Boston Scientific Announces Results for Fourth Quarter and Year Ended December 31, 2009

NATICK, Mass., Feb. 10 /PRNewswire-FirstCall/ -- Boston Scientific Corporation (NYSE: BSX) today announced financial results for the fourth quarter and full year ended December 31, 2009, as well as guidance for net sales and earnings per share (EPS) for the first guarter and full year 2010.

Fourth quarter highlights (sales growth rates are at constant currency):

- Recorded net sales of \$2.079 billion, at the mid-point of the Company's guidance range, and achieved adjusted EPS of \$0.20, at the high end of the Company's guidance range, reporting a GAAP loss of \$0.71 per share
- Maintained leadership position in the worldwide drug-eluting stent (DES) market with a 39 percent share, including a 46 percent share in the U.S. and a 44 percent share in Japan
- Increased worldwide Endoscopy sales 10 percent for the quarter, and reached the \$1 billion milestone in 2009 worldwide sales
- Increased worldwide Urology/Gynecology sales eight percent, including 23 percent growth in our Women's Health business
- Increased worldwide Neuromodulation sales 18 percent
- Generated 44 percent of sales from new products
- Received CE Mark approval and launched the internally developed and manufactured PROMUS[®] Element™ Everolimus-Eluting Coronary Stent System in Europe
- Launched the COGNIS® cardiac resynchronization therapy defibrillator (CRT-D) and TELIGEN® implantable cardiac defibrillator (ICD) systems in Japan
- Issued \$2.0 billion of senior notes and prepaid remaining term loan debt maturities
- Received ratings upgrade to investment grade (BBB-) from Standard & Poor's
- Resolved longstanding litigation with settlement of \$1.725 billion

"We delivered a quarter in line with expectations, coming in at the middle of our sales range and the high end of our adjusted earnings range," said Ray Elliott, President and Chief Executive Officer of Boston Scientific. "Endoscopy, Urology/Gynecology and Neuromodulation posted excellent growth, and we maintained our clear leadership in the global drug-eluting stent market. In Japan, we have launched COGNIS, TELIGEN and our PROMUS® Everolimus-Eluting Coronary Stent System, three important new products in this key market. COGNIS and TELIGEN, the smallest and thinnest high-energy devices, are now available worldwide."

"The litigation settlement announced last week with Johnson & Johnson is part of our ongoing effort across the Company to reduce risk," said Elliott. "We have the financial strength and flexibility to meet this obligation with no appreciable impact on our debt covenants and still retain significant liquidity."

Fourth Quarter 2009

Net sales for the fourth quarter of 2009 were \$2.079 billion, as compared to net sales of \$2.002 billion for the fourth quarter of 2008. Excluding the impact of foreign currency and net sales from divested businesses, net sales were flat with the prior period.

Worldwide Cardiac Rhythm Management (CRM) group net sales for the fourth quarter -- on a reported basis -- were as follows:

(in millions)	ι	J.S.	Intern	ational	Worl	dwide		
	Q4 200	9 Q4 20	008 Q4	2009 	Q4 2008	Q4 200	9 Q4 2008	3
ICD system	s	\$307	\$299	\$142	\$128	\$449	\$427	
Pacemaker	systems	82	84	76	60	158	144	
	389	383	218	188	607	571		
Electrophys		29	29	9	8 38	•		
Total CRM g	roup	\$418	\$412	\$22	7 \$196	6 \$645 	5 \$608	

Worldwide coronary stent system net sales for the fourth quarter -- on a reported basis -- were as follows:

(in millions)	U.S.	Internati	onal Wo	orldwide		
	Q4 2009 Q4	2008 Q4 20	009 Q4 200	 8 Q4 20 	09 Q4 2008	
Drug-eluting Bare-metal	\$205 12	\$231 \$2 18 30	06 \$198 29 4:	\$411 2 47	\$429	
Total coronar stent system	•	\$249 \$: ======	236 \$227 ======	\$453 ===== =	\$476 ======	

Reported net loss for the fourth quarter of 2009 was \$1.075 billion, or \$0.71 per share. Reported results included intangible asset impairment charges; acquisition-, divestiture-, litigation- and restructuring-related net charges; discrete tax items; and amortization expense (after-tax) of \$1.379 billion, or \$0.91 per share, which consisted of:

