#### **Boston Scientific Announces Results For Third Quarter 2017**

MARLBOROUGH, Mass., Oct. 26, 2017 /PRNewswire/ -- Boston Scientific Corporation (NYSE: BSX) generated sales of\$2.222 billion during the third quarter ended September 30, 2017. This represents growth of 5.6 percent on a reported basis and 5.7 percent on an operational basis (excludes the impact of changes in foreign currency exchange rates), all compared to the prior year period. The company reported GAAP earnings of \$283 million or \$0.20 per share (EPS), compared to GAAP earnings of \$228 million or \$0.17 a year ago, and achieved adjusted earnings per share of\$0.31 for the period, compared to \$0.27 a year ago.

"Our global team is delivering strong performance as we continue to invest in a deep and innovative portfolio and expand into faster-growing markets," said Mike Mahoney, chairman and chief executive officer of Boston Scientific. "We are grateful for our employees' commitment and winning spirit, particularly our team in Puerto Rico, which is working hard to address customer and patient needs in the wake of the recent hurricanes."

#### Third quarter financial results and recent developments:

- Reported third quarter sales of \$2.222 billion, compared to the company's guidance range for the quarter of \$2.180 to \$2.210 billion, representing an increase of 5.6 percent on a reported and 5.7 percent on an operational basis, all compared to the prior year period.
- Grew organic revenue 4.3 percent in the third quarter over the prior year period. Organic revenue growth excludes the impact of changes in foreign currency exchange rates and sales from the acquisitions of EndoChoice Holdings, Inc. (EndoChoice) and Symetis SA (Symetis).
- Reported GAAP earnings of \$0.20 per share compared to the company's guidance range of \$0.16 to \$0.18 per share.
   Achieved adjusted earnings per share of \$0.31 compared to the guidance range of \$0.29 to \$0.31 per share.
- Achieved third quarter revenue growth in all segments, compared to the prior year period:
  - MedSurg: 10.2 percent reported, 10.3 percent operational and 8.0 percent organic
  - Cardiovascular: 4.1 percent reported, 4.5 percent operational and 2.8 percent organic
  - Rhythm Management: 1.5 percent reported, 1.2 percent operational and organic
- Delivered revenue growth in all regions, compared to the prior year period:
  - U.S.: 4.2 percent reported and operational, 2.8 percent organic
  - Europe: 11.4 percent reported, 8.8 percent operational and 5.3 percent organic
  - AMEA (Asia-Pacific, Middle East and Africa): 4.6 percent reported, 7.8 percent operational and organic
  - Emerging markets: 18.3 percent reported and operational, 18.0 percent organic
- Resumed operations at the company's Dorado, Puerto Rico manufacturing facility following Hurricane Maria, and supported employees impacted by hurricanes with humanitarian aid and the establishment of a \$2 million charitable fund.
- Received FDA approval for MRI labeling and announced the U.S. launch of the Resonate<sup>™</sup> family of implantable cardioverter defibrillator (ICD) and cardiac resynchronization therapy defibrillator (CRT-D) systems, which combine the HeartLogic<sup>™</sup> Heart Failure Diagnostic, industry-leading EnduraLife<sup>™</sup> battery technology and SmartCRT<sup>™</sup> Technology to help physicians personalize patient care.
- Presented new data from the MultiSENSE study as a late-breaking clinical trial at the Heart Failure Society of America's 21st Annual Scientific Meeting, confirming the HeartLogic™ Heart Failure Diagnostic significantly expanded the ability of a baseline blood test to identify when patients were at an elevated risk of experiencing a future heart failure event.
- Acquired Apama Medical, Inc., a privately-held company that is developing the single-shot Apama Radiofrequency (RF)
  Balloon Catheter System<sup>2</sup> for the treatment of atrial fibrillation, for \$175 million in cash up-front and a maximum of \$125
  million in contingent payments.

- Presented three-year outcomes from the MAJESTIC study at the Cardiovascular and Interventional Radiological Society of Europe congress, demonstrating long-term treatment durability for patients whose femoropopliteal arteries were treated with the ELUVIA<sup>TM</sup> Drug-Eluting Vascular Stent System<sup>3</sup>, with an 85.3 percent freedom from target lesion revascularization (TLR) rate, thus reducing the probability of needing a repeat procedure to reestablish previously blocked vessels.
- Received CE Mark for the ACURATE™ neo Transapical Aortic Valve System⁴ and expect to begin a controlled launch throughout Europe during the fourth quarter of 2017. This is the second delivery system for the ACURATE neo Aortic valve, which was previously approved with a transfemoral delivery system.
- Received CE Mark for an updated Directions for Use for the WATCHMAN LAAC Device inEurope which allows for a shorter duration of oral anticoagulants and dual anti-platelet therapy after the device is implanted; also received approval for private insurance reimbursement of the WATCHMAN LAAC Device in Australia. Completed 40,000 WATCHMAN™ LAAC Device implants worldwide.
- Received notification that the FDA cleared its prior Warning Letter for American Medical Systems, LLC, issued inAugust 2014, based on satisfactory facility inspections and corrective actions.
- Received FDA approval to expand the indications for our Precision Spectra<sup>™</sup>, Novi<sup>™</sup> and Montage<sup>™</sup> Spinal Cord Stimulator (SCS) Systems in the management of chronic intractable pain of the trunk and/or limbs associated with Complex Regional Pain Syndrome (CRPS). The company also received the FDA approval to broaden the labeling to use these systems in patients previously implanted with certain non-Boston Scientific leads.
- Published new data from a three year follow-up cohort in our Post-FDA Approval Clinical Trial Evaluating Bronchial Thermoplasty (BT) in Severe Persistent Asthma (PAS2), further validating that BT is an effective, durable and safe treatment in severe asthmatics.
- 1. We define Emerging Markets as including certain countries that we believe have strong growth potential based on their economic conditions, healthcare sectors and our global capabilities. Currently, we include 20 countries in our definition of Emerging Markets.
- 2. Under development. Not available for sale.
- 3. CE Marked. U.S.: "Caution: Investigational Device. Limited by Federal (or U.S.) law to investigational use only. Not available for sale."
- 4. CE Marked. The ACURATE neo/TF™ valve system is not available for use or sale in the U.S.

