BOSTON SCIENTIFIC CORP
Form DEF 14A
March 19, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

BOSTON SCIENTIFIC CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Natick, Massachusetts
March 19, 2008

Dear Boston Scientific Stockholder:

You are cordially invited to attend Boston Scientific Corporation's Annual Meeting of Stockholders to be held on Tuesday, May 6, 2008, at 10:00 A.M. Eastern Time, at the Harvard Club of Boston, 374 Commonwealth Avenue, Boston, Massachusetts.

This year you are being asked to:

- re-elect ten directors;
- approve an amendment and restatement of our 2003 Long-Term Incentive Plan;
- ratify the appointment of Ernst & Young LLP as our independent auditors for the 2008 fiscal year; and
- transact such other business as may properly come before the annual meeting or any adjournment or postponement of the meeting.

These matters are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement. Our Board of Directors urges you to read the accompanying Proxy Statement and recommends that you vote "FOR" all of the director nominees, the amendment and restatement of our 2003 Long-Term Incentive Plan and the ratification of the appointment of Ernst &Young LLP as our independent auditors. At the meeting, you will be provided with the opportunity to ask questions.

We are pleased to take advantage of the new Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders on the Internet. We believe that this new e-proxy process, also known as "notice and access," will expedite stockholders' receipt of proxy materials, lower our printing and mailing costs and reduce the environmental impact of producing the materials for our annual meeting. During the week of March 24, 2008, we will mail to our stockholders of record as of March 7, 2008 a Notice containing instructions on how to access our Proxy Statement and Annual Report on the Internet and also how to vote via the Internet. Both the Notice and this Proxy Statement contain instructions on how you can receive a paper copy of the Proxy Statement and Annual Report if you prefer.

The Board of Directors appreciates and encourages stockholder participation in the Company's affairs. Whether or not you plan to attend the meeting, it is important that your shares be represented. Accordingly, we request that as soon as possible, you either:

(a) vote via the Internet pursuant to the instructions provided in the Notice, or

(b) request printed copies of the proxy materials by mail pursuant to the instructions provided in the Notice, and either:

  (i) complete, sign, date and return the proxy card you will receive in response to your request; or

  (ii) vote via telephone (toll-free) in the United States or Canada, in accordance with the instructions on the proxy card.

Thank you for your continuing support.

Very truly yours,

Pete M. Nicholas
Chairman of the Board

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Natick, Massachusetts
March 19, 2008

The Annual Meeting of Stockholders of Boston Scientific Corporation will be held at the Harvard Club of Boston, 374 Commonwealth Avenue, Boston, Massachusetts on Tuesday, May 6, 2008, at 10:00 A.M. Eastern Time, for the following purposes:

(1) To re-elect ten directors to serve until our 2009 Annual Meeting of Stockholders;

(2) To approve an amendment and restatement of our 2003 Long-Term Incentive Plan (the "Plan");

(3) To ratify the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2008; and

(4) To transact such other business as may properly come before the meeting or any adjournments or postponements of the meeting.

Only stockholders who held shares at the close of business on March 7, 2008, are entitled to notice of and to vote at the meeting or any adjournments or postponements of the meeting.

So that your shares will be represented whether or not you attend the Annual Meeting, as soon as possible, please

(a) vote via the Internet pursuant to the instructions provided in the Notice you received by mail, or

(b) request printed copies of the proxy materials by mail pursuant to the instructions provided in the Notice, and either:

(i) complete, sign, date and return the proxy card you will receive in response to your request; or

(ii) vote via telephone (toll-free) in the United States or Canada, in accordance with the instructions on the proxy card.

By Order of the Board of Directors

Lawrence J. Knopf
Assistant Secretary

ONE BOSTON SCIENTIFIC PLACE
NATICK, MASSACHUSETTS 01760

March 19, 2008

PROXY STATEMENT

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

The Annual Meeting

The Annual Meeting of Stockholders of Boston Scientific Corporation will be held on Tuesday, May 6, 2008, at 10:00 A.M. Eastern Time, at the Harvard Club of Boston, 374 Commonwealth Avenue, Boston, Massachusetts. At this meeting, stockholders will be asked to re-elect ten directors; approve an amendment and restatement of our 2003 Long-Term Incentive Plan; and ratify the appointment of Ernst &Young LLP as our independent auditors for the 2008 fiscal year. Management will also report on our performance during fiscal year 2007 and will respond to appropriate questions from stockholders. When used in this Proxy Statement, the terms "we," "us," "our" and "the Company" mean Boston Scientific Corporation and its divisions and subsidiaries.

Who is entitled to attend and vote at the Annual Meeting?

Stockholders who held shares at the close of business on March 7, 2008, are entitled to attend and vote at the Annual Meeting. Each share of our common stock is entitled to one vote.

What do I need to bring to the Annual Meeting?

If your shares are registered in your name, you should bring proper identification to the meeting. If your shares are held in the name of a broker, trust, bank or another nominee, you will need to bring a proxy, account statement or letter from that broker, trust, bank or other nominee that confirms that you are the beneficial owner of those shares, along with proper identification.

What changes will I notice this year as a result of the Company participating in the new e-proxy rules?

In July 2007, the Securities and Exchange Commission adopted the e-proxy rules which allow a company to send a Notice to notify its stockholders that they may access the company's Proxy Statement and Annual Report online. This process reduces the amount of time it takes for stockholders to obtain the materials, reduces the printing and mailing costs paid by the company, and reduces the environmental impact of producing the materials. We have elected to participate in this e-proxy process this year as part of our Company-wide efforts to reduce expenses and protect the environment.

On or about March 24, 2008, we will send all stockholders of record as of March 7, 2008 a Notice instructing them as to how to receive their proxy materials via the Internet this year. The proxy materials will be available on the Internet as of March 24, 2008. If you are a registered stockholder, and hold your shares directly through BNY Mellon Shareowner Services, our transfer agent, you can access the material online at http://bnymellon.mobular.net/bnymellon/BSX. If you hold your shares through a broker, you can access the materials online at www.proxyvote.com. You can also vote online through these websites. Our own website (www.bostonscientific.com) will also direct you to these sites to access the materials and vote online.

What if I prefer to receive paper copies of the materials?

If you prefer to receive paper copies of the materials, you can still do so. If you are a registered stockholder, and hold your shares directly through BNY Mellon Shareowner Services, you may request a paper copy of the materials by (i) calling 1-888-313-0164 (outside of the U.S. or Canada, call 1-201-680-6688); (ii) sending an email to shrrelations@bnymellon.com; or (iii) logging onto http://bnymellon.mobular.net/bnymellon/bsx. If you hold your shares through a broker, you may request a paper copy of the materials by (i) calling 1-800-579-1639; (ii) sending an email to sendmaterial@proxyvote.com; or (iii) logging onto www.proxyvote.com. There is no charge to receive the materials by mail.

What constitutes a quorum at the meeting?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock outstanding on March 7, 2008, the record date, will constitute a quorum for purposes of the Annual Meeting. As of March 7, 2008, 1,494,879,385 shares of Boston Scientific common stock were outstanding, with each share entitled to one vote. For purposes of determining whether a quorum exists, proxies received but marked "withhold" or "abstain" and "broker non-votes" (described below) will be counted.

How do I vote by proxy?

Your vote is very important. Whether or not you plan to attend the meeting, we urge you to either

(a) vote via the Internet pursuant to the instructions provided in the Notice you received by mail, or

(b) request printed copies of the proxy materials by mail pursuant to the instructions provided in the Notice, and either

 (i) complete, sign, date and return the proxy card you will receive in response to your request; or

 (ii) vote via telephone (toll-free) in the United States or Canada, in accordance with the instructions on the proxy card.

If you vote by mail, no postage is required if your proxy card is mailed in the United States.