- \$2 million, on both a pre-tax and after-tax basis, of intangible asset impairment charges;
- \$3 million (\$4 million pre-tax), of purchased research and development charges associated with the acquisition of certain technology rights;
- \$5 million, on both a pre-tax and after-tax basis, of credits associated with certain prior-period divestitures;
- \$28 million (\$36 million pre-tax), of restructuring and restructuring-related costs associated with the Company's Plant Network Optimization program and 2007 Restructuring plan;
- \$1.273 billion (\$1.499 billion pre-tax), of litigation-related charges associated with the settlement of patent disputes with Johnson & Johnson:
- \$31 million of income for discrete tax items related to certain tax positions taken in a prior period; and
- \$109 million (\$129 million pre-tax), of amortization expense.

Adjusted net income for the fourth quarter of 2009, excluding these net charges, was \$304 million, or \$0.20 per share.

Reported net loss for the fourth quarter of 2008 was \$2.394 billion, or \$1.59 per share, which included a \$2.613 billion, or \$1.74 per share, goodwill write-down. Reported results also included intangible asset impairment charges; acquisition-, divestiture-, restructuring- and litigation-related net charges; discrete tax benefits, and amortization expense (after-tax) of \$83 million, or \$0.05 per share. Adjusted net income for the fourth quarter of 2008, excluding these net charges, was \$302 million, or \$0.20 per share.

Full Year 2009

Net sales for the full year 2009 were \$8.188 billion, as compared to net sales of \$8.050 billion for the full year 2008, which

included sales from divested businesses of \$69 million. Excluding the impact of foreign currency and net sales from divested businesses, net sales increased four percent over the prior period.

Worldwide CRM group sales for the full year -- on a reported basis -- were as follows:

(in millions)	U.S.	International	Worldwide	
	2009 2008	2009 2008	2009 2008	
•	s \$1,248 systems 346		\$541 \$1,792 265 621	\$1,681 605
	,	819 806 2 116 33	, - ,	3
Total CRM gr	oup \$1,710	\$1,596 \$852 	\$843 \$2,562 	\$2,439

Worldwide coronary stent system sales for the full year -- on a reported basis -- were as follows:

(in millions)	U.S.	Internationa	l Worldwide	
	2009 200	8 2009 20	08 2009 20	08
Drug-eluting	ı \$911	\$833 \$797	\$801 \$1,708	\$1,634
Bare-metal	57	88 114	129 171 2	17
Total coronar	·v			
stent system	,	\$921 \$911	\$930 \$1,879	\$1,851
	========		=======================================	

Reported net loss for the full year 2009 was \$1.025 billion, or \$0.68 per share. Reported results included acquisition-, divestiture-, restructuring- and litigation-related net charges; discrete tax items; and amortization expense (after-tax) of \$2.207 billion, or \$1.46 per share, which consisted of:

- \$10 million (\$12 million pre-tax), of intangible asset impairment charges associated primarily with certain Urology-related intangible assets;
- \$20 million (\$21 million pre-tax), of purchased research and development charges associated with the acquisition of certain technology rights;
- \$2 million (\$3 million pre-tax), of gains associated with the sale of non-strategic investments;
- \$5 million, on both a pre-tax and after-tax basis, of credits associated with certain prior-period divestitures;
- \$97 million (\$130 million pre-tax), of restructuring and restructuring-related costs associated with the Company's Plant Network Optimization program and 2007 Restructuring plan;
- \$1.771 billion (\$2.022 billion pre-tax), of net charges associated with various litigation matters;
- \$106 million of income for discrete tax items related to certain tax positions taken in a prior period; and
- \$422 million (\$511 million pre-tax), of amortization expense.

Adjusted net income for the full year 2009, excluding these net charges, was \$1.182 billion, or \$0.78 per share.

Reported net loss for the full year 2008 was \$2.036 billion, or \$1.36 per share, which included a \$2.613 billion, or \$1.74 per share, goodwill write-down. Reported results also included intangible asset impairment charges; acquisition-, divestiture-, restructuring- and litigation-related net credits; discrete tax items, and amortization expense (after-tax) of \$622 million, or \$0.42 per share. Adjusted net income for the full year 2008, excluding these net charges, was \$1.199 billion, or \$0.80 per share.

