

Boston Scientific Announces Acquisition of Cosman Medical

Addition of Leading Radiofrequency Ablation Company Expands Therapeutic Options for Patients with Chronic Pain

MARLBOROUGH, Mass., July 27, 2016 /PRNewswire/ -- Boston Scientific Corporation (NYSE: BSX) today announced that it has acquired Cosman Medical, Inc., a privately held Burlington, Mass. manufacturer of radiofrequency ablation (RFA) systems. The Cosman Medical team and products will become part of the Boston Scientific Neuromodulation business, which offers a range of Spinal Cord Stimulator (SCS) systems to treat patients with chronic pain, and Deep Brain Stimulation systems* for the treatment of Parkinson's disease, dystonia and essential tremor.

"This acquisition is a natural extension of our current product portfolio and will help us provide physicians and patients more options to address chronic pain with non-opioid therapeutic treatments," said Maulik Nanavaty, senior vice president and president, Neuromodulation, Boston Scientific. "The addition of the Cosman Medical product line, which is built on industry-leading technology and known for its high-quality, expands our capability to provide innovative solutions for the treatment of chronic pain."

One in three Americans suffer from chronic pain and more than 100 million people are partially or totally disabled by pain. In the United States, it is the number one cause of disability in adults.^{1,2} RFA is a versatile outpatient procedure with a more than 50-year track record of providing relief for patients with chronic pain. It works by applying heat to small areas of nerve tissue to interrupt pain signals. SCS works by sending electrical signals to the spinal cord, masking pain signals from reaching the brain. In the continuum of care for pain, RFA is typically used prior to SCS. While many patients with chronic pain find effective relief from RFA, others progress to SCS to manage pain.

"We are pleased to join the Boston Scientific team and help expand access to leading treatments for chronic pain," said Eric Cosman, Jr, PhD, scientific director, Cosman Medical. "This acquisition comes at a time when our society is recognizing the impact of relying extensively on opioids to treat pain and is looking for additional approaches. Our mutual commitment to innovation and quality will help us deliver solutions."

The expansion into RFA follows the recent Boston Scientific launch of the [Precision Montage™ MRI Spinal Cord Stimulator \(SCS\) System](#) which offers customized relief to patients with chronic pain while also enabling safe access to full body magnetic resonance imaging (MRI) in a 1.5 Tesla environment when conditions of use are met. MultiWave™ Technology enables delivery of multiple waveforms, including burst and higher rates, intended to help respond to changes in pain over time. The launch expanded the suite of Boston Scientific products that leverage the Illumina 3D™ algorithm, a three-dimensional, anatomy-driven computer model designed for simple point-and-click pain targeting to support physicians in treating chronic pain. In addition to the new Precision Montage MRI SCS System, the portfolio includes the [Precision Spectra™ System](#), which is designed to provide broad coverage for pain with 32 contacts, and the [Precision Novi™ System](#), the smallest high-capacity non-rechargeable device.

Boston Scientific currently expects the net impact of this transaction on adjusted earnings per share to be break-even in 2016 and accretive thereafter and more dilutive on a GAAP basis as a result of acquisition-related net charges and amortization. Specific terms of the transaction were not disclosed.

Boston Scientific

Boston Scientific transforms lives through innovative medical solutions that improve the health of patients around the world. As a global medical technology leader for more than 35 years, we advance science for life by providing a broad range of high performance solutions that address unmet patient needs and reduce the cost of healthcare. For more information, visit www.bostonscientific.com and connect on [Twitter](#) and [Facebook](#).

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by words like "anticipate," "expect," "project," "believe," "plan," "estimate," "intend" and similar words. These forward-looking statements are based on our beliefs, assumptions and estimates using information available to us at the time and are not intended to be guarantees of future events or performance. These forward-looking statements include, among other things, statements regarding our business plans, the acquisition and its impact, and product performance and impact. If our underlying assumptions turn out to be incorrect, or if certain risks or uncertainties materialize, actual results could vary materially from the expectations and projections expressed or implied by our forward-looking statements. These factors, in some cases, have affected and in the future (together with other factors) could affect our ability to implement our business strategy and may cause actual results to differ materially from those contemplated by the statements expressed in this press release. As a result, readers are cautioned not to place undue reliance on any of our forward-looking statements.

Factors that may cause such differences include, among other things: future economic, competitive, reimbursement and regulatory conditions; new product introductions; demographic trends; intellectual property; litigation; financial market conditions; and future business decisions made by us and our competitors. All of these factors are difficult or impossible to predict accurately and many of them are beyond our control. For a further list and description of these and other important risks and uncertainties that may affect our future operations, see Part I, Item 1A – Risk Factors in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which we may update in Part II, Item 1A – Risk

Factors in Quarterly Reports on Form 10-Q we have filed or will file hereafter. We disclaim any intention or obligation to publicly update or revise any forward-looking statements to reflect any change in our expectations or in events, conditions or circumstances on which those expectations may be based, or that may affect the likelihood that actual results will differ from those contained in the forward-looking statements. This cautionary statement is applicable to all forward-looking statements contained in this document.

Use of Non-GAAP Financial Measures

To supplement our consolidated financial statements presented on a GAAP basis, we disclose certain non-GAAP financial measures including adjusted earnings per share. Adjusted earnings per share excludes goodwill and intangible asset impairment charges; acquisition-, divestiture-, litigation- and restructuring-related charges and credits; certain discrete tax items and amortization expense. Non-GAAP measures such as adjusted earnings per share are not in accordance with generally accepted accounting principles in the United States. The GAAP financial measure most directly comparable to adjusted earnings per share is GAAP earnings per share. The difference between our estimated impact of the acquisition on our GAAP and adjusted earnings per share relates to amortization expense on acquired intangible assets and acquisition-related net charges, which primarily include contingent consideration fair value adjustments, exit costs and other fees. These amounts are excluded by the Company for purposes of measuring adjusted earnings per share.

Management uses adjusted earnings per share along with other supplemental non-GAAP measures to evaluate performance period over period, to analyze the underlying trends in our business, to assess its performance relative to its competitors, and to establish operational goals and forecasts that are used in allocating resources. Non-GAAP financial measures, including adjusted earnings per share, should not be considered in isolation from or as a replacement for GAAP financial measures. We believe that presenting non-GAAP financial measures in addition to GAAP financial measures provides investors greater transparency to the information used by our management for its financial and operational decision-making and allows investors to see our results "through the eyes" of management. We further believe that providing this information better enables our investors to understand our operating performance and to evaluate the methodology used by management to evaluate and measure such performance.

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* In the United States, the status of systems for Deep Brain Stimulation (DBS) is as follows: The rechargeable Vercise™ DBS System is investigational, currently being evaluated in the INTREPID Study. The Vercise PC DBS System is not available for use or sale in the United States.

¹ Gaskin DJ, Richard P. The Economic Costs of Pain in the United States. In: Institute of Medicine (US) Committee on Advancing Pain Research, Care, and Education. Relieving Pain in America: A Blueprint for Transforming Prevention, Care, Education, and Research. Washington (DC): National Academies Press (US); 2011. Appendix C. Available from: <http://www.ncbi.nlm.nih.gov/books/NBK92521/>

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<https://www.theacpa.org/uploads/documents/Partners%20for%20Understanding%20Pain%20Electronic%20Press%20Kit1.pdf>

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