# Net sales for the third quarter:

					Change						
	Three Months Ended September 30,		As Repo		Less: Imp	pact of	Operational Basis		-		
(in millions)		2017 2016		Bas	is	Foreign C			_		
Interventional Cardiology	\$	589	\$	568	3.8	%	(0.4)	%	4.2	%	*
Peripheral Interventions		268		257	4.7	%	(0.4)	%	5.1	%	
Cardiovascular Cardiac Rhythm		857		825	4.1	%	(0.4)	%	4.5	%	-
Management		463		467	(0.6)	%	0.3	%	(0.9)	%	
Electrophysiology		71		60	17.8	%	0.2	%	17.6	%	_

Rhythm Management	534	527	1.5	%	0.3	%	1.2	%	
Endoscopy	403	367	9.8	%	(0.2)	%	10.0	%	*
Urology and Pelvic Health	274	248	10.3	%	`0.1	%	10.2	%	
Neuromodulation	154	138	11.0	%	0.0	%	11.0	%	
MedSurg	831	753	10.2	%	(0.1)	%	10.3	%	
Net Sales	\$ 2,222	\$ 2,105	5.6	%	(0.1)	%	5.7	%	

Interventional Cardiology grew 1.7% on an organic basis and Endoscopy grew 5.4% on an organic basis.

Growth rates are based on actual, non-rounded amounts and may not recalculate precisely.

Sales growth rates that exclude the impact of changes in foreign currency exchange rates and/or the impact of recent acquisitions with significant sales are not prepared in accordance with U.S. GAAP.

#### **Guidance for Full Year and Fourth Quarter 2017**

The company now estimates revenue for the full year 2017 to be in a range o\$8.985 to \$9.015 billion (compared to prior guidance of \$8.890 to \$8.990 billion), which versus the prior year period, represents a growth range of approximately 7 to 8 percent on a reported basis and growth of approximately 7 percent on an operational basis including contribution of approximately 120 basis points from EndoChoice and Symetis. The company now estimates income on a GAAP basis in a range of \$0.71 to \$0.75 per share (compared to prior guidance of\$0.70 to \$0.74 per share) and now estimates adjusted earnings, excluding intangible asset impairment charges, acquisition-related net charges, restructuring and restructuring-related net charges, litigation-related net charges, certain investment impairment charges and amortization expense, in a range of \$1.24 to \$1.27 per share (compared to prior guidance of \$1.23 to \$1.27 per share).

The company estimates sales for the fourth quarter of 2017 to be in a range of\$2.345 to \$2.375 billion, which versus the prior year period represents a growth range of approximately 7 to 8 percent on a reported basis and a growth range of approximately 5 to 6 percent on an operational basis including contribution of approximately 130 basis points from EndoChoice and Symetis. The company estimates earnings on a GAAP basis in a range of \$0.19 to \$0.23 per share. Adjusted earnings, excluding acquisition-related net charges, restructuring and restructuring-related net charges and amortization expense, are estimated in a range of \$0.32 to \$0.35 per share.

#### **Conference Call Information**

Boston Scientific management will be discussing these results with analysts on a conference call today at 3:00 a.m. (ET). The company will webcast the call to interested parties through its website: <a href="https://www.bostonscientific.com">www.bostonscientific.com</a>. Please see the website for details on how to access the webcast. The webcast will be available for approximately one year on the Boston Scientific website.

#### **About 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," "aiming" 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 expected net sales, GAAP, operational and organic revenue growth rates, GAAP earnings and adjusted earnings for the fourth quarter and full year 2017, our financial performance, our business plans and our positioning for revenue and earnings growth. 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 risks and uncertainties, in some cases, have affected and in the future 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.

Risks and uncertainties that may cause such differences include, among other things: future economic, political, competitive, reimbursement and regulatory conditions, new product introductions and the market acceptance of those products, markets for our products, expected pricing environment, expected procedural volumes, the closing and integration of acquisitions, clinical trial results, demographic trends, intellectual property rights, litigation, financial market conditions, the execution and effect of our restructuring program, the execution and effect of our business strategy, including our cost-savings and growth initiatives and

future business decisions made by us and our competitors. New risks and uncertainties may arise from time to time and are difficult to predict. 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 IA - 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 statement 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 press release.