Guidance for First Quarter and Full Year 2010

The Company estimates net sales for the first quarter of 2010 of between \$2.000 billion and \$2.100 billion. Adjusted earnings, excluding acquisition-related credits, restructuring and restructuring-related costs, and amortization expense, are estimated to range between \$0.13 and \$0.17 per share. The Company estimates net income on a GAAP basis of between \$0.14 and \$0.20 per share.

The Company estimates net sales for the full year 2010 of between \$8.100 billion and \$8.500 billion. Adjusted earnings, excluding acquisition-related credits, restructuring and restructuring-related costs, and amortization expense, are estimated to range between \$0.62 and \$0.72 per share. The Company estimates net income on a GAAP basis of between \$0.37 and \$0.49 per share.

Boston Scientific officials will be discussing these results with analysts on a conference call at 8:00 a.m. (ET) Thursday, February 11. The Company will webcast the call to all 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 one year on the Boston Scientific website.

Boston Scientific is a worldwide developer, manufacturer and marketer of medical devices whose products are used in a broad range of interventional medical specialties. For more information, please visit: www.bostonscientific.com.

Cautionary Statement Regarding Forward-Looking Statements

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

Factors that may cause such differences include, among other things: future economic, competitive, reimbursement and regulatory conditions; new product introductions; demographic trends; intellectual property; litigation; financial market conditions; and future business decisions made by us and our competitors. All of these factors are difficult or impossible to predict accurately and many of them are beyond our control. For a further list and description of these and other important risks and uncertainties that may affect our future operations, see Part I, Item 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 thereafter. We disclaim any intention or obligation to publicly update or revise any forward-looking statements to reflect any change in our expectations or in events, conditions, or circumstances on which those expectations may be based, or that may affect the likelihood that actual results will differ from those contained in the forward-looking statements. This cautionary statement is applicable to all forward-looking statements contained in this document.

Use of non-GAAP Financial 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 measures, is included in the exhibits attached to this press release.

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Boston Scientific Corporation

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

	Three Mor	nths End per 31,	ed I	Year Decemb	Ended er 31,
n millions, exce per share data	pt 2009) 2	800	2009	2008
Net sales Cost of products -	\$2,079 s sold 7	\$2,0 10	002 630	\$8,188 2,576	\$8,050 2,469
- Gross profit	1,369	1,37	72 !	5,612	5,581
Operating experating selling, general administrative expenses	al and 649	66	3 2	,635	2,589
Research and expenses Royalty expens Loss on progra	developme 257 se 4 ⁻ am	ent 25 1	7 1 59	,035 191	1,006 203
termination Amortization e: Goodwill impai	xpense				543
charges Other intangibl	e asset	2,613		2,6	613
impairment ch Purchased res	arges		22	12	177
development Acquisition-rela	4		2		
milestone Gain on divest	itures			(250)) (250)
Restructuring of	charges	19	19	63	78
itigation-relate net charges -	eu 1,499		2,0	022	334
-	 2,600 	3,789	6,50	 6 7	,086
- perating loss	(1,23 ⁻	1) (2,	417)	(894)	(1,505)
other income (e Interest expense Other, net	se (12	2) ((2)	107) (7)	(407)	(468) 58)
oss before inco axes Income tax (be	(1,347) enefit)				
expense -					
					\$(2,036)

\$(0.71)

\$(1.59)

\$(0.68)

\$(1.36)

share - basic

Net loss per common share - assuming

dilution \$(0.71) \$(1.59) \$(0.68) \$(1.36)

Weighted-average shares outstanding

1,507.9 1,510.6 1,501.5 1,498.5 Basic Assuming dilution 1,510.6 1,501.5 1,507.9

BOSTON SCIENTIFIC CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS

As of December 31,

in millions, except share data 2009 2008 (Unaudited) ASSETS

Current assets:

Cash and cash equivalents \$864 \$1,641 1,375 Trade accounts receivable, net 1,402 Inventories 920 853 Deferred income taxes 572 911 330 Prepaid expenses and other current assets 645

