



## St. Jude Medical Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Yes, sir. (Operator Instructions). The floor is now open for questions. And thank you. Our first question is coming from the line of David Lewis with Morgan Stanley.

#### David Lewis - Morgan Stanley

Good morning.

#### Dan Starks

Good morning.

#### David Lewis - Morgan Stanley

Dan, I wonder if you could talk about just looking at the AF and neuro diversity has been driving a lot of growth through the last several quarters. Your market share growth rates for both segments are obviously pretty substantial. Can you talk about market share gains sort of in both categories, expectations for AF share gains either in '08 or for '09 and the same for neuro?

#### Dan Starks

We estimate that we have about a one-third share of the total market for AF and electrophysiology products, and we estimate that the market is growing at somewhere in the range of about 15% with our growth, a little stronger than twice that.

On the neuromodulation side, we expect the spinal cord stimulation segment of the neuromodulation market to continue growing at somewhere in the range of about 15%. You saw that our sales for the full year grew at 21% but more relevant to expectations for 2009 with the release of our Eon Mini product line at a reported basis.

Neuromodulation sales grew 32%, again a little bit more than twice the rate of the market. So, that gives you a metric on rate of share gain. We will look forward to talking more about the flow of new products in both atrial fibrillation and in neuromodulation next week at our Investors Conference. We expect continued share gain in both of those markets during 2009.

#### David Lewis - Morgan Stanley

Thanks Dan. Two more quick questions here; one, just on the (inaudible) that we have seen multiple industry competitors talk about kind of a softening in this marketplace. Based on your '09 guidance, it doesn't really seem that you are expecting much of a softening.

If you are seeing weakness specifically in ICDs, where do you think that weakness is? Do you view it as economic sensitivity or difficulty in penetrating the primary prevention market?

**Dan Starks**

We have not seen weakness. I suspect that one company's weakness might be another company's share gain. We think growth dynamics in the CRM market on a global basis have been surprisingly stable viewed from constant currency perspective. One year ago, we said we expected constant currency growth to be about 5% to 7%. It appears that growth did actually fall right in that range.

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