#### **Use of Non-GAAP Financial Information**

A reconciliation of the company's non-GAAP financial measures to the corresponding GAAP measures and an explanation of the company's use of these non-GAAP financial measures, is included in the exhibits attached to the end of this news release.

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# BOSTON SCIENTIFIC CORPORATION CONDENSED CONSOLIDATED GAAP RESULTS OF OPERATIONS (Unaudited)

	Three Months Ended September 30,					Nine Months Ended September 30,			
in millions, except per share data		2017		2016		2017		2016	
Net sales	\$	2,222	\$	2,105	\$	6,640	\$	6,195	
Cost of products sold	Ψ	637	Ψ	594	Ψ	1,919	Ψ	1,805	
Gross profit		1,585		1,511		4,721		4,390	
Operating expenses:									
Selling, general and administrative expenses		800		772		2,408		2,268	
Research and development expenses		254		232		734		664	
Royalty expense		16		20		50		59	
		139		136		424		408	
Amortization expense									
Intangible asset impairment charges		3		7		3		7	
Restructuring charges (credits)		12		5		17		22	
Contingent consideration expense (benefit)		(4)		(13)		(78)		23	
Litigation-related charges (credits)		(12)		4		196		632	
		1,208		1,163		3,754		4,083	
Operating income (loss)		377		348		967		307	
Other income (expense):									
Interest expense		(57)		(58)		(172)		(175)	
Other, net		(11)		(33)		(89)		(44)	
Income (loss) before income taxes		309		257		706		88	
Income tax expense (benefit)		26		29		(13)		(135)	
Net income (loss)	\$	283	\$	228	\$	719	\$	223	
Net income (loss) per common share - basic Net income (loss) per common share - assuming	\$	0.21	\$	0.17	\$	0.53		0.16	
dilution	\$	0.20	\$	0.17	\$	0.52		0.16	

# Weighted-average shares outstanding

Basic	1,372.0	1,360.6	1,369.1	1,356.1
Assuming dilution	1.394.1	1.379.7	1,391.8	1.374.9