Total current assets 4,061 5,452

Property, plant and equipment, net 1,728 1,728 Goodwill 12,404 12,421 Other intangible assets, net 7,244 6,731 Other long-term assets 253 294

> \$25,177 \$27,139 _____

> > 1,727

13,174

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current debt obligations \$3 \$2 Accounts payable 212 239 Accrued expenses 2,609 2,612 Other current liabilities 198 380 3,233 Total current liabilities 3,022 Long-term debt 5,915 6,743 Deferred income taxes 1,875 2,262

Other long-term liabilities 2,064 Commitments and contingencies

Stockholders' equity

Preferred stock, \$.01 par value authorized 50,000,000 shares, none issued and outstanding Common stock, \$.01 par value authorized 2,000,000,000 shares and issued 1,510,753,934 shares as of December 31, 2009 and 1,501,635,679 shares as of

December 31, 2008 15 15 Additional paid-in capital 16,086 15,944 Accumulated deficit (3,757)(2,732)Other stockholders' deficit (43)(53)

Total stockholders' equity 12,301 \$25,177 \$27,139

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

Three Months Ended December 31, 2009 2008 -----Impact Impact Net per Net per (loss) diluted (loss) diluted in millions, except per share data income share income share -----\$(1,075) \$(0.71) \$(2,394) \$(1.59) GAAP results Non-GAAP adjustments: Goodwill impairment charges 2,613 1.74* Other intangible asset 2 0.00 impairment charges 14 0.00* impairment charges
Acquisition-related net charges (credits) 3 0.00 25 0.02* Divestiture-related net gains Restructuring-related charges 28 0.02 27 27 0.02* Litigation-related net charges 1,273 0.84* (31) (0.02)* (109) (0.07)* 109 0.07* 126 0.08* Discrete tax items Amortization expense \$304 \$0.20 \$302 \$0.20 Adjusted results Year Ended December 31. _____ 2009 2008 Impact Impact Net per Net per (loss) diluted (loss) diluted in millions, except per share data income share income share _____ \$(1,025) \$(0.68) \$(2,036) \$(1.36) GAAP results Non-GAAP adjustments: Goodwill impairment charges 2,613 1.74* Other intangible asset impairment charges 10 0.01 143 0.10* Divestiture-related net gains (7) (0.00) (131) (0.09)*
Restructuring-related charges 97 0.06 100 0.07 100 0.07* Litigation-related net charges 1,771 1.17* 238 0.16* Discrete tax items $(106) (0.07)^* (27) (0.02)^*$ 422 0.28* 439 0.29* Amortization expense

Adjusted results

An explanation of the Company's use of these non-GAAP measures is provided at the end of this document.

^{*} Assumes dilution of 9.8 million shares for the three months ended December 31, 2009; 2.7 million shares for the three months ended December 31, 2008; 8.0 million shares for the year ended December 31, 2009; and 5.8 million shares for the year ended December 31, 2008 for all or a portion of these charges (credits).

(in millions)	Three Months Decemb	er 31,	December	d 31,
	2009 200	8 2009	2008	
Goodwill impairmen Goodwill impairme Plus: Income tax b	t charges: nt charges	\$2,61	3 \$	2,613
Goodwill impairment net of tax	t charges, \$2,6	13		
Other intangible ass impairment charges Other intangible as impairment charge Plus: Income tax b	s: set	\$22 (8)	\$12 \$ (2) (34	177)
Other intangible ass impairment charges	et	2 \$1	4 \$10	
Acquisition-related r (credits): Acquisition-related Purchased researd development	net charges milestone h and \$4	\$22	\$(250 \$21 43	
Plus: Income tax (because it is expense (a)	penefit)			
Acquisition-related r charges (credits), n				140)
Divestiture-related n (gains) losses: Gain on divestiture Divestiture-related credits (b) Net (gain) loss on s	s \$(5) sale	\$(5)	\$(250)	
of investments (b)	(5)	, ,		
Plus: Income tax e			1 39	9
Divestiture-related n (gains) losses, net of				1)
Restructuring-related Restructuring charge Restructuring-related charges (c)	d charges: ges \$19	\$19	\$63 55	\$78
Plus: Income tax b	36 34 enefit (a) (8)			33)
Restructuring-related charges, net of tax		\$27		
Litigation-related ne Litigation-related cl Litigation-related cl	t charges:	a	\$2,082	
Plus: Income tax b	1,499	2,022 S)	(251) (96)
Litigation-related ne- net of tax	t charges,		1 \$238	

