STANDARD &POOR'S

ResMed Inc

S&P Recommendation	Price	12-Mo. Target Price	Investment Style
BUY ★★★★☆	$29.83 (as of Apr 1, 2011)	$38.00	Mid-Cap Growth

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

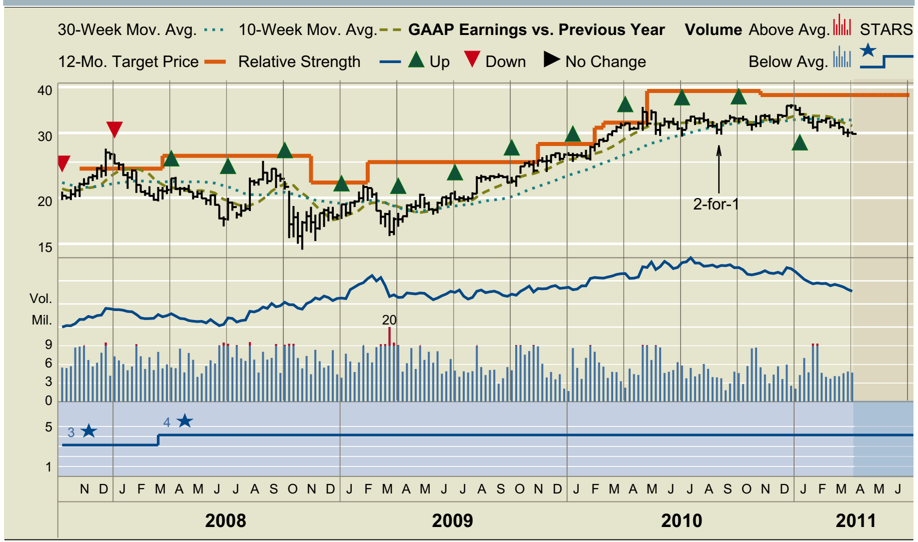
GICS Sector Health Care
Sub-Industry Health Care Equipment

Summary This company develops, makes and markets medical equipment for the treatment and diagnosis of sleep-disordered breathing (SDB).

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	$35.90– 29.24	S&P Oper. EPS 2011E	1.50	Market Capitalization(B)	$4.573	Beta	0.66
Trailing 12-Month EPS	$1.38	S&P Oper. EPS 2012E	1.70	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	18
Trailing 12-Month P/E	21.6	P/E on S&P Oper. EPS 2011E	19.9	Dividend Rate/Share	Nil	S&P Credit Rating	NR
$10K Invested 5 Yrs Ago	$13,565	Common Shares Outstg. (M)	153.3	Institutional Ownership (%)	60		

Price Performance



Options: CBOE, P, Ph

Analysis prepared by **Phillip M. Seligman** on February 01, 2011, when the stock traded at **$ 30.43**.

Highlights

- We see revenues rising about 13.5% in FY 11 (Jun.), fueled by the new product cycle and roll-out of the products into new geographies. The new products include masks and high-end CPAPs and auto-setting air flow generators (APAPs) that track compliance, as Medicare mandates patient compliance, a compliance tracking device, and a non-invasive ventilator. However, we expect growth to be limited by the decline in S8 Bi-level (VPAP) generator sales in the U.S. as the markets await the S9 series version.

- We expect the gross margin to narrow in FY 11. In this regard, we see benefits of an improved sales mix (albeit limited by lower bi-level sales) and manufacturing and logistical cost control outweighed by ongoing pricing pressures and, more significantly, the Australian dollar's appreciation against the U.S. dollar. We look for a decline in the SG&A cost ratio on revenue leverage, while R&D costs should rise as a percentage of revenues, on investments in its new product pipeline.

- We see operating EPS of $1.50 in FY 11, versus $1.23 (split-adjusted) in FY 10, and $1.70 in FY 12.

Investment Rationale/Risk

- We continue to view the long-term fundamentals of the sleep-disordered breathing (SDB) market as intact, given the strong links between SDB and chronic disease and a still highly underpenetrated marketplace. We view RMD's new products as promising and poised to continue to aid earnings growth. We also see the company and its peers benefiting from increased interest in sleep-disorder therapy, given Medicare's recent decision to expand coverage for CPAP devices for those at home diagnosed with SDB and the acceptance of home tests by private payers. Meanwhile, we are encouraged by RMD's view of market share gains in the Americas (other than for bi-level generators) and market acceptance of its premium priced products amid a weak economy.

