ST. JUDE MEDICAL NYSE-STJ

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD
34.67	13.6	(Trailing: 14.4 / Median: 25.0)	0.81	Nil

VALUE LINE

TIMELINESS	3	Lowered 9/25/09
SAFETY	2	Raised 11/28/08
TECHNICAL	3	Raised 10/30/09

BETA .80 (1.00 = Market)

High:	9.9	10.2	15.6	19.5	21.6	32.0	42.9	52.8	54.8	48.1	48.5	42.0
Low:	4.8	5.7	5.9	11.1	15.3	19.4	29.9	34.5	31.2	34.9	25.0	28.9

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+130%)	23%
Low	60	(+75%)	14%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	1	2	0	0	0	0
Options	3	2	0	1	1	1	2	1	2
to Sell	3	2	0	1	2	1	2	0	1

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	266	274	263
to Sell	298	284	292
Hld's(000)	287888	294387	288816

Target Price Range

2012	2013	2014

128 · 96 · 80 · 64 · 48 · 40 · 32 · 24 · 16 · 12

% TOT. RETURN 10/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	-10.4	35.8
3 yr.	-0.8	-4.8
5 yr.	-11.0	26.5

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
.91	1.29	2.58	2.50	2.70	3.02	3.33	3.45	3.86	4.47	5.58	6.39	7.92	9.33	11.02	12.64	**14.05**	**15.45**	Sales per sh	**20.80**
.43	.43	.61	.60	.44	.59	.69	.73	.84	.99	1.20	1.38	1.42	2.05	2.48	2.92	**3.15**	**3.45**	"Cash Flow" per sh	**4.85**
.39	.37	.46	.46	.27	.38	.43	.46	.57	.76	.92	1.10	1.04	1.50	1.85	2.31	**2.42**	**2.70**	Earnings per sh A	**3.95**
.07	.05	--	--	--	--	--	--	--	--	--	--	--	--	--	--	**Nil**	**Nil**	Div'ds Decl'd per sh B	**Nil**
.06	.07	.15	.29	.26	.23	.21	.12	.18	.17	.14	.25	.43	.76	.84	1.00	**1.05**	**1.05**	Cap'l Spending per sh	**1.20**
1.74	1.98	2.51	2.58	2.68	2.39	2.37	2.76	3.39	4.43	4.64	6.51	7.84	8.39	8.54	9.37	**10.55**	**12.50**	Book Value per sh C	**22.05**
278.49	278.87	279.97	324.04	367.65	336.70	335.12	341.35	348.84	356.06	346.03	358.76	367.90	353.93	342.85	345.33	**333.00**	**329.00**	Common Shs Outst'g D	**328.00**
14.0	14.2	18.3	21.2	33.4	20.8	17.8	21.8	28.0	25.0	29.0	33.4	41.6	25.9	22.6	17.7	*Bold figures are*	*Value Line*	Avg Ann'l P/E Ratio	**18.0**
.83	.93	1.22	1.33	1.93	1.08	1.01	1.42	1.43	1.37	1.65	1.76	2.22	1.40	1.20	1.07	*estimates*		Relative P/E Ratio	**1.20**
1.2%	.9%	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	**Nil**

CAPITAL STRUCTURE as of 10/3/09
Total Debt $1972.2 mill. **Due in 5 Yrs.** *$1200 mill.*
LT Debt $1632.6 mill. **LT Interest** *$70.0 mill.*
(31% of Capital)

Leases, Uncapitalized Annual Rentals $26.4 mill.
No Defined Benefit Pension Plan

Preferred Stock None
Common Stock 334,225,249 shares
as of 10/30/09
MARKET CAP: $11.6 billion (Large Cap)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		12-14
1114.5	1178.8	1347.4	1589.9	1932.5	2294.2	2915.0	3302.4	3779.3	4363.3	**4675**	**5075**	Sales ($mill)	**6825**
26.9%	27.6%	27.4%	28.0%	27.6%	27.1%	31.2%	28.6%	29.5%	30.4%	**29.5%**	**30.0%**	Operating Margin	**32.0%**
85.7	92.3	90.3	74.9	76.7	85.8	130.0	166.8	197.7	202.4	**210**	**225**	Depreciation ($mill)	**260**
144.0	156.3	203.1	276.3	339.4	409.9	393.0	557.5	651.9	806.6	**840**	**915**	Net Profit ($mill)	**1335**
25.0%	25.0%	25.0%	26.0%	26.0%	23.7%	36.7%	26.2%	24.9%	27.5%	**26.0%**	**27.0%**	Income Tax Rate	**30.0%**
12.9%	13.3%	15.1%	17.4%	17.6%	17.9%	13.5%	16.9%	17.3%	18.5%	**18.0%**	**18.0%**	Net Profit Margin	**19.5%**
407.8	407.2	475.7	739.6	982.0	1257.8	407.0	1014.0	279.0	1051.6	**1405**	**1395**	Working Cap'l ($mill)	**2505**
477.5	294.5	123.1	--	351.8	234.9	177.0	859.4	182.5	1126.1	**1400**	**1215**	Long-Term Debt ($mill)	**925**
794.0	940.8	1183.7	1576.7	1604.2	2333.9	2883.0	2969.0	2928.0	3235.9	**3515**	**4105**	Shr. Equity ($mill) C	**7225**
12.4%	14.0%	15.9%	17.5%	17.4%	16.0%	12.8%	14.9%	21.5%	18.7%	**17.5%**	**17.5%**	Return on Total Cap'l	**16.5%**
18.1%	16.6%	17.2%	17.5%	21.2%	17.6%	13.6%	18.8%	22.3%	24.9%	**24.0%**	**22.5%**	Return on Shr. Equity	**18.5%**
18.1%	16.6%	17.2%	17.5%	21.2%	17.6%	13.6%	18.8%	22.3%	24.9%	**24.0%**	**22.5%**	Retained to Com Eq	**18.5%**
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CURRENT POSITION ($MILL.)	2007	2008	10/3/09
Cash Assets	389.1	136.4	798.3
Receivables	1024.0	1101.3	1194.7
Inventory (FIFO)	457.7	546.5	681.7
Other	257.4	295.9	357.3
Current Assets	2128.2	2080.1	3032.0
Accts Payable	188.2	238.3	178.0
Debt Due	1205.5	75.5	339.6
Other	455.5	714.7	716.0
Current Liab.	1849.2	1028.5	1233.6

