UNITED STATES DISTRICT COURT

DISTRICT OF MINNESOTA

CITY OF TAYLOR POLICE AND FIRE RETIREMENT SYSTEM, Individually and On Behalf of All Others Similarly Situated,	Civ. No. ___________________
Plaintiff,	**CLASS ACTION COMPLAINT FOR VIOLATIONS OF FEDERAL SECURITIES LAWS**
vs.	
ST. JUDE MEDICAL INC., DANIEL J. STARKS and JOHN HEINMILLER,	**JURY TRIAL DEMANDED**
Defendants.	

Plaintiff has alleged the following based upon the investigation of plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by St. Jude Medical, Inc. ("St. Jude" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of purchasers of the common stock of St. Jude between April 22, 2009 and October 6, 2009, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. §240.10b-5].

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§1331 and Section 27 of the Exchange Act [15 U.S.C. §78aa].

4. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b), as many of the acts and practices complained of herein occurred in substantial part in this District.

5. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

6. Plaintiff City of Taylor Police and Fire Retirement System, as set forth in the accompanying certification, incorporated by reference herein, purchased the common stock of St. Jude during the Class Period and has been damaged thereby.

7. Defendant St. Jude develops, manufactures, and distributes cardiovascular and implantable neurostimulation medical devices worldwide.

8. (a) Defendant Daniel J. Starks ("Starks") served as St. Jude's Chairman, President and Chief Executive Officer ("CEO") during the Class Period.

(b) Defendant John Heinmiller ("Heinmiller") served as St. Jude's Chief Financial Officer ("CFO") during the Class Period.

(c) Defendants Starks and Heinmiller are collectively referred to herein as the "Individual Defendants."

9. Because of the Individual Defendants' positions with the Company, they had access to the adverse undisclosed information about the Company's business, operations, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company's operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and

Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

10. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of St. Jude, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

11. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was, and is, traded on the New York Stock Exchange ("NYSE"), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any

previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

12. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with St. Jude, each of the Individual Defendants had access to the adverse undisclosed information about St. Jude's business prospects and financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about St. Jude and its business issued or adopted by the Company materially false and misleading.

13. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public

reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

14. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of St. Jude common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding St. Jude's business, operations, management and the intrinsic value of St. Jude common stock; (ii) enabled certain of the Individual Defendants and other St. Jude insiders to sell more than $16 million of their personally-held St. Jude common stock to the unsuspecting public; and (iii) caused plaintiff and other members of the Class to purchase St. Jude common stock at artificially inflated prices.

CLASS ACTION ALLEGATIONS

15. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased the securities of St. Jude during the Class Period, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

16. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, St. Jude common shares were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time

and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by St. Jude or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

17. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

18. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

19. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of St. Jude; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

20. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable.

Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

21. Defendant St. Jude develops, manufactures, and distributes cardiovascular and implantable neurostimulation medical devices worldwide.

22. The Class Period commences on April 22, 2009. On that date, St. Jude issued a press release announcing its financial results for the first quarter of 2009, the period ending April 4, 2009. For the quarter, the Company reported net sales of $1.134 billion. Defendant Starks commented on the results, stating in pertinent part, as follows:

> Our first quarter results reflect the resilience of St. Jude Medical's growth program in an environment of global economic recession. Growth dynamics in our core markets are remarkably stable. St. Jude Medical's investment of over 12 percent of revenue in research and development each year the last eight years is paying off with market share gains driven by all four of our major technology platforms and by our expanded investment in people. These results further strengthen our confidence that we are in the right markets with the right products and that our growth program remains on track. We reaffirm our guidance for full year 2009 earnings.

The press release also stated that the Company "reconfirms guidance in the range of $2.48 to $2.54" for full-year 2009.

23. Following the issuance of the press release, defendants held a conference call with analysts and investors to discuss the Company's earnings and operations. During the conference call, defendants made numerous positive statements about the Company's business, operations and prospects.

