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## St. Jude Medical, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question will come from the line of Frederick Wise - Leerink Swann.

#### Frederick Wise - Leerink Swann

A couple of questions; first, just the integral question about the ICD market, your perspective on current market trends Dan, and particularly as it relates to pricing; if you could give us some perspective on the pricing impact in the quarter and the outlook for the year as a lot of doctors we're talking to seem to be ever more focused on driving prices down; would appreciate your perspective.

#### Daniel J. Starks

It would not surprise me Rick that physicians you are talking to would be increasingly focused on driving prices down and the hospital administration has always been intensively focused on driving prices down; so I think the world looks a little bit different from different individual perspectives, but from a global perspective for St. Jude Medical what strikes us the most about ICD market dynamics is the stability of them. So, we see stable trends in average selling prices which include ongoing significant price pressure which is really business as normal for us and has been for a number of years. We've seen no change in continued pressure on average selling prices. We see stable dynamics on procedure volumes and we see stable dynamics on customer inventory levels. We are encouraged that we continue to anticipate that as data becomes clearer that we have some continued growth in de novo implants in the United States as well as continued strong growth in the replacement market, and on a total global basis for ICDs, we clearly see growth in the de novo segment as well as strong growth in the replacement segment. Looking forward to the remainder of this year, there is nothing in particular that leads us to expect a change in these stable dynamics. A couple of things that are on our radar screen are the upcoming results of the MADIT-CRT clinical trial. Like you and like everybody else we're waiting to get confirmation whether these data will be presented at the late-breaking clinical trials of HRS; we don't know if they will be or not, but we hope that they are, and it seems that the clinical majority view is that the MADIT-CRT is likely to have some good news for positive change to ICD market dynamics.

The other thing that we look at going forward through the remainder of the year is the impact of new technology that we're bringing to the market and the most significant one is in Europe with our AnalyST and our AnalyST Accel ICD technology, the ST segment monitoring capability, and we're optimistic that as that technology becomes well known as more key opinion leaders work with it and help us define the value and limits of that technology that we're right on that path of adding more

capability to devices that get implanted so that when referring physicians or patients or implanting physicians might be on the fence about whether to implant a device in a particular patient there is more technology and more benefit to that implant to help aid that decision. So, those are our comments and I'd be happy to take it over.

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