Discrete tax items:

Income tax benefit (a) \$(31) \$(109) \$(106) \$(27)

Amortization expense:

Amortization expense \$129 \$134 \$511 \$543 Plus: Income tax benefit (a) (20) (8) (89) (104)

Amortization expense, net of tax \$109 \$126 \$422 \$4

- (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) Recorded to other, net.
- (c) In the fourth quarter of 2009, recorded \$14 million to cost of products sold and \$3 million to selling, general and administrative expenses. In the fourth quarter of 2008, recorded \$6 million to cost of products sold; \$7 million to selling, general and administrative expenses; and \$2 million to research and development expenses. In 2009, recorded \$50 million to cost of products sold; \$14 million to selling, general and administrative expenses; and \$3 million to research and development expenses. In 2008, recorded \$17 million to cost of products sold; \$31 million to selling, general and administrative expenses; and \$7 million to research and development expenses.

An explanation of the Company's use of these non-GAAP measures is provided at the end of this document.

BOSTON SCIENTIFIC CORPORATION WORLDWIDE SALES (Unaudited)

Change

Three Months Ended						
December 31, As Reported Constant						
			•	•		
in millions	2009					
United States	\$1,145	\$1,156	6 (1) %	, (1) %		
EMEA	484	451	7 %	(3) %		
Japan	262	236	11 %	4 %		
Inter-Continental				7 %		
	932	839	11 %	1 %		
Subtotal	2,077	1,995	4 %	0 %		
Divested Busines	ses 2		N/A	N/A		
Worldwide =		\$2,002 =====		0 %	====	

Change						
Three Mont	ths Ende	ed				
Decembe	d Constant					
Currency Currency						
2009	2008	Basis	Basis			

in millions

Cardiac Rhythm Management Electrophysiology				
Cardiac Rhythm Management Group	645	608	6 %	2 %
Interventional Cardiolo Peripheral Intervention				
Cardiovascular Group	871	883	(1) %	(6) %
Neurovascular	89	91 (1)	% (6) %
Urology/Gynecology	123	234 15 112	10 %	
Endosurgery Group				9 %
Neuromodulation	80	67 1	9 %	18 %
Subtotal 2,	077 1,9	995 4	% 0	%
Divested Businesses	2	7	N/A	N/A
				

\$2,079 \$2,002 4 % 0 %

Worldwide

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

An explanation of the Company's use of these non-GAAP measures is provided at the end of this document.

BOSTON SCIENTIFIC CORPORATION NON-GAAP CONSTANT CURRENCY NET SALES RECONCILIATIONS (Unaudited)

Q4 2009 Net Sales as compared to Q4 2008

Change						
As Reported Currency	Constant Currency	Impact of Foreign				
\$(11)	\$(11)					
33 26 34	9					
93	6	87 				
82	(5)	87				
es (5	5) (5)					
\$77 ======	\$(10)	\$87				
	As Reported Currency Basis \$(11) 33 26 34 93 82 es (5	### Estin As Reported Constant Currency Basis	## Second Constant Constant Constant Courrency Basis Courrency Basis Courrency \$(11) \$(11) \$(11) \$ \$(

Q4 2009 Net Sales as compared to Q4 2008

-----Change

----- Estimated

in millions		Curre Bas	ncy sis	Foreign Currency	
Cardiac Rhythm M Electrophysiology	anagement 1	\$36	0	\$15 1	\$21
Cardiac Rhythm Ma	nagement G				22
Interventional Card Peripheral Interven	tions	6	(3)	9	
Cardiovascular Grou	ib	(12)	(56)	44	
Neurovascular	(2)		(6)	4	
Endoscopy Urology/Gynecolog	35 Iy 	11	22 8	13 3	
Endosurgery Group					
Neuromodulation	1	3	12	1	
Subtotal	82	(5)		87	
Divested Businesse	es 	(5)	(5)	0	
Worldwide				\$87	:======

An explanation of the Company's use of these non-GAAP measures is provided at the end of this document.