- Risks to our recommendation and target price include intensified competition, a major product recall, and product liability.

- Our 12-month target price of $38 assumes a multiple of 25.5X our FY 11 operating EPS estimate, a narrow discount to RMD's historical average.

Qualitative Risk Assessment

LOW	MEDIUM	**HIGH**

Our risk assessment reflects our view of the highly competitive nature of the respiratory market, including the low barriers to entry. In addition, while product and geographic mix are currently aiding RMD's EBITDA margins, this trend may become unfavorable. Finally, we see the potential for pricing pressure on RMD's products due to Medicare's required bidding process starting 2015, but we note Medicare accounts for only about 20% of the sleep market.

Quantitative Evaluations

S&P Quality Ranking B+

D	C	B-	B	**B+**	A-	A	A+

Relative Strength Rank WEAK

19

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2011	282.0	306.0	--	--	--
2010	247.0	275.1	278.7	291.6	1,092
2009	217.9	223.0	227.9	252.0	920.7
2008	185.7	202.7	211.8	235.2	835.4
2007	163.6	178.4	183.0	191.3	716.3
2006	127.1	146.4	162.3	171.2	607.0

Earnings Per Share ($)

	1Q	2Q	3Q	4Q	Year
2011	0.36	0.37	**E**0.37	**E**0.39	**E**1.50
2010	0.28	0.30	0.32	0.34	1.23
2009	0.18	0.22	0.26	0.29	0.95
2008	0.15	0.17	0.19	0.19	0.70
2007	0.16	0.19	-0.10	0.18	0.43
2006	0.12	0.15	0.17	0.15	0.58

Fiscal year ended Jun. 30. Next earnings report expected: Late April. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
2-for-1	--	08/31	08/17	08/30/10

Source: Company reports.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

The McGraw·Hill Companies

ResMed Inc

STANDARD &POOR'S

Business Summary February 01, 2011

CORPORATE OVERVIEW. Since its formation in 1989, ResMed has broadened its focus beyond obstructive sleep apnea (OSA) to other forms of sleep disordered breathing (SDB), and its operations have expanded with the introduction of a number of new product lines. In FY 10 (Jun.), FY 09 and FY 08, sales in North America and Latin America accounted for 54%, 54% and 49%, respectively, of total sales; sales in Europe were 37%, 38% and 43% of the total; and sales in Asia Pacific were 9%, 8% and 8% of the total.

The company designs, makes and sells equipment for treating and diagnosing SDB, which includes sleep apnea and related respiratory conditions. Sleep apnea is a breathing disorder in which an individual experiences a temporary collapse of the upper airway, restricting breathing and severely disrupting sleep. RMD sells its products in more than 70 countries, to sleep clinics, home health care dealers, and managed care organizations. Its principal manufacturing facilities are in Sydney, Australia.

RMD produces nasal continuous positive airway pressure (CPAP), variable positive airway pressure (VPAP), including bi-level (different pressure for inhalation and exhalation), and AutoSet (automatic positive airway pressure, or APAP) systems for the diagnosis and treatment of SDB. These are flow generator systems that deliver positive airway pressure through a small nasal mask or, sometimes, a full face mask. The flow of air acts like an "air splint" to keep the patient's upper airway open and prevent apneas. These apneas occur when the muscles that normally hold the airway open during sleep relax too much and close the airway off. AutoSet systems use a proprietary technology that can also be used in the diagnosis of OSA.

The company makes air delivery systems that include nasal masks, tubing, and headgear to connect the flow generator to the patient. In addition, a growing range of sleep laboratory products and other accessories that improve patient comfort, convenience, and compliance are sold. The company also sells sleep recorders for the diagnosis, titration, and treatment of SDB in sleep clinics and hospitals.

CPAP and VPAP air flow generators accounted for 58% of FY 10 total revenues, 58% of FY 09's and 50% of FY 08's. Masks, accessories, motors and diagnostic products accounted for the remaining 42%, 42% and 50%, respectively.

