

St. Jude Insiders Show Faith in Stock----By Tony Cooke

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While analysts hold some skepticism about St. Jude Medical Inc.'s prospects, company insiders are displaying a hearty appetite for shares of the medical-device company.

Four directors reported spending \$2 million in April for shares of the St. Paul, Minn., company, whose products include devices that regulate cardiac rhythm. Together, the directors bought 63,500 shares at an average of \$39.16 each, according to data provider Washington Service. St. Jude shares rose 10 cents yesterday to \$39.42 as of 4 p.m. in New York Stock Exchange composite trading.

Michael Painchaud, research director at Market Profile Theorems, said his firm's analysis indicates that insider bullishness at St. Jude contradicts the trend in opinion among equity analysts.

"We see insiders stepping up to the plate at a time when analysts are more negative on the company's prospects, and that, in the past, has provided a catalyst for higher price levels," he said.

Mr. Painchaud said for companies whose stock is slipping, a change in insider sentiment often precedes more positive views from analysts.

The insiders' move in the face of the relatively negative view from analysts "is very much consistent with the progression that we see at major bottoms in company share prices, where insiders step up to the plate and analysts slowly begin to change their behavior," he said. "Analysts have most probably become overly bearish in this particular situation."

A St. Jude spokeswoman said the company doesn't comment on insiders' stock transactions.

St. Jude has disclosed in regulatory filings that it requires its directors to hold company shares valued at four times the amount of their annual retainers. Each nonemployee director at St. Jude gets an annual retainer of \$50,000, according to a company disclosure.

Two of the four directors already had St. Jude stakes valued in excess of \$200,000, according to recent filings. A third director, John Brown, who joined the board last year, already had more than \$100,000 of the shares when he spent almost \$1 million in April to add to his holdings.

Mr. Painchaud said those purchases don't appear to have been mandated by the company, and he would consider them a good sign even if they were.

"It gives me great comfort to know that corporate insiders own shares, whether they own shares because of corporate policy or whether they own those shares as part of a totally free choice," he said. A policy mandating stock ownership, he said, "is a reflection of corporate culture, and . . . I like to see a corporate culture that has this kind of emphasis."

Moreover, he said, there doesn't appear to be undue pressure on insiders to present a good face to the public with their stock transactions. In February and March, when St. Jude's stock was trading higher, Chairman and Chief Executive Daniel Starks exercised options and sold 300,000 shares at an average price of almost \$47 each.

Jan D. Wald, an analyst at A.G. Edwards, rates St. Jude shares "buy" and said the company appears to be poised to use a string of product introductions to improve its competitive position against Boston Scientific Corp. and Medtronic Inc. Yesterday, St. Jude announced it had received Food and Drug Administration approval for its QuickSite XL product used for cardiac resynchronization therapy.

"For the first time, St. Jude has a fully competitive cardiac rhythm-management product line," Mr. Wald said. "The company has gone a very long way."

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