BOSTON SCIENTIFIC CORPORATION WORLDWIDE SALES (Unaudited)

	December	Change 31, As Repor	rted Constan	t
in millions		Currency 2008 Basi 	•	
United States	\$4,675	\$4,487 4	4 %	
Japan Inter-Continental	988		4 % % 8 %	
International				
Subtotal	8,177	7,981 2 %	% 4 %	
Divested Busines	ses 11	69 I	N/A N/A	
Worldwide =		\$8,050 2		

	Change				
	Year Ende	ed			
	Decembe	r 31, <i>F</i>	As Reported	Constant	
	Currency Currency				
in millions	2009	2008	Basis	Basis	
		_000	240.0	240.0	

Electrophysiology	\$2,413 \$2,286 6 % 7 % 149 153 (2) % (1) %				
Cardiac Rhythm	p 2,562 2,439 5 % 7 %				
Interventional Cardiology 2,859 2,879 (1) % 0 % Peripheral Interventions 661 684 (3) % (2) %					
Cardiovascular Gro	up 3,520 3,563 (1) % 0 %				
Neurovascular	348 360 (3) % (2) %				
Endoscopy Urology/Gynecolog	1,006 943 7 % 8 % gy 456 431 6 % 6 %				
Endosurgery Group	1,462 1,374 6 % 7 %				
	285 245 17 % 17 %				
Subtotal	8,177 7,981 2 % 4 %				
	es 11 69 N/A N/A				
	\$8,188 \$8,050 2 % 3 % 				

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

An explanation of the Company's use of these non-GAAP measures is provided at the end of this document.

BOSTON SCIENTIFIC CORPORATION NON-GAAP CONSTANT CURRENCY NET SALES RECONCILIATIONS (Unaudited)

Q4 2009 YTD Net Sales as compared to Q4 2008

Change					
in millions	As Reported Currency Basis	Constant	Impact of Foreign		
United States EMEA Japan Inter-Continental	(123) 127 4	\$188 11 37 52	90 (48)		
International		100			
Subtotal	196	288	(92)		
Divested Businesse	es (58	3) (58)	0		
Worldwide	\$138 	\$230	\$(92) 		

Q4 2009 YTD Net Sales as compared to Q4 2008

Change
----- Estimated
As Reported Constant Impact of

	urrency Basis			
Cardiac Rhythm Mana Electrophysiology	agement (4)	\$127 (3)	\$168 (1)	\$(41)
Cardiac Rhythm Management Group 123 165 (4			(42)	
Interventional Cardiolo Peripheral Intervention	ogy (20 ns (23)) 2) (13)	(22) (10)	
Cardiovascular Group	(43	3) (11) (32)	
Neurovascular	(12)	(8)	(4)	
Endoscopy Urology/Gynecology	63 25	74 27	(11) (2)	
Endosurgery Group	88	101	(13)	
Neuromodulation	40	41	(1)	
Subtotal	196	288	(92)	
Divested Businesses	(58) 0	
Worldwide ==		\$230 ======	\$(92) ======	

An explanation of the Company's use of these non-GAAP measures is provided at the end of this document.

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

	Q1 2010 Estimate			Full Year 2010 Estimate		
	(Low)	(High))	
GAAP results	\$0	.15 \$0	0.20	\$0.37	\$0.49	
Estimated acquisition-related credits (0.14) (0.14) (0.14) (0.14)						
Estimated rest	tructuring-		, ,	, (0.14)	
Estimated amo	ortization 0.07	0.0	7 0.2	7 0.2	27	
Ad' aladaa d						
Adjusted resul	ts \$0	.13 \$0	0.17	\$0.62 	\$0.72 	

An explanation of the Company's use of these non-GAAP measures is provided at the end of this document.

Use of Non-GAAP Financial Measures

To supplement Boston Scientific's condensed consolidated financial statements presented on a GAAP basis; the Company discloses certain non-GAAP measures that exclude certain amounts, including non-GAAP net income, non-GAAP net income per share, and regional and divisional revenue growth rates that exclude the impact of foreign exchange. These non-GAAP measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States.

