Boston Scientific Announces Second Quarter Results

(July 26, 2004) -- Boston Scientific Corporation (NYSE: BSX) today announced financial results for its second quarter ended June 30, 2004.

Net sales for the second quarter were $1.460 billion as compared to $854 million for the second quarter of 2003, an increase of 71 percent. Excluding the favorable impact of $31 million of foreign currency fluctuations, net sales were $1.429 billion, an increase of 67 percent.

Net income for the quarter, excluding net special charges, increased 200 percent to $377 million, or $0.44 per share (diluted), as compared to $126 million, or $0.15 per share, excluding net special charges, in the second quarter of 2003. The results include the net impact of the previously announced recall of certain units of the Company's TAXUS™ Express^{2}™ paclitaxel-eluting coronary stent systems and Express^{2}™ coronary stent systems, in the amount of $57 million (after-tax), or approximately $0.06 per share. The recall impact consists of a $78 million (pre-tax) reduction to gross margin, including a sales reversal of $35 million and an inventory write-off of $43 million. The results also include a $0.01 dilution to earnings from the operating results of Advanced Bionics, which Boston Scientific acquired on June 1, 2004.

Reported net income for the quarter, including net special charges of $64 million (after-tax), was $313 million, or $0.36 per share, as compared to reported net income of $114 million, or $0.13 per share, in the second quarter of 2003. The net special charges reflect purchased in-process research and development costs related to acquisitions.

"We experienced impressive growth across all our businesses and regions, and we are reporting new records in both sales and earnings," said Jim Tobin, President and Chief Executive Officer of Boston Scientific. "We were especially pleased with the strong conversion rate to drug-eluting stents in the United States, which reached more than 80 percent by the end of the quarter. This resulted in a significant leveraging of our profitability, and we will be working hard to ensure it continues in the coming quarters."

Boston Scientific officials will be discussing these and other issues with analysts on a conference call at 9:00 a.m. (ET) Monday, July 26. 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 10 business days 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.

The Company discloses non-GAAP or pro forma measures that exclude certain charges. Non-GAAP measures may exclude such items as charges related to purchased in-process research and development and certain litigation. Management uses these measures to establish operational goals, and believes that non-GAAP measures may assist investors in analyzing the underlying trends in the Company's business over time. Investors should consider these non-GAAP measures in addition to, not as a substitute for, or as superior to, financial reporting measures prepared in accordance with GAAP.

This press release contains forward-looking statements. The Company wishes to caution the reader of this press release that actual results may differ from those discussed in the forward-looking statements and may be adversely affected by, among other things, risks associated with new product development and introduction, clinical trials, regulatory approvals, competitive offerings, intellectual property, litigation, the Company's relationship with third parties, the Company's overall business strategy, and other factors described in the Company's filings with the Securities and Exchange Commission.