If you properly complete and deliver your proxy card (whether electronically, by mail or by telephone) and our transfer agent receives it in time to vote at the meeting, your "proxy" (one of the individuals named on your proxy card) will vote your shares as you have directed. If you complete and deliver the proxy card but do not make specific choices, your proxy will vote your shares as recommended by the Board, as follows:

(1) ***FOR*** the re-election of each of the ten director nominees;

(2) ***FOR*** the amendment and restatement of our 2003 Long-Term Incentive Plan; and

(3) ***FOR*** the ratification of the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2008.

If any other matter is properly presented at the meeting or if the meeting is to be postponed or adjourned, your proxy will vote your shares in accordance with his or her best judgment. At present, the Board knows of no other business that is intended to be brought before or acted upon at this Annual Meeting.

How do I vote if my shares are held by my broker?

If your shares are held by your broker in "street name," you will need to instruct your broker (in the method required by your broker) how to vote your shares. Your broker will send you a Notice instructing you how to vote via the Internet, or how to request written materials and vote via telephone or by mail.

What discretion does my broker have to vote my shares held in "street name"?

At this time, New York Stock Exchange rules allow your broker to vote your shares with respect to the election of directors and the ratification of our independent auditors, even if it does not receive instructions from you, so long as it holds your shares in its name. There are, however, certain matters with respect to which brokers do not have discretionary voting authority, including the proposal to approve the amendment and restatement of our 2003 Long-Term Incentive Plan. If you do not instruct your broker how to vote with respect to this item, your broker may not vote with respect to this proposal, but rather those votes will be considered "broker non-votes." Shares represented by "broker non-votes" will, however, be counted in determining whether there is a quorum.

Can I change my vote or revoke my proxy after I have already voted or given my proxy?

Yes. If you own your shares directly, you may change your vote or revoke your proxy at any time before the proxy is exercised at the Annual Meeting. To change your vote, you may:

- mail a written notice "revoking" your earlier vote to our transfer agent, BNY Mellon Shareowner Services, 480 Washington Boulevard, Jersey City, New Jersey 07310-1900;
- submit to our transfer agent a properly completed and signed proxy card with a later date;
- vote again telephonically or electronically (available until 11:00 p.m. Eastern Time on May 5, 2008); or
- vote in person at the Annual Meeting.

Your last dated proxy or vote cast will be counted.

If you own your shares through a broker, please contact your broker for instructions on changing your vote or revoking your proxy.

How do I vote in person?

If you plan to attend the Annual Meeting and vote in person, we will give you a ballot or a new proxy card when you arrive. However, if your shares are held in the name of your broker, trust, bank or other nominee, you must bring an account statement or letter from the broker, trust, bank or other nominee indicating that you were the beneficial owner of the shares on March 7, 2008, the record date for voting. Please bring proper identification to the Annual Meeting. Please see our website, *www.bostonscientific.com*, for directions to the Annual Meeting.

How do I vote my 401(k), GESOP and Guidant ESSOP shares?

If you participate in the Boston Scientific Corporation 401(k) Retirement Savings Plan (401(k) Plan), in our Global Employee Stock Ownership Plan (GESOP), or in the Guidant Employee Savings and Stock Ownership Plan (ESSOP) you will receive a single Notice that covers all shares credited to your plan account(s) and shares that you own of record that are registered in the same name. If any of your plan accounts are not registered in the same name as your shares of record, you will receive separate Notices for your record and plan holdings. You may vote your shares via the Internet by logging onto http://www.proxyvoting.com/bsx or telephone by calling 1-866-540-5760. Your vote will serve to instruct the trustees and fiduciaries of our 401(k) Plan, GESOP and ESSOP how to vote any Company shares held in these plans on your behalf. The 401(k) Plan, GESOP and ESSOP trustees and fiduciaries may vote at their discretion shares for which timely instructions are not received.

Who is our transfer agent?

Our transfer agent is BNY Mellon Shareowner Services. Representatives of BNY Mellon Shareowner Services will tabulate the votes and act as inspectors of election at the Annual Meeting.

What vote is required to approve each proposal?

(1) ***For the Election of Directors.*** With respect to Proposal 1, the ten nominees for director receiving the most votes from those shares present or represented at the Annual Meeting will be elected. If you do not vote for a particular nominee, or you withhold authority for one or all nominees, your vote will be counted for purposes of determining whether there is a quorum, but will not count either "for" or "against" the nominee. If a director does not receive a majority of votes "for" his or her election, that director must tender a resignation from the Board. The Board will then decide whether to accept the resignation within 90 days (based on the recommendation of the Nominating and Governance Committee), and will disclose its determination and its reasoning either in a press release or an SEC filing.

(2) ***For All Other Matters.*** With respect to the proposals to amend and restate our 2003 Long-Term Incentive Plan and to ratify the appointment of Ernst & Young LLP as our auditors for the year ending December 31, 2008, the affirmative vote of a majority of shares participating in the voting is required. At present, the Board knows of no matters other than these to be presented for stockholder action at the Annual Meeting. A properly executed proxy marked "abstain" with respect to any of these matters will not be voted "for" or "against" the proposal(s), but will be counted for purposes of determining the number of votes cast. Accordingly, an abstention will have the effect of a negative vote.

Is voting confidential?

Yes. We will treat proxy cards, ballots and voting tabulations as confidential. Generally, only the inspectors of election and certain employees associated with processing proxy cards, counting the vote or administering the meeting have access to these documents.

How is the Company soliciting proxies?

We have retained The Altman Group, Inc. to assist with the solicitation of proxies. The Altman Group will receive customary fees as compensation for its services plus reimbursements for its related out-of-pocket expenses. We and the Altman Group will solicit proxies chiefly by mail and via the Internet pursuant to the e-proxy rules, but additional solicitations may be made in person, by electronic delivery, the Internet, telephone or other media. No additional compensation will be paid to our directors, officers or other employees in connection with this solicitation. We may enlist the assistance of brokerage houses, fiduciaries, custodians and other third parties in soliciting proxies. All solicitation expenses, including costs of preparing, assembling and mailing proxy material, will be borne by us.

PROPOSALS TO BE VOTED UPON

Proposal 1: Re-Election of Existing Directors.

We declassified our Board of Directors at last year's annual meeting. However, we are phasing in our annual elections so five of our directors who were elected to a three-year term in 2006 will be up for election at our 2009 annual meeting and then annually thereafter. The term of our other ten directors expires at this Annual Meeting. The Board has nominated each of the following incumbent directors to stand for re-election for a one-year term, expiring at our 2009 Annual Meeting of Stockholders and until his or her successor has been elected and qualified: Ursula M. Burns, Nancy-Ann DeParle, J. Raymond Elliott, Marye Anne Fox, Ray J. Groves, N.J. Nicholas, Jr., Pete M. Nicholas, John E. Pepper, Warren B. Rudman, and James R. Tobin.

We know of no reason why any of the nominees would be unable to serve as a director. However, should such a situation arise, the Board may designate a substitute nominee or, alternatively, reduce the number of directors to be elected. If a substitute nominee is selected, the persons named as proxies will vote for that substitute nominee. Any vacancies not filled at the Annual Meeting may be filled by the Board.

Name	
Ursula M. Burns Age 49 Director since 2002	Ursula M. Burns has been a Director of Boston Scientific since 2002. Ms. Burns is President of Xerox Corporation. Ms. Burns joined Xerox in 1980, subsequently advancing through several engineering and management positions. Ms. Burns served as Vice President and General Manager, Departmental Business Unit from 1997 to 1999, Senior Vice President, Worldwide Manufacturing and Supply Chain Services from 1999 to 2000, Senior Vice President, Corporate Strategic Services from 2000 to 2001, President of Document Systems and Solutions Group from 2001 to 2003 and President of Business Group Operations and Corporate Senior Vice President until her most recent appointment in April 2007. She serves on the boards of directors of Xerox Corporation, American Express Corporation, the National Association of Manufacturers, the FIRST (For Inspiration and Recognition of Science and Technology) Foundation, the National Center on Addiction and Substance Abuse at Columbia University and the National Academy Foundation and is a Trustee of the University of Rochester. Ms. Burns earned a B.S. degree from Polytechnic Institute of New York and an M.S. degree in mechanical engineering from Columbia University.