The GAAP measure most comparable to non-GAAP net income is GAAP net income and the GAAP measure most comparable to non-GAAP net income per share is GAAP net income per share. Reconciliations of each of these non-GAAP financial measures to the corresponding GAAP measure are included in the accompanying schedules.

To calculate regional and divisional revenue growth rates that exclude the impact of foreign exchange, the Company converts actual current-period net sales from local currency to U.S. dollars using constant foreign exchange rates. The GAAP measure most comparable to this non-GAAP measure is growth rate percentages based on GAAP revenue. A reconciliation of this non-GAAP financial measure to the corresponding GAAP measure is included in the accompanying schedules.

Use and Economic Substance of Non-GAAP Financial Measures Used by Boston Scientific

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

The following is an explanation of each of the adjustments that management excluded as part of its non-GAAP measures for the three months and year ended December 31, 2009 and 2008 and for the forecasted three month period ending March 31, 2010 and full year ending December 31, 2010, as well as reasons for excluding each of these individual items:

- Goodwill and Other intangible asset impairment charges These amounts represent non-cash write-downs of certain of the Company's intangible assets and goodwill. Following the Company's acquisition of Guidant Corporation in 2006, and the related increase in the Company's debt, management has heightened its focus on cash generation and debt pay down. Management removes the impact of these charges from the Company's operating performance to assist in assessing the Company's cash generated from operations. Management believes this is a critical metric for the Company in measuring the Company's ability to generate cash and pay down debt. Therefore, these charges are excluded from management's assessment of operating performance and are also excluded from the measures management uses to set employee compensation. Accordingly, management believes this may be useful information to users of its financial statements and therefore has excluded these charges for purposes of calculating these non-GAAP measures to facilitate an evaluation of the Company's current operating performance, particularly in terms of liquidity.
- Acquisition-related net charges (credits) These adjustments consist of purchased research and development and gains
 resulting from the receipt of acquisition-related milestones. Purchased research and development is a highly variable
 charge based on the extent and nature of external technology acquisitions during the period. The acquisition-related
 milestone gain recorded in the first quarter of 2008 and the anticipated gain to be recorded in the first quarter of 2010
 represent receipts related to Guidant Corporation's sale of its vascular intervention and endovascular solutions businesses
 to Abbott Laboratories and are not indicative of future operating results. Management removes the impact of these
 charges (credits) from the Company's operating results to facilitate an evaluation of the Company's current operating
 performance and a comparison to the Company's past operating performance.
- <u>Divestiture-related gains and losses</u> These amounts represent gains and losses, and related tax impacts, that the
 Company recognized related to the sale of non-strategic assets, including the sale of certain businesses, development
 programs and non-strategic investments. The sale and transfer of these non-strategic assets were substantially completed
 during 2008. These gains and losses are not indicative of future operating performance and are not used by management
 to assess operating performance. Accordingly, management excluded these amounts for purposes of calculating these
 non-GAAP measures to facilitate an evaluation of the Company's current operating performance and a comparison to the
 Company's past operating performance.
- Restructuring and restructuring-related costs These adjustments represent primarily severance, employee-related retention incentives, asset write-offs, accelerated depreciation, costs to transfer production lines from one facility to another, and other costs associated with the Company's Plant Network Optimization program and 2007 Restructuring plan. These expenses are not indicative of the Company's on-going operating performance and are excluded by management in assessing the Company's operating performance, as well as from the Company's operating segments' measures of profit and loss used for making operating decisions and assessing performance. Accordingly, management excluded these charges for purposes of calculating these non-GAAP measures to facilitate an evaluation of the Company's current operating performance and a comparison to the Company's past operating performance.
- <u>Litigation-related charges (credits)</u> –These charges (credits) are attributable to certain patent litigation and other legal
 matters. These amounts represent significant charges during the first, third, and fourth quarters of 2009, and the third
 quarter of 2008; and a reduction of previously recorded reserves associated with certain legal matters in the third quarter
 of 2009. These charges and credits do not reflect expected on-going operating expenses. Accordingly, management
 excluded these charges for purposes of calculating these non-GAAP measures to facilitate an evaluation of the
 Company's current operating performance and for comparison to the Company's past operating performance.

