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BOSTON SCIENTIFIC CORP  
Form 425  
February 07, 2006

Filed by Boston Scientific Corporation  
Pursuant to Rule 425 under the Securities Act of 1933  
and deemed filed pursuant to Rule 14a-12  
under the Securities Exchange Act of 1934

Subject Company: Guidant Corporation  
Commission File No.: 001-13388

The following presentation material was made available on February 7, 2006.

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[LOGO]

## ***Results of Operations***

***December 31, 2005***

**Safe Harbor: Forward-Looking Statements**

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This press release contains forward-looking statements, including, among other statements, statements regarding the proposed business combination between Boston Scientific Corporation and Guidant Corporation, and the anticipated consequences and benefits of such transaction. Statements made in the future tense, and words such as anticipate, expect, project, believe, plan, estimate, intend, will, similar expressions are intended to identify forward-looking statements. These statements are based on current expectations but are subject to certain risks and uncertainties, many of which are difficult to predict and are beyond the control of Boston Scientific or Guidant. Relevant risks and uncertainties include those referenced in Boston Scientific's and Guidant's filings with the Securities and Exchange Commission (SEC) (which can be obtained as described in Additional Information below), and include: general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations; and trends toward health care cost containment. Risks and uncertainties relating to the proposed transaction include: required regulatory approvals will not be obtained in a timely manner, if at all; the proposed transaction will not be consummated; the anticipated benefits of the proposed transaction will not be realized; and the integration of Guidant's operations with Boston Scientific will be materially delayed or will be more costly or difficult than expected. These risks and uncertainties could cause actual results to differ materially from those expressed in or implied by the forward-looking statements, and therefore should be carefully considered. Neither Boston Scientific nor Guidant assumes any obligation to update any forward-looking statements as a result of new information or future events or developments.

**Safe Harbor: Additional Information**

Boston Scientific and Guidant have filed a preliminary prospectus/proxy statement with the SEC in connection with the proposed transaction. The material contained herein is not a substitute for the preliminary prospectus/proxy statement or any other documents that Boston Scientific and Guidant have filed or will file with the SEC. **Investors and security holders are urged to read the preliminary prospectus/proxy statement and any other relevant documents filed or to be filed by Boston Scientific or Guidant, including the definitive prospectus/proxy statement when available, because they contain or will contain important information about the proposed transaction.** The preliminary prospectus/proxy statement is, and other documents filed or to be filed by Boston Scientific and Guidant with the SEC are or will be, available free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)) or from Boston Scientific by directing a request to Boston Scientific Corporation, One Boston Scientific Place, Natick, Massachusetts 01760-1537, Attention: Milan Kofol, Investor Relations, or from Guidant by directing a request to Guidant Corporation, 111 Monument Circle, 29th Floor, Indianapolis, Indiana 46204, Attention: Investor Relations.

Neither Boston Scientific nor Guidant is currently engaged in a solicitation of proxies from the security holders of Boston Scientific or Guidant in connection with Boston Scientific's proposed acquisition of Guidant. If a proxy solicitation commences, Boston Scientific, Guidant and their respective directors, executive officers and other employees may be deemed to be participants in such solicitation. Information about Boston Scientific's directors and executive officers is available in Boston Scientific's proxy statement, dated April 4, 2005, for its 2005 annual meeting of stockholders, and information about Guidant's directors and executive officers is available in Guidant's most recent filing on Form 10-K. Additional information about the interests of potential participants is included in the preliminary prospectus/proxy statement referred to above.

**Worldwide Sales by Global Division  
2005 vs. 2004**

	WORLDWIDE TOTAL		Change	
	2005	2004	@ AFX	@ CFX
Cardiovascular	\$ 4,498	\$ 4,107	10%	9%
Electrophysiology	132	130	2%	2%
Neurovascular	277	253	9%	9%
<b>CARDIOVASCULAR GROUP</b>	<b>4,907</b>	<b>4,490</b>	<b>9%</b>	<b>9%</b>
Oncology	207	186	11%	11%
Endoscopy	697	641	9%	9%
Urology	324	261	24%	24%
<b>ENDOSURGERY GROUP</b>	<b>1,228</b>	<b>1,088</b>	<b>13%</b>	<b>13%</b>
<b>SUBTOTAL</b>	<b>6,135</b>	<b>5,578</b>	<b>10%</b>	<b>10%</b>
<b>Neuromodulation</b>	<b>148</b>	<b>46</b>	<b>222%</b>	<b>222%</b>
<b>WORLDWIDE</b>	<b>\$ 6,283</b>	<b>\$ 5,624</b>	<b>12%</b>	<b>11%</b>

**Worldwide Sales by Geography**  
**2005 vs. 2004**

	WORLDWIDE TOTAL		Change	
	2005	2004	@ AFX	@ CFX
<b>BSC DOMESTIC</b>	\$ 3,852	\$ 3,502	10%	10%
EUROPE	1,161	994	17%	17%
JAPAN	579	613	(6)%	(4)%
INTER-CONTINENTAL	691	515	34%	28%
<b>BSC INTERNATIONAL</b>	<b>2,431</b>	<b>2,122</b>	<b>15%</b>	<b>13%</b>
<b>TOTAL WORLDWIDE</b>	<b>\$ 6,283</b>	<b>\$ 5,624</b>	<b>12%</b>	<b>11%</b>

**DES Revenue by Region  
2005 vs. 2004**

	2005		2004		Change		
U.S.	\$	1,763	\$	1,570	\$	193	12%
Europe		476		344		132	38%
IC		317		229		88	38%
<b>Total</b>	<b>\$</b>	<b>2,556</b>	<b>\$</b>	<b>2,143</b>	<b>\$</b>	<b>413</b>	<b>19%</b>