CORPORATE STRATEGY. RMD's strategy includes: continued product development and innovation, expanding its geographic presence, increasing public and clinical awareness, expanding into new clinical applications, and leveraging the experience of its management team and medical advisory board.

In FY 10, RMD spent $75 million on R&D, up from $63 million in FY 09. The company is seeking new applications of its technology, with a current focus on areas such as hypertension, stroke, and congestive heart failure (CHF). RMD has developed a device to treat Cheyne-Stokes breathing in patients with CHF. In FY 06, it launched a new product in the U.S. for the treatment of respiratory insufficiency due to central sleep apnea, mixed apnea and periodic breathing, called the Adapt SV.

In June 2005, RMD acquired Saime SA for $40.5 million in cash and $65.8 million in assumed debt. Saime develops ventilation products and distributes its products directly in France and Germany and through distributors in Europe and Asia-Pacific.

COMPETITIVE LANDSCAPE. The markets for RMD's products are highly competitive. We believe that the principal competitive factors in all of its markets are product features, reliability and price, and afterward, customer support, reputation and efficient distribution. In the U.S., its principal market, Respironics, a division of Koninklijke Philips Electronics NV; DeVilbiss, a division of Sunrise Medical Inc.; and Nellcor Puritan Bennett, a subsidiary of Tyco Inc., and Fisher & Paykell Healthcare Corp. Limited are the primary competitors for its CPAP products. Its principal European competitors are also Respironics, DeVilbiss and Nellcor Puritan Bennett, as well as regional European manufacturers. In addition, its products compete with surgical procedures and dental appliances designed to treat OSA and SDB related respiratory conditions. The development of new or innovative procedures or devices by rivals could result in its products becoming obsolete or noncompetitive.

FINANCIAL TRENDS. In the five years through FY 10, the net revenue compound annual growth rate (CAGR) was 20.8%, aided by acquisitions, while the EBITDA CAGR was 15.0% and the operating EPS CAGR was 18.5%.

Corporate Information

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Officers

Chrmn, Pres & CEO
P.C. Farrell

CFO & Chief Acctg Officer
B. Sandercock

Secy & General Counsel
D. Pendarvis

Board Members
P. C. Farrell
G. W. Pace
M. A. Quinn
C. Roberts
R. Sulpizio
R. R. Taylor
J. P. Wareham

Domicile
Delaware

Founded
1994

Employees
3,200

Stockholders
37

ResMed Inc

STANDARD &POOR'S

Quantitative Evaluations

S&P Fair Value Rank 4-

1	2	3	4	5

LOWEST HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $32.10

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that RMD is slightly undervalued by $2.27 or 7.6%.

Investability Quotient Percentile 95

LOWEST = 1 HIGHEST = 100

RMD scored higher than 95% of all companies for which an S&P Report is available.

Volatility LOW AVERAGE HIGH

Technical Evaluation BEARISH

Since February, 2011, the technical indicators for RMD have been BEARISH.

Insider Activity UNFAVORABLE NEUTRAL FAVORABLE

Expanded Ratio Analysis

	2010	2009	2008	2007
Price/Sales	4.92	4.38	3.53	5.74
Price/EBITDA	17.62	16.52	14.06	20.78
Price/Pretax Income	20.62	19.99	18.69	41.96
P/E Ratio	28.26	27.52	26.75	62.00
Avg. Diluted Shares Outstg (M)	155.1	154.2	157.4	156.5

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	18.64	14.60	19.10	24.60
Net Income	29.80	41.10	23.59	27.30
Ratio Analysis (Annual Avg.)				
Net Margin (%)	17.40	15.50	14.06	15.28
% LT Debt to Capitalization	1.95	5.84	7.88	15.70
Return on Equity (%)	15.82	13.37	12.52	15.60

