

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

PRE-EFFECTIVE  
AMENDMENT NO. 1  
TO  
FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

MEDTRONIC, INC.

(Exact name of registrant as specified in its charter)

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

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Mellon Financial Center  
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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.

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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. / /

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

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<FN>  
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 \*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 Denver Marriott City Center, 1701 California Street, 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  
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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 25, 1994  
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To the Shareholders of Electromedics, Inc.:

A Special Meeting of the Shareholders of Electromedics, Inc. ("Electromedics") will be held at the Denver Marriott City Center, 1701 California Street, 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    |

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SPECIAL MEETING OF SHAREHOLDERS OF ELECTROMEDICS, INC.  
TO BE HELD ON APRIL 25, 1994  
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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 Denver Marriott City Center, 1701 California Street, 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.

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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 WRITTEN 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.

#### 2

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 Denver Marriott City Center, 1701 California Street, 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.

Dissenters' Rights:..... 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."

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.

#### 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.

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.

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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."

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."

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SELECTED HISTORICAL FINANCIAL DATA

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,<br>1994 | JANUARY 29,<br>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.

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### 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 |
|---|------------|-------------------------------------|----------------|
| 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>

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- (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.

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#### 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

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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."

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#### 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

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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."

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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

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\$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

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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."

#### 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

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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.

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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;

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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<br>DATE OF<br>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

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,

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

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

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.

#### 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.

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

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 |

|                               |           |           |        |         |          |
|-------------------------------|-----------|-----------|--------|---------|----------|
| 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 |

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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.

#### RECENT DEVELOPMENTS

In March 1994, Medtronic acquired substantially all of the assets and assumed substantially all of the liabilities of DLP, Inc. and its affiliated entities (collectively, "DLP") for a cash purchase price of approximately \$128.3 million. The acquisition is being accounted for as a purchase in accordance with generally accepted accounting principles and is not considered material in size with respect to Medtronic. The pro forma financial information set forth herein reflects this recent acquisition of DLP and additional information concerning the DLP acquisition is set forth below in the Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

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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<br>Historical | Medtronic and<br>DLP Pro Forma<br>Combined (a) | Electromedics<br>Historical (b) | Adjustments | Medtronic,<br>DLP, and<br>Electromedics<br>Pro Forma<br>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<br>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<br>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<br>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   |

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 |
|--------------------------------|----------------------------|---|---------------------------------|-------------|--|
| 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 |

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY

|   | Medtronic<br>January 28,<br>1994 | Medtronic and<br>DLP Combined<br>January 28,<br>1994 (a) | Electromedics<br>December 31,<br>1993 | Adjustments                 | Medtronic,<br>DLP, and<br>Electromedics<br>Pro Forma<br>Combined |
|---|----------------------------------|--|---------------------------------------|-----------------------------|--|
| 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  |
| 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)<br>61,008 (c) (f) | 5,856  |
| Retained earnings.....                              | 969,347                          | 969,347  | 34,399                                | (g) (h) (i) (j)             | 1,064,754  |
| Treasury shares.....                                |                                  |  | (1,884)                               | 1,884 (j)                   | 0  |
| Cumulative translation adjustment.....              | (21,232)                         | (21,232)   | (339)                                 |                             | (21,571)   |
| Total shareholders' equity.....                     | 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 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.

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.

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

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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.

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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

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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.

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#### 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

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.

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

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.

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

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 21, 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

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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. Upon the request of the Commission, Medtronic agrees to furnish supplementally to the Commission a copy of any exhibits or schedules to the Agreement and Plan of Merger described as follows:
- |                 |    |                                |
|-----------------|----|--------------------------------|
| Exhibit 6.5     | -- | Escrow Agreement               |
| Exhibit 10.1    | -- | Agreement to Facilitate Merger |
| 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                    |

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\* Filed with the Registration Statement to which this Pre-Effective Amendment relates.  
\*\* Filed herewith.

- |       |  |    |                           |
|-------|--|----|---------------------------|
|       | 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          |
| 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.

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\* Filed with the Registration Statement to which this Pre-Effective Amendment relates.

\*\* Filed herewith.

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(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.

II-3

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Pre-Effective Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Minneapolis, State of Minnesota, on March 21, 1994.

MEDTRONIC, INC.

By /s/ William W. George

-----  
William W. George  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

II-4

Pursuant to the requirements of the Securities Act of 1933, this Pre-Effective Amendment No. 1 to the Registration Statement has been signed on March 21, 1994 by the following persons in the capacities indicated.

| SIGNATURE                            | TITLE   |
|--------------------------------------|---|
| -----<br>Winston R. Wallin*          | Chairman of the Board and Director  |
| -----<br>William W. George*          | President, Chief Executive Officer<br>and Director (principal executive<br>officer)   |
| -----<br>Glen D. Nelson, M.D.*       | Vice Chairman and Director  |
| -----<br>Robert L. Ryan*             | Senior Vice President and Chief<br>Financial Officer (principal<br>financial officer) |
| -----<br>John T. Lemley*             | Vice President and Corporate<br>Controller (principal accounting<br>officer)          |
| -----<br>Earl E. Bakken*             | Director  |
| -----<br>F. Caleb Blodgett*          | Director  |
| -----<br>Antonio M. Gotto Jr., M.D.* | Director  |
| -----<br>Bernadine P. Healy, M.D.*   | Director  |
| -----<br>Vernon H. Heath*            | Director  |
| -----<br>Thomas E. Holloran*         | Director  |
| -----<br>Edith W. Martin, Ph.D.*     | Director  |
| -----<br>Richard L. Schall*          | Director  |
| -----<br>Jack W. Schuler*            | Director  |
| -----<br>Gerald W. Simonson*         | Director  |
| -----<br>Gordon M. Sprenger*         | Director  |
| -----<br>Richard A. Swalin, Ph.D.*   | Director  |