# **BOSTON SCIENTIFIC CORPORATION**

# CONDENSED CONSOLIDATED BALANCE SHEETS

Classifies   Cla	in millione, avant above data	-	ember 30,	As o	ember 31,		
Current assets:	in millions, except share data					2016	
Current assets:	ASSETS	(011	iaudited)				
Cash and cash equivalents         \$ 210         \$ 196           Trade accounts receivable, net Inventories         1,470         1,472           Inventories         1,077         955           Deferred and prepaid income taxes         76         75           Other current assets         645         541           Total current assets         3,478         3,239           Property, plant and equipment, net Goodwill         6,882         6,678           Other intangible assets, net State S							
Trade accounts receivable, net   1,470   1,472   Inventories   1,077   955   506   1,077   955   506   1,077   955   506   1,077   955   506   1,077   955   506   1,077   955   506   1,075   1,077   955   506   1,075   1		\$	210		\$	196	
Inventories			1,470			1,472	
Other current assets         645         541           Total current assets         3,478         3,239           Property, plant and equipment, net         1,678         1,630           Goodwill         6,882         6,678           Other intangible assets, net         5,783         5,883           Other long-term assets         815         666           TOTAL ASSETS         \$18,636         \$18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$1,266         \$64           Accounts payable         371         447           Accounts payable         371         447           Accounts payable         371         447           Accounts payable         371         447           Accounts payable         4,47         Account payable         3,587           Cother current liabilities         4,828         3,587           Long-term debt         4,416         5,420           Deferred income taxes         66         18           Other one liabilities         1,738         2,338 <td col<="" td=""><td></td><td></td><td>1,077</td><td></td><td></td><td>955</td></td>	<td></td> <td></td> <td>1,077</td> <td></td> <td></td> <td>955</td>			1,077			955
Total current assets   3,478   3,239     Property, plant and equipment, net   1,678   1,630     Goodwill   6,882   6,678     Other intangible assets, net   5,783   5,883     Other long-term assets   815   666     TOTAL ASSETS   816,636   \$18,096     LIABILITIES AND STOCKHOLDERS' EQUITY     Current liabilitities:   Current debt obligations   \$1,266   \$64     Accounts payable   371   447     Accrued expenses   2,551   2,312     Other current liabilities   640   764     Total current liabilities   4,828   3,587     Long-term debt   4,416   5,420     Deferred income taxes   66   18     Other long-term liabilities   1,738   2,338     Commitments and contingencies     Stockholders' equity     Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding     Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and     1,609,670,817 shares as of December 31, 2016   16     Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and     1,609,670,817 shares as of December 31, 2016   (1,717)     Additional paid-in capital   17,125   17,014     Accumulated deficit   (7,785)   (8,581)     Accumulated deficit   (7,785)   (8,581)     Total stockholders' equity   7,588   6,733	Deferred and prepaid income taxes		76			75	
Property, plant and equipment, net         1,678         1,630           Goodwill         6,882         6,678           Other intangible assets, net         5,783         5,883           Other long-term assets         815         666           TOTAL ASSETS         18,636         \$18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$1,266         64           Accounts payable         371         447           Accoud expenses         2,551         2,312           Other current liabilities         640         764           Total current liabilities         4,828         3,587           Long-term debt         4,416         5,420           Deferred income taxes         66         18           Other long-term liabilities         1,738         2,338           Commitments and contingencies           Stockholders' equity           Preferred stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016	Other current assets		645			541	
Goodwill         6,882         6,78           Other intangible assets, net         5,783         5,883           Other long-term assets         815         666           TOTAL ASSETS         18,636         \$ 18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$ 1,266         \$ 64           Accounts payable         371         447           Accrued expenses         2,551         2,312           Other current liabilities         640         764           Total current liabilities         4,828         3,587           Long-term debt         4,416         5,420           Deferred income taxes         66         18           Other long-term liabilities         1,738         2,338           Commitments and contingencies           Stockholders' equity           Preferred stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and 1,7125         1,7177         (1,717)         (1,717)           Additional paid-in capital         17,125 </td <td>Total current assets</td> <td></td> <td>3,478</td> <td>•</td> <td></td> <td>3,239</td>	Total current assets		3,478	•		3,239	
Goodwill         6,882         6,78           Other intangible assets, net         5,783         5,883           Other long-term assets         815         666           TOTAL ASSETS         18,636         18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$ 1,266         \$ 64           Accounts payable         371         447           Accrued expenses         2,551         2,312           Other current liabilities         640         764           Total current liabilities         640         764           Total current liabilities         4,828         3,587           Long-term debt         4,416         5,420           Deferred income taxes         66         18           Other long-term liabilities         1,738         2,338           Commitments and contingencies         Stockholders' equity         Freferred stock, \$0.01 par value - authorized 2,000,000,000 shares - issued and outstanding         5         5           Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of S	Property, plant and equipment, net		1,678			1,630	
Other long-term assets         815         666           TOTAL ASSETS         \$ 18,636         \$ 18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:         Current debt obligations         \$ 1,266         \$ 64           Accounts payable         371         447           Accrued expenses         2,551         2,312           Other current liabilities         640         764           Total current liabilities         4,828         3,587           Long-term debt         4,416         5,420           Deferred income taxes         66         18           Other long-term liabilities         1,738         2,338           Commitments and contingencies         5         1,738         2,338           Commitments and contingencies         5         5         1,620 </td <td>Goodwill</td> <td></td> <td>6,882</td> <td></td> <td></td> <td>6,678</td>	Goodwill		6,882			6,678	
TOTAL ASSETS         \$ 18,636         \$ 18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$ 1,266         \$ 64           Accounts payable         371         447           Accrued expenses         2,551         2,312           Other current liabilities         640         764           Total current liabilities         4,828         3,587           Long-term debt         4,416         5,420           Deferred income taxes         66         18           Other long-term liabilities         1,738         2,338           Commitments and contingencies           Stockholders' equity         Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding         1,738         2,338           Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016         (1,717)         (1,717)           Additional paid-in capital         17,125         17,014           Accumulated deficit         (	Other intangible assets, net		5,783			5,883	
LIABILITIES AND STOCKHOLDERS' EQUITY         Current liabilities:       371       447         Current debt obligations       \$ 1,266       \$ 64         Accounts payable       371       447         Accrued expenses       2,551       2,312         Other current liabilities       640       764         Total current liabilities       4,828       3,587         Long-term debt       4,416       5,420         Deferred income taxes       66       18         Other long-term liabilities       1,738       2,338         Commitments and contingencies         Stockholders' equity       Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding       1,609,670,817 shares as of December 30, 2017 and 1,609,670,817 shares as of December 31, 2016       16       16         Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and 2,000,000,000 and 2,000,000,	Other long-term assets		815			666	
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Accounts payable 371 447 Accrued expenses 2,551 2,312 Other current liabilities 640 764 Total current liabilities 4,828 3,587  Long-term debt 4,416 5,420 Deferred income taxes 66 18 Other long-term liabilities 1,738 2,338  Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016 16 Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016 (1,717) (1,717) Additional paid-in capital 17,125 17,014 Accumulated deficit (7,785) (8,581) Accumulated other comprehensive income (loss), net of tax (51) 1 Total stockholders' equity 7,588 6,733							
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Other current liabilities         640         764           Total current liabilities         4,828         3,587           Long-term debt         4,416         5,420           Deferred income taxes         66         18           Other long-term liabilities         1,738         2,338           Commitments and contingencies         5           Stockholders' equity         Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding         7           Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016         (1,717)         (1,717)           Additional paid-in capital         17,125         17,014           Accumulated deficit         (7,785)         (8,581)           Accumulated other comprehensive income (loss), net of tax         (51)         1           Total stockholders' equity         7,588         6,733	Accounts payable		371			447	
Total current liabilities         4,828         3,587           Long-term debt         4,416         5,420           Deferred income taxes         66         18           Other long-term liabilities         1,738         2,338           Commitments and contingencies         5           Stockholders' equity         Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding         5           Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016         (1,717)         (1,717)           Additional paid-in capital         17,125         17,014           Accumulated deficit         (7,785)         (8,581)           Accumulated other comprehensive income (loss), net of tax         (51)         1           Total stockholders' equity         7,588         6,733	Accrued expenses		2,551			2,312	
Long-term debt Deferred income taxes Other long-term liabilities Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016 Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016 (1,717) Additional paid-in capital Accumulated deficit (7,785) Accumulated other comprehensive income (loss), net of tax (51) Total stockholders' equity  5,420 5,420 66 18 67,420 66 18 67,420 66 18 67,420 66 18 67,338							
Deferred income taxes Other long-term liabilities 1,738 2,338  Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016 16 Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016 (1,717) Additional paid-in capital Accumulated deficit Accumulated other comprehensive income (loss), net of tax (51) Total stockholders' equity  7,588 6,733	Total current liabilities		4,828			3,587	
Other long-term liabilities 1,738 2,338  Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016 16  Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016 (1,717) (1,717) Additional paid-in capital 17,125 17,014 Accumulated deficit (7,785) (8,581) Accumulated other comprehensive income (loss), net of tax (51) 1 Total stockholders' equity 7,588 6,733	Long-term debt		4,416			5,420	
Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016 Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016 Additional paid-in capital Accumulated deficit Accumulated deficit Accumulated other comprehensive income (loss), net of tax Total stockholders' equity  Stockholders' equity  Common stock, \$0.01 par value - authorized 50,000,000 shares, none issued 1,000,000 shares, 16 16 16 16 17 17 17 17 17 17 17 17 17 17 17 17 17	Deferred income taxes		66			18	
Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016 Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016 Additional paid-in capital Accumulated deficit Accumulated deficit Accumulated other comprehensive income (loss), net of tax Total stockholders' equity  Total stockholders' equity  Total stockholders' equity	Other long-term liabilities		1,738			2,338	
Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding  Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016  Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016  Additional paid-in capital 17,125 17,014  Accumulated deficit (7,785) (8,581)  Accumulated other comprehensive income (loss), net of tax (51) 1  Total stockholders' equity 7,588 6,733	Commitments and contingencies						
Common stock, \$0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016       16       16         Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016       (1,717)       (1,717)         Additional paid-in capital       17,125       17,014         Accumulated deficit       (7,785)       (8,581)         Accumulated other comprehensive income (loss), net of tax       (51)       1         Total stockholders' equity       7,588       6,733	Preferred stock, \$0.01 par value - authorized 50,000,000 shares,						
1,609,670,817 shares as of December 31, 2016       16       16         Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016       (1,717)       (1,717)         Additional paid-in capital       17,125       17,014         Accumulated deficit       (7,785)       (8,581)         Accumulated other comprehensive income (loss), net of tax       (51)       1         Total stockholders' equity       7,588       6,733	Common stock, \$0.01 par value - authorized 2,000,000,000 shares -						
and December 31, 2016       (1,717)       (1,717)         Additional paid-in capital       17,125       17,014         Accumulated deficit       (7,785)       (8,581)         Accumulated other comprehensive income (loss), net of tax       (51)       1         Total stockholders' equity       7,588       6,733	1,609,670,817 shares as of December 31, 2016		16			16	
Additional paid-in capital 17,125 17,014 Accumulated deficit (7,785) (8,581) Accumulated other comprehensive income (loss), net of tax (51) 1 Total stockholders' equity 7,588 6,733			(1 717)			(1 717)	
Accumulated deficit (7,785) (8,581)  Accumulated other comprehensive income (loss), net of tax (51) 1  Total stockholders' equity 7,588 6,733							
Accumulated other comprehensive income (loss), net of tax (51) 1 Total stockholders' equity 7,588 6,733							
Total stockholders' equity 7,588 6,733						1	
				•		6,733	
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	18,636	•	\$	18,096	