Company Financials Fiscal Year Ended Jun. 30

Per Share Data ($)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	6.99	5.76	5.27	4.50	3.59	1.74	1.90	1.35	0.75	0.41
Cash Flow	1.63	1.30	1.08	0.73	0.84	0.62	0.53	0.42	0.35	0.15
Earnings	1.23	0.95	0.70	0.43	0.58	0.46	0.41	0.33	0.28	0.09
S&P Core Earnings	1.23	0.96	0.68	0.43	0.58	0.38	0.34	0.23	0.13	0.02
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	35.90	26.69	26.21	28.08	25.59	21.41	13.00	11.68	13.48	15.55
Prices:Low	25.04	15.75	14.45	19.17	18.40	12.25	10.09	7.33	6.08	9.06
P/E Ratio:High	29	28	37	66	44	47	32	35	49	NM
P/E Ratio:Low	20	17	21	45	32	27	25	22	22	NM
Income Statement Analysis (Million $)										
Revenue	1,092	921	835	716	607	426	339	274	204	155
Operating Income	305	244	210	198	173	137	104	79.8	63.8	52.7
Depreciation	61.6	53.4	59.3	47.9	41.0	28.3	17.9	12.6	9.97	8.45
Interest Expense	NA	NA	NA	NA	NA	0.81	1.68	2.55	3.22	Nil
Pretax Income	261	202	158	98.0	133	96.6	84.7	67.1	54.6	27.3
Effective Tax Rate	NA	27.4%	30.1%	32.3%	33.9%	33.0%	32.3%	31.9%	31.3%	57.4%
Net Income	190	146	110	66.3	88.2	64.8	57.3	45.7	37.5	11.6
S&P Core Earnings	190	147	106	66.1	88.9	54.5	47.9	31.6	18.3	2.86
Balance Sheet & Other Financial Data (Million $)										
Cash	489	416	321	278	220	142	141	121	92.8	103
Current Assets	985	853	739	669	510	360	278	242	194	178
Total Assets	1,626	1,508	1,406	1,252	1,007	774	544	460	376	288
Current Liabilities	285	124	193	202	129	219	60.6	50.6	49.0	33.6
Long Term Debt	27.5	94.2	93.8	87.6	116	58.9	113	113	123	150
Common Equity	1,288	1,115	1,082	931	738	474	361	286	193	100
Total Capital	1,409	1,221	1,194	1,037	867	545	475	400	316	250
Capital Expenditures	56.9	111	77.0	77.6	103	39.7	57.2	25.6	28.2	27.5
Cash Flow	252	200	170	114	129	93.1	75.2	58.3	47.5	20.1
Current Ratio	3.5	3.2	3.8	3.3	4.0	1.6	4.6	4.8	3.9	5.3
% Long Term Debt of Capitalization	2.0	7.7	7.9	8.5	13.4	10.8	23.9	28.3	38.9	59.9
% Net Income of Revenue	17.4	15.9	13.2	9.3	14.5	15.2	16.9	16.7	18.4	7.5
% Return on Assets	12.1	10.1	8.3	5.9	9.9	9.8	11.4	10.9	11.3	5.8
% Return on Equity	15.8	13.3	11.0	7.9	14.6	15.5	17.7	19.1	25.6	12.0

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

ResMed Inc

Sub-Industry Outlook

Our fundamental outlook for the health care equipment sub-industry for the next 12 months is neutral. We continue to view many product categories as historically recession-resistant, and we expect they will continue to grow, albeit more slowly than in the recent past. We remain concerned about hospital capital equipment spending amid still-tight credit market conditions, stressed municipal and state budgets, and continued weak demand for elective medical procedures. In addition, procedure rates have declined in areas we would not normally view as elective, such as interventional cardiology and orthopedics, partly due to insured patients being required to absorb a greater portion of the costs.

On a positive note, we believe the delay to 2013 in the implementation of the medical device tax in the health care reform law will help the sub-industry align its cost structure to partially offset the impact of the tax. Moreover, since the levy is tax deductible, its after-tax effect will be lower, and we therefore view the impact of health care reform as manageable. Separately, we also do not expect the sub-industry to be affected much by the earthquake, tsunami and resulting nuclear plant disaster in Japan, assuming the manufacturers and distributors have several weeks of inventories, most of their plants and other sources in Japan are outside of the danger zone, and alternative sources for key products made in Japan are available.