\*By /s/ Ronald E. Lund  
-----  
Ronald E. Lund  
ATTORNEY-IN-FACT  
Date: March 21, 1994

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

EXHIBIT INDEX  
TO  
PRE-EFFECTIVE AMENDMENT NO. 1  
TO  
FORM S-4

MEDTRONIC, INC.

| EXHIBIT | PAGE NUMBER<br>IN SEQUENTIAL<br>NUMBERING OF<br>ALL PAGES,<br>INCLUDING EXHIBITS |
|---------|--|
| 2       | *  |
| 5       | *  |
| 8       | *  |
| 23.1    | *  |
| 23.2    | *  |
| 23.3    | *  |
| 23.4    | *  |
| 23.5    | *  |
| 24      | *  |
| 99.1    | *  |
| 99.2    | *  |

<FN>

\* Previously filed.

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 Denver Marriott City Center, 1701 California Street, 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

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.

(CONTINUED AND TO BE SIGNED AND DATED ON THE OTHER SIDE)

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.



ELECTION FORM

TO ACCOMPANY CERTIFICATES REPRESENTING SHARES OF COMMON STOCK OF  
ELECTROMEDICS, INC.

Please read and follow carefully the Instructions set forth below, which set forth the requirements that need to be complied with in order to make an effective election. Nominees, trustees or other persons who hold shares of Electromedics, Inc. ("Electromedics") common stock, par value \$.05 per share ("Electromedics Common Stock"), in a representative capacity are directed to Instruction F(5).

TO BE EFFECTIVE, THIS ELECTION FORM, PROPERLY COMPLETED AND SIGNED IN ACCORDANCE WITH THE ACCOMPANYING INSTRUCTIONS, TOGETHER WITH CERTIFICATES FOR THE ELECTROMEDICS COMMON STOCK COVERED HEREBY (UNLESS DELIVERY IS GUARANTEED IN BOX F BELOW IN ACCORDANCE WITH INSTRUCTION A), MUST BE RECEIVED BY THE EXCHANGE AGENT NAMED BELOW, AT THE APPROPRIATE ADDRESS SET FORTH BELOW, NO LATER THAN THE ELECTION DEADLINE. DELIVERIES MADE TO ADDRESSES OTHER THAN THE ADDRESSES FOR THE EXCHANGE AGENT SET FORTH BELOW DO NOT CONSTITUTE VALID DELIVERIES AND THE EXCHANGE AGENT WILL NOT BE RESPONSIBLE THEREFOR.

THE ELECTION DEADLINE IS APRIL 22, 1994

/ / Check this box if you are submitting this Election Form to revise an Election Form that you previously sent to the Exchange Agent.

If you require additional information (such as how to fill out the Election Form, whether the Exchange Agent has received your Election Form, mechanics of the Merger, etc.), please call or write to the Information Agent:

Chemical Bank  
Proxy Solicitation Area  
450 West 33rd Street, 15th Floor  
New York, NY 10001  
1-800-279-1259 (Toll Free)  
Banks and Brokers call (212) 613-7618

NOTE: SIGNATURES MUST BE PROVIDED BELOW.  
PLEASE READ CAREFULLY THE ACCOMPANYING INSTRUCTIONS.

TO: NORWEST BANK MINNESOTA, N.A., Exchange Agent

IF BY MAIL:

Stock Transfer Department  
P.O. Box 418  
South St. Paul, MN 55075-0418  
(612) 450-4027

OR IF BY HAND OR BY COURIER

(Mon.-Fri. 9:00 A.M.-5:00 P.M. Local Time):

Stock Transfer Department  
161 North Concord Exchange or  
South St. Paul, MN 55075  
c/o Norwest Trust Company  
Three New York Plaza, 15th Floor  
New York, NY 10005

Ladies and Gentlemen:

All Electromedics Shareholders must complete Boxes A, B, C, and E and enclose their stock certificates (unless delivery of their stock certificates is guaranteed in Box D).

This Election Form is being delivered in connection with the merger (the "Merger") of Electromedics with and into MDT Acquisition Corp., a subsidiary of Medtronic, Inc. ("Medtronic"), pursuant to the Agreement and Plan of Merger,

dated as of December 23, 1993 (the "Merger Agreement"). THE PURPOSE OF THIS ELECTION FORM IS TO ALLOW YOU TO ELECT TO RECEIVE CASH OR MEDTRONIC COMMON STOCK, OR A COMBINATION OF BOTH, IN EXCHANGE FOR YOUR ELECTROMEDICS SHARES.

