Medtronic or Merger Subsidiary, to:

Medtronic, Inc.
7000 Central Avenue N.E.
Minneapolis, Minnesota 55432
FAX: (612) 574-3074
Attention: General Counsel
and
Attention: Vice President, Corporate Development and Associate
General Counsel

with a copy to:
Fredrikson & Byron, P.A.
1100 International Centre
900 Second Avenue South
Minneapolis, Minnesota 55402
FAX: (612) 347-7077
Attention: Keith A. Libbey, Esq.

if to Electromedics, to:

18501 East Plaza Drive
Parker, Colorado 80134
Attn: F. James Lynch
President and Chief
Executive Officer
Fax: 303/840-4104 (call Kathy or Judy prior to faxing)

with a copy to:

Holme Roberts & Owen LLC
1700 Lincoln #4100
Denver, CO 80203
Attn: Douglas R. Wright
Fax: 303/866-0200

or such other address as such party may hereafter specify for the purpose by notice to the other parties hereto. Each such notice, request or other communication shall be deemed given when delivered personally, or by telecopier, or three days after such notice is mailed by registered or certified mail (return receipt requested) to the party at the address specified in this Section.

11.2 AMENDMENT AND MODIFICATION. To the fullest extent permitted by

applicable law, this Agreement may be amended, modified and supplemented with respect to any of the terms contained

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herein by mutual consent of the respective Boards of Directors of Electromedics, Medtronic and Merger Subsidiary, or by their respective officers duly authorized by such Boards of Directors, by an appropriate written instrument executed at any time prior to the Effective Time of the Merger.

11.3 WAIVER OF COMPLIANCE. To the fullest extent permitted by law, each of Medtronic, Merger Subsidiary and Electromedics may, pursuant to action by its respective Board of Directors, or its respective officers duly authorized by its Board of Directors, by an instrument in writing extend the time for or waive the performance of any of the obligations of the other or waive compliance by the other with any of the covenants, or waive any of the conditions of its obligations, contained herein; provided, however, that the obtaining of the approval of the shareholders referred to in Section 8.1.6 and 8.2.9 hereof shall not be waivable. No such extension of time or waiver shall operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

11.4 NO SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND AGREEMENTS. The respective representations, warranties and agreements in this Agreement will terminate at the Effective Time or upon termination of this Agreement pursuant to Section 9.1, as the case may be, except for the agreements set forth in the third and fourth sentences of Section 4.3 and Sections 5.10, 6.4, 6.5, 9.2, 9.3, 10.2, 10.4, 10.5 and 11.7, to the extent set forth therein.

11.5 NO THIRD PARTY RIGHTS. Except as otherwise provided in this Agreement, nothing herein expressed or implied is intended, nor shall be construed, to confer upon or give any person, firm or corporation, other than Medtronic, Merger Subsidiary and Electromedics and their respective security holders, any rights or remedies under or by reason of this Agreement.

11.6 CONFIDENTIALITY. The confidentiality obligations of the parties set forth in the Confidentiality Agreement between the parties dated as of August 10, 1993 are incorporated herein by reference, and the parties agree to honor and perform all obligations set forth therein.

11.7 EXPENSES.

11.7.1 Except as otherwise set forth in Section 9.3, each party hereto will bear all expenses incurred by it in connection with this Agreement and the transactions contemplated hereby.

11.7.2 Medtronic and Electromedics shall share equally all expenses relating to the printing and mailing of the Registration Statement and the Prospectus and Proxy Statement, all SEC registration fees and all Blue Sky registration fees applicable to the Merger, the filing fees required under the HSR Act and the costs and fees charged by the Exchange Agent.

11.8 ASSIGNMENT. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties; provided, however, that Merger Subsidiary may assign this Agreement and its rights, interests and obligations hereunder to another directly or indirectly wholly-owned subsidiary of Medtronic without the consent of Electromedics.

11.9 GOVERNING LAWS. This Agreement and the legal relations between the parties hereto shall be governed by and constructed in accordance with the laws of the State of Colorado.

11.10 COUNTERPARTS. This Agreement may be executed simultaneously in two or more counterparts and by the different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.11 HEADINGS AND REFERENCES. The headings of the Sections and Articles of this Agreement are inserted for convenience of reference only and shall not constitute a part hereof. All references herein to Sections and Articles are to sections and articles of this Agreement, unless otherwise indicated.

11.12 ENTIRE AGREEMENT. This Agreement (including the exhibits hereto, the Schedules and the documents referred to herein, all of which form a part hereof) and the Confidentiality Agreement

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dated August 10, 1993 contain the entire understanding of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings between the parties with respect to such subject matter. There are no restrictions, promises, representations, warranties, covenants, or undertakings, other than those expressly set forth or referred to herein or therein.