24. On July 22, 2009, St. Jude issued a press release announcing its financial results for its second quarter of 2009, the period ending July 4, 2009. Defendant Starks commented on the results, stating in pertinent part, as follows:

> Sales results met or exceeded guidance in each of our four major growth programs during the second quarter. We are pleased with our currency neutral sales growth of 14 percent for the first half of 2009, and we reaffirm our guidance for full year 2009 earnings in the range of $2.48 to $2.54.

The press release also contained sales and earnings guidance for the third quarter of 2009 stating, in pertinent part, as follows:

> The Company expects its consolidated earnings for the third quarter of 2009 to be in the range of $0.61 to $0.63 per diluted share and for full-year 2009 reconfirms guidance in the range of $2.48 to $2.54.

25. Following the issuance of the press release, defendants held a conference call with analysts and investors to discuss the Company's earnings and operations. During the conference call, defendants made numerous positive statements about the Company's business, operations and prospects.

26. On July 23, 2009, St. Jude issued a press release announcing that it had priced an offering to sell $700 million in senior notes due 2014 and $500 million of senior notes due 2019.

27. The statements referenced above in ¶¶22-25 were each materially false and misleading because they failed to disclose and misrepresented the following material adverse facts, which were known to Defendants or recklessly disregarded by them:

(a) that the Company was experiencing a slowdown in demand for its products as hospitals reduced purchases and delayed purchasing decisions;

(b) that the Company was not receiving anticipated orders for cardiac rhythm management devices; and

(c) as a result of the foregoing, defendants lacked a reasonable basis for their positive statements about the Company, its earnings and prospects.

28. On October 6, 2009, St. Jude issued a press release announcing "preliminary third quarter results," the period ending October 3, 2009. The press release reported that the Company was reducing its earnings guidance for the completed third quarter, stating in pertinent part, as follows:

> As a result of lower than expected sales, the Company now expects adjusted earnings per share (non-GAAP) to be in the range of \$0.57 to \$0.58 for the third quarter of 2009, versus previous guidance of \$0.61 to \$0.63. In addition, the Company will record charges in the range of \$50 to \$55 million in the third quarter, or \$0.09 to \$0.10 per share. These charges primarily reflect severance costs associated with personnel reductions related to our continuing efforts to improve sales and sales support productivity as well as to streamline manufacturing operations. The charge also includes a write-down of certain strategic cost investments.

Defendant Starks also commented on the announcement, stating in pertinent part, as follows:

> We believe that macro economic factors coupled with the continued pressures surrounding healthcare reform resulted in changes in purchasing behavior among some of our hospital customers. We will have a further update during our regularly scheduled earnings call in mid-October.

29. In response to this announcement, the price of St. Jude common stock declined from \$38.24 per share to \$33.40 per share on extremely heavy trading volume.

30. Then, on October 21, 2009, St. Jude issued a press release announcing its financial results for the fiscal third quarter of 2009, the period ending October 3, 2009. The press release reported that U.S. revenue was lower than expected, stating in pertinent part, as follows:

> Despite some challenging dynamics experienced during the third quarter, St. Jude Medical's revenue grew approximately 10 percent and we delivered 15 percent growth in adjusted earnings per share on a constant currency basis. International revenue grew 15 percent in the quarter, constant currency, but U.S. revenue was lower than expected. Related to our U.S. growth, we have identified approximately 50 U.S. hospitals who did not participate in normal quarter end purchases of cardiac rhythm management devices due to a variety of financial considerations, which we will discuss further on our earnings call this morning. We are lowering our expectations for our fourth quarter results to accommodate the issues we are experiencing from a limited portion of our customer base in the U.S., but we are confident that our long term growth program is on track.