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Sales	15.0%	19.0%	*11.0%*
"Cash Flow"	16.5%	19.5%	*12.0%*
Earnings	18.0%	20.5%	*13.0%*
Dividends	--	--	*Nil*
Book Value	13.0%	16.0%	*16.5%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2006	784.4	832.9	821.3	863.8	3302.4
2007	887.0	947.4	926.8	1018.1	3779.3
2008	1010.8	1135.8	1084.1	1132.6	4363.3
2009	1133.8	1184.4	1159.6	***1197.2***	***4675***
2010	***1220***	***1285***	***1270***	***1300***	***5075***

Cal-endar	EARNINGS PER SHARE A Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2006	.36	.38	.38	.38	1.50
2007	.41	.45	.46	.54	1.85
2008	.54	.60	.57	.60	2.31
2009	.58	.63	.59	***.62***	***2.42***
2010	***.65***	***.68***	***.66***	***.71***	***2.70***

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	NO CASH DIVIDENDS BEING PAID				
2006					
2007					
2008					
2009					

BUSINESS: St. Jude Medical, Inc. develops, manufactures, and distributes cardiovascular medical devices for the global cardiac rhythm management, cardiac surgery, cardiology, and atrial fibrillation therapy areas and implantable neuromodulation devices. Has four main operating segments: Cardiac Rhythm Management (61.9% of '08 sales); Neuromodulation (5.8%); Cardiovascular (19.8%); and Atrial Fibrillation (12.5%). '08 R&D: $531.8 million, 12.2% of sales. Employs about 13,000. Officers and directors own 3.6% of common stock; Wellington, 8.0%; Barclays Global Investors, 6.2% (3/09 proxy). Chairman, President, & CEO: Daniel J. Starks. Incorporated: MN. Address: One Lillehei Plaza, St. Paul, MN 55117. Telephone: 651-483-2000. Internet: www.sjm.com.

St. Jude Medical stumbled a bit in the September quarter. It reported net sales of $1.2 billion, up 7% from the year-earlier figure. (Foreign currency translations decreased the top line by about $29 million.) The Cardiac Rhythm Management business, which accounts for the lion's share of total sales, managed only a slight top-line gain. The Atrial Fibrillation, Neuromodulation, and Cardiovascular groups all managed to post double-digit revenue advances, though, even before accounting for the impact of currency exchange. Share earnings, excluding one-time restructuring and severance costs that are footnoted below, were $0.59. This figure was a few pennies below both our target and management's guidance. Operating margins were a bit narrower than expected, as cost cutting did not fully offset higher interest expenses associated with the heftier debt burden.

We have lowered our top- and bottom-line targets. The primary reason for the September-quarter disappointment was a slowdown in hospital stocking of certain medical devices. Indeed, the lackluster economic backdrop and the ongoing pressures surrounding healthcare reform prompted changes in purchasing behavior among some hospital customers. We believe this trend will continue in the coming six to 12 months, and have reduced our 2009 and 2010 top- and bottom-line estimates accordingly.

The company announced another share-repurchase initiative. Indeed, for the second time in as many quarters, the board gave St. Jude the green light to buy back up to $500 million of its common stock. The company quickly exhausted the previous authorization, so we expect the repurchases to happen in the near future.

These shares are no longer ranked favorably for Timeliness. After the third-quarter earnings announcement, the price of this issue fell sharply. Moreover, earnings comparisons have not been as strong of late. As a result, we lowered the stock's Timeliness rank one notch, to Average (3).

The equity does have some appeal, though. Long-term capital gains potential is well above average, since we believe there is lots of room for St. Jude to grow. The issue also has a solid Safety rank (2).

Erik A. Antonson *November 27, 2009*

(A) Primary shares thru '96; diluted thereafter. Quarterly figures may not sum due to rounding. Excludes nonrecurring charges: '94, 9¢; '96, 18¢; '97, 12¢; '99, 36¢; '00, 8¢; '01, 9¢; '06, 3¢; '07, 26¢; '08, $1.21; '09, d10¢. Next earnings report due late February.
(B) Dividend was discontinued in '94.
(C) Includes intangibles. In '08: $2.5 billion, $7.18 a share.
(D) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	75
Price Growth Persistence	75
Earnings Predictability	90