11.13 EXCHANGE OF DOCUMENTS. Counsel to Medtronic and counsel to Electromedics have exchanged lists which the parties agree accurately reflect the documents which they have delivered and received in connection with the negotiation of this Agreement.

11.14 PUBLICITY. Upon execution of this Agreement by Medtronic, Merger Subsidiary and Electromedics, the parties shall jointly issue a press release, as agreed upon by them. The parties shall jointly issue a press release, as agreed upon by them. The parties intend that all future statements or communications to the public or press regarding this agreement or the merger will be mutually agreed upon by them. Neither party shall, without such mutual agreement or the prior consent of the other, issue any statement or communication to the public or to the press regarding this Agreement, or any of the terms, conditions or other facts with respect to the Agreement, except as required by law or the rules of the NYSE or the NASDAQ and then only (a) upon the advice of such party's legal counsel; (b) to the extent required by law or the rules of the NYSE or the NASDAQ; and (c) upon prior notice to, and consultation with, the other party (which notice shall include a copy of the proposed statement or communication to be issued to the press or public).

11.15 INTERPRETATION. This Agreement has been fully negotiated by the parties through their legal counsel. Accordingly, in interpreting this Agreement, the rule of interpretation requiring that documents be construed against the draftsman shall be inapplicable.

11.16 FURTHER ASSURANCE. The parties hereto agree that each will execute and deliver to the other any and all documents in addition to those expressly provided for herein that may be necessary to carry out the provisions of this Agreement, whether before, at or after the Closing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

MEDTRONIC, INC.
By: /s/ Michael D. Ellwein _____
Its: Vice President _____

MDT ACQUISITION CORP.
By: /s/ Michael D. Ellwein _____
Its: Vice President _____

ELECTROMEDICS, INC.
By: /s/ F. James Lynch _____
Its: Chairman/Chief Executive Officer _____

239554 - 12/20/93
240163 - 12/21/93
240757 - 12/22/93
241127 - 12/23/93

FREDRIKSON & BYRON, P.A.
ATTORNEYS AT LAW
1100 International Centre
900 Second Avenue South
Minneapolis, MN 55402-3397
(612) 347-7000
FAX: (612) 347-7077
March 18, 1994

Medtronic, Inc.
7000 Central Avenue N.E.
Minneapolis, Minnesota 55432

Re: Registration Statement on Form S-4

Ladies/Gentlemen:

We are acting as counsel for Medtronic, Inc. (the "Company"), a Minnesota corporation, in connection with the registration by the Company of 1,458,808 shares of the Company's Common Stock, par value \$.10 (the "Shares"), each of which shares includes the Preferred Stock Purchase Rights attached thereto (the "Rights"), pursuant to the Company's Registration Statement on Form S-4 being filed with the Securities and Commission (the "Registration Statement"). The Shares and the Rights are to be issued in connection with the merger of Electromedics, Inc. ("Electromedics") with and into MDT Acquisition Corp. ("Merger Subsidiary"), a wholly-owned subsidiary of the Company, pursuant to the Agreement and Plan of Merger dated as of December 23, 1993 by and among the Company, Merger Subsidiary and Electromedics (the "Merger Agreement").

In connection with rendering this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, agreements and other instruments, certificates of officers, certificates of public officials and other documents as we have deemed necessary or appropriate as a basis for the opinions expressed herein.

In connection with our examination, we have assumed the genuineness of all signatures, the authenticity of all documents tendered to us as originals, the legal capacity of all natural persons and the conformity to original documents of all documents submitted to us as certified or photostatic copies.

Based on, and subject to, the foregoing, it is our opinion that:

1. The Company has the corporate authority to issue the Shares and the Rights in the manner and under the terms set forth in the Registration Statement.
2. The Shares have been duly authorized and, when issued and delivered to holders of Electromedics common stock in accordance with the Merger Agreement, will be validly issued, fully paid and nonassessable.
3. The Rights have been duly authorized and, when issued and delivered in accordance with the Shareholder Rights Plan referred to in the Registration Statement, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as Exhibit 5 to the Registration Statement, to its use as a part of the Registration Statement and to the use of our name under the caption "Legal Matters" in the Proxy Statement/Prospectus constituting a part of the Registration Statement.

Very truly yours,

By /s/ Fredrikson & Byron, P.A.

March 17, 1994

The Board of Directors
Electromedics, Inc.
7337 S. Revere Parkway
Englewood, Colorado 80112

MEMBERS OF THE BOARD:

This is in response to your request for our tax opinion on the proposed merger of Electromedics, Inc. ("Electromedics") into MDT Acquisition Corp. ("Merger Subsidiary"), a wholly owned subsidiary of Medtronic, Inc. ("Medtronic"). The conclusions presented herein represent our understanding of the transaction as represented to us in the Agreement and Plan of Merger ("Agreement") between Electromedics, Medtronic and Merger Subsidiary dated December 23, 1993, the representation letters from Electromedics, dated March 17, 1994, and Medtronic, dated March 17, 1994, and of the tax law as it exists today.