#### **BOSTON SCIENTIFIC CORPORATION**

NON-GAAP NET INCOME AND NET INCOME PER COMMON SHARE RECONCILIATIONS (Unaudited)

	Three Months Ended September 30, 2017								
in williams account you also you date	Dra Tarr	Impact per							
in millions, except per share data	Pre-Tax	Impact (a)	After-Tax	Share					
GAAP net income (loss)	\$ 309	<b>\$ (26)</b>	\$ 283	\$ 0.20					
Non-GAAP adjustments:									
Intangible asset impairment charges	3	0	3	0.00					
Acquisition-related net charges (credits) (b)	25	(11)	14	0.01					
Restructuring and restructuring-related net charges									
(credits) (c)	26	(6)	20	0.02					
Litigation-related net credits (credits)	(12)	2	(10)	(0.01)					
Amortization expense	139	(17)	122	0.09					
Adjusted net income	\$ 490	\$ (58)	\$ 432	\$ 0.31					

	Three Months Ended September 30, 2016								
			Impact per						
in millions, except per share data	Pre-Tax	Impact (a)	After-Tax	Share					
GAAP net income (loss)	\$ 257	\$ (29)	\$ 228	\$ 0.17					
Non-GAAP adjustments:									
Intangible asset impairment charges	7	(1)	6	0.00					
Acquisition-related net charges (credits) (d)	(1)	(1)	(2)	(0.00)					
Restructuring and restructuring-related net charges									
(credits) (e)	17	(4)	13	0.01					
Litigation-related net charges (credits)	4	(1)	3	0.00					
Amortization expense	136	(16)	120	0.09					
Adjusted net income	\$ 420	\$ (52)	\$ 368	\$ 0.27					