Nancy-Ann DeParle Age 51 Director since 2006	Nancy-Ann DeParle has been a Director of Boston Scientific since April 2006. Ms. DeParle is a Managing Director of CCMP Capital Advisors, LLC and an Adjunct Professor at The Wharton School of the University of Pennsylvania. She had been a Senior Advisor for JPMorgan Partners from 2000 to 2006. Previously she served as the Administrator of the Health Care Financing Administration (HCFA) (now the Centers for Medicare and Medicaid Services) from 1997 to 2000. Prior to her role at HCFA, Ms. DeParle was the Associate Director for Health and Personnel at the White House Office of Management and Budget from 1993 to 1997 and served as commissioner of the Tennessee Department of Human Services from 1987 to 1989. She also has worked as a lawyer in private practice in Nashville, Tennessee and Washington, D.C. Ms. DeParle is a director of Cerner Corporation, DaVita Inc. and Legacy Hospital Partners, Inc. She is also a trustee of the Robert Wood Johnson Foundation and serves on the Medicare Payment Advisory Commission and on the editorial board of *Health Affairs*. Ms. DeParle received a B.A. degree from the University of Tennessee, a J.D. from Harvard Law School, and B.A. and M.A. degrees in Politics and Economics from Balliol College of Oxford University, where she was a Rhodes Scholar.
J. Raymond Elliott Age 58 Director since 2007	J. Raymond Elliott became a Director of Boston Scientific in September 2007. Mr. Elliott was the Chairman of Zimmer Holdings, Inc. until November 2007 and was President and Chief Executive Officer of Zimmer Holdings, Inc. from March 2001 to May 2007. Mr. Elliott was appointed President of Zimmer, Inc. in November 1997. Mr. Elliott has more than 35 years of experience in orthopedics, medical devices and consumer products. He has served as a director on more than 20 business-related boards in the U.S., Canada, Japan and Europe and has served on six occasions as Chairman. He has served as a member of the board of directors and chair of the orthopedic sector of the Advanced Medical Technology Association (AdvaMed) and is a director of the Indiana Chamber of Commerce, the American Swiss Foundation and the Bausch & Lomb Corporation. Mr. Elliott has served as the Indiana representative on the President's State Scholars Program and as a trustee of the Orthopaedic Research and Education Foundation (OREF). He holds a bachelor's degree from the University of Western Ontario, Canada.

Marye Anne Fox Age 60 Director since 2001	Marye Anne Fox has been a Director of Boston Scientific since 2001. Dr. Fox has been Chancellor of the University of California, San Diego and Distinguished Professor of Chemistry since August 2004. Prior to that, she served as Chancellor of North Carolina State University and Distinguished University Professor of Chemistry from 1998 to 2004. From 1976 to 1998, she was a member of the faculty at the University of Texas, where she taught chemistry and held the Waggoner Regents Chair in Chemistry from 1991 to 1998. She served as the University's Vice President for Research from 1994 to 1998. Dr. Fox has served as the Co-Chair of the National Academy of Sciences' Government-University-Industry Research Roundtable and serves on President Bush's Council of Advisors on Science and Technology. She has served as the Vice Chair of the National Science Board. She also serves on the boards of a number of other scientific, technological and civic organizations, and is a member of the boards of directors of Red Hat Corp., W.R. Grace Co. and the Camille and Henry Dreyfus Foundation. She has been honored by a wide range of educational and professional organizations, and she has authored more than 350 publications, including five books. Dr. Fox holds a B.S. in Chemistry from Notre Dame College, an M.S. in Organic Chemistry from Cleveland State University, and a Ph.D. in Organic Chemistry from Dartmouth College.
Ray J. Groves Age 72 Director since 1999	Ray J. Groves has been a Director of Boston Scientific since 1999. From 2001 to 2005, Mr. Groves served in various roles at Marsh Inc., including President, Chairman and Senior Advisor, and is a former member of the board of directors of its parent company, Marsh & McLennan Companies, Inc. He served as Chairman of Legg Mason Merchant Banking, Inc. from 1995 to 2001. Mr. Groves served as Chairman and Chief Executive Officer of Ernst & Young for 17 years until his retirement in 1994. Mr. Groves currently serves as a member of the boards of directors of Electronic Data Systems Corporation, the Colorado Physicians Insurance Company, Group Ark Insurance Holdings, Ltd. and as Chairman of Calvert Street Capital Corporation. Mr. Groves is a member of the Council on Foreign Relations. He is a former member of the Board of Governors of the American Stock Exchange and the National Association of Securities Dealers. Mr. Groves is former Chairman of the board of directors of the American Institute of Certified Public Accountants. He is a member and former Chair of the board of directors of The Ohio State University Foundation and a member of the Dean's Advisory Council of the Fisher College of Business. He is a former member of the Board of Overseers of The Wharton School of the University of Pennsylvania and served as the Chairman of its Center for the Study of the Service Sector. Mr. Groves is an advisory director of the Metropolitan Opera Association and a director of the Collegiate Chorale. Mr. Groves received a B.S. degree from The Ohio State University.

N.J. Nicholas, Jr. Age 68 Director since 1994	N.J. Nicholas, Jr. has been a Director of Boston Scientific since 1994 and is a private investor. Previously, he served as President of Time, Inc. from September 1986 to May 1990 and Co-Chief Executive Officer of Time Warner, Inc. from May 1990 until February 1992. Mr. Nicholas is a director of Xerox Corporation and Time Warner Cable, Inc. He has served as a member of the President's Advisory Committee for Trade Policy and Negotiations and the President's Commission on Environmental Quality. Mr. Nicholas is Chairman of the Board of Trustees of the Environmental Defense Fund and a member of the Council on Foreign Relations. Mr. Nicholas received an A.B. degree from Princeton University and an M.B.A. degree from Harvard Business School. He is the brother of Pete M. Nicholas, Chairman of the Board.
Pete M. Nicholas Age 66 Director since 1979	Pete M. Nicholas, a co-founder of Boston Scientific, has been Chairman of the Board since 1995. He has been a Director since 1979 and served as our Chief Executive Officer from 1979 to March 1999 and as Co-Chairman of the Board from 1979 to 1995. Prior to joining Boston Scientific, he was corporate director of marketing and general manager of the Medical Products Division at Millipore Corporation, a medical device company, and served in various sales, marketing and general management positions at Eli Lilly and Company. He is currently Chairman Emeritus of the Board of Trustees of Duke University. Mr. Nicholas is a Fellow of the National Academy of Arts and Sciences and Vice Chairman of the Trust for that organization. He also serves on several for profit and not-for-profit boards including CEOs for Fundamental Change in Education and the Boys and Girls Club of Boston. After college, Mr. Nicholas served as an officer in the U.S. Navy, resigning his commission as lieutenant in 1966. Mr. Nicholas received a B.A. degree from Duke University, and an M.B.A. degree from The Wharton School of the University of Pennsylvania. He is the brother of N.J. Nicholas, Jr., one of our directors.
John E. Pepper Age 69 Director since 2003	John E. Pepper has been a Director of Boston Scientific since 2003 and he previously served as a director of Boston Scientific from November 1999 to May 2001. Mr. Pepper is a Co-Chair of the board of directors of the National Underground Railroad Freedom Center and served as its Chief Executive Officer until May 2007. Previously he served as Vice President for Finance and Administration of Yale University from January 2004 to December 2005. Prior to that, he served as Chairman of the executive committee of the board of directors of The Procter & Gamble Company until December 2003. Since 1963, he served in various positions at Procter & Gamble, including Chairman of the Board from 2000 to 2002, Chief Executive Officer and Chairman from 1995 to 1999, President from 1986 to 1995 and director since 1984. Mr. Pepper is Chairman of the board of directors of The Walt Disney Company, and is a member of the executive committee of the Cincinnati Youth Collaborative. Mr. Pepper graduated from Yale University in 1960 and holds honorary doctoral degrees from Yale University, The Ohio State University, Xavier University, University of Cincinnati, Mount St. Joseph College and St. Petersburg University (Russia).

