Boston Scientific

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:[1] 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™ family of implantable cardioverter defibrillator (ICD) and cardiac resynchronization therapy defibrillator (CRT-D) systems, which combine the HeartLogic™ Heart Failure Diagnostic, industry-leading EnduraLife™ battery technology and SmartCRT™ 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[2] 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™ Drug-Eluting Vascular Stent System[3], 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 System[4] 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 in Europe 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 in August 2014, based on satisfactory facility inspections and corrective actions.

- Received FDA approval to expand the indications for our Precision Spectra™, Novi™ and Montage™ 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:

(in millions)	Three Months Ended September 30, 2017	2016	Change As Reported Basis		Less: Impact of Foreign Currency		Operational Basis		
Interventional Cardiology	$ 589	$ 568	3.8	%	(0.4)	%	4.2	%	*
Peripheral Interventions	268	257	4.7	%	(0.4)	%	5.1	%	
Cardiovascular	**857**	**825**	**4.1**	**%**	**(0.4)**	**%**	**4.5**	%	
Cardiac Rhythm 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 of $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 8:00 a.m. (ET). The company will webcast the call to interested parties through its website: www.bostonscientific.com. 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	637	594	1,919	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
Amortization expense	139	136	424	408
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	**$ 0.21**	**$ 0.17**	**$ 0.53**	**0.16**
Net income (loss) per common share - assuming 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

in millions, except share data	As of September 30, 2017 (Unaudited)	As of December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 210	$ 196
Trade accounts receivable, net	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	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
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, $0.01 par value - authorized 2,000,000,000 shares - issued 1,620,302,039 shares as of September 30, 2017 and 1,609,670,817 shares as of December 31, 2016	16	16
Treasury stock, at cost - 247,566,270 shares as of September 30, 2017 and December 31, 2016	(1,717)	(1,717)
Additional paid-in capital	17,125	17,014
Accumulated deficit	(7,785)	(8,581)
Accumulated other comprehensive income (loss), net of tax	(51)	1
Total stockholders' equity	7,588	6,733
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 18,636**	**$ 18,096**

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

in millions, except per share data	Three Months Ended September 30, 2017			
	Pre-Tax	Tax Impact (a)	After-Tax	Impact per Share
GAAP net income (loss)	**$ 309**	**$ (26)**	**$ 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**

in millions, except per share data	Three Months Ended September 30, 2016			
	Pre-Tax	Tax Impact (a)	After-Tax	Impact per 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**

(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.

in millions, except per share data	Nine Months Ended September 30, 2017			
	Pre-Tax	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**

in millions, except per share data	Nine Months Ended September 30, 2016 Pre-Tax	Tax Impact (a)	After-Tax	Impact per Share
GAAP net income (loss)	**$ 88**	**$ 135**	**$ 223**	**$ 0.16**
Non-GAAP adjustments:				
Intangible asset impairment charges	7	(1)	6	0.00
Acquisition-related net charges (credits) (e)	93	(3)	90	0.07
Restructuring and restructuring-related net charges (credits) (f)	55	(13)	42	0.03
Litigation-related net charges (credits)	632	(228)	404	0.29
Amortization expense	408	(54)	354	0.26
Adjusted net income	**$ 1,283**	**$ (164)**	**$ 1,119**	**$ 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)

(in millions)	Three Months Ended September 30, 2017	2016
Defibrillator systems	$ 314	$ 311
Pacemaker systems	149	156
CRM products	**$ 463**	**$ 467**

(in millions)	Nine Months Ended September 30, 2017	2016
Defibrillator systems	$ 959	$ 956
Pacemaker systems	448	422
CRM products	**$ 1,407**	**$ 1,378**

BOSTON SCIENTIFIC CORPORATION
SEGMENT, REGIONAL AND BUSINESS NET SALES
(Unaudited)

Q3 2017 Segment Net Sales as compared to Q3 2016

	MedSurg	Cardiovascular	Rhythm Management	Total BSC
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	AMEA	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

	Interventional Cardiology
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		Full Year 2017 Estimate		Prior Full Year 2017 Estimate	
	(Low)	(High)	(Low)	(High)	(Low)	(High)
Estimated GAAP sales growth	7 %	8 %	7 %	8 %	6 %	7 %

Less: Estimated impact of foreign currency fluctuations	2 %	2 %	0 %	1 %	0 %	(1) %
Estimated sales growth, operational*	5 %	6 %	7 %	7 %	6 %	8 %

* 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 Year 2017 Estimate	
	(Low)	(High)	(Low)	(High)	(Low)	(High)
GAAP results	**$ 0.19**	**$ 0.23**	**$ 0.71**	**$ 0.75**	**$ 0.70**	**$ 0.74**
Estimated acquisition-related net charges	0.02	0.01	0.01	—	0.01	0.01
Estimated restructuring and restructuring-related 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

	(Low)	(High)
GAAP results	**$ 0.16**	**$ 0.18**
Estimated acquisition-related net charges	0.02	0.02
Estimated restructuring and restructuring-related charges	0.02	0.02
Estimated amortization expense	0.09	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.

- Litigation-related net charges (credits) - 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.

- Investment impairment charges - 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.

- Amortization expense - 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.

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