FACTS

Electromedics, a Colorado corporation, was incorporated in 1972. It currently has one authorized class of common stock with a \$.05 par value of which 14,056,800 shares were outstanding and entitled to vote as of the record date. The Electromedics Common Stock is traded on the over-the-counter market and is quoted on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"). Medtronic holds 346,359 shares of Electromedics Common Stock.

Electromedics designs, manufactures and markets blood management and blood conservation equipment and related disposable devices for use in cardiovascular, orthopedic and other medium and high blood-loss surgeries.

Electromedics maintains its books on the accrual method of accounting using the calendar year as its tax year.

Medtronic, a Minnesota corporation, was incorporated in 1957. It currently has one authorized class of common stock with a \$.10 par value of which approximately 57,336,664 shares were outstanding and entitled to vote as of December 31, 1993. The Medtronic Common Stock is traded on the New York Stock Exchange ("NYSE"). Medtronic has 2,500,000 authorized but unissued shares of Preferred Stock, par value \$1.00.

Medtronic is a leading therapeutic medical device company, manufacturing biomedical devices for improved cardiovascular and neurological health.

Medtronic maintains its books on the accrual method of accounting using April 30 as its tax year-end.

MDT Acquisition Corp., a Minnesota corporation, is a corporation recently organized by Medtronic for the purpose of effecting the merger. It has no material assets and has not engaged in any activities except in connection with the proposed merger.

The Board of Directors of Medtronic, Merger Subsidiary and Electromedics have each determined that it is in the best interests of their respective shareholders for Medtronic to acquire Electromedics upon the terms and subject to the conditions set forth in the Agreement.

In reaching its conclusions to approve the Agreement and to recommend the approval of the Plan of Merger by the Electromedics shareholders, the Electromedics Board of Directors considered the following factors: the opportunity for Electromedics shareholders to continue their equity participation in a larger, more diversified medical products enterprise; the

compatibility of certain products of Electromedics and Medtronic; the increasingly competitive environment for Electromedics' major products; and the opportunity for Electromedics shareholders to receive cash dividends.

The following steps are proposed with respect to the Merger:

THE MERGER

At the Effective Time as defined in the Agreement, Electromedics shall be merged with and into the Merger Subsidiary (the "Merger") in accordance with Colorado Law and the Minnesota Business Corporation Act ("MBCA"), whereupon the separate existence of Electromedics shall cease, and the Merger Subsidiary shall continue as the surviving corporation (the "Surviving Corporation") under the name of Electromedics, Inc.

CONVERSION OF SHARES

- (A) At the Effective Time, any shares of Electromedics' common stock ("Electromedics Common Stock"), held in the treasury of Electromedics, and any shares of Electromedics Common Stock issued and outstanding immediately prior to the Effective Time of the Merger which are owned directly or indirectly by Medtronic or Merger Subsidiary shall be cancelled and retired. No cash, securities or other consideration shall be paid or delivered in exchange for such Electromedics Common Stock under the Agreement; and
- (B) At the Effective Time of the Merger, by virtue of the Merger and without any action on the part of any shareholder of Electromedics or Merger Subsidiary:
- (1) Each share of common stock of Electromedics issued and outstanding immediately prior to the Effective Time, except for Dissenting Shares, fractional shares and shares cancelled as explained in (A) above, shall be converted into the right to receive, at the election of the holder, either Medtronic common stock based on a conversion ratio equal to \$6.875 divided by the Average Market Price (as defined in Section 1.2.1.1 of the Agreement) or \$6.875 in cash.
 - (2) Each share of common stock of Merger Subsidiary issued and outstanding immediately prior thereto shall remain outstanding and will represent shares of Merger Subsidiary common stock owned by Medtronic.
 - (3) No fraction of a share of Medtronic Common Stock will be issued in the Merger, but, in lieu thereof, each holder of Electromedics Common Stock who would otherwise be entitled to a fraction of a share of Medtronic Common Stock (after aggregating all fractional shares of Medtronic Common Stock to be received by the holder) will be entitled to receive from Medtronic an amount of cash (rounded to nearest whole cent) equal to the product of (i) the fraction multiplied by (ii) the Average Market Price.
- (C) The election by a holder of Electromedics Common Stock to receive Medtronic Common Stock or cash upon conversion of Electromedics Common Stock in the Merger (a "Stock Election") will be subject to the following:
- (1) Each holder of Electromedics Common Stock, except for Dissenting Shares, fractional shares and shares cancelled as explained in (A) above, shall have the right to submit a request specifying the number of shares of Electromedics Common Stock that the holder desires to have converted into the right to receive Medtronic Common Stock and the number of shares of Electromedics Common Stock to be converted into cash.
 - (2) The aggregate number of shares of Electromedics Common Stock to be converted into the right to receive cash in the Merger (the "Cash Conversion Number") shall not be greater than (i) 50% of the number of shares of Electromedics Common Stock outstanding immediately prior to the Effective Time minus (ii) the sum of (A) any shares of Electromedics Common Stock owned by Medtronic or any subsidiary of Medtronic, (B) the number of shares of Electromedics Common Stock redeemed by Electromedics, if any, after January 1, 1993 prior to the Effective Time, and (C) the aggregate number of shares of Electromedics Common Stock, if any, as to