(PLEASE READ CAREFULLY THE GENERAL INSTRUCTIONS CONTAINED ELSEWHERE HEREIN)

BOX A

ELECTION

The undersigned, subject to the Election and Allocation Procedures (as defined below) and the other terms and conditions set forth in this Election Form, including the documents incorporated herein by reference, hereby (a) surrenders the certificate(s) (the "Certificates") representing the shares of Electromedics Common Stock listed in Box B below and (b) elects (an "Election"), as indicated below, upon consummation of the Merger to have each of the shares of Electromedics Common Stock represented by the Certificates converted as follows:

CASH ELECTION: \_\_\_\_\_ ELECTROMEDICS SHARES, exchanged for \$6.875 per share in cash, without interest; and

STOCK ELECTION: \_\_\_\_\_ ELECTROMEDICS SHARES, exchanged for shares of common stock, par value \$.10 per share, of Medtronic ("Medtronic Shares").

\_\_\_\_\_ TOTAL SHARES ELECTED (MUST equal total shares enclosed in order to be an effective Election)

(WRITE ABOVE, NEXT TO THE TWO TYPES OF ELECTIONS, THE NUMBER OF WHOLE SHARES FOR WHICH YOU ARE MAKING A CASH ELECTION AND THE NUMBER OF WHOLE SHARES FOR WHICH YOU ARE MAKING A STOCK ELECTION; THE TOTAL MUST EQUAL THE TOTAL SHARES (POST-SPLIT) SHOWN ON THE LABEL IN BOX B BELOW. IF YOU DO NOT INDICATE THE NUMBER OF SHARES FOR WHICH YOU ARE MAKING EACH ELECTION, YOU WILL BE TREATED AS MAKING A STOCK ELECTION FOR ALL OF YOUR SHARES.)

IMPORTANT NOTE: IF YOUR CERTIFICATES ARE DATED OCTOBER 16, 1987 OR BEFORE, PLEASE READ THIS NOTE. Electromedics effected a 1-for-5 reverse stock split effective October 19, 1987. The label in Box B below reflects a pre-split and a post-split share amount. The PRE-SPLIT number is the number of shares shown on your certificates. The POST-SPLIT number is the actual number of shares you own now. YOU MUST USE THE POST-SPLIT TOTAL SHARES IN MAKING YOUR ELECTION IN BOX A. REMEMBER THAT YOUR ELECTION MUST BE FOR WHOLE SHARES ONLY.

If the Exchange Agent has not received your properly completed Election Form, accompanied by your stock certificates, by the Election Deadline (as defined in Instruction A) (unless Box F (Guaranty of Delivery) has been properly completed and such certificates are received by the Exchange Agent by the Guaranteed Delivery Deadline), you will be deemed to have made a Non-Election, which has the same effect as making a Stock Election for all of your shares. THE EXCHANGE AGENT WILL HAVE NO OBLIGATION TO NOTIFY YOU IF THE EXCHANGE AGENT DOES NOT TIMELY RECEIVE YOUR PROPERLY COMPLETED ELECTION FORM OR IF YOUR ELECTION FORM IS DEFECTIVE IN ANY WAY.

FOR USE BY THE EXCHANGE AGENT ONLY

Debit shares \_\_\_\_\_ Partial \_\_\_\_\_ SIBL/LT \_\_\_\_\_ Alt Payee \_\_\_\_\_ Spec Del \_\_\_\_\_

Legend \_\_\_\_\_ Approved \_\_\_\_\_ Input \_\_\_\_\_ Audit \_\_\_\_\_ Mailed \_\_\_\_\_

The undersigned hereby certifies: that this Election covers all of the shares of Electromedics Common Stock registered in the name of the undersigned and either (i) beneficially owned by the undersigned, or (ii) owned by the undersigned in a representative or fiduciary capacity for a particular beneficial owner or for one or more beneficial owners, except as otherwise permitted pursuant to Instruction F(5).

BOX B

CERTIFICATE INFORMATION

List below the certificates to which this Election Form relates.  
(Attach additional sheets if necessary.)

| NAME AND ADDRESS OF REGISTERED HOLDER(S)<br>AS SHOWN ON THE SHARE RECORDS<br>(PLEASE FILL IN, IF BLANK) | CERTIFICATE<br>NUMBER | NUMBER OF<br>SHARES<br>SHOWN ON<br>EACH<br>CERTIFICATE |
|---|-----------------------|--|
|   | -----                 |  |
|   | -----                 |  |
|   | -----                 |  |
|   | -----                 |  |
|   | TOTAL SHARES:         |  |

/ / I have lost my certificate(s) for \_\_\_\_\_ shares and require assistance with respect to replacing the shares.  
(See Instruction G(8).)

IMPORTANT NOTE: IF YOUR CERTIFICATES ARE DATED OCTOBER 16, 1987 OR BEFORE, PLEASE READ THIS NOTE. Electromedics effected a 1-for-5 reverse stock split effective October 19, 1987. If the label in Box B reflects a pre-split and a post-split share amount, the PRE-SPLIT number is the number of shares shown on your certificates and is the number of shares that you should list in Box B above. (Note that this is different from Box A, where you listed POST-SPLIT share amounts. The POST-SPLIT number is the actual number of shares you own now.)

This Election is subject to the terms and conditions set forth in the Proxy Statement/Prospectus, dated March 21, 1994 (the "Proxy Statement/Prospectus"), including the Plan of Merger attached as Appendix A thereto, furnished to shareholders of Electromedics in connection with the Merger, which are incorporated herein by reference. Receipt of the Proxy Statement/ Prospectus and the Plan of Merger is hereby acknowledged. Copies of the Proxy Statement/Prospectus are available from Chemical Bank upon request (see Instruction G(10)).