Warren B. Rudman Age 77 Director since 1999	Senator Warren B. Rudman has been a Director of Boston Scientific since 1999. Senator Rudman is Co-Chairman of Stonebridge International, LLC and has been Of Counsel to the international law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP since January 2003. Previously, he was a partner of the firm since 1992. Prior to joining the firm, he served two terms as a U.S. Senator from New Hampshire from 1980 to 1992. He serves on the boards of directors of several funds managed by the Dreyfus Corporation. Senator Rudman is Vice Chairman of the International Advisory Board of D.B. Zwirn + Co. and a member of the External Advisory Council of BP America Inc. He is the founding co-chairman of the Concord Coalition. Senator Rudman received a B.S. from Syracuse University and an LL.B. from Boston College Law School and served in the U.S. Army during the Korean War.
James R. Tobin Age 63 Director since 1999	James R. Tobin is our President and Chief Executive Officer and also serves as a Director. Prior to joining Boston Scientific in March 1999, Mr. Tobin served as President and Chief Executive Officer of Biogen, Inc. from 1997 to 1998 and Chief Operating Officer of Biogen from 1994 to 1997. From 1972 to 1994, Mr. Tobin served in a variety of executive positions with Baxter International, including President and Chief Operating Officer from 1992 to 1994. Previously, he served at Baxter as Managing Director in Japan, Managing Director in Spain, President of Baxter's I.V. Systems Group and Executive Vice President. Mr. Tobin currently serves on the boards of directors of Curis, Inc. and Applera Corporation. Mr. Tobin holds an A.B. from Harvard College and an M.B.A. from Harvard Business School. Mr. Tobin served in the U.S. Navy from 1968 to 1972 where he achieved the rank of lieutenant.

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF ALL TEN OF THESE NOMINEES FOR DIRECTOR.

The following directors hold the Company's remaining Board seats:

	Term Expires 2009 (and thereafter to be elected annually)
John E. Abele Age 71 Director since 1979	John E. Abele, our co-founder, has been a Director of Boston Scientific since 1979. Mr. Abele was our Treasurer from 1979 to 1992, our Co-Chairman from 1979 to 1995 and our Vice Chairman and Founder, Office of the Chairman from February 1995 to March 1996. Mr. Abele is also the owner of The Kingbridge Centre and Institute, a 120-room conference center in Ontario that provides special services and research to businesses, academia and government. He was President of Medi-tech, Inc. from 1970 to 1983, and prior to that served in sales, technical and general management positions for Advanced Instruments, Inc. Mr. Abele is the Chairman of the Board of the FIRST (For Inspiration and Recognition of Science and Technology) Foundation and is also a member of numerous not-for-profit boards. Mr. Abele received a B.A. degree from Amherst College.
Joel L. Fleishman Age 73 Director since 1992	Joel L. Fleishman has been a Director of Boston Scientific since 1992. He is a Professor of Law and Public Policy at Duke University where he has served in various administrative positions, including First Senior Vice President, since 1971. Mr. Fleishman is a founding member of the governing board of the Duke Center for Health Policy Research and Education and was the founding director from 1971 to 1983 of Duke University's Terry Sanford Institute of Public Policy. He is the director of the Samuel and Ronnie Heyman Center for Ethics, Public Policy and the Professions and the director of the Duke University Philanthropic Research Program. From 1993 to 2001, Mr. Fleishman took a part-time leave from Duke University to serve as President of the Atlantic Philanthropic Service Company, the U.S. program staff of Atlantic Philanthropies. Mr. Fleishman also serves as a member of the Board of Trustees of The Center for Effective Philanthropy and the Partnership for Public Service, Chairman of the Board of Trustees of the Urban Institute, Chairman of The Visiting Committee of the Kennedy School of Government, Harvard University, and as a director of Polo Ralph Lauren Corporation. Mr. Fleishman received A.B., M.A. and J.D. degrees from the University of North Carolina at Chapel Hill, and an LL.M. degree from Yale University.

Term Expires 2009 (and thereafter to be elected annually) (continued)

Kristina M. Johnson Age 50 Director since 2006	Kristina M. Johnson has been a Director of Boston Scientific since April 2006. Dr. Johnson is Provost and Senior Vice President of Academic Affairs at The Johns Hopkins University. Until September 2007, she was Dean of the Pratt School of Engineering at Duke University, a position she had held since July 1999. Previously she served as a professor in the Electrical and Computer Engineering Department, University of Colorado and director of the National Science Foundation Engineering Research Center for Optoelectronics Computing Systems at the University of Colorado, Boulder. Dr. Johnson is a co-founder of the Colorado Advanced Technology Institute Center of Excellence in Optoelectronics and serves as a director of Minerals Technologies, Inc., AES Corporation and Nortel Corporation. Dr. Johnson also serves on the board of directors of SPIE (the Society of Photo-Optical Instrumentation Engineers) and SparkIP, a privately held corporation. Dr. Johnson was a Fulbright Faculty Scholar in the Department of Electrical Engineering at the University of Edinburgh, Scotland and a NATO Post-Doctoral Fellow at Trinity College, Dublin, Ireland. Dr. Johnson received B.S., M.S. and Ph.D. degrees in electrical engineering from Stanford University.
Ernest Mario Age 69 Director since 2001	Ernest Mario has been a Director of Boston Scientific since 2001 and is currently the Chairman and Chief Executive Officer of Capnia, Inc. From 2003 to July 2007, Dr. Mario was Chairman of Reliant Pharmaceuticals. From 2003 to 2006, he was also the chief executive officer of Reliant Pharmaceuticals. Prior to joining Reliant Pharmaceuticals in April 2003, he was the Chairman of IntraBiotics Pharmaceuticals, Inc. from April 2002 to April 2003. Dr. Mario also served as Chairman and Chief Executive Officer of Apothogen, Inc., a pharmaceutical company, from January 2002 to April 2002 when Apothogen was acquired by IntraBiotics. Dr. Mario served as the Chief Executive of Glaxo Holdings plc from 1989 until March 1993 and as Deputy Chairman and Chief Executive from January 1992 until March 1993. From 1993 to 1997, Dr. Mario served as Co-Chairman and Chief Executive Officer of ALZA Corporation, a research-based pharmaceutical company with leading drug-delivery technologies, and Chairman and Chief Executive Officer from 1997 to 2001. Dr. Mario presently serves on the boards of directors of Maxygen, Inc., Pharmaceutical Product Development,- Inc., Avid Radiopharmaceuticals, Inc. and Celgene Corporation. He was a Trustee of Duke University from 1988 to June 2007 and in July 2007 he retired as Chairman of the Board of the Duke University Health System which he chaired from its inception in 1996. He is a past Chairman of the American Foundation for Pharmaceutical Education and serves as an advisor to the pharmacy schools at the University of Maryland, the University of Rhode Island and The Ernest Mario School of Pharmacy at Rutgers University. Dr. Mario holds a B.S. in Pharmacy from Rutgers, and an M.S. and a Ph.D. in Physical Sciences from the University of Rhode Island.

Term Expires 2009 (and thereafter to be elected annually) (continued)

Uwe E. Reinhardt Age 70 Director since 2002	Uwe E. Reinhardt has been a Director of Boston Scientific since 2002. Dr. Reinhardt is the James Madison Professor of Political Economy and Professor of Economics and Public Affairs at Princeton University, where he has taught since 1968. Dr. Reinhardt is a senior associate of the University of Cambridge, England and serves as a Trustee of Duke University and the Duke University Health System, H&Q Healthcare Investors, H&Q Life Sciences Investors and Hambrecht & Quist Capital Management LLC. He is also the Commissioner of the Kaiser Family Foundation Commission on Medicaid and the Uninsured and a member of the board of directors of Amerigroup Corporation and Legacy Hospital Partners, Inc. Dr. Reinhardt is also a member of the Institute of Medicine of the National Academy of Sciences. Dr. Reinhardt received a Bachelor of Commerce degree from the University of Saskatchewan, Canada and a Ph.D. in economics from Yale University.