which the holders of such shares have filed and not withdrawn a written demand for payment of the fair value of Electromedics Common Stock pursuant to the provisions of Section 1.6 of the Agreement (i.e. Dissenting Shares) or otherwise withdrawn or lost their rights to appraisal before the Effective Time.

If Cash Elections are received for a number of shares of Electromedics Common Stock which is equal to or less than the Cash Conversion Number, then each share of Electromedics Common Stock for which a Cash Election has been made shall be converted into a right to receive cash in the Merger.

If Cash Elections are received for a number of shares of Electromedics Common Stock which is more than the Cash Conversion Number, then the shares of Electromedics Common Stock for which a holder has made a Cash Election shall be converted into a right to receive cash and Medtronic Common Stock in the following manner:

- A cash proration factor (the "Cash Proration Factor") shall be determined by dividing the Cash Conversion Number by the total number of shares of Electromedics Common Stock with respect to which effective Cash Elections were made.
- The number of shares of Electromedics Common Stock covered by each Cash Election to be converted into the right to receive cash shall be determined by multiplying the Cash Proration Factor by the total number of shares of Electromedics Common Stock covered by such Cash Election, rounded to the next lowest whole number.
- Shares of Electromedics Common Stock covered by a Cash Election and not converted into a right to receive cash as set forth above shall be converted into Medtronic Common Stock in the Merger.
- The cash proration method provided in Section 1.4.3.1 and 1.4.3.2 of the Agreement may be modified by Electromedics if a different method would facilitate one or more of the Electromedics shareholders qualifying for capital gain treatment with respect to the cash received in the Merger.

Each share of Electromedics Common Stock for which a Stock Election has been made shall be converted into the right to receive Medtronic Common Stock in the Merger.

Each person entitled to receive shares of Medtronic Common Stock pursuant to the Agreement shall receive, together with such shares, the number of Medtronic Preferred Stock Purchase Rights (pursuant to a Rights Agreement dated as of June 27, 1991, between Medtronic and Norwest Bank Minnesota, N.A.) per share of Medtronic Common Stock equal to the number of Medtronic Preferred Stock Purchase Rights associated with one share of Medtronic Common Stock at the Effective Time.

DISSENTING SHARES

- (A) Notwithstanding any provision of the Agreement to the contrary, each outstanding share of Electromedics Common Stock, the holder of which has demanded and perfected its right for appraisal of such shares in accordance with Colorado Law (the "Appraisal Laws") and, as of the Effective Time, has not effectively withdrawn or lost such right to appraisal ("Dissenting Shares"), shall not be converted into or represent a right to receive the Medtronic Common Stock or cash pursuant to the Agreement, but the holder thereof shall only be entitled to such rights as are granted by the Appraisal Laws.
- (B) Notwithstanding the provisions of the Agreement, if any holder of shares of Electromedics Common Stock who demands appraisal of such shares under the Appraisal Laws shall effectively withdraw or lose (through failure to perfect or otherwise) his right to appraisal, at or prior to the Election Deadline, then the shares of Electromedics Common Stock of such holder shall

be converted into a right to receive the Medtronic stock or cash in accordance with the applicable provisions of the Agreement. If such holder shall effectively withdraw or lose (through failure to perfect or otherwise) his right to such payment after the Election Deadline, each share of Electromedics Common Stock of such holder shall be converted into the right to receive Medtronic Common Stock set forth in the Agreement.

REPRESENTATIONS

In order to determine the consequences of the proposed merger of Electromedics into Merger Subsidiary for Federal income tax purposes, the following representations of fact have been made to us by Electromedics and/or Medtronic:

ELECTROMEDICS REPRESENTATIONS

- (A) The fair market value of the Medtronic Common Stock and cash to be received by each shareholder of Electromedics will be approximately equal to the fair market value of the Electromedics stock surrendered in exchange therefor.
- (B) Merger Subsidiary will acquire at least ninety percent of the fair market value of the net assets and at least seventy percent of the fair market value of the gross assets held by Electromedics immediately prior to the transfer. For purposes of this representation, amounts paid by Electromedics to its shareholders, Electromedics assets used to pay its reorganization expenses, and all redemptions and distributions (except for regular, normal dividends) made by Electromedics immediately preceding the transfer will be included in the assets of Electromedics held immediately prior to the transaction.
- (C) There is no plan or intention by the shareholders of Electromedics who own five percent or more of the Electromedics stock, and to the best of the knowledge of the management of Electromedics, there is no plan or intention on the part of the remaining shareholders of Electromedics to sell, exchange, or otherwise dispose of a number of shares of Medtronic Common Stock received in the transaction that will reduce the Electromedics shareholders' ownership of such stock to a number of shares having in the aggregate, as of the date of the transaction, a value of less than fifty percent of the total value of all the formerly outstanding stock of Electromedics as of the same date. For purposes of this representation, shares of Electromedics stock exchanged for cash or exchanged for cash in lieu of fractional shares of Medtronic stock will be treated as outstanding Electromedics stock on the date of the transaction. Moreover, shares of Electromedics stock and shares of Medtronic stock held by Electromedics shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (D) The liabilities of Electromedics to be assumed by Merger Subsidiary and the liabilities to which the transferred assets of Electromedics are subject were incurred by Electromedics in the ordinary course of business.
- (E) The fair market value of the assets of Electromedics transferred to Merger Subsidiary will exceed the sum of the liabilities to be assumed by Merger Subsidiary, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (F) Electromedics is not an "investment company" as defined in Section 368(a)(2)(F)(iii) and (iv) of the Internal Revenue Code of 1986 (the "Code").
- (G) There is no intercorporate indebtedness existing between Medtronic and Electromedics or Merger Subsidiary and Electromedics which was issued, acquired, or will be settled at a discount.
- (H) Electromedics and the shareholders of Electromedics will each pay their own expenses, if any, incurred in connection with the transaction.

- (I) Electromedics is not under the jurisdiction of a court in a title 11 or similar case (within the meaning of Section 368(a)(3)(A) of the Code).
- (J) The merger of Electromedics into Merger Subsidiary will qualify as a statutory merger under the laws of the State of Colorado and the Minnesota Business Corporation Act.
- (K) The merger of Electromedics into Medtronic would also have qualified as a statutory merger under the laws of the State of Colorado and the Minnesota Business Corporation Act.

MEDTRONIC REPRESENTATIONS

- (A) The fair market value of the Medtronic Common Stock and cash to be received by each shareholder of Electromedics will be approximately equal to the fair market value of the Electromedics stock surrendered in exchange therefor.
- (B) After the proposed transaction, Merger Subsidiary will continue the historic business of Electromedics or use a significant portion of Electromedics' business assets in a business, except that the management of Electromedics will be consolidated with that of Merger Subsidiary and Merger Subsidiary will operate under the name of Electromedics.
- (C) Medtronic has no plan or intention to liquidate Merger Subsidiary, to merge Merger Subsidiary with and into another corporation, to sell or otherwise dispose of the stock of Merger Subsidiary, or to cause Merger Subsidiary to sell or otherwise dispose of any of the assets of Electromedics acquired in the transaction, except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C) of the Code.
- (D) Medtronic and Merger Subsidiary are not "investment companies" as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code.
- (E) Prior to the transaction, Medtronic will be in control of Merger Subsidiary within the meaning of Section 368(c) of the Code.
- (F) Following the transaction, Merger Subsidiary will not issue additional shares of its stock that would result in Medtronic losing control of Merger Subsidiary within the meaning of Section 368(c) of the Code.
- (G) There is no intercorporate indebtedness existing between Medtronic and Electromedics or Merger Subsidiary and Electromedics which was issued, acquired, or will be settled at a discount.
- (H) No stock of Merger Subsidiary will be issued in the transaction.
- (I) Except as specifically provided for in Section 11.7 of the Agreement among the parties, relating to the splitting of certain expenses, Medtronic and Merger Subsidiary will each pay their own expenses, if any, incurred in connection with the transaction.
- (J) The payment of cash in lieu of fractional shares of Medtronic is solely for the purpose of avoiding the expense and inconvenience to Medtronic of issuing fractional shares and does not represent separately bargained for consideration. The fractional share interests of each Electromedics shareholder will be aggregated, and no Electromedics shareholder will receive cash in an amount equal to or greater than the value of one full share of Medtronic Common Stock by reason of the receipt of cash in lieu of fractional shares.
- (K) The merger of Electromedics into Merger Subsidiary will qualify as a statutory merger under the laws of the State of Colorado and the Minnesota Business Corporation Act.
- (L) The merger of Electromedics into Medtronic would also have qualified as a statutory merger under the laws of the State of Colorado and the Minnesota Business Corporation Act.

(M) The Preferred Stock Purchase Rights issued pursuant to the Rights Agreement dated as of June 27, 1991, between Medtronic and Norwest Bank Minnesota, N.A. ("the Medtronic Rights Plan") is of the type described in Revenue Ruling 90-11.

ISSUE

What are the tax consequences of the proposed transaction?