We see 2011 revenues rising at a mid- to high single digit pace, as in 2010, aided by a weakening dollar, expansion into emerging markets, and, in some cases, acquisitions. Still, we expect extended replacement cycles at U.S. hospitals, pricing pressures, European austerity measures, and lower demand in several important product categories to continue to impact growth through 2011. We see health insurers' resistance to some high-priced orthopedic procedures and extended softness in spinal repair markets. We also remain extremely cautious on categories that are more directly tied to discretionary consumer spending, such as cosmetic surgery and laser vision correction.

We see positive longer-term fundamentals, including increasing global demand for quality health care, aging populations and rising R&D outlays, leading to a steady flow of new diagnostic and therapeutic products in cardiology and orthopedics.

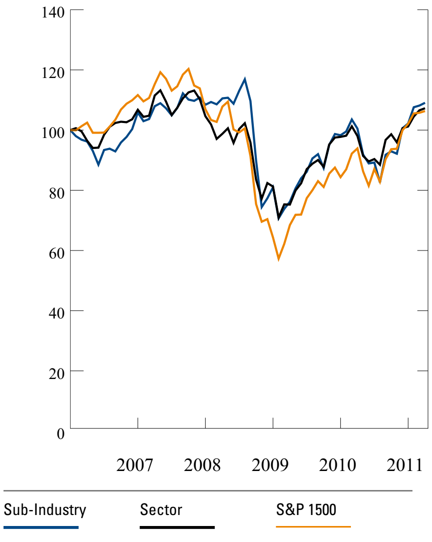
Year to date to March 11, the S&P Health Care Equipment Index increased 6.6%, versus a 3.8% rise in the S&P 1500 Composite Index. In 2010, the sub-industry index rose 1.9%, trailing the 14.2% advance of the 1500.

--Phillip M. Seligman

Stock Performance

GICS Sector: Health Care
Sub-Industry: Health Care Equipment

Based on S&P 1500 Indexes
Month-end Price Performance as of 03/31/11



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Health Care Equipment Peer Group*: Respiratory Products

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
ResMed Inc	**RMD**	**4,573**	**29.83**	**35.90/29.24**	**0.66**	**Nil**	**22**	**31.70**	**B+**	**95**	**17.4**	**1.9**
Amer Medical Sys Hldgs	AMMD	1,679	21.86	24.12/17.42	0.65	Nil	20	23.20	B	90	16.0	32.0
Beckman Coulter	BEC	5,919	83.07	83.22/43.95	0.77	0.9	26	72.60	B+	98	6.3	32.0
CareFusion Corp	CFN	6,291	28.21	30.08/20.63	NA	Nil	40	NA	NR	63	4.4	22.7
Gen-Probe Inc	GPRO	3,189	66.06	66.60/42.00	0.80	Nil	30	60.60	B+	93	19.7	NA
Hill-Rom Holdings	HRC	2,432	38.54	44.00/26.81	1.23	1.1	17	31.70	B-	95	8.5	12.1
Hologic Inc	HOLX	5,761	22.09	22.49/13.22	1.15	Nil	NM	19.00	C	28	NA	34.9
IDEXX Laboratories	IDXX	4,550	79.36	79.89/54.80	1.06	Nil	33	65.80	B+	94	12.8	0.5
Kinetic Concepts	KCI	3,897	54.97	55.09/31.84	NA	Nil	15	82.20	NR	87	12.7	36.1
Masimo Corp	MASI	1,981	33.27	33.49/21.05	0.76	Nil	27	30.60	NR	88	18.1	NA
Mindray Medical Intl ADS	MR	2,908	25.40	39.39/25.00	1.26	1.1	20	NA	NR	75	21.9	9.3
STERIS Corp	STE	2,054	34.61	38.16/28.07	0.71	1.7	49	NA	B	83	10.2	21.8
Sirona Dental Sys	SIRO	2,798	50.47	52.86/29.55	1.56	Nil	28	52.30	NR	78	11.7	31.3
Teleflex Inc	TFX	2,349	58.73	66.07/47.92	0.85	2.3	12	64.00	B+	37	7.0	30.4
Thoratec Corp	THOR	1,552	26.46	47.93/22.33	0.77	Nil	30	26.50	B-	36	15.4	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