CORPORATE GOVERNANCE

Our Board of Directors has established a Corporate Governance Manual to guide the operation and direction of the Board and its committees. The Corporate Governance Manual consists of our Corporate Governance Guidelines, charters for the standing committees of the Board and our Code of Conduct. Current copies of our Corporate Governance Guidelines, committee charters and Code of Conduct are available on our website at *www.bostonscientific.com* and may also be obtained free of charge by written request to: Investor Relations, One Boston Scientific Place, Natick, MA 01760-1537.

Director Independence

Our Corporate Governance Guidelines require that a significant majority of the Board be independent. Our common stock is listed on the New York Stock Exchange (NYSE). To be considered independent under the NYSE rules, the Board must affirmatively determine that a director does not have a direct or indirect material relationship with the Company. In addition, a director is not independent if:

- The director is, or has been within the last three years, an employee of the Company or if the director has an immediate family member who is, or has been within the last three years, an executive officer of the Company.

- The director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

- (A) The director or the director's immediate family member is a current partner of the Company's internal or external auditor; (B) the director is a current employee of the Company's external auditing firm; (C) the director has an immediate family member who is a current employee of the Company's external auditing firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or the director's immediate family member was within the last three years (but is no longer) a partner or employee of the Company's external auditing firm and personally worked on the Company's audit within that time.

- The director or the director's immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers serve or served at the same time on that other company's compensation committee.

- The director is a current employee, or the director's immediate family member is a current executive officer, of a company that has made payments to or received payments from the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues.

The Board also has established the following categorical standards, which can be found in our Corporate Governance Guidelines, to assist it in determining director independence in accordance with the NYSE rules:

- *Commercial Relationships.* The following commercial relationships are not considered material relationships that would impair a director's independence: (i) if a director of the Company is an executive officer or an employee of, or an immediate family member of a director is an executive officer of, another company that does business with the Company and the annual sales to, or purchases from, the Company are less than 1% of the annual revenues of such other company, and (ii) if a director of the Company is an executive officer of another company which is indebted to the Company, or to which the Company is indebted, and the total amount of either company's indebtedness to the other is less than 2% of the total consolidated assets of the company for which he or she serves as an executive officer.

Charitable Relationships. The following charitable relationship will not be considered a material relationship that would impair a director's independence: if a director, or an immediate family member of the director, serves as an executive officer, director or trustee of a charitable organization, and the Company's discretionary charitable contributions to that charitable organization in any single fiscal year are less than 1% (or $500,000,whichever is less) of that charitable organization's annual consolidated gross revenues.

Personal Relationships. The following personal relationship will not be considered to be a material relationship that would impair a director's independence: if a director, or immediate family member of the director, receives from, or provides to, the Company products or services in the ordinary course and on substantially the same terms as those prevailing at the time for comparable products or services provided to unaffiliated third parties.

For relationships not qualifying within the foregoing guidelines, the determination of whether the relationship is material, and therefore whether the director is independent, shall be made by the directors who satisfy the foregoing independence guidelines. For purposes of these guidelines, "immediate family member" has the meaning defined in the NYSE rules. The Board monitors its compliance with the NYSE requirements for director independence on an ongoing basis.

In accordance with current NYSE rules and our own categorical standards of independence, the Board of Directors has determined that the following non-employee directors are deemed "independent" and have no direct or indirect material relationship with the Company, except as a director and stockholder: Ursula M. Burns, Nancy-Ann DeParle, J. Raymond Elliott, Joel L. Fleishman, Marye Anne Fox, Ray J. Groves, Kristina M. Johnson, Ernest Mario, John E. Pepper, Uwe E. Reinhardt and Warren B. Rudman. Currently, 11 out of the 15 members of our Board are independent. The Board has determined that James R. Tobin, our President and CEO, is not independent because he is an employee of Boston Scientific; Pete Nicholas and John Abele are not independent because they were employees of Boston Scientific within the last three years, retiring in May 2005; and N.J. Nicholas, Jr. is not independent because he is the brother of Pete Nicholas, who received more than $100,000 in direct compensation from Boston Scientific within the last three years. The Board reviewed Boston Scientific's relationship with Xerox Corporation (of which Ursula Burns is an executive officer), The Johns Hopkins University (of which Kristina Johnson is Provost), Duke University (at which Joel Fleishman is a professor), Princeton University (at which Uwe Reinhardt is a professor) and the University of California at San Diego (at which Marye Anne Fox is Chancellor), and in each case, determined that those relationships fall below our categorical standards for commercial relationships, were established in the ordinary course of business on an arms-length basis and are not material to Boston Scientific, those individuals or those organizations.

Nominations for Directors

Our Nominating and Governance Committee is responsible for identifying and recommending nominees for election to the Board. The Nominating and Governance Committee believes that all director nominees must, at a minimum, meet the general criteria outlined in our Corporate Governance Guidelines (which are available on our website at *www.bostonscientific.com*).

Generally, directors should be individuals who have succeeded in their particular field and who demonstrate integrity, reliability, knowledge of corporate affairs and an ability to work well with others. Directors should also satisfy at least one of the following criteria:

- Demonstrated management ability at senior levels in successful organizations;
- Current or recent employment in positions of significant responsibility and decision making;

Expertise in leading rapidly growing multi-national organizations; or

Current and prior experience related to anticipated board and committee responsibilities in other areas of importance to the Company.

The qualifications of candidates recommended by stockholders will be reviewed and considered by the Nominating and Governance Committee with the same degree of care and consideration as candidates for nomination to the Board submitted by Board members and our Chief Executive Officer. Under our Bylaws and SEC regulations, any stockholder proposal or director nominations for the 2009 Annual Meeting of Stockholders must be received on or before November 29, 2008 in order to be considered for inclusion in our 2009 Proxy Statement. Please address your proposal, recommendation or nomination to our Secretary at Boston Scientific Corporation, One Boston Scientific Place, Natick, MA 01760-1537.

Communications with the Board

Stockholders and other interested parties who wish to communicate directly with any member of our Board of Directors, or our non-management directors as a group, may do so by writing to the Board of Directors, Boston Scientific Corporation, c/o General Counsel, One Boston Scientific Place, Natick, MA 01760-1537 or by contacting the non-management directors via email at non-managementdirectors@bsci.com. In addition, stockholders and other interested parties may contact the chairperson of each committee at the following email addresses: AuditCommittee@bsci.com, FinanceCommittee@bsci.com, NominatingandGovernanceCommittee@bsci.com, QualityCommittee@bsci.com, CompensationCommittee@bsci.com and LegalAffairsCommittee@bsci.com. The Board has authorized the office of our General Counsel to review and organize, but not screen, communications from stockholders and/or interested parties and deliver them to the Board. We do screen commercial solicitations to the Board for appropriateness.

Board Service Limitation

Without the approval of the Nominating and Governance Committee, no director may sit on more than four public company boards (including our board) and the CEO may not sit on more than one public company board (in addition to our board).

Arrangements for the Election of Directors

We do not have any current arrangements relating to the election of directors to our Board.

Separation of Chairman and Chief Executive Officer

We separate the roles of Chairman of the Board and Chief Executive Officer. Our Chairman is Pete M. Nicholas and our Chief Executive Officer is James R. Tobin.