OPINION

Based on the facts contained herein, on the Agreement dated December 23, 1993 and the letters of representation from Electromedics, dated March 17, 1994, and Medtronic, dated March 17, 1994, our opinion as to the Federal income tax consequences of the proposed Merger of Electromedics into Merger Subsidiary is as follows:

- The acquisition by Merger Subsidiary of substantially all of Electromedics' assets in exchange for Medtronic Common Stock and cash, and the assumption by Merger Subsidiary of Electromedics' liabilities and the liabilities to which Electromedics' assets may be subject, will constitute a reorganization within the meaning of section 368(a)(1)(A) and 368(a)(2)(D) of the Code.
- Medtronic, Merger Subsidiary and Electromedics will each be "a party to a reorganization" within the meaning of Section 368(b) of the Code.
- No gain or loss will be recognized by Electromedics upon the transfer of its assets to Merger Subsidiary in exchange for the Medtronic Common Stock, cash, and the assumption by Merger Subsidiary of the liabilities of Electromedics, by reason of the application of Sections 361(a) and 361(b)(1)(A) and Section 357(a) of the Code.
- Since Medtronic is a party to the reorganization and Electromedics will receive Medtronic Common stock for its property as part of the Merger, the Medtronic stock is qualified property. Since Electromedics, also a party to the reorganization, will distribute only Medtronic stock and cash to the shareholders, no gain or loss will be recognized by Electromedics on the distribution to its shareholders by reason of the application of Section 361(c)(1), 361(c)(2)(A), and 361(c)(2)(B)(ii).
- No gain or loss will be recognized by either Medtronic or Merger Subsidiary on Merger Subsidiary's receipt of substantially all of Electromedics' assets in exchange for Medtronic Common Stock, cash, and the assumption by Merger Subsidiary of Electromedics' liabilities in accordance with the principles set forth in Rev. Rul. 57-278.
- The basis of Merger Subsidiary stock in Medtronic's hands will be increased by the basis of the Electromedics assets transferred to Merger Subsidiary and decreased by the sum of the Electromedics liabilities assumed by Merger Subsidiary, and the amount of liabilities, if any, to which the Electromedics assets may be subject. However, because of the uncertainty as to the present and future status of the Proposed Regulations, the conclusion set forth above may be subject to challenge by the Internal Revenue Service if and when the Proposed Regulations become final and, in their final form, they contain rules other than as described above.
- The basis of the assets of Electromedics in the hands of Merger Subsidiary will be the same as the basis of such assets in the hands of Electromedics immediately prior to the reorganization, by reason of the application of Section 362(b) of the Code.
- The holding period for the assets of Electromedics to be received by Merger Subsidiary will include the period during which such assets were held by Electromedics by reason of the application of Section 1223(2) of the Code.

- No gain or loss will be recognized to the Electromedics shareholders upon their receipt of Medtronic Common Stock in exchange for their Electromedics Common Stock. If an Electromedics shareholder receives cash, however, he or she will be required to recognize the gain, if any, that he or she realizes in the transaction, but not in excess of the cash received by such shareholder. The gain realized by each shareholder is equal to the excess of the fair market value of the Medtronic Common Stock and the cash received by such shareholder over the shareholder's basis in his or her Electromedics Common Stock. The recognized portion of the realized gain will be treated (i) as capital gain or, (ii) if the exchange has the effect of the distribution of a dividend, then as a dividend to the extent of the shareholder's share of Electromedics' accumulated earnings and profits, with the remainder of the gain, if any, treated as capital gain. The determination of whether the exchange has the effect of the distribution of a dividend will be made on a shareholder-by-shareholder basis. No loss will be recognized. Section 356(a) and Section 356(c).

In determining whether an exchange has the effect of the distribution of a dividend, the application of Section 302 of the Code is determined as if the gain is recognized as a result of a post-reorganization redemption of ACQUIRING corporation stock. Rev. Rul. 93-61, 1993-30 IRB 10 and CLARK V. COMMISSIONER, 489 US 726 (1989). Thus, each shareholder will be treated as having received solely

Medtronic Common Stock for the shareholder's Electromedics Common Stock, a portion of which Medtronic stock will then be treated as redeemed for an amount equal to the cash such shareholder will actually receive.

In applying the dividend tests under Section 302 of the Code to a particular Electromedics shareholder, stock of Electromedics or Medtronic that is held by a person related to the Electromedics shareholder may be deemed to be owned by such shareholder, in accordance with the rules under Section 318 of the Code.

Because this is a shareholder-by-shareholder test, the Electromedics shareholders should consult their own personal tax advisors as to the possible application of Section 302(b) to their own situation.