February 2, 2011
01:19 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF RESMED (RMD 31.55****): We do not see any change in RMD's operations and strategy with the resignation of its president/CEO, Kieran Gallahue, effective Jan. 28. He left to become chairman/CEO of medical device leader CareFusion (CFN 26, Hold). Dr. Peter Farrell, RMD's founder and executive chairman, became interim president and CEO, a position he held from '90 to '07. The board plans to search for a replacement. We still see RMD's global sales growth as healthy in the near to intermediate term on its expanding line of S9 flow generators and new masks, and rising interest in sleep disorder therapy. /P.Seligman

February 2, 2011
01:31 pm ET ... S&P MAINTAINS HOLD RECOMMENDATION ON SHARES OF CAREFUSION (CFN 26.23***): We are encouraged CFN found a replacement for chairman/CEO David Schlotterbeck, who previously announced plans to retire by 2/28. His successor will be Mr. Kieran Gallahue, who was with ResMed (RMD 31, Buy), a leader in devices for sleep-disordered breathing, from '03. Mr. Gallahue is a seasoned med device executive, with 20 years in the health care industry. As global COO of RMD in '04-'07, and starting '08 as CEO, he was deeply involved in product development and globalizing operations. We believe he will bring new ideas to CFN, which has a large respiratory care business. /P.Seligman

February 2, 2011
Kieran Gallahue announced his decision to resign from his position as Chief Executive Officer, President, and a director of ResMed Inc., which the board accepted, effective as of January 28, 2011. Mr. Gallahue will remain an employee until February 1, 2011. In connection with Mr. Gallahue's resignation, the board appointed Dr. Peter Farrell, current Executive Chairman, to the additional position of interim Chief Executive Officer and President, effective January 31, 2011. Dr. Farrell is founder and has been Chairman and a director since inception in June 1989. Mr. Gallahue will continue as an employee until February 1, 2011. He leaves to become chairman and chief executive officer of another medical technology company.

January 28, 2011
DOWN 2.05 to 31.00... RMD posts $0.37 vs. $0.30 Q2 EPS on 11% higher revenue. Q2 FY 11 EPS topped Street's $0.36 EPS view. S&P maintains buy. BoA/Merrill downgrades to neutral from buy, citing lower Flow Generator growth assumptions in RMD's remaining FY 11 and FY12.

January 28, 2011
02:53 pm ET ... RESMED INC. (RMD 31.06) DOWN 1.99, RESMED (RMD) POSTS Q2 RESULTS. BOA/MERRILL DOWNGRADES TO NEUTRAL FROM BUY... Analyst Matthew Prior tells salesforce he expects RMD's Q3, Q4 FY 11 to harbor more earnings risk relative to expectations, so downgrades, cuts $35.58 tgt to $32.60, lowers EPS ests. Says the core issue is initiatives RMD has in place to revive growth; while he believes they'll be effective, also believes they'll take time to deliver a benefit. As such, the lag will mean the rest of FY 11 will be a time of earnings reset, and without new products/catalysts, FY 12 growth rate, appropriate multiple, is less certain. Cuts FY 11 (Jun) EPS est. by 3%, FY 12 by 7%. B.Egli

January 28, 2011
08:45 am ET ... S&P REITERATES BUY OPINION ON SHARES OF RESMED (RMD 33.05****): Dec-Q EPS of $0.37, vs. $0.30, is $0.02 above our estimate. Revenue rose 11%, 14% ex forex, below our view, but outweighed by wider margins than we expected. We see RMD's global sales growth healthy in near to intermediate term on expanding S9 flow generator line and new masks, and rising interest in sleep disorder therapy. Bilevel generator sales fell, but should recover with new S9 unit. We also see sales mix improving, partly offseting the impact of a stronger Australian dollar. We up our FY 11 (Jun) EPS estimate $0.03 to $1.50, keep FY 12's $1.70 and our $38 target price. /P.Seligman