**Sales Bridge: 2005 vs. 2004 (\$M)**

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**Financial Results (Excluding Special Charges)**

2005 vs. 2004

	2005		2004		
<b>Sales</b>	\$	6,283	\$	5,624	<b>12%</b>
<b>Gross Margin</b>		4,898		4,332	<b>13%</b>
		78.0%		77.0%	
<b>SG&amp;A</b>		1,776		1,542	<b>(15)%</b>
<b>R&amp;D</b>		673		569	<b>(18)%</b>
<b>Royalties</b>		227		195	<b>(16)%</b>
<b>Amortization</b>		142		112	<b>(27)%</b>
<b>Operating Expense</b>		2,818		2,418	<b>(17)%</b>
<b>Operating Income</b>		2,080		1,914	<b>9%</b>
		33.1%		34.0%	
<b>Non Operating Expense</b>		(77)		(80)	<b>4%</b>
<b>Inc Before Taxes</b>		2,003		1,834	<b>9%</b>
<b>Net Income</b>		1,522		1,394	<b>9%</b>
		24.2%		24.8%	
<b>EPS</b>	\$	1.82	\$	1.63	<b>12%</b>



## 2005 Financial Results

	Operational Results	Special Charges	As Reported
Net Sales	\$ 6,283		\$ 6,283
Gross Margin	4,898	\$ (1)	4,897
SG&A	1,776	38	1,814
R&D	673	7	680
Royalties	227		227
Amortization	142	10	152
Litigation		780	780
Purchased Research & Development	0	276	276
Operating Expense	2,818	1,111	3,929
Operating Income	2,080	(1,112)	968
Non Operating Expense	(77)		(77)
Income Before Taxes	2,003	(1,112)	891
Net Income	\$ 1,522	\$ (894)	\$ 628
EPS (Diluted)	\$ 1.82	\$ (1.07)	\$ 0.75

*Special Charges: Litigation settlement with Medinol (\$780M, \$598 after-tax); purchased research and development (\$276M, \$267M after-tax); costs that resulted from certain business optimization initiatives (\$39M, \$24M after-tax); expenses related to certain retirement benefits (\$17M, \$11M after-tax); and benefit from a technical correction made to the American Jobs Creation Act (\$6M after-tax)*

[LOGO]

## ***Q4 2005 Financial Results***

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**Financial Results (Excluding Special Charges)**  
 Q4 2005 vs. Q4 2004

[LOGO]

	Q4 05		Q4 2004		
<b>Sales</b>	\$	1,540	\$	1,600	<b>(4)%</b>
<b>Gross Margin</b>		1,199		1,272	<b>(6)%</b>
		77.9%		79.5%	
<b>SG&amp;A</b>		458		425	<b>(8)%</b>
<b>R&amp;D</b>		174		158	<b>(10)%</b>
<b>Royalties</b>		53		64	<b>17%</b>
<b>Amortization</b>		38		30	<b>(27)%</b>
<b>Operating Expense</b>		723		677	<b>(7)%</b>
<b>Operating Income</b>		476		595	<b>(20)%</b>
		30.9%		37.2%	
<b>Non Operating Expense</b>		(27)		(45)	<b>40%</b>
<b>Inc Before Taxes</b>		449		550	<b>(18)%</b>
<b>Net Income</b>		340		419	<b>(19)%</b>
		22.1%		26.2%	
<b>EPS</b>	\$	0.41	\$	0.49	<b>(16)%</b>

**Sales Bridge: Q4 2005 vs. Q4 2004 (\$M)**

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## **Guidant Integration**

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## **Proforma Combined Outlook**

**Strategic Build Continues**

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Accelerating Revenue Growth Proforma Combined Sales

[CHART]

*Note: Based on Wall Street case and Company estimates for Guidant's business.*

Accelerating Proforma Adjusted EPS

[CHART]

*Note: Based on Wall Street case and Company estimates for Guidant's business.*



Basis of Reporting Moving Forward

**Boston Scientific will be reporting Adjusted EPS in addition to GAAP EPS. Adjusted EPS is defined as:**

GAAP EPS excluding amounts related to:

Effect of purchase price allocation on assets:

write-off of in-process research and development

amortization of identifiable intangibles

effect of the step-up of assets to fair market value

Merger-related costs:

integration costs

restructuring charges

Costs associated with Guidant's on-going litigation

Stock compensation expense

Other special non-operating costs

Accelerating Proforma Adjusted EPS

[CHART]

*Note: Based on Wall Street case and Company estimates for Guidant's business.*

Strong Proforma Operating Cash Flow

[CHART]

*Note: Based on Wall Street case and Company estimates for Guidant's business.*

## **Next Chapter of Growth**

### **Strategic Build Continues**

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**Note: Assumes 01/01/06 acquisition of Guidant**

## Adjusted EPS

Boston Scientific provides adjusted net income and adjusted net income per share amounts in order to provide meaningful supplemental information regarding its operational performance and its prospects for the future. These supplemental measures exclude the impact of certain charges such as litigation settlement costs and purchased in-process research and development that are highly variable and difficult to predict. Management uses these supplemental measures to evaluate performance period over period, to analyze the underlying trends in the Company's business and to establish operational goals and forecasts that are used in allocating resources. Since management finds these measures to be useful, the Company believes that its investors benefit from seeing the Company's results through the eyes of management in addition to seeing its GAAP results.

The Company recognizes that items such as litigation settlements can have a material impact on the Company's cash flows and net income. Although the Company believes it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to the Company for other uses. To gain a complete picture of all effects on the Company's net income and net income per share from any and all events, management does (and investors should) rely upon the GAAP income statement. 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.

Readers are therefore reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that the Company's non-GAAP information may be different from the non-GAAP information provided by other companies.

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## ***Results of Operations***

*December 31, 2005*

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