- The basis of all the Medtronic Common Stock (including fractional share interests that they would otherwise be entitled to receive) received by the shareholders of Electromedics in the exchange will be the same as the basis of the Electromedics stock exchanged therefor, decreased by the amount of cash received and increased by the amount that is treated as a dividend (if any) and by the amount of gain recognized on the exchange (not including any portion of such gains treated as a dividend) by reason of the application of section 358(a)(1) of the Code.
- The holding period of the Medtronic stock (including fractional share interests that they would otherwise be entitled to receive) to be received by Electromedics shareholders will, in each instance, include the holding period of the Electromedics shares surrendered in the exchange, provided the Electromedics stock was held as a capital asset on the date of the exchange, by reason of the application of Section 1223(1) of the Code.
- Cash received by a shareholder of Electromedics otherwise entitled to receive a fractional share of Medtronic stock in the exchange for such shareholder's Electromedics stock will be treated as if the fractional shares were distributed as part of the exchange and then were redeemed by Medtronic. These cash payments will be treated as having been received as distributions in full payment in exchange for the stock redeemed as provided in section 302(a) of the Code (Rev. Rul. 66-365, 1966-2 C.B. 116, and Rev. Proc. 77-41, 1977-2 C.B. 574). This receipt of cash will result in gain or loss measured by the difference between the basis of such fractional share interest and the cash received. Such gain or loss will be capital gain or loss to the Electromedics shareholders, provided the Electromedics stock was a capital asset in such shareholder's hands.
- Where cash is received by a Dissenting Shareholder, such cash payment will be treated as a distribution in redemption of his, her or its stock,

subject to the provisions and limitations of Section 302 of the Code.

- Merger Subsidiary shall succeed to and take into account as of the close of the day of the distribution or transfer the items of Electromedics described in Section 381(c) of the Code, subject to the conditions and limitations specified in Sections 381(b) and 381(c), by reason of the application of Section 381(a)(2).
- As provided in Section 381(c)(2) of the Code and Section 1.381(c)(2)-1 of the Income Tax Regulations, Merger Subsidiary will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Electromedics as of the date of transfer. Any deficit in earnings and profits of either corporation can only be used to offset earnings and profits accumulated after the date of transfer.

This opinion is based solely upon:

- (a) the representations, information, documents, and facts ("representations") that we have included or referenced in this opinion letter;
- (b) our assumption (without independent investigation or review) that all of the representations and all of the original, copies, and signatures of documents are accurate, true and authentic;
- (c) our assumption (without independent investigation or review) that there will be timely execution and delivery of, and performance as required by, the representations and documents;
- (d) the understanding that only the issues and tax consequences opined upon herein are covered by this tax opinion;
- (e) the law, regulations, cases, rulings and other tax authorities in effect as of the date of this letter.

If there are significant changes of the foregoing tax authorities (for which we have no responsibility to advise you) it may result in our opinion being rendered invalid, or necessitate (upon your request) a reconsideration of the opinion.

While this opinion represents our considered judgment as to the proper tax treatment to the parties involved, it is not binding on the Internal Revenue Service or the courts. This opinion letter is solely for your information and may not be disclosed, made available, or applied to any transaction other than the transaction opined upon in this letter. We hereby consent, however, to the filing of this opinion as Exhibit 8 to the Registration Statement on Form S-4 of Medtronic, Inc., to its use as a part of the Registration Statement and to the use of our name under the caption "Experts" in the Proxy Statement/Prospectus constituting a part of the Registration Statement.

By /s/_Deloitte & Touche _____
DELOITTE & TOUCHE

CONSENT OF PRICE WATERHOUSE

We hereby consent to the incorporation by reference in the Proxy Statement/Prospectus constituting part of this Registration Statement on Form S-4 of Medtronic, Inc. of our report dated May 26, 1993, which appears on page 37 of Medtronic's 1993 Annual Shareholders Report, which is incorporated by reference in its Annual Report on Form 10-K for the year ended April 30, 1993. We also consent to the incorporation by reference of our report on the Financial Statement Schedules, which appears on page 11 of such Annual Report on Form 10-K. We also consent to the reference to us under the heading "Experts" in the Proxy Statement/Prospectus.

By /s/ Price Waterhouse

PRICE WATERHOUSE

Minneapolis, Minnesota
March 17, 1994

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Proxy Statement/Prospectus of this Registration Statement of Medtronic, Inc. on Form S-4 of our reports dated February 19, 1993, appearing in the Annual Report on Form 10-K of Electromedics, Inc. for the year ended December 31, 1992 and our reports dated March 2, 1994, appearing in the Current Report on Form 8-K dated March 10, 1994 of Electromedics, Inc. and to the reference to us under the heading "Experts" in the Proxy Statement/ Prospectus, which is part of this Registration Statement.

By /s/ Deloitte & Touche

DELOITTE & TOUCHE

Denver, Colorado
March 18, 1994

CONSENT OF DAIN BOSWORTH INCORPORATED

We hereby consent to inclusion of our opinion as Appendix C to the Proxy Statement/Prospectus of Electromedics, Inc. and Registration on Form S-4 of Medtronic, Inc., and further consent to reference therein to such opinion under the headings "The Merger -- Electromedics' Financial Advisor" and "Summary" and in the Electromedics letter to shareholders regarding the proposed Merger. In giving such consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 and the rules and regulations thereunder.