October 29, 2010
04:47 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF RESMED (RMD 31.87****): Sep-Q EPS of $0.36, vs. $0.27 (adjusted for 8/30 2-for-1 stock split), beats our estimate by $0.05, on a wider gross margin and lower tax rate than we expected. Revenue rose 17%, ex forex. We see RMD's global sales growth strong for the near to intermediate term on its expanding S9 flow generator series and new masks, and increased interest in sleep disorder therapy. We are also positive on RMD's plan to boost R&D spending. We raise our FY 11 (Jun) estimate by $0.04 to $1.47, but keep FY 12's of $1.70. We trim our target price $1 to $38 on recent peerwide valuation compression. /P.Seligman

October 29, 2010
RMD posts $0.36 vs. $0.27 Q1 EPS on 14% revenue rise. Street was looking for EPS of $0.32.

August 6, 2010
11:26 am ET ... S&P REITERATES BUY OPINION ON SHARES OF RESMED (RMD 64.51****): Jun-Q EPS of $0.68, vs. $0.61, beats our estimate by $0.05. Revenue rose 16% (18% ex-forex), below our view, but was outweighed by wider EBIT margins than we expected. We see RMD's global sales growth remaining strong for the near to intermediate term on its expanding S9 flow generator series and new mask line, and reflecting our view of increased interest in sleep disorder therapy. Interest in home testing is also picking up. RMD also announced pending 2-for-1 stock split. We trim our FY 11 (Jun.) est. $0.06 to $2.85 and initiate FY 11's at $3.40. We keep our $77 target price. /P.Seligman

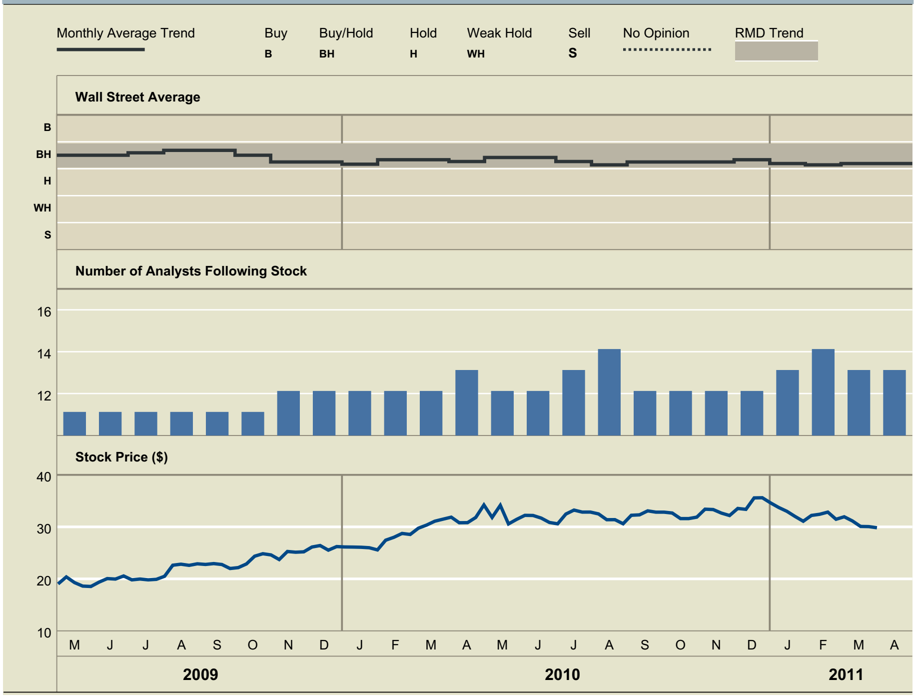
August 2, 2010
03:19 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF RESMED (RMD 66.97****): Ahead of RMD's 8/5 earnings release, we look for Jun-Q EPS of $0.63 vs. $0.59, assuming an 18% rise in revenue. We see revenue growth being driven by a new product cycle, which includes the new S9 flow generator platform and new masks, overseas gains, and a pick-up in interest in home-testing. We expect the gross margin to decline slightly as an improving product mix and a shift of manufacturing to lower-cost countries are outweighed by a negative currency impact. We also see a decline in operating costs as a percentage of revenue, on cost control and revenue leverage. /P.Seligman

April 30, 2010
UP 7.90 to 69.59... RMD posts $0.63 vs. $0.51 Q3 EPS on 22% revenue rise. Street was looking for $0.57.