It is understood that because pursuant to the Plan of Merger the number of shares of Electromedics Common Stock to be converted into the right to receive cash in the Merger are subject to limitations, no assurance can be given that an Election by any given stockholder, including this Election by the undersigned, can be accommodated. Rather, the Election by each holder of Electromedics Common Stock, including the Election by the undersigned, will be subject to the results of the election and allocation procedures set forth in the Merger Agreement and described in the Proxy Statement/Prospectus under "The Merger-- Conversion of Electromedics Common Stock in the Merger" (the "Election and Allocation Procedures").

CERTIFICATE HOLDER(S) SIGN IN BOX C BELOW

The undersigned hereby represents and warrants that the undersigned has full power and authority to complete and deliver this Election Form and to deliver for surrender and cancellation the above-described Certificate(s) delivered herewith and that the rights represented by the Certificate(s) are free and clear of all liens, restrictions, charges and encumbrances and are not subject to any adverse claim. The undersigned will, upon request, execute any additional documents necessary or desirable to complete the surrender of the Certificate(s) surrendered herewith. All authority herein conferred shall survive the death or incapacity of the undersigned and all obligations of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Delivery of the Certificate(s) for surrender and cancellation may be revoked only in accordance with Instruction F(2). By signing below, if the undersigned holds shares as a nominee, trustee, or in any other representative capacity for a beneficial owner, the undersigned hereby certifies that this Election Form covers all the shares of Electromedics Common Stock held in such capacity for such beneficial owner.



understand that, notwithstanding that I have checked the box in Part II (and have completed this Certificate of Awaiting Taxpayer Identification Number), 31% of all reportable payments made to me will be withheld until I provide a properly certified taxpayer identification number to the Exchange Agent.

-----  
Signature

Date

BOX F

GUARANTY OF DELIVERY  
(TO BE USED ONLY IF CERTIFICATES ARE NOT SURRENDERED HEREWITH)  
(SEE INSTRUCTION A)

The undersigned (check appropriate boxes below) guarantees to deliver to the Exchange Agent at the appropriate address set forth above the certificates for shares of Electromedics Common Stock submitted with this Election Form no later than 5:00 p.m., Central Time, on the fifth business day after the Election Deadline (as defined in Instruction A).

/ / a member of a registered national securities exchange  
/ / a member of the National Association of Securities Dealers, Inc.  
/ / a commercial bank or trust company in the United States

-----  
(Firm -- Please print)  
-----  
(Authorized Signature)  
-----  
(Address)  
-----  
(Address)  
-----  
(Area Code and Telephone Number)

NOTE TO BANKS AND BROKERS: This Guaranty of Delivery may be faxed to the Exchange Agent at (612) 450-4050.

SPECIAL PAYMENT AND MAILING INSTRUCTIONS

The undersigned understands that the Medtronic Shares to be issued, the check issued as payment in cash, or the cash in lieu of fractional shares check (such checks being referred to herein as "Payment Checks") with respect to the Electromedics Common Stock surrendered will be issued in the same name(s) as the certificate(s) surrendered and will be mailed to the address of the registered holder(s) indicated above, unless otherwise indicated in Box G or Box H below. IF BOX G IS COMPLETED, THE SIGNATURE OF THE UNDERSIGNED MUST BE MEDALLION GUARANTEED AS SET FORTH IN INSTRUCTION G(5).

BOX G  
SPECIAL PAYMENT INSTRUCTIONS  
(See Instruction G(5))

TO BE COMPLETED ONLY if the certificate or Payment Check(s) is (are) to be issued in the name(s) of someone other than the registered holder(s) set forth above.  
ISSUE TO:

Name: -----

Address: -----  
(street and number)

-----  
(city, state and zip code)

(You must complete Box E, Form W-9, and Box D, Signature Guaranty, if you complete this Box G)  
(Please print or type)

BOX H  
SPECIAL MAILING INSTRUCTIONS  
(See Instruction G(7))

TO BE COMPLETED ONLY if the certificate or Payment Check(s) is (are) to be delivered to the registered holder(s) or someone other than the registered holder(s) at an address other than that shown above.  
MAIL TO:

Name: -----

Address: -----  
(street and number)

-----  
(city, state and zip code)

(Please print or type)

INSTRUCTIONS

This Election Form (or a facsimile thereof) should be properly filled in, dated and signed, and should be delivered, together with all stock certificates representing Electromedics Common Stock currently held by you (unless delivery is guaranteed in Box F in accordance with Instruction A), to the Exchange Agent at the appropriate address set forth on the front of this Election Form. Please

read and follow carefully the instructions regarding completion of this Election Form set forth below. If you have any questions concerning this Election Form or require any information or assistance, see Instruction G(10).