By /s/ Dain Bosworth Incorporated

DAIN BOSWORTH INCORPORATED

Minneapolis, Minnesota
March 18, 1994

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each of the undersigned directors and officers of Medtronic, Inc., a Minnesota corporation ("Medtronic"), hereby constitutes and appoints WILLIAM W. GEORGE and RONALD E. LUND, or either of them, their true and lawful attorneys-in-fact and agents, each with full power and authority to act as such without the other, with full power of substitution and resubstitution, for the undersigned and in the undersigned's name, place and stead, in any and all capacities, to do any and all acts and things and to execute any and all instruments that any of said attorneys and agents may deem necessary or advisable in connection with Medtronic's acquisition of Electromedics, Inc. to enable Medtronic to comply with the Securities Act of 1933, as amended, with any regulations, rules or requirements of the Securities and Exchange Commission thereunder, and with any state Blue Sky laws or regulations in connection therewith, including specifically, but without limiting the generality of the foregoing, power and authority to sign the names of the undersigned to the Registration Statement on Form S-4, to any amendment to such Registration Statement, and to any instrument or document filed with said Commission as a part of or in connection with such Registration Statement or any amendment thereto; and the undersigned hereby ratify and confirm all that said attorneys and agents, or their substitutes or resubstitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have subscribed these presents effective as of the 10th day of March, 1994.

By /s/ Earl E. Bakken

By /s/ Edith W. Martin, Ph.D.

Earl E. Bakken

Edith W. Martin, Ph.D.

By /s/ F. Caleb Blodgett

By /s/ Glen D. Nelson, M.D.

F. Caleb Blodgett

Glen D. Nelson, M.D.

By /s/ William W. George

By /s/ Robert L. Ryan

William W. George

Robert L. Ryan

By /s/ Antonio M. Gotto Jr., M.D.

By /s/ Richard L. Schall

Antonio M. Gotto Jr., M.D.

Richard L. Schall

By /s/ Bernadine P. Healy, M.D.

By /s/ Jack W. Schuler

Bernadine P. Healy, M.D.

Jack W. Schuler

By /s/ Vernon H. Heath

By /s/ Gerald W. Simonson

Vernon H. Heath

Gerald W. Simonson

By /s/ Thomas E. Holloran

By /s/ Gordon M. Sprenger

Thomas E. Holloran

Gordon M. Sprenger

By /s/ John T. Lemley

By /s/ Richard A. Swalin, Ph.D.

John T. Lemley

Richard A. Swalin, Ph.D.

By /s/ Winston R. Wallin

Winston R. Wallin

ELECTROMEDICS, INC.
SPECIAL MEETING OF SHAREHOLDERS
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned shareholder hereby appoints F. JAMES LYNCH and RICHARD B. CARLOCK and each of them as proxies, each with full power of substitution, to vote as designated below all shares of common stock of Electromedics, Inc. held of record as of March 10, 1994, which the undersigned would be entitled to vote if personally present at the Special Meeting of Shareholders to be held on April 25, 1994, at 10:00 a.m., local time, at the Sheraton Denver Tech Center Hotel, 4900 DTC Parkway, Denver, Colorado, and at any adjournment or adjournments thereof, upon the following matters:

Proposal to approve the Plan of Merger providing for the merger of Electromedics, Inc. with and into MDT Acquisition Corp., with MDT Acquisition Corp. to be the surviving corporation and a wholly-owned subsidiary of Medtronic, Inc., a copy of which Plan of Merger is attached as Appendix A to the Proxy Statement/Prospectus for the Special Meeting.

/ / FOR / / AGAINST / / ABSTAIN

(CONTINUED AND TO BE SIGNED AND DATED ON THE OTHER SIDE)

This proxy will be voted as specified by the shareholder, but if no choice is specified, this proxy will be voted FOR approval of the Plan of Merger.

IMPORTANT: Please sign exactly as name or names appear on this Proxy. Joint owners should each sign personally. When signing as attorney, executor, administrator, trustee or guardian, please give your full title as such. When signing as a corporation or a partnership, please sign in the name of the entity by an authorized person.

Dated: _____

(Please sign name exactly as it appears hereon)

(Signature of joint owner, if any)

PLEASE MARK, DATE, SIGN AND RETURN THIS PROXY IN THE ENCLOSED PROXY RETURN ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. IF AN ENVELOPE IS NOT ENCLOSED OR HAS BEEN MISPLACED, PLEASE RETURN THIS COMPLETED PROXY TO NORWEST BANK MINNESOTA, N.A., STOCK TRANSFER DEPARTMENT, P.O. BOX 119, SOUTH SAINT PAUL, MINNESOTA 55075-9988.