April 30, 2010
12:31 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF RESMED (RMD 69.05****): Mar-Q adjusted EPS of $0.63, vs. $0.51, is above our $0.57 view on in line sales aided by cost controls, and despite $0.08 negative forex impact. Flow generators were up 20% in constant currency, with the S-9 system, recently introduced in the U.S. gaining traction overseas. Interest in home testing is also picking up. We see forex having less of a negative impact going into FY '11 (Jun) and expect to see sleep market growth in the mid-double digits. We raise our '10 adjusted EPS estimate by 0.11 to $2.53 and blended target price by $13 to $77 on accelerating EBITDA. /J.Englander-CFA

ResMed Inc

Analysts' Recommendations



Of the total 15 companies following RMD, 13 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	2	15	2	2
Buy/Hold	5	38	5	5
Hold	6	46	6	6
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	**13**	**100**	**13**	**13**

Wall Street Consensus Estimates

Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	1.66	1.76	1.55	10	18.0
2011	1.48	1.53	1.37	8	20.2
2012 vs. 2011	▲ 12%	▲ 15%	▲ 13%	▲ 25%	▼ -11%
Q3'12	0.42	0.44	0.38	7	71.0
Q3'11	0.36	0.38	0.34	10	82.9
Q3'12 vs. Q3'11	▲ 17%	▲ 16%	▲ 12%	▼ -30%	▼ -14%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

BUY/HOLD

Companies Offering Coverage

BMO Capital Markets-us
Bofa Merrill Lynch
CBA
Canaccord Genuity
Caris & Company
Deutsche Bank North America
Jefferies & Co.
Jpmorgan
Mizuho Securities USA
Moelis Australia Securities
Morgan Stanley
Morningstar, Inc.
Piper Jaffray
UBS (us)
William Blair & Company, L.l.c.

Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that RMD will earn $1.48. For the 2nd quarter of fiscal year 2011, RMD announced earnings per share of $0.37, representing 25% of the total annual estimate. For fiscal year 2012, analysts estimate that RMD's earnings per share will grow by 12% to $1.66.

Glossary

S&P STARS
Since January 1, 1987, Standard & Poor's Equity Research Services has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, Standard & Poor's Equity Research Services has used STARS® methodology to rank Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective.

S&P Quality Ranking
(also known as S&P Earnings & Dividend Rankings)- Growth and stability of earnings and dividends are deemed key elements in establishing S&P's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

S&P Equity Research Services
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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of December 31, 2010, research analysts at Standard & Poor's Equity Research Services North America recommended 35.0% of issuers with buy recommendations, 56.4% with hold recommendations and 8.6% with sell recommendations.

In Europe: As of December 31, 2010, research analysts at Standard & Poor's Equity Research Services Europe recommended 33.6% of issuers with buy recommendations, 45.6% with hold recommendations and 20.8% with sell recommendations.

In Asia: As of December 31, 2010, research analysts at Standard & Poor's Equity Research Services Asia recommended 39.4% of issuers with buy recommendations, 51.8% with hold recommendations and 8.8% with sell recommendations.

Globally: As of December 31, 2010, research analysts at Standard & Poor's Equity Research Services globally recommended 35.2% of issuers with buy recommendations, 54.0% with hold recommendations and 10.8% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

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Globally: As of December 31, 2010, Standard & Poor's Quantitative Services globally recommended 45.0% of issuers with buy recommendations, 19.0% with hold recommendations and 34.0% with sell recommendations.

Additional information is available upon request.

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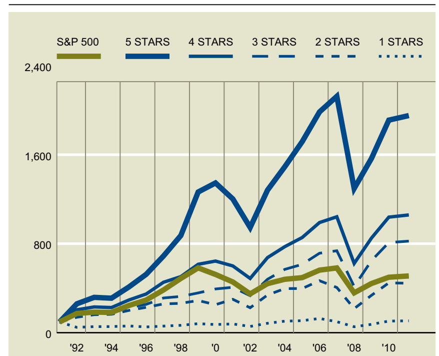
U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of $100

For the Period 12/31/1986 through 03/31/2011



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.