

St. Jude cutting another 500 jobs

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Section: NEWS; Pg. 1A**Length:** 502 words**Byline:** [JAMES WALSH](#); STAFF WRITER, STAR TRIBUNE (Mpls.-St. Paul)**Highlight:** Med-tech company laid off 300 people in August.

Body

St. Jude Medical said Thursday that it has laid off another 500 people as it restructures to deal with slumping sales of its heart devices.

In August, St. Jude said it had terminated 300 employees, including 80 in Minnesota, as part of a broader companywide reorganization expected to slash \$50 million to \$60 million in costs in 2013.

But on Thursday, St. Jude revealed in a regulatory filing that it had eliminated an additional 500 positions -- still as part of that restructuring. St. Jude officials would not say how much additional savings it expects to reap from the most recent layoffs. About 100 of those 500 displaced workers are in Minnesota, said company spokeswoman Kate Stoltenberg.

The company employs more than 2,500 people in the state.

St. Jude executives were not immediately available to comment about the additional cuts Thursday. In a statement, the company said: "We will provide any additional details pertaining to the impact on cost savings associated with our realignment process on our fourth quarter and full-year earnings call in January."

The cuts come at a time when St. Jude -- and the medical technology industry as a whole -- has seen its bottom line damaged by weak sales of implantable heart rhythm devices like pacemakers and defibrillators.

St. Jude has faced additional challenges after last year's recall of Riata leads, wires that connect a defibrillator to the heart, over safety concerns that the wires were breaking through the insulation.

With the additional job cuts, St. Jude said in its filing to the U.S. Securities and Exchange Commission, the Little Canada-based company will reduce its global workforce of about 16,000 by about 5 percent. The company said it "intends to provide support to those whose jobs have been eliminated."

St. Jude said it will incur additional pre-tax charges of \$40 million to \$60 million in connection with the additional layoffs, bringing the total costs of its business realignment plan to \$150 million to \$200 million through fiscal year 2013.

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Of that, \$90 million to \$110 million will be for employee termination costs and \$60 million to \$80 million for accelerated depreciation, asset impairments and other costs.

The \$50 million to \$60 million in anticipated 2013 savings is close to what company executives expect St. Jude will have to pay as part of a new federal medical device tax.

But officials said the device tax is just one of many factors that contributed to the decision to consolidate and eliminate jobs.

The reorganization will combine four product divisions into two new operating units, the Cardiovascular and Ablation Technologies Division and the Implantable Electronic Systems Division.

St. Jude announced that it was also centralizing several support functions, including information technology, human resources, legal, business development and certain marketing functions.

In August, St. Jude CEO Daniel Starks said the reorganization was "part of a comprehensive plan to accelerate our growth."

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