ANALYSIS OF AGREEME

ICD products are a part of the CRM business unit.

Drug -Eluting Stents

A DES is a medical device typically consisting of a thin, metallic stent coated with an antiproliferative drug and a polymer, mounted on a delivery system. Interventional cardiologists use DESs to treat coronary artery disease, a condition caused by the build-up of plaque deposits within one or more coronary arteries, leading to reduced blood flow. DESs work by propping open the clogged artery or arteries and eluting a drug, which helps prevent the renarrowing of the artery, called restenosis. DESs are the most effective minimally-invasive method for treating coronary artery disease, and other products and procedures are not economic substitutes for DESs.

DESs are sold mounted on a delivery system used to deploy the DES to the blocked area of the coronary artery. The two most common types of delivery systems in the United States are over-the-wire and Rapid Exchange ("RX"). Over-the-wire delivery systems employ a long guidewire and require two operators to implant the DES. In contrast, RX delivery systems employ a shorter guidewire that can be handled by a single operator. RX delivery systems currently are strongly preferred by physicians in the United States and continue to increase in popularity. Boston Scientific and Guidant own the intellectual property rights to the RX delivery system in the United States. The companies have cross-licensed each other, and Johnson & Johnson ("J&J") has access to the RX delivery system through an agreement with Guidant. Both DESs currently on the market, Boston Scientific's Taxus® and J&J's Cypher®, are available on an RX delivery system.

The relevant geographic market in which to analyze the effects of the proposed acquisition on the DES market is the United States. DESs are medical devices that are regulated by the United States Food and Drug Administration ("FDA"). Performing the necessary clinical testing and navigating the approval process for the FDA can be burdensome and time-consuming. As such, DESs sold outside the United States but not approved for sale in the United States do not provide viable competitive alternatives for U.S. consumers.

The U.S. market for DESs is highly concentrated; currently only two firms, J&J and Boston Scientific, have products on the market. Guidant's DES program is still in development, but it is anticipated to be one of at least three entrants, along with Medtronic, Inc. ("Medtronic") and Abbott Laboratories ("Abbott"), likely to enter the U.S. market by the end of 2007 or early 2008. Guidant is the only anticipated entrant with rights to the intellectual property necessary to market a DES with an RX delivery system – the dominant delivery system in the United States.

Developing and receiving FDA approval for a DES is difficult, time-consuming and expensive. It can take hundreds of millions of dollars of research and development, significant funding for clinical trials, and an extensive amount of time to reach even the stage of seeking FDA approval. The regulatory process itself can also be time-consuming because the FDA

reviews the volumes of materials and data a company submits in support of its application for approval. Considering all these factors, entry into the manufacture and sale of DESs is impossible to achieve within two years.

In addition to the regulatory barriers facing firms seeking to enter the DES market, there are substantial intellectual property barriers an entrant must overcome. Firms must invent around or obtain licenses to patents covering nearly every aspect of a DES, including the design of stents, stent delivery systems, and the drugs and polymers used on DESs. Due to the difficulty of entry, firms must commit to entering the market years in advance of any anticipated entry, and timely and sufficient entry in response to a small but significant price increase is impossible.

The proposed acquisition would cause significant competitive harm in the market for DESs by eliminating Guidant as the only potential competitor to Boston Scientround and Boston Scientround

improve blood flow. The PTCA balloon catheter is delivered to the lesion site over a coronary guidewire, an extremely thin wire with a flexible tip.

As with DESs, the relevant geographic market in which to analyze the effects of the proposed acquisition on the PTCA balloon catheter and coronary guidewire markets is the United States. Both are medical devices regulated by the FDA. PTCA balloon catheters and coronary guidewires sold outside the United States but not approved for sale in the United States do not provide viable competitive alternatives for U.S. consumers.

Boston Scientific and Guidant are the only suppliers in the PTCA balloon catheter and coronary guidewire markets with substantial sales in the United States. In the PTCA balloon catheter market, Boston Scientific is the market leader with a market share of approximately 69 percent. Guidant has a 21 percent market share, and J&J and Medtronic combined account for the remaining 10 percent of the market. Guidant is the market leader in the coronary guidewire market with a 46 percent share of the market, while Boston Scientific has a market share of 39 percent. J&J, Medtronic, and Abbott account for the remaining 15 percent of the market.

Entry into the U.S. markets for PTCA balloon catheters and coronary guidewires is difficult, time-consuming, and expensive. FDA approval, which can take several years to obtain, is required to market both products in the United States. In addition, intellectual property barriers relating to the design of these products exist, and a new entrant would need to successfully navigate through these barriers to enter the PTCA balloon catheter or coronary guidewire market. New entry in these small markets is also unlikely because of the large sales and marketing force necessary to detail these products to physicians compared to the limited size of the likely

Scientific/Guidant is required to divest Guidant's entire vascular business, at no minimum price, to an up-front buyer before Boston Scientific's acquisition of Guidant.

Guidant's vascular business includes, among other things, its DES development program (including the RX delivery system patents) and its PTCA balloon catheter and coronary guidewire products. The parties have selected Abbott as the up-front buyer for the divestiture package. Abbott is a well-known and respected pharmaceutical and diagnostics company that has a number of vascular devices on the market already or in development. It has experience with both drugs and vascular devices, a highly regarded DES design, a strong and growing vascular sales force, and the necessary

investment in Boston Scientific, namely that it will vote its shares in the same proportion as all other shareholders in any shareholder vote. Furthermore, Boston Scientific will divest its equity investment in Cameron within eighteen months if it does not acquire control of Cameron prior to the expiration of its option or if it is enjoined from acquiring Cameron.

To ensure that the Commission will have an opportunity to review any attempt by Boston Scientific to exercise its option to acquire Cameron, the proposed Consent Order contains a prior