A. TIME IN WHICH TO ELECT

IN ORDER FOR AN ELECTION TO BE EFFECTIVE, THE EXCHANGE AGENT MUST RECEIVE A PROPERLY COMPLETED ELECTION FORM, ACCOMPANIED BY ALL STOCK CERTIFICATES REPRESENTING ELECTROMEDICS COMMON STOCK CURRENTLY HELD BY YOU (OR A PROPER GUARANTY OF DELIVERY, AS DESCRIBED BELOW), NO LATER THAN 5:00 P.M., CENTRAL TIME, ON APRIL 22, 1994 (THE "ELECTION DEADLINE"). If all other conditions set forth in the Plan of Merger have been met or, if permissible, waived, the effective time of the Merger (the "Effective Time") could occur on the same day approval of the Merger by shareholders of Electromedics is obtained. Persons whose stock certificates are not immediately available may also make an Election by completing this Election Form (or a facsimile thereof) and having Box F (Guaranty of Delivery) properly completed and duly executed by a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States (subject to the condition that the certificates, the delivery of which is thereby guaranteed, are in fact delivered to the Exchange Agent no later than 5:00 p.m., Central Time, on the fifth business day after the Election Deadline (the "Guaranteed Delivery Deadline")).

IF THE EXCHANGE AGENT HAS NOT RECEIVED YOUR PROPERLY COMPLETED ELECTION FORM, ACCOMPANIED BY YOUR STOCK CERTIFICATES, BY THE ELECTION DEADLINE (UNLESS BOX F (GUARANTY OF DELIVERY) HAS BEEN PROPERLY COMPLETED AND SUCH CERTIFICATES ARE RECEIVED BY THE EXCHANGE AGENT BY THE GUARANTEED DELIVERY DEADLINE), YOU WILL BE DEEMED TO HAVE MADE A NON-ELECTION.

For instructions regarding changes or revocations of Elections and the time in which such changes or revocations can be made, see Instructions F(1) and F(2) below.

B. ELECTIONS.

This Election Form provides for your Election, subject to the Election and Allocation Procedures and the other terms and conditions set forth hereunder and in the documents incorporated herein by reference, upon consummation of the Merger to have each of the shares of Electromedics Common Stock covered by this Election Form converted into the right:

- to receive \$6.875 in cash without interest (a Cash Election); or
- to receive Medtronic Shares (a Stock Election); or
- to receive a combination thereof.

You should understand that your Election is subject to certain terms and conditions that are set forth in the Plan of Merger and described in the Proxy Statement/Prospectus. The Plan of Merger is included as Appendix A to the Proxy Statement/Prospectus. Copies of the Proxy Statement/Prospectus may be requested from the Information Agent, Chemical Bank, at the address or phone number set forth in Instruction G(10). The delivery of this Election Form to the Exchange Agent constitutes acknowledgement of the receipt of the Proxy Statement/Prospectus.

EACH HOLDER OF ELECTROMEDICS COMMON STOCK IS STRONGLY ENCOURAGED TO READ THE PROXY STATEMENT/PROSPECTUS IN ITS ENTIRETY AND TO DISCUSS THE CONTENTS THEREOF, THE MERGER AND THIS ELECTION FORM WITH HIS OR HER PERSONAL FINANCIAL AND TAX ADVISORS PRIOR TO DECIDING WHAT ELECTION(S) TO MAKE. THE TAX CONSEQUENCES TO A HOLDER OF ELECTROMEDICS COMMON STOCK WILL VARY DEPENDING UPON A NUMBER OF FACTORS. FOR CERTAIN INFORMATION REGARDING THE FEDERAL INCOME TAX CONSEQUENCES OF AN ELECTION, SEE "THE MERGER--CERTAIN FEDERAL INCOME TAX CONSEQUENCES" IN THE PROXY STATEMENT/PROSPECTUS. EXCEPT FOR THE INFORMATION STATED IN THE PROXY STATEMENT/PROSPECTUS, THE EXCHANGE AGENT AND THE INFORMATION AGENT WILL NOT BE AUTHORIZED TO PROVIDE TAX INFORMATION TO YOU, INCLUDING ANY INFORMATION AS TO COST BASIS, TAX TREATMENT, AND TAX CALCULATIONS.

#### C. CASH ELECTION

If you elect, subject to the Election and Allocation Procedures and the other terms and conditions set forth in this Election Form, including the documents incorporated herein by reference, to receive cash for all or a portion of the shares of Electromedics Common Stock covered by this Election Form, you should indicate the number of whole shares of Electromedics Common Stock for which the election is made on the "Cash Election" line in Box A on the first page of this Election Form.

#### D. STOCK ELECTION

If you elect, subject to the Election and Allocation Procedures and the other terms and conditions set forth in this Election Form, including the documents incorporated herein by reference, to receive Medtronic Shares for all or any portion of the shares of Electromedics Common Stock covered by this Election Form, you should indicate the number of whole shares of Electromedics Common Stock for which the election is made on the "Stock Election" line in Box A on the first page of this Election Form.

Medtronic will not issue any fractional Medtronic Shares in connection with the Merger; shareholders will instead receive cash in an amount equal to (i) the average of the per share closing price on the New York Stock Exchange (the "NYSE") of Medtronic Shares on the 10 consecutive trading days ending on the third trading day prior to the date of the Effective Time multiplied by (ii) the fractional share amount such shareholders would otherwise have received, without interest, rounded to the nearest cent.

#### E. NON-ELECTION

If you do not indicate a preference for either cash or Medtronic Shares, or a combination of cash and Medtronic Shares, you will be treated as making a "Non-Election," which has the same effect as making a Stock Election for all shares of Electromedics Common Stock covered by the Election Form.