Three Months Ended Contember 20, 2016

- (a) Amounts are tax effected at the company's effective tax rate, unless the amount is a significant unusual or infrequently occurring item in accordance with FASB Accounting Standards Codification section 740-270-30, "General Methodology and Use of Estimated Annual Effective Tax Rate."
- (b) In the third quarter of 2017, pre-tax acquisition-related net charges were \$25 million, of which \$8 million was recorded in cost of products sold, \$14 million was recorded in selling, general and administrative expenses, \$7 million was recorded to research and development expenses, \$4 million was recorded as a benefit to contingent consideration.
- (c) In the third quarter of 2017, pre-tax restructuring charges were \$12 million and pre-tax restructuring-related charges were \$14 million, of which \$11 million was recorded in cost of products sold and \$3 million was recorded in selling, general and administrative expenses.
- (d) In the third quarter of 2016, pre-tax acquisition-related net credits were \$1 million, of which \$7 million was recorded in cost of products sold, \$5 million was recorded in selling, general and administrative expenses and \$13 million was recorded as a benefit to contingent consideration.
- (e) In the third quarter of 2016, pre-tax restructuring charges were \$5 million and pre-tax restructuring-related charges were \$12 million, of which \$8 million was recorded in cost of products sold and \$4 million was recorded in selling, general and administrative expenses.

	Nine Months Ended September 30, 2017								
in millions, except per share data		Tax Pre-Tax Impact (a) After-Tax						Impact per Share	
GAAP net income (loss)	\$	706	\$	13	\$	719	\$	0.52	
Non-GAAP adjustments: Intangible asset impairment charges		3		0		3		0.00	
Acquisition-related net charges (credits) (b)		(1)		(19)		(20)		(0.01)	
Restructuring and restructuring-related net charges (credits) (c)		61		(13)		48		0.03	
Litigation-related net charges (credits)		196		(73)		123		0.09	
Investment impairment charges (d)		53		(19)		34		0.02	
Amortization expense		424		(59)		365		0.26	
Adjusted net income	\$	1,442	\$	(170)	\$	1,272	\$	0.91	

pact per	
Share	
0.16	
0.00	
0.07	
0.03	
0.29	
0.26	
0.81	

- (a) Amounts are tax effected at the company's effective tax rate, unless the amount is a significant unusual or infrequently occurring item in accordance with FASB Accounting Standards Codification section 740-270-30, "General Methodology and Use of Estimated Annual Effective Tax Rate."
- (b) In the first nine months of 2017, pre-tax acquisition-related net credits were \$1 million, of which \$18 million was recorded in cost of products sold, \$35 million was recorded in selling, general and administrative expenses, \$15 million was recorded to research and development expenses, \$78 million was recorded as a benefit to contingent consideration, and \$9 million of expense was recorded in other, net.
- (c) In the first nine months of 2017, pre-tax restructuring charges were \$17 million and pre-tax restructuring-related charges were \$44 million, of which \$35 million was recorded in cost of products sold and \$9 million was recorded in selling, general and administrative expenses.
- (d) Investment impairment charges are recorded in other, net.
- (e) In the first nine months of 2016, pre-tax acquisition-related net charges were \$93 million, of which \$39 million was recorded in cost of products sold, \$31 million was recorded in selling, general and administrative expenses, and \$23 million was recorded as contingent consideration expense.
- (f) In the first nine months of 2016, pre-tax restructuring charges were \$22 million and pre-tax restructuring-related charges were \$33 million, of which \$20 million was recorded in cost of products sold and \$13 million was recorded in selling, general and administrative expenses.

#### **BOSTON SCIENTIFIC CORPORATION**

CARDIAC RHYTHM MANAGEMENT (CRM) SALES BY COMPONENT (Unaudited)

# Three Months Ended September 30,

	ocptember 00,						
(in millions)	20	017	2016				
Defibrillator systems	\$	314	\$	311			
Pacemaker systems		149		156			
CRM products	\$	463	\$	467			

# Nine Months Ended September 30.

(in millions)	2	017	2016				
Defibrillator systems	\$	959	\$	956			
Pacemaker systems		448		422			
CRM products	\$	1,407	\$	1,378			

SEGMENT, REGIONAL AND BUSINESS NET SALES (Unaudited)

# Q3 2017 Segment Net Sales as compared to Q3 2016

					Rhyth	m		
	MedSu	rg	Cardiovas	scular	Manager	nent	Total B	SC
Percentage change in net sales, as reported	10.2	%	4.1	%	1.5	%	5.6	%
Less: Impact of foreign currency fluctuations	(0.1)	%	(0.4)	%	0.3	%	(0.1)	%
Percentage change in net sales,								
operational	10.3	%	4.5	%	1.2	%	5.7	%
Less: Impact of significant acquisitions	2.3	%	1.7	%	0.0	%	1.4	%
Percentage change in net sales, organic	8.0	%	2.8	%	1.2	%	4.3	%

#### Q3 2017 Regional Net Sales as compared to Q3 2016

	U.S.		Europe		AME	4	Emerging Markets		
Percentage change in net sales, as									
reported	4.2	%	11.4	%	4.6	%	18.3	%	
Less: Impact of foreign currency fluctuations	0.0	%	2.6	%	(3.2)	%	0.0	%	
Percentage change in net sales,					, ,				
operational	4.2	%	8.8	%	7.8	%	18.3	%	
Less: Impact of significant acquisitions	1.4	%	3.5	%	0.0	%	0.3	%	
Percentage change in net sales, organic	2.8	%	5.3	%	7.8	%	18.0	%	

