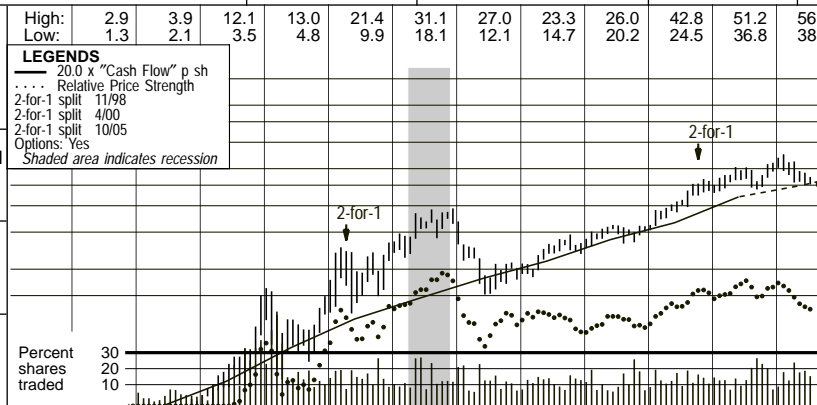


RESMED INC. NYSE-RMD

RECENT PRICE **40.49** P/E RATIO **26.0** (Trailing: 29.3; Median: 30.0) RELATIVE P/E RATIO **1.49** DIV'D YLD **Nil** **VALUE LINE**

TIMELINESS 3 Lowered 5/4/07
SAFETY 3 New 3/12/99
TECHNICAL 4 Lowered 8/3/07
BETA .80 (1.00 = Market)



| Target Price Range | 2010 | 2011 | 2012 |
|--------------------|------|------|------|
| | 128 | | |
| | 96 | | |
| | 80 | | |
| | 64 | | |
| | 48 | | |
| | 40 | | |
| | 32 | | |
| | 24 | | |
| | 16 | | |
| | 12 | | |

2010-12 PROJECTIONS

| | Price | Gain | Ann'l Total Return |
|------|-------|---------|--------------------|
| High | 85 | (+110%) | 21% |
| Low | 55 | (+35%) | 9% |

Insider Decisions

| | O | N | D | J | F | M | A | M | J |
|---------|---|---|---|---|---|---|---|---|---|
| to Buy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Options | 5 | 1 | 0 | 7 | 0 | 1 | 0 | 1 | 0 |
| to Sell | 0 | 7 | 2 | 1 | 8 | 2 | 1 | 2 | 1 |

Institutional Decisions

| | 3Q2006 | 4Q2006 | 1Q2007 |
|-----------|--------|--------|--------|
| to Buy | 119 | 104 | 119 |
| to Sell | 123 | 133 | 95 |
| Hlds(000) | 55552 | 51551 | 48759 |

| 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | © VALUE LINE PUB., INC. | 10-12 |
|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------|--------------|--------------|---------------------------------|--------------|
| -- | -- | -- | -- | .90 | .60 | .85 | 1.13 | 1.50 | 1.89 | 2.46 | 3.11 | 4.10 | 5.01 | 6.08 | 8.02 | 9.20 | 10.65 | Sales per sh ^A | 14.40 |
| -- | -- | -- | -- | .13 | .10 | .18 | .24 | .34 | .47 | .58 | .72 | .87 | 1.11 | 1.33 | 1.76 | 2.00 | 2.35 | "Cash Flow" per sh | 3.50 |
| -- | -- | -- | -- | .16 | .08 | .13 | .18 | .26 | .35 | .45 | .55 | .67 | .82 | .91 | 1.22 | 1.38 | 1.70 | Earnings per sh ^B | 2.70 |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | Nil | Div'ds Decl'd per sh | Nil |
| -- | -- | -- | -- | .07 | .03 | .07 | .17 | .35 | .26 | .44 | .43 | .38 | .85 | .57 | 1.36 | 1.05 | 1.20 | Cap'l Spending per sh | 1.20 |
| -- | -- | -- | -- | 1.10 | .68 | .77 | .87 | 1.21 | 1.54 | 1.59 | 2.94 | 4.29 | 5.34 | 6.77 | 9.75 | 11.95 | 13.50 | Book Value per sh ^C | 20.10 |
| -- | -- | -- | -- | 26.14 | 57.38 | 57.62 | 58.62 | 59.23 | 61.19 | 62.96 | 65.61 | 66.74 | 67.72 | 70.00 | 75.67 | 78.00 | 80.00 | Common Shs Outst'g ^D | 85.00 |
| -- | -- | -- | -- | 8.8 | 22.5 | 19.2 | 21.9 | 29.7 | 33.0 | 43.9 | 41.7 | 24.3 | 27.2 | 29.5 | 32.7 | 33.4 | | Avg Ann'l P/E Ratio | 26.0 |
| -- | -- | -- | -- | .59 | 1.41 | 1.11 | 1.14 | 1.69 | 2.15 | 2.25 | 2.28 | 1.39 | 1.44 | 1.57 | 1.74 | 1.76 | | Relative P/E Ratio | 1.75 |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | Avg Ann'l Div'd Yield | Nil |