Related Party Transactions

Our Board of Directors has adopted a written related party transaction policy to monitor transactions, arrangements or relationships in which Boston Scientific and any of the following have an interest: an executive officer or director, an immediate family member of an executive officer or director, a person or entity holding more than a 5% beneficial interest in our common stock, or any entity in which any of the foregoing persons is employed, is a principal, or has a 10% or greater beneficial ownership interest. The policy covers any related party transaction that meets the minimum threshold for disclosure under the relevant SEC rules (generally, transactions involving amounts exceeding $120,000 in which a related person has a direct or indirect material interest).

Our General Counsel is responsible for identifying any potential related party transactions and, if he determines that the existing or proposed transaction constitutes a related party transaction under the policy, he will provide relevant details and an analysis of the related party transaction to the Audit

Committee. The General Counsel will provide an annual summary to the Audit Committee of all transactions or relationships which he considered under this policy, including those that he determined do not constitute a related party transaction. If the General Counsel has an interest in a potential related party transaction, he will provide all relevant information to our Chief Executive Officer or his designee, who will review with counsel to determine whether the proposed transaction is a related party transaction. The Chief Executive Officer or his designee will present the information to the Audit Committee that would otherwise be provided by the General Counsel. The Audit Committee reviews relevant information concerning any existing or proposed transaction contemplated by the Company with an entity that is the subject of a disclosed relationship, and approves or disapproves the transaction, with or without conditions or additional protections for the Company. Our related party transactions policy can be found in our Corporate Governance Guidelines posted on our website.

During 2007, we made payments of approximately $720,000 to Arnold & Porter LLP, a law firm of which the brother of Paul W. Sandman, our General Counsel, was an equity partner until December 2007. Mr. Sandman's brother did not perform any services for us. The Audit Committee approved this relationship under our written related party transactions policy in 2007.

Several of our directors are affiliated with Duke University. Joel L. Fleishman has been employed by Duke University since 1971 and is currently a Professor of Law and Public Policy there. Ernest Mario was Chairman of the Board of the Duke University Health System until July 2007. Pete M. Nicholas received his B.A. degree from Duke University and is Chairman Emeritus of the Board of Trustees of Duke University. Uwe E. Reinhardt is a Trustee of Duke University and the Duke University Health System. Kristina M. Johnson was the Dean of the Pratt School of Engineering at Duke University until September 2007. We also conduct business in the ordinary course with the medical center and other healthcare facilities at Duke University. The Board reviewed these relationships and determined that they were established in the ordinary course of business on an arms-length basis and are not material to Boston Scientific, Duke University or the listed directors.

From time to time, our directors or executive officers may invest in venture funds in which we are also an investor. These venture funds are generally managed by unaffiliated third parties. Our decisions, and the decisions of our directors and officers, to invest in these ventures are made independently of each other.

MEETINGS AND BOARD COMMITTEES

Board Meetings

The Board met 10 times in fiscal year 2007. Each director attended at least 75% of the meetings of the Board and of the committees on which he or she served with the exception of Uwe Reinhardt and Joel Fleishman. Mr. Fleishman attended all regularly scheduled Board and committee meetings but was unable to attend four special Board and committee meetings due to prior commitments.

Executive Sessions

The non-management directors or independent directors meet in executive sessions without management directors at most of our regularly scheduled Board meetings and at such other times as they deem appropriate but, in any event, at least once annually. The chairperson of the Nominating and Governance Committee presides at executive sessions of non-management directors, and in his or her absence, the chairperson of the Audit Committee will preside, and in his or her absence, the chairperson of the Executive Compensation and Human Resources Committee will preside.

Director Attendance at Board, Board Committee and Annual Meetings

Directors are expected to prepare for and use reasonable efforts to participate in all Board meetings and meetings of the committees on which they serve. The Board and each committee will meet as frequently as necessary to properly discharge their responsibilities, provided that the full Board will meet at least four times per year. Generally, the Board meets in February, May, July, October and December. In addition, directors are expected to use reasonable efforts to attend Annual Meetings of Stockholders. Fourteen out of fourteen of our directors (Mr. Elliott did not join our Board until September 2007, after the Annual Meeting) attended last year's Annual Meeting.

Committees of the Board

Our Board of Directors has standing Audit, Executive Compensation and Human Resources, Nominating and Governance, Finance, Compliance and Quality, and Legal Affairs Committees. The charters of the standing committees of the Board are available on our website at *www.bostonscientific.com.* Our Board also establishes special committees from time to time.

Committee Independence

All of the members of the Audit Committee, Executive Compensation and Human Resources Committee, Nominating and Governance Committee, Compliance and Quality Committee, and Legal Affairs Committee are independent directors under the criteria for independence required by law, the NYSE rules and under our categorical standards of independence. A significant majority of the members of the Finance Committee are independent directors.

Membership on each committee is set forth in the following table as of March 1, 2008:

BOARD COMMITTEE MEMBERSHIP
As of March 1, 2008

Name	Audit Committee	Executive Compensation and Human Resources Committee	Nominating and Governance Committee	Finance Committee	Compliance and Quality Committee	Legal Affairs Committee
Ursula M. Burns		*		*	+	
Nancy-Ann DeParle		*			*	
J. Raymond Elliott	*			*	*	
Joel L. Fleishman	+		*		*	*
Marye Anne Fox	*			*		
Ray J. Groves		*	+			*
Kristina M. Johnson		*		*		*
Ernest Mario	*			+	*	
N.J. Nicholas, Jr.				*		
John E. Pepper			*	*		
Uwe E. Reinhardt	*		*		*	
Warren B. Rudman		+				+
James R. Tobin				*		

* Committee Member

\+ Committee Chair

Audit Committee

Our Audit Committee met 13 times during fiscal year 2007. The Board has determined that our Audit Committee is comprised exclusively of non-employee directors, all of whom meet the independence requirements of the NYSE and the SEC. The Board has also determined that each of J. Raymond Elliott, Ernest Mario and Uwe E. Reinhardt is an "audit committee financial expert" as that term is defined in the rules and regulations of the SEC for purposes of Section 407 of the Sarbanes-Oxley Act of 2002. Dr. Reinhardt is an "audit committee financial expert" by virtue of having taught financial accounting for over 30 years at Princeton University. John Pepper was a member of the Audit Committee until October 2007, when he moved to the Nominating and Governance Committee.

The primary purpose of the Audit Committee is to provide oversight to our accounting and financial reporting processes and audits of our financial statements. The Audit Committee primarily provides assistance to our Board of Directors in the areas of corporate accounting, internal control, independent audit and reporting practices, and maintains, by way of regularly scheduled meetings, a direct line of communication among our directors, management, our internal auditors and our independent auditors. The Audit Committee appoints our independent auditors, evaluates their qualifications, independence and performance, and reviews their reports and other services. In addition, the Audit Committee pre-approves audit, audit-related and non-audit services performed for us by our independent auditors and has the right to terminate our independent auditors. It is also responsible for monitoring our adherence to established legal and regulatory requirements, corporate policies, including our related party transactions policy, and compliance and integrity programs and practices. The Audit Committee is governed by a written charter approved by our Board of Directors which is subject to review on an annual basis. The Audit Committee Report can be found on page 70 of this Proxy Statement.

Executive Compensation and Human Resources Committee

Our Executive Compensation and Human Resources Committee (the Compensation Committee) met six times during fiscal year 2007. The Compensation Committee is comprised of non-employee directors, all of whom meet the independence requirements of the NYSE and the SEC. As outlined in its written charter, the Compensation Committee has the authority, among other things, to:

- Determine and approve (and make recommendations to the Board regarding) our CEO's compensation, based on the performance evaluation by and recommendations of the Chairman of the Board and the Nominating and Governance Committee;
- Review, oversee and determine the total compensation package for our other executive officers;
- Review and make recommendations to the Board regarding employment, consulting, retirement, severance and change in control agreements, indemnification agreements and other arrangements proposed for our executive officers, including conducting a periodic review to evaluate these arrangements for continuing appropriateness;
- Review and make recommendations to the Board regarding the compensation of our directors; and
- Adopt and periodically review a comprehensive statement of executive compensation philosophy, strategy and principles.