#### Q3 2017 Endoscopy Net Sales as compared to Q3 2016

	Endoscopy	
Percentage change in net sales, as		_
reported	9.8 %	
Less: Impact of foreign currency fluctuations	(0.2) %	
Percentage change in net sales,		_
operational	10.0 %	
Less: Impact of significant acquisitions	4.6 %	
Percentage change in net sales, organic	5.4 %	

# Q3 2017 Interventional Cardiology Net Sales as compared to Q3 2016

	Intervention Cardiolo	
Percentage change in net sales, as		
reported	3.8	%
Less: Impact of foreign currency fluctuations	(0.4)	%
Percentage change in net sales,		
operational	4.2	%
Less: Impact of significant acquisitions	2.5	%
Percentage change in net sales, organic	1.7	%

#### **BOSTON SCIENTIFIC CORPORATION**

ESTIMATED REVENUE NON-GAAP GROWTH RATES AND NON-GAAP NET INCOME PER COMMON SHARE RECONCILIATIONS (Unaudited)

#### **Q4 and Full Year 2017 Estimated Revenue Growth Rates**

	Q4 2017	Estimate	_	Year stimate	Prior Full Year 2017 Estimate			
	(Low)	(High)	(Low)	(High)	(Low)	(High)		
Estimated GAAP sales growth	7 %	8 %	7 %	8 %	6 %	7 %		

2	%	2 %	ò	0 9	6	1	%	0	%	(1)	%	
5	%	6 %	0	7 °	6	7	%	6	%	8	%	

<sup>\*</sup> Includes contribution of approximately 130 basis points for the fourth quarter and 120 basis points for the full year from EndoChoice and Symetis. Prior Full Year 2017 Estimate includes contribution of approximately 120 basis points from EndoChoice and Symetis.

#### Q4 and Full Year 2017 EPS Guidance

	Q4 2017 Estimate			Full Year 2017 Estimate				Prior Full Ye 2017 Estima			ate	
	(1	Low)	(ŀ	ligh)	(l	_ow)	(l	High)	(	Low)	(H	ligh)
GAAP results	\$	0.19	\$	0.23	\$	0.71	\$	0.75	\$	0.70	\$	0.74
Estimated acquisition-related net charges Estimated restructuring and restructuring-related		0.02		0.01		0.01		_		0.01		0.01
charges		0.02		0.02		0.06		0.06		0.05		0.05
Estimated amortization expense		0.09		0.09		0.35		0.35		0.35		0.35
Litigation-related charges		0.00		0.00		0.09		0.09		0.10		0.10
Investment impairment charges		0.00		0.00		0.02		0.02		0.02		0.02
Adjusted results	\$	0.32	\$	0.35	\$	1.24	\$	1.27	\$	1.23	\$	1.27

#### Prior Guidance Estimate - Q3 2017 QTD

<del>-</del>	(Low)		(ŀ	ligh)
GAAP results	\$	0.16	\$	0.18
Estimated acquisition-related net charges Estimated restructuring and restructuring-related charges Estimated amortization expense		0.02 0.02 0.09		0.02 0.02 0.09
Adjusted results	\$	0.29	\$	0.31

#### **Use of Non-GAAP Financial Measures**

To supplement our financial statements presented on a GAAP basis, we disclose certain non-GAAP financial measures, including adjusted net income (earnings) and adjusted net income (earnings) per share that exclude certain amounts, and operational net sales, which exclude the impact of changes in foreign currency exchange rates, and organic net sales, which exclude the impact of foreign currency exchange rates and the impact of recent acquisitions with significant sales. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States.

The GAAP financial measure most directly comparable to adjusted net income is GAAP net income and the GAAP financial measure most directly comparable to adjusted net income per share is GAAP net income per share. To calculate operational net sales which exclude the impact of changes in foreign currency exchange rates, we convert actual net sales from local currency to U.S. dollars using constant foreign currency exchange rates in the current and prior period. The GAAP financial measure most directly comparable to this constant currency growth rate and/or growth rates excluding the impacts of recent acquisitions with significant sales is growth rate percentages using net sales on a GAAP basis. Reconciliations of each of these non-GAAP financial measures to the corresponding GAAP financial measure are included in the accompanying schedules.

Management uses these supplemental non-GAAP financial measures to evaluate performance period over period, to analyze the underlying trends in our business, to assess our performance relative to our competitors and to establish operational goals and forecasts that are used in allocating resources. In addition, management uses these non-GAAP financial measures to further its understanding of the performance of our operating segments. With the exception of the impact of recent acquisitions with significant sales, the adjustments excluded from our non-GAAP financial measures are consistent with those excluded from our operating segments' measures of net sales and profit or loss. These adjustments are excluded from the segment measures that are reported to our chief operating decision maker that are used to make operating decisions and assess performance.

We believe that presenting adjusted net income and adjusted net income per share that exclude certain amounts, operational net sales that exclude the impact of changes in foreign currency exchange rates and organic net sales that exclude the impact of change in foreign currency exchange rates and the impact of recent acquisitions with significant sales, in addition to the

corresponding GAAP financial measures, provides investors greater transparency to the information used by management for its operational decision-making and allows investors to see our results "through the eyes" of management. We further believe that providing this information assists our investors in understanding our operating performance and the methodology used by management to evaluate and measure such performance.