CAPITAL STRUCTURE as of 6/30/07
 Total Debt \$116.0 mill. Due in 5 Yrs \$55.0 mill.
 LT Debt \$87.6 mill. LT Interest \$5.0 mill.
 (LT Debt includes about \$0.6 million of capital leases.)
 (9% of Capital)

Leases, Uncapitalized Annual rentals \$7.6 mill.
No Defined Benefit Pension Plan

Preferred Stock None
Common Stock 77,839,581 shares
 as of 4/27/07
MARKET CAP: \$3.2 billion (Mid Cap)

| 2005 | 2006 | 2007 | 2008 |
|-------|-------|-------|-------|
| 49.2 | 66.5 | 88.6 | 115.6 |
| 22.2% | 31.0% | 33.0% | 34.1% |
| 2.6 | 3.2 | 4.0 | 6.2 |
| 7.5 | 10.6 | 16.1 | 22.2 |
| 32.6% | 34.1% | 34.5% | 34.9% |
| 15.2% | 16.0% | 18.2% | 19.2% |
| 34.4 | 32.7 | 32.6 | 47.6 |
| .3 | -- | -- | -- |
| 44.6 | 50.8 | 71.6 | 94.0 |
| 16.6% | 20.9% | 22.5% | 23.7% |
| 16.7% | 20.9% | 22.5% | 23.7% |
| 16.7% | 20.9% | 22.5% | 23.7% |

| 2005 | 2006 | 2007 | 2008 |
|-------|-------|-------|-------|
| 425.5 | 607.0 | 716.3 | 850 |
| 32.3% | 28.7% | 27.5% | 28.8% |
| 28.3 | 41.0 | 46.5 | 52.0 |
| 64.8 | 92.5 | 108.1 | 137.5 |
| 33.0% | 31.3% | 31.5% | 32.0% |
| 15.2% | 15.2% | 15.1% | 16.2% |
| 141.6 | 381.3 | 466.4 | 545 |
| 58.9 | 116.2 | 87.6 | 85.0 |
| 474.1 | 738.1 | 931.2 | 1080 |
| 12.2% | 11.2% | 11.0% | 12.0% |
| 13.7% | 12.5% | 11.6% | 12.5% |
| 13.7% | 12.5% | 11.6% | 12.5% |

CURRENT POSITION

| | 2005 | 2006 | 6/30/07 |
|------------------|-------|-------|---------|
| Cash Assets | 142.2 | 219.5 | 277.7 |
| Receivables | 104.0 | 138.1 | 167.8 |
| Inventory (FIFO) | 89.1 | 116.2 | 157.2 |
| Other | 24.9 | 36.5 | 64.8 |
| Current Assets | 360.2 | 510.3 | 667.5 |
| Accts Payable | 34.4 | 45.0 | 53.0 |
| Debt Due | 115.4 | 4.9 | 28.4 |
| Other | 68.8 | 79.1 | 119.7 |
| Current Liab. | 218.6 | 129.0 | 201.1 |

BUSINESS: ResMed Inc. develops, manufactures, and distributes medical equipment for treating, diagnosing, and managing sleep-disordered breathing (SDB) and other respiratory disorders. SDB includes obstructive sleep apnea and other respiratory disorders that occur during sleep. Markets its products in over 67 countries through a combination of wholly-owned subsidiaries and independent distributors. 2006 R&D: \$37.2 mill (6.1% of sales). 2006 depreciation rate: 9.6%. Has about 2500 employees. Officers and directors own 4.5% of stock; William Blair, 6.6%; Fidelity, 6.5%; T. Rowe Price, 6.0% (9/06 proxy). Chairman, President & CEO: Dr. Peter C. Farrell. Inc.: DE. Address: 14040 Danielson Street, Poway, CA 92064. Telephone: 858-746-2400. Internet: www.resmed.com.

stock appears to have overcome the pressure it faced following the voluntary product recall announced in April. The medical device maker also plans to launch a host of new products in the mask and flow-generator divisions in the coming six to 12 months. Lastly, it seems as though the company received a positive response to the recently launched full-face masks, *Quattro* and *Liberty*.