The Compensation Committee may delegate its authority and duties to subcommittees or individual members of the Compensation Committee, as it deems appropriate in accordance with applicable laws and regulations. The Compensation Committee has delegated authority to our CEO to make equity grants to new hires who are not executive officers within predetermined guidelines. These grants are reviewed by the Compensation Committee at its next regularly scheduled meeting. Our CEO makes recommendations to the Compensation Committee regarding the amount and form of compensation of our executives (other than himself), based upon their performance for the year and their achievement of the goals set at the beginning of the year. The Chairman of the Board and the Nominating and Governance Committee make recommendations to the Compensation Committee regarding the amount and form of CEO compensation, based upon his performance for the year and his achievement of the goals set at the beginning of the year. The Compensation Committee then makes a recommendation to the Board, and the independent directors of the full Board approve the CEO's compensation, in consideration of this recommendation. Our Executive Vice President of Human Resources, in consultation with our compensation consultants and the Chairman of the Board, makes recommendations to the Compensation Committee regarding director compensation. The Compensation Committee then makes a recommendation regarding director compensation for approval by the full Board of Directors.

The Compensation Committee may also retain compensation consultants to assist it in evaluating executive compensation and may retain counsel, accountants or other advisors, as it deems appropriate, at the Company's expense. The Compensation Committee engaged the compensation consulting services of Watson Wyatt and Towers Perrin in 2007. Watson Wyatt provides the Compensation Committee and management with (i) market data on Board of Directors' compensation, executive compensation and our annual Performance Incentive Plan, (ii) assistance with defining a peer group of companies, and (iii) Proxy Statement consulting services.

The Compensation Committee instructed Watson Wyatt to compare our Board of Directors and executive compensation arrangements to those of our peer companies and to advise it of any recommended revisions to those arrangements. With respect to executive compensation, the Compensation Committee instructed Watson Wyatt to conduct a detailed analysis of executive compensation relative to our revised 2007 peer group with respect to total compensation, long-term pay for performance, carried interest, and share dilution and expense. Details regarding the results of these analyses are contained in our Compensation Discussion & Analysis beginning on page 22. In addition, the Compensation Committee asked Watson Wyatt to:

- help the Company revise its peer group of companies and collect relevant market data from those companies for base salary, incentive bonus and equity award referencing purposes;
- analyze and make recommendations regarding our 2007 Performance Incentive Plan and, in doing so, to interview our executive officers, conduct market research and modeling, and benchmark our Plan against those of our peer companies;
- review the director compensation practices of our peer companies to determine the relative competitiveness of our outside director compensation program; and
- advise the Compensation Committee regarding the preparation of our Proxy Statement disclosures regarding Board and executive compensation.

Watson Wyatt attended Compensation Committee meetings throughout 2007.

Towers Perrin provided the Compensation Committee and management with benefits plan design consulting, director and executive compensation consulting, market surveys and compensation communications support. The Compensation Committee instructed Towers Perrin to review our benefits plans and specific executive compensation practices, conduct market surveys and executive interviews, compare our 2007 merit increases for our executives to market practices, and make recommendations regarding revisions to those practices. In addition, the Compensation Committee directed Towers Perrin to assist management in developing communications materials regarding our benefits and compensation arrangements. Towers Perrin did not attend any Compensation Committee meetings in 2007.

The Compensation Committee Report can be found on page 43 of this Proxy Statement.

Nominating and Governance Committee

The Nominating and Governance Committee met five times during fiscal year 2007. Mr. Pepper joined the Nominating and Governance Committee in October 2007 and Senator Rudman retired from the Nominating and Governance Committee in February 2008. The Nominating and Governance Committee is comprised of non-employee directors, all of whom meet the independence requirements of the NYSE and the SEC. As outlined in its written charter, the Nominating and Governance Committee has responsibility for recommending nominees for election and re-election to the Board, ensuring that Board nominees are qualified and consistent with our needs, monitoring significant developments in the law and practice of corporate governance for directors of public companies, recommending Board committee assignments, reviewing and recommending Board policies and procedures, monitoring compliance with our stock ownership guidelines and board service policy, and overseeing the Board and each committee of the Board in their annual performance self-evaluations. In addition, the Nominating and Governance Committee is responsible for recommending to the Board candidates for Chief Executive Officer, overseeing the annual assessment of the performance of the Chief Executive Officer and developing an ongoing succession plan for the Chief Executive Officer.

The Nominating and Governance Committee is responsible for reviewing with the Board, on an annual basis, the current size, structure and composition of the Board as a whole, and whether the Company is being well served by the directors taking into account: the directors' degree of independence; business background, including any areas of particular expertise, such as accounting or related financial management expertise, marketing or technology; record of service (for incumbent directors), including attendance record; meeting preparation; overall contribution to the Board; employment status; gender; ethnicity; age; availability for service to the Company; and anticipated needs of the Company.

Finance Committee

The Finance Committee (formerly the Finance and Strategic Investment Committee) met eight times during fiscal year 2007. The primary role of the Finance Committee is to provide a forum within the Board to review our overall financing plans and long-term strategic objectives, as well as our shorter-term acquisition and investment strategies and how these shorter-term activities fit within our overall business objectives. As outlined in its written charter, the Finance Committee is charged with providing Board oversight of our strategic planning and activities, approving strategic transactions for which the Board has delegated authority, making recommendations to the Board regarding larger transactions, and evaluating our financial strategies and policies. The Finance Committee has responsibility to review periodically with management our strategic business objectives and the manner in which transactional activity can contribute to the achievement of those objectives, and to review with management on a regular basis contemplated strategic opportunities. The Finance Committee conducts periodic reviews of completed transactions for the purposes of assessing the degree of success achieved, testing the extent to which the projections and other assumptions relied upon in approving transactions have been borne out, identifying the factors differentiating more successful transactions from less successful ones and evaluating the strategic contributions resulting from these transactions. The Finance Committee is further charged with conducting periodic reviews of our cash investments and cash management policies, debt ratings and global financing objectives and strategies, including the review and approval of certain borrowing arrangements, capital expenditures and dispositions, and activities that may impact our existing capital structure.

Compliance and Quality Committee

The Compliance and Quality Committee met five times during fiscal year 2007. The primary role of the Compliance and Quality Committee is to oversee and evaluate our compliance and quality control systems and initiatives, the systems in place to maintain, and identify deviations from, our compliance and control standards, and our efforts to meet or exceed our compliance and quality control standards. The Compliance and Quality Committee reviews and discusses with senior management the adequacy and effectiveness of our compliance and quality control systems and initiatives, and reviews periodic reports regarding any deviations from our standards. The Compliance and Quality Committee also reviews all correspondence from any external quality control inspectors, such as the FDA, and discusses with senior management our responses to those communications. In addition, the Compliance and Quality Committee monitors, with senior management, the progress of Project Horizon, our cross-functional effort to enhance our quality systems, as well as the training and education programs for our employees. The Compliance and Quality Committee recommends to the Board of Directors any actions it deems necessary or appropriate to improve the effectiveness of our compliance and quality control systems and initiatives.

Committee on Legal Affairs

In the fourth quarter of 2007, our Committee on Legal Affairs became a standing committee. Prior to becoming a standing committee, the Committee on Legal Affairs met three times during fiscal year 2007. The primary role of the Committee on Legal Affairs is to oversee and keep the Board apprised of significant legal matters facing the Company and the medical device industry, including patent litigation, product liability suits, derivative suits, securities litigation and governmental investigations or inquiries.

Compensation Committee Interlocks and Insider Participation

The members of our Compensation Committee during 2007 were Warren B. Rudman, Ursula M. Burns, Nancy-Ann DeParle, Ray J. Groves, and Kristina M. Johnson. None of these Compensation Committee members is or has ever been an officer or employee of the Company. To our knowledge, there were no other relationships involving members of the Compensation Committee or our other directors which require disclosure in this Proxy Statement as a Compensation Committee interlock.