If you have failed to make an effective Cash Election, Stock Election, or combination of the two for ALL of the shares of Electromedics Common Stock required to be covered by this Election Form, or if your Election is deemed by the Exchange Agent or Medtronic to be defective in any way, or if your Election Form is not accompanied by your certificates (unless Box F (Guaranty of Delivery) has been properly completed and such certificates are received by the Exchange Agent by the Guaranteed Delivery Deadline), you will be considered to have made a Non-Election for ALL of such shares, which (again) has the same effect as making a Stock Election for all such shares.

#### F. SPECIAL CONDITIONS

(1) CHANGE OF ELECTION. An effective Election may be changed by the person or persons making such Election by a written notice signed and dated by such person or persons received by the Exchange Agent prior to the Election Deadline, identifying the name of the registered holder of Electromedics Common Stock subject to such Election and the serial numbers shown on the certificates representing such Electromedics Common Stock. ANY SUCH NOTICE MUST BE ACCOMPANIED BY A PROPERLY COMPLETED, REVISED ELECTION FORM THAT CLEARLY INDICATES, BY MARKING THE BOX ON THE FRONT OF THIS ELECTION FORM FOR REVISED ELECTIONS, THAT IT IS A REVISED ELECTION FORM.

(2) REVOCATION OF ELECTION. An election may be revoked by the person or person making such election by a written notice signed and dated by such person or persons and received by the Exchange Agent prior to the Election Deadline, identifying the name of the registered holder of the Electromedics Common Stock subject to such Election and the serial numbers shown on the certificates representing such Electromedics Common Stock. Any person or persons who have effectively revoked an Election may, by a signed and dated written notice to the Exchange Agent, request the return of the stock certificates submitted to the Exchange Agent and such certificates will be returned to such person or persons (at the shareholder's risk) within five business days after receipt of such

request.

(3) NULLIFICATION OF ELECTION. All Election Forms will be void and of no effect if the Merger is not consummated, and certificates submitted therewith shall be promptly returned to the person submitting the same.

(4) ELECTIONS SUBJECT TO ALLOCATION. All Elections are subject to the Election and Allocation Procedures set forth in the Plan of Merger and described in the Proxy Statement/Prospectus under the Caption "The Merger--Conversion of Electromedics Common Stock in the Merger" and to the other terms and conditions set forth thereunder and hereunder, including the documents incorporated herein by reference.

(5) SHARES HELD BY NOMINEES, TRUSTEES OR OTHER REPRESENTATIVES. Holders of record of shares of Electromedics Common Stock who hold such shares as nominees, trustees or in other representative or fiduciary capacities (a "Representative") may submit one or more Election Forms covering the aggregate number of shares of Electromedics Common Stock held by such Representative for the beneficial owners for whom the Representative is making an Election or a Non-Election; provided, that such Representative certifies that each such Form of Election covers all the shares of Electromedics Common Stock held by such Representative for a particular beneficial owner. Any Representative who makes an Election or a Non-Election may be required to provide the Exchange Agent with such documents and/or additional certificates, if requested, in order to satisfy the Exchange Agent that such Representative holds such shares of Electromedics Common Stock for a particular beneficial owner of such shares. If any shares held by a Representative are not covered by an effective Election Form, they will be deemed to be covered by a Non-Election, which has the same effect as making a Stock Election. See Instruction E.

#### G. GENERAL

(1) EXECUTION AND DELIVERY. In order to make an effective Election, you must correctly fill out this Election Form, or a facsimile thereof. After dating and signing it, you are responsible for its delivery TO THE EXCHANGE AGENT AT THE ADDRESS SET FORTH ON THE FRONT OF THIS ELECTION FORM BY THE ELECTION DEADLINE, accompanied by all stock certificates representing Electromedics Common Stock currently held by you or a proper Guaranty of Delivery of such stock certificates pursuant to Instruction A. YOU MAY CHOOSE ANY METHOD TO DELIVER THIS ELECTION FORM; HOWEVER, YOU ASSUME ALL RISK OF NON-DELIVERY. IF YOU CHOOSE TO USE THE MAIL, WE RECOMMEND THAT YOU USE EITHER OVERNIGHT COURIER OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, AND THAT YOU PROPERLY INSURE ALL STOCK CERTIFICATES. DELIVERY OF STOCK CERTIFICATES WILL BE DEEMED EFFECTIVE AND RISK OF LOSS WITH RESPECT TO SUCH CERTIFICATES SHALL PASS ONLY WHEN SUCH CERTIFICATES ARE ACTUALLY RECEIVED BY THE EXCHANGE AGENT.

(2) SIGNATURES. Except as otherwise permitted below, you must sign this Election Form exactly the way your name appears on the face of your certificates. If the shares are owned by two or more persons, each must sign exactly as his or her name appears on the face of the certificates. If shares of Electromedics Common Stock have been assigned by the registered owner, this Election Form should be signed in exactly the same way as the name of the assignee appearing on the certificates or transfer documents. See Instructions G(5) (a) and G(5) (b).

(3) NOTICE OF DEFECTS; RESOLUTION OF DISPUTES. None of Electromedics, Medtronic and the Exchange Agent will be under any obligation to notify you or anyone else that the Exchange Agent has not received a properly completed Election Form or that any Election Form submitted is defective in any way.