The Company also reduced its earnings guidance for the fourth quarter and the full year. The press release stated, in pertinent part, as follows:

> The Company expects its consolidated earnings for the fourth quarter of 2009 to be in the range of $0.61 to $0.63 per diluted share and for full-year 2009 to be in the range of $2.41 to $2.43 per diluted share. This full-year guidance does not include the impact on earnings per share of the charges recorded in the third quarter of 2009. A further reconciliation of the Company's annual guidance is provided in the schedule below

31. The market for St. Jude common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, St. Jude common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired St. Jude common stock relying upon the integrity of the market price of St. Jude common stock and market information relating to St. Jude, and have been damaged thereby.

32. During the Class Period, defendants materially misled the investing public, thereby inflating the price of St. Jude common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were

materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

33. At all relevant times, the material misrepresentations and omissions particularized in this complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about St. Jude's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of St. Jude and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements made during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein.

Additional Scienter Allegations

34. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants,

by virtue of their receipt of information reflecting the true facts regarding St. Jude, their control over, and/or receipt and/or modification of St. Jude's allegedly materially misleading misstatements and/or their associations with the Company, which made them privy to confidential proprietary information concerning St. Jude, participated in the fraudulent scheme alleged herein.

35. Defendants' scienter is further evidenced by their substantial insider selling during the Class Period. During the Class Period, the Individual Defendants and other St. Jude insiders collectively sold millions of dollars worth of their personally held St. Jude stock to the unsuspecting public.

Applicability of Presumption of Reliance:
Fraud on the Market Doctrine

36. At all relevant times, the market for St. Jude common stock was an efficient market for the following reasons, among others:

(a) St. Jude common stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) as a regulated issuer, St. Jude filed periodic public reports with the SEC and the NYSE;

(c) St. Jude regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) St. Jude was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

37. As a result of the foregoing, the market for St. Jude common stock promptly digested current information regarding St. Jude from all publicly available sources and reflected such information in St. Jude's stock price. Under these circumstances, all purchasers of St. Jude common stock during the Class Period suffered similar injury through their purchase of St. Jude common stock at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

38. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or

the forward-looking statement was authorized and/or approved by an executive officer of St. Jude who knew that those statements were false when made.

COUNT I

Violation of Section 10(b) of the Exchange Act Against and Rule 10b-5 Promulgated Thereunder Against All Defendants

39. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

40. During the Class Period, defendants disseminated or approved the materially false and misleading statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

41. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

42. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for St. Jude common stock. Plaintiff and the Class would not have purchased St. Jude common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

43. As a direct and proximate result of the defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of St. Jude common stock during the Class Period.

COUNT II

Violation of Section 20(a) of the Exchange Act Against the Individual Defendants

44. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

45. The Individual Defendants acted as controlling persons of St. Jude within the meaning of Section 20(a) of the Exchange Act as alleged herein. By reason of their positions as officers and/or directors of St. Jude, and their ownership of St. Jude stock, the Individual Defendants had the power and authority to cause St. Jude to engage in the wrongful conduct complained of herein. By reason of such conduct, the Individual defendants are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as Lead Counsel;

B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

DATED: March 18, 2010

ZIMMERMAN REED, P.L.L.P.

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CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS

CITY OF TAYLOR POLICE AND FIRE RETIREMENT SYSTEM ("Plaintiff") declares:

1. Plaintiff has reviewed a complaint and authorized its filing.

2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.

3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.

4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

Security	Transaction	Date	Price Per Share

See attached Schedule A.

5. Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below during the three years prior to the date of this Certification:

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery,

except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 11 day of MARCH, 2010.

CITY OF TAYLOR POLICE AND FIRE
RETIREMENT SYSTEM

By: Ronald McMunee

Its: CHAIRMAN

SCHEDULE A

SECURITIES TRANSACTIONS

Acquisitions

Date Acquired	Type/Amount of Securities Acquired	Price
06/03/2009	1,349	$40.29
06/04/2009	4,511	$40.29
06/22/2009	400	$39.74

Sales

Date Sold	Type/Amount of Securities Sold	Price
09/24/2009	380	$39.05