- <u>Discrete tax items</u> These items represent current period adjustments of certain tax positions, which were initially established in prior periods as a result of acquisitions or as a result of divestiture- and litigation-related charges, or restructuring and restructuring-related costs. These adjustments do not reflect expected on-going operating results. Accordingly, management excluded these amounts for purposes of calculating these non-GAAP measures to facilitate an evaluation of the Company's current operating performance and for comparison to the Company's past operating performance.
- Amortization expense Amortization expense is a non-cash charge and does not impact the Company's liquidity or
 compliance with the covenants included in its debt agreements. Management removes the impact of amortization from the
 Company's operating performance to assist in assessing the Company's cash generated from operations. Management
 believes this is a critical metric for the Company in measuring the Company's ability to generate cash and pay down debt.
 Therefore, amortization expense is excluded from management's assessment of operating performance and is also
 excluded from the measures management uses to set employee compensation. Accordingly, management believes this
 may be useful information to users of its financial statements and therefore has excluded amortization expense for
 purposes of calculating these non-GAAP measures to facilitate an evaluation of the Company's current operating
 performance, particularly in terms of liquidity.
- <u>Foreign exchange on net sales</u> The impact of foreign exchange is highly variable and difficult to predict. Accordingly, management excludes the impact of foreign exchange for purposes of reviewing regional and divisional revenue growth rates to facilitate an evaluation of the Company's current operating performance and comparison to the Company's past operating performance.

Material Limitations Associated with the Use of Non-GAAP Financial Measures

Non-GAAP net income, non-GAAP net income per diluted share, and regional and divisional revenue growth rates that exclude the impact of foreign exchange may have limitations as analytical tools, and these non-GAAP measures should not be considered in isolation from or as a replacement for GAAP financial measures. Some of the limitations associated with the use of these non-GAAP financial measures are:

- Items such as purchased research and development, gains on acquisition-related milestones and divestiture-related gains
 and losses reflect economic costs and benefits to the Company and are not reflected in non-GAAP net income and nonGAAP net income per diluted share.
- Items such as restructuring and restructuring-related costs, litigation-related charges, and discrete tax items that are excluded from non-GAAP net income and non-GAAP net income per diluted share can have a material impact on cash flows and GAAP net income and net income per diluted share.
- Amortization expense and goodwill and other intangible asset impairment charges, though not directly affecting Boston Scientific's cash flow position, represent a reduction in value of goodwill and other intangible assets. The expense associated with this reduction in value is not included in Boston Scientific's non-GAAP net income or non-GAAP net income per diluted share and therefore these measures do not reflect the full effect of the reduction in value of those assets.
- Revenue growth rates stated on a constant currency basis, by their nature, exclude the impact of foreign exchange, which may have a material impact on GAAP net sales.
- Other companies may calculate non-GAAP net income, non-GAAP net income per diluted share, or regional and divisional revenue growth rates that exclude the impact of foreign exchange differently than Boston Scientific does, limiting the usefulness of those measures for comparative purposes.

Compensation for Limitations Associated with Use of Non-GAAP Financial Measures

Boston Scientific compensates for the limitations on its non-GAAP financial measures by relying upon its GAAP results to gain a complete picture of the Company's performance. The non-GAAP numbers focus instead upon the core business of the Company, which is only a subset, albeit a critical one, of the Company's performance.

The Company provides detailed reconciliations of each non-GAAP financial measure to its most directly comparable GAAP measure in the accompanying schedules, and Boston Scientific encourages investors to review these reconciliations.

<u>Usefulness of Non-GAAP Financial Measures to Investors</u>

The Company believes that presenting non-GAAP net income, non-GAAP net income per share, and regional and divisional revenue growth rates that exclude the impact of foreign exchange in addition to the related GAAP measures provides investors greater transparency to the information used by Boston Scientific management for its financial and operational decision-making and allows investors to see Boston Scientific's results "through the eyes" of management. The Company further believes that providing this information better enables Boston Scientific's investors to understand the Company's operating performance and to evaluate the methodology used by management to evaluate and measure such performance.

SOURCE Boston Scientific Corporation

https://news.bostonscientific.com/financial-results-q4-fy-2009