The following is an explanation of each of the adjustments that management excluded as part of these non-GAAP financial measures for the three and nine months ended September 30, 2017 and 2016 and for the forecasted three month period and full year ending December 31, 2017, as well as reasons for excluding each of these individual items:

Adjusted Net Income and Adjusted Net Income per Share:

- Intangible asset impairment charges This amount represents write-downs of certain intangible asset balances in the first nine months of 2017 and 2016. We review intangible assets subject to amortization quarterly to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment and test our indefinite-lived intangible assets at least annually for impairment. If we determine the carrying value of the amortizable intangible asset is not recoverable or we conclude that it is more likely than not that the indefinite-live asset is impaired, we will write the carrying value down to fair value in the period identified. We exclude the impact of impairment charges from management's assessment of operating performance and from our operating segments' measures of profit and loss used for making operating decisions and assessing performance. Accordingly, management has excluded intangible asset impairment charges for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.
- Acquisition-related net charges (credits) These adjustments may consist of (a) contingent consideration fair value adjustments, (b) gains on previously held investments, (c) purchased and/or funded in-process research and development expenses incurred outside of a business combination and (d) due diligence, other fees, inventory step-up amortization and integration and exit costs. The contingent consideration adjustments represent accounting adjustments to state contingent consideration liabilities at their estimated fair value. These adjustments can be highly variable depending on the assessed likelihood and amount of future contingent consideration payments. Due diligence, other fees, inventory step-up amortization and integration and exit costs include legal, tax, severance and other expenses associated with prior and potential future acquisitions that can be highly variable and not representative of ongoing operations. Accordingly, management excluded these amounts for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.
- Restructuring and restructuring-related net charges (credits) These adjustments represent severance and other direct costs associated with our restructuring plans. These restructuring plans each consist of distinct initiatives that are fundamentally different from our ongoing, core cost reduction initiatives in terms of, among other things, the frequency with which each action is performed and the required planning, resourcing, cost and timing. Examples of such initiatives include the movement of business activities, facility consolidations and closures and the transfer of product lines between manufacturing facilities, which, due to the highly regulated nature of our industry, requires a significant investment in time and cost to create duplicate manufacturing lines, run product validations and seek regulatory approvals. Restructuring initiatives generally take approximately two years to complete and have a distinct project timeline that begins subsequent to approval by our Board of Directors. In contrast to our ongoing cost reduction initiatives, restructuring initiatives typically result in duplicative cost and exit costs over this period of time, are one-time shut downs or transfers and are not considered part of our core, ongoing operations. Because these restructuring plans are incremental to the core activities that arise in the ordinary course of our business, management excluded these costs for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.
- <u>Litigation-related net charges (credits)</u> These adjustments include certain significant product liability and other litigation-related charges and credits. We record these charges and credits, which we consider to be unusual or infrequent and significant, within the litigation-related charges line in our consolidated statements of operations; all other legal and product liability charges, credits and costs are recorded within selling general and administrative expenses. These amounts are excluded by management in assessing our operating performance, as well as from our operating segments' measures of profit and loss used for making operating decisions and assessing performance. Accordingly, management excluded these amounts for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.
- <u>Investment impairment charges</u> These amounts represent write-downs relating to our investment portfolio that are considered unusual or infrequent and significant. Each reporting period, we evaluate our investments to determine if there are any events or circumstances that are likely to have a significant adverse effect on the fair value of the investment. If we

identify an impairment indicator, we will estimate the fair value of the investment and compare it to its carrying value and determine if the impairment is other-than-temporary. For other-than-temporary impairments, we recognize an impairment loss equal to the difference between an investment's carrying value and its fair value. Management excludes the impact of certain impairment charges when assessing operating performance, as well as from our operating segments' measures of profit and loss used for making operating decisions and assessing performance. Accordingly, management excluded these investment impairment charges for purposes of calculating its non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.

<u>Amortization expense</u> - We record intangible assets at historical cost and amortize them over their estimated useful lives.
 Amortization expense is excluded from management's assessment of operating performance and is also excluded from our operating segments' measures of profit and loss used for making operating decisions and assessing performance.
 Accordingly, management has excluded amortization expense for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.

Operational Net Sales Exclude the Impact of Changes in Foreign Currency Exchange Rates and/or the Impact of Recent Acquisitions with Significant Sales

• The impact of changes in foreign currency exchange rates is highly variable and difficult to predict. The impact of recent acquisitions with significant sales in the current period and no prior period equivalent may distort our presentation of organic growth. Accordingly, management excludes the impact of changes in foreign currency exchange rates and/or the impacts of recent acquisitions with significant sales for purposes of reviewing the net sales and growth rates to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.

Adjusted net income and adjusted net income per share that exclude certain amounts and operational net sales which exclude the impact of changes in foreign currency exchange rates and/or the impacts of recent acquisitions with significant sales, are not in accordance with U.S. GAAP and should not be considered in isolation from or as a replacement for the most directly comparable GAAP financial measures. Further, other companies may calculate these non-GAAP financial measures differently than we do, which may limit the usefulness of those measures for comparative purposes.

SOURCE Boston Scientific Corporation

https://news.bostonscientific.com/2017-10-26-Boston-Scientific-Announces-Results-For-Third-Quarter-2017