ANNUAL RATES

| Past 10 Yrs | Past 5 Yrs | Est'd '04-'06 |
|-----------------|------------|---------------|
| change (per sh) | 10 Yrs | 5 Yrs |
| Sales | 24.0% | 26.5% |
| "Cash Flow" | 28.5% | 25.0% |
| Earnings | 23.5% | 23.0% |
| Dividends | -- | -- |
| Book Value | 23.5% | 38.0% |

ResMed closed out fiscal 2007 in respectable fashion (ended June 30th). The medical device maker recently reported a healthy fourth quarter. Share earnings were a penny higher than the year-ago tally on a 12% sales gain. ResMed benefited from 10% revenue growth in the Americas and a 14% revenue advance in all other regions. The company's *Adapt SV*, designed to treat central sleep apnea, continued to perform well in the June period. It seems as though sleep-related conditions are steadily gaining awareness within the medical community.

Investors with a long-term bent may also find this issue appealing. Increased public and physician awareness around the globe of sleep-disordered breathing (SDB) and obstructive sleep apnea (OSA) augurs well for ResMed. As the company lifts the veil of ignorance that surrounds these and other sleep-related conditions, demand for its innovative products ought to continue growing. In addition, the medical device maker's focus on treating SDB and OSA in patients with cardiovascular disease, diabetes, and other health risks should bear fruit over the long haul. In sum, this stock is pegged to reward investors with above-average price appreciation over the pull to 2010-2012.

QUARTERLY SALES (\$ mill.)^A

| Fiscal Year Ends | Sep.30 | Dec.31 | Mar.31 | Jun.30 | Full Fiscal Year |
|------------------|--------|--------|--------|--------|------------------|
| 2004 | 72.9 | 82.3 | 91.2 | 92.9 | 339.3 |
| 2005 | 87.7 | 103.9 | 108.5 | 125.4 | 425.5 |
| 2006 | 127.1 | 146.4 | 162.3 | 171.2 | 607.0 |
| 2007 | 163.6 | 178.4 | 183.0 | 191.3 | 716.3 |
| 2008 | 190 | 210 | 220 | 230 | 850 |

We are optimistic about the potential for growth in fiscal 2008. There has been continued robust demand for the *Mirage Swift* nasal pillows systems, ResMed's line of full-face masks, and the aforementioned *Adapt SV*. The *C-Series Tango*, a continuous positive airway pressure device and ResMed's first more-economic product, has opened the door to patients in the lower-income market. These products ought to drive the solid growth we look for this fiscal year.

Now may be an opportunistic time to make a commitment here. ResMed

EARNINGS PER SHARE^B

| Fiscal Year Ends | Sep.30 | Dec.31 | Mar.31 | Jun.30 | Full Fiscal Year |
|------------------|--------|--------|--------|--------|------------------|
| 2004 | .18 | .20 | .22 | .22 | .82 |
| 2005 | .20 | .25 | .25 | .21 | .91 |
| 2006 | .24 | .30 | .34 | .34 | 1.22 |
| 2007 | .32 | .37 | .34 | .35 | 1.38 |
| 2008 | .36 | .41 | .44 | .49 | 1.70 |

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QUARTERLY DIVIDENDS PAID

| Calendar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|----------|--------|--------|--------|--------|-----------|
| 2003 | | | | | |
| 2004 | | | | | |
| 2005 | | | | | |
| 2006 | | | | | |
| 2007 | | | | | |

NO CASH DIVIDENDS BEING PAID

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(A) Fiscal years end on June 30th.
 (B) Diluted earnings. Excludes nonrecurring losses: FY'01, 27¢; FY'05, 3¢; FY'06, 4¢; FY'07, 54¢. Next earnings report due late October.

(C) Includes intangibles. In FY'07: \$253.4 million or \$3.25 a share.
 (D) In millions, adjusted for splits.

| Company's Financial Strength | B++ |
|------------------------------|-----|
| Stock's Price Stability | 70 |
| Price Growth Persistence | 90 |
| Earnings Predictability | 100 |

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