Any and all disputes with respect to Election Forms or to Elections made in respect to Electromedics Common Stock (including but not limited to matters relating to the Election Deadline, time limits, defects or irregularities in the surrender of any stock certificate, effectiveness of any Elections and computations of allocations) will be resolved by Medtronic, and its decision will be conclusive and binding on all concerned. Medtronic may delegate this function to the Exchange Agent in whole or in part.



Medtronic or the Exchange Agent shall have the absolute right in its sole discretion to reject any and all Election Forms and surrenders of stock certificates that are deemed by either of them to be not in proper form or to waive any immaterial irregularities in any Election Form or in the surrender of any stock certificate. Surrenders of stock certificates will not be deemed to have been made until all defects or irregularities that have not been waived have been cured. In order to allow sufficient time to correct any possible defects in Elections prior to the Election Deadline, you are encouraged to return your Election Form promptly after receipt.

(4) ISSUANCE OF PAYMENT CHECK(S) AND NEW CERTIFICATE. If the certificate representing Medtronic Shares and/or the Payment Check(s) are to be issued in the name of the registered holder(s) as inscribed on the surrendered certificate(s), the surrendered certificate(s) need not be endorsed and no guaranty of the signature on the Election Form is required. For corrections in name and change in name not involving changes in ownership, see Instruction G(5)(c).

(5) ISSUANCE OF PAYMENT CHECK(S) AND NEW CERTIFICATE IN DIFFERENT NAMES. If the certificate representing Medtronic Shares and/or the Payment Check(s) are to be issued in the name of someone other than the registered holder(s) of the surrendered certificate(s), you must follow the guidelines below. Note that in each circumstance listed below, shareholder(s) must have signature(s) Medallion guaranteed in Box D and complete Box G and Box H.

(a) ENDORSEMENT AND GUARANTY. The certificate(s) surrendered must be properly endorsed (or accompanied by stock powers properly executed) by the registered holder(s) of such certificates(s) to the person who is to receive the Medtronic Shares and/or the Payment Check(s). The signature(s) of the registered holder(s) on the endorsement or stock powers must correspond with the name(s) written upon the face of the certificate(s) in every particular and must be Medallion guaranteed by an eligible guarantor institution as defined below.

#### DEFINITION OF ELIGIBLE GUARANTOR INSTITUTION

Generally an eligible guarantor institution, as defined in Rule 17Ad-15 of the regulations of the Securities and Exchange Commission, means:

(i) Banks (as that term is defined in Section 3(a) of the Federal Deposit Insurance Act);

(ii) Brokers, dealers, municipal securities dealers, municipal securities brokers, government securities dealers, and government securities brokers, as those terms are defined under the Securities Exchange Act of 1934; and

(iii) Credit unions (as that term is defined in Section 19(b)(1)(A) of the Federal Reserve Act);

(iv) National securities exchanges, registered securities associations, clearing agencies, as those terms are used under the Securities Exchange Act of 1934; and

(v) Savings associations (as that term is defined in Section 3(b) of the Federal Deposit Insurance Act).

(b) TRANSFEREE'S SIGNATURE. The Election Form must be signed by the transferee or assignee or his or her agent, and should not be signed by the transferor or assignor. See Box C entitled "Sign Here." The signature of such transferee or assignee must be Medallion guaranteed by an eligible guarantor institution as provided in Instruction G(5)(a).

(c) CORRECTION OF OR CHANGE IN NAME. For a correction of name or for a change in name that does not involve a change in ownership, proceed as follows: For a change in name by marriage, etc., the Election Form should be signed, E.G., "Mary Doe, now by marriage Mary Jones." For a correction in

name, the Election Form should be signed, E.G., "James E. Brown, incorrectly inscribed as J.E. Brown." The signature in each case should be Medallion guaranteed in the manner described in Instruction G(5)(a) above and Box G should be completed.

You should consult your own tax advisor as to any possible tax consequences resulting from the issuance of the Medtronic Shares certificate and/or Payment Check(s) in a name different from that of the registered holder(s) of the surrendered certificate(s).

(6) SUPPORTING EVIDENCE. In case any Election Form, certificate endorsement or stock power is executed by an agent, attorney, administrator, executor, guardian, trustee or any person in any other fiduciary or representative capacity, or by an officer of a corporation on behalf of the corporation, there must be submitted (with the Election Form, surrendered certificate(s), and/or stock powers) documentary evidence of appointment and authority to act in such capacity (including court orders and corporate resolutions when necessary), as well as evidence of the authority of the person making such execution to assign, sell or transfer the certificate(s). Such documentary evidence of authority must be in form satisfactory to the Exchange Agent.

(7) SPECIAL INSTRUCTIONS FOR DELIVERY BY THE EXCHANGE AGENT. The certificate representing Medtronic Shares and/or the Payment Check(s) will be mailed to the address of the registered holder(s) as indicated under Box B entitled "Certificates Enclosed," unless instructions to the contrary are given in Box H entitled "Special Mailing Instructions."

(8) LOST CERTIFICATES. If you are not able to locate your certificates representing Electromedics Common Stock, you should check the box located below Box B and indicate the number of shares lost, then complete and send in the Election Form with the certificates that you do have in your possession. In such event, the Exchange Agent may forward additional documentation that the shareholder must complete in order to effectively surrender such lost or destroyed certificate(s). There may be a fee to replace lost certificates. If the required paperwork and fee (where required) have not been received by the Exchange Agent by the Election Deadline, the certificate(s) in question will not be included in your election and the shares of Electromedics Common Stock represented by the certificates will be deemed to be covered by a Non-Election.

(9) FEDERAL INCOME TAX WITHHOLDING. Under federal income tax law, the Exchange Agent is required to file a report with the Internal Revenue Service disclosing any payments of cash being made to each holder of certificates formerly representing shares of Electromedics Common Stock pursuant to the Plan of Merger. In order to avoid "backup withholding" of federal income tax on any cash received upon the surrender of certificate(s), a holder thereof must, unless an exemption applies, provide the Exchange Agent with his or her correct taxpayer identification number ("TIN") on Substitute Form W-9, which is part of this Election Form (Box E), and certify, under penalties of perjury, that such number is correct and that such holder is not otherwise subject to backup withholding. The TIN for an individual is his or her social security number. If the correct TIN and certifications are not provided, a \$50 penalty may be imposed by the Internal Revenue Service and payments made for surrender of certificate(s) may be subject to backup withholding of 31%. In addition, if a holder makes a false statement that results in no imposition of backup withholding, and there was no reasonable basis for making such a statement, a \$500 penalty may also be imposed by the Internal Revenue Service.

Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding will be reduced by the amount of such tax withheld. If backup withholding results in an overpayment of income taxes, a refund may be obtained from the Internal Revenue Service.

The TIN that must be provided on the Substitute Form W-9 is that of the registered holder(s) of the certificate(s) at the Effective Time of the Merger (or the special payment recipient shown in Box G). The box in Part II of the

Substitute Form W-9 may be checked if the person surrendering the certificates has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part II has been checked, the person surrendering the certificate(s) must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. Notwithstanding that the box in Part II is checked (and the Certificate of Awaiting Taxpayer Identification Number is completed), the Exchange Agent will withhold 31% on all cash payments with respect to surrendered certificate(s) made prior to the time it is provided with a properly certified TIN.

The IRS notifies certain taxpayers that they have underreported interest or dividend payments or that they have failed to file a return with the IRS reporting such payments. The certification as to backup withholding in Item (2) of the Certification on Substitute Form W-9 should be crossed out if the person who is obligated to provide a TIN pursuant to this Instruction has been so notified and has not received notice from the IRS that he or she is no longer subject to backup withholding. If the IRS has not provided such notice of underreported interest or dividend payments, the certification as to backup withholding should not be crossed out.

Exempt persons (including, among others, corporations) are not subject to backup withholding and should indicate their exempt status on Substitute Form W-9 by entering their correct TIN, marking the box in Part III and signing and dating in the space provided. A foreign individual may qualify as an exempt person by submitting Form W-8 or a substitute Form W-8, signed under penalties of perjury, certifying to such person's exempt status. A form of such statement can be obtained from the Information Agent, Chemical Bank. A certificate holder should consult his or her tax advisor as to such holder's qualification for an exemption from backup withholding and the procedure for obtaining such exemption.

The signature and the date provided on the Substitute Form W-9 will serve to certify that the TIN and withholding information provided in this Election Form are true, correct and complete. Please consult your accountant or tax advisor for further guidance in completing the Substitute Form W-9.

(10) QUESTIONS AND REQUESTS FOR INFORMATION OR ASSISTANCE. If you have any questions or need assistance to complete this Election Form, or would like to obtain additional copies of this Election Form, please contact the Information Agent, Chemical Bank, at 1-800-279-1259 (Toll Free) or Banks and Brokers call (212) 613-7618. Copies of the Proxy Statement/Prospectus are also available from Chemical Bank.

#### H. DELIVERY OF MEDTRONIC SHARES AND PAYMENT CHECKS

As soon as practicable after the Effective Time of the Merger, the Exchange Agent will make the allocations of cash and Medtronic Shares to be received by holders of Electromedics Common Stock or their designees in accordance with the Election and Allocation Procedures. The Exchange Agent will thereafter issue and mail to you a check for any cash and/or any certificate or certificates for the Medtronic Shares to which you are entitled (and, if applicable, a check in lieu of a fractional share), PROVIDED you have delivered the required certificates for your Electromedics Common Stock in accordance with the terms and conditions hereof, including the documents incorporated herein by reference.

If you do not submit an effective Election Form, the Exchange Agent will forward to you, as soon as practicable after the Merger becomes effective, a Letter of Transmittal for you to use to send in your stock certificates for shares of Electromedics Common Stock, containing appropriate instructions for surrendering such certificates at that time. After the Exchange Agent receives your stock certificates with a properly completed Letter of Transmittal, it will issue and mail to you any certificate or certificates for Medtronic Shares to which you are entitled (and, if applicable, a check in lieu of a fractional share), PROVIDED you have delivered the required certificates for your Electromedics Common Stock in accordance with the terms and conditions of the Letter of Transmittal, including the documents incorporated therein by reference.

DO NOT ENCLOSE YOUR PROXY CARD RELATING TO THE SPECIAL MEETING WITH THIS ELECTION FORM. YOUR PROXY CARD SHOULD BE RETURNED IN THE POSTAGE-PAID ENVELOPE ENCLOSED WITH THE PROXY STATEMENT/PROSPECTUS FOR THAT PURPOSE.