EXECUTIVE COMPENSATION

Compensation Discussion & Analysis

The following discussion and analysis contains statements regarding individual and company performance targets and goals. These targets and goals are disclosed in the limited context of our compensation programs and should not be understood to be statements of management's future expectations or estimates of future results or other guidance. We specifically caution investors not to apply these statements to other contexts.

Executive Summary

The year 2007 was a year of challenges for Boston Scientific. Due to an unforeseeable shrinkage in our primary market, drug-eluting stents, and a slow down in the growth rate of our other major market, cardiac rhythm management, our corporate performance lagged our expectations and our stock price declined throughout the year. In response, we implemented numerous initiatives designed to bring our expenses in line with revenue levels, including numerous non-strategic asset divestitures and expense and headcount reduction initiatives. Our expectation is that these efforts will improve our future financial and stock price performance and ultimately enhance stockholder value.

We believe that our executive team consists of the skilled people to enable us to achieve these goals. The drug-eluting stent and cardiac rhythm management market challenges that we face are, in large part, outside of the control of our employees, including our executives. As a result, the challenge and aspiration of our Compensation Committee this year was to:

- compensate our executive officers in a manner that provided appropriate incentives for our executives to improve Company performance;
- retain those executives despite the fact that many of them have existing equity awards with little retentive value;
- retain and engage those executives in a market where they are presented with other attractive employment opportunities; and at the same time
- tie our executives' pay to actual Company performance.

Our past efforts to put a significant amount of our executives' compensation at risk by tying its future value to the future value of our stock have meant (given our recent stock price performance) that our executives have a significant number of historical equity awards with little value. In other words, those awards are truly "pay for performance" in that until our stock price improves, those prior awards will continue to be of little value to our executives.

We had not made an annual equity award to our executives since 2005, when we made a three-year equity grant (though certain of them did receive mid-year promotional awards in recognition of increased responsibilities). In February 2008, we again made an annual equity award to our executives in order to provide them with an opportunity to realize future value from that award if our stock price improves. In addition in 2007 and 2008, we have migrated our performance incentive plan to have a longer-term focus so that our employees (including our executives) are rewarded for annual performance in addition to quarterly performance, with annual performance having a heavier weighting in 2008 than individual quarterly performance. Through these and other measures, we are attempting to more closely tie our executives' compensation to our long-term corporate performance. In addition, in 2008 we made retention awards to certain of our executives (including two of our Named Executive Officers (NEOs)) to encourage them to remain with the Company for at least the next two years to help us achieve these long-term goals.

Our Executive Compensation Philosophy and Objectives

Our executive compensation philosophy is to provide our executives with appropriate and competitive individual pay opportunities with actual pay outcomes heavily influenced by the attainment of corporate and individual performance objectives. The objectives of our compensation program are to attract, retain, engage, focus and reward the best available talent to achieve performance goals aligned with our mission, quality policy and business goals. Our mission is to improve the quality of patient care and the productivity of healthcare delivery through the development and advocacy of less invasive medical devices and procedures. Our quality policy, applicable to all employees, is: "I improve the quality of patient care and all things Boston Scientific." Our business goals for 2007 included the achievement of specified sales, net income and quality targets.

How We Determine Executive Compensation

Our Compensation Committee, and in certain cases our Board of Directors, bear principal responsibility for assessing, determining and approving our executive compensation. Information about our Compensation Committee and its composition, processes and responsibilities can be found on page 19 of this Proxy Statement, under the heading "Executive Compensation and Human Resources Committee." There are three key elements to our process for setting executive compensation: (i) performance considerations and business goals; (ii) market referencing; and (iii) CEO and Compensation Committee judgment.

Performance Considerations and Business Goals

We award our executives compensation and assign them additional responsibilities as recognition for how well they perform as a team in achieving our business goals, as well as how well they achieve their individual goals. In order to determine whether our executives achieved individual and corporate goals, we conduct an annual Performance Achievement and Development Review (PADR). The PADR process is designed to guide performance discussions, set an executive's performance objectives and communicate annual achievement at the individual performance level. At the end of each year, overall performance is rated on a scale ranging from needs improvement to outstanding. These achievement indicators heavily influence the executive's compensation. For 2007, our NEO PADR ratings ranged from "achieves expectations" to "outstanding," resulting in performance incentive payments ranging from 37% to 91% of the NEOs' base salaries. Our CEO conducts each NEO's PADR. The Chairman of the Board and the Nominating and Governance Committee together conduct the CEO's PADR. The CEO communicates each NEO's PADR results (other than the CEO) to the Compensation Committee, and the Chairman of the Nominating and Governance Committee communicates the CEO's PADR results to the Compensation Committee.

Market Referencing

Peer comparison. In addition to performance considerations, we also base our compensation decisions on a review of relevant market information. The principle of market referencing means that our compensation and benefits programs are benchmarked and administered against programs available to employees in comparable roles at peer companies. To help collect market information in 2007, the Compensation Committee engaged the services of Watson Wyatt and Towers Perrin, each third party compensation consultants. Please see the discussion of the roles of and instructions given to these consultants on page 19 under the header "Executive Compensation and Human Resources Committee." The compensation consultants assisted in defining a peer group of companies and then collecting relevant market data from these companies to allow the Compensation Committee to compare base salary, incentive bonus and equity awards to those of our peers.

In 2007, Watson Wyatt worked with management to revise our peer comparison group to reduce the emphasis on pharmaceutical companies and to focus more on companies of comparable size, industry, market capitalization, performance, customer base, employee base, product offerings, mix and source of revenue and complexity of business operations. In 2007, we excluded Johnson & Johnson and Wyeth Pharmaceuticals from our peer group because of their industry and company size, and we retained certain pharmaceutical companies (such as Abbott Laboratories, Bristol-Myers Squibb, Eli Lilly and Schering-Plough) due to a lack of comparably sized U.S. medical device companies. Below are our 2006 peer group and our revised 2007 peer group:

2006 Peer Group	**Revised 2007 Peer Group**
Abbott Laboratories	Abbott Laboratories
Baxter Healthcare Corporation	Baxter Healthcare Corporation
Becton, Dickinson and Company	Becton, Dickinson and Company
Bristol-Myers Squibb Company	Bristol-Myers Squibb Company
Eli Lilly and Company	Covidien Ltd. (formerly Tyco Healthcare)
Johnson & Johnson	Eli Lilly and Company
Medtronic, Inc.	Hospira, Inc.
Schering-Plough Corporation	Medtronic, Inc.
St. Jude Medical, Inc.	Schering-Plough Corporation
Stryker Corporation	St. Jude Medical, Inc.
Wyeth Pharmaceuticals, Inc.	Stryker Corporation
	Thermo Fisher Scientific, Inc.
	Zimmer Holdings, Inc.

Comparable pay analytics. In addition, as it related to the Compensation Committee's determination of executive[1] compensation for 2007, Watson Wyatt conducted the following detailed analyses relative to the Revised 2007 Peer Group:

(1) Mr. Gilbert was not an NEO at the time Watson Wyatt performed these analyses. In determining his compensation, the Compensation Committee reviewed survey data, rather than the 2007 peer group, including the Radford High Technology Executive Survey, the U.S. Mercer Benchmark Executive Database and the Towers Perrin U.S. CDB General Industry Executive Database. The data used for determining Mr. Gilbert's compensation represented size-adjusted, industry-specific benchmarks.

Analysis	Purpose and Approach	Actual Positioning
Pay for Performance	Determine the level of alignment of long-term realizable pay to company performance for Boston Scientific as well as in comparison to the peer group. Long-term realizable pay is defined as the sum of: (a) the intrinsic value of stock options and stock appreciation rights, (b) the current value of any full-value share awards, and (c) any performance share/cash plan payouts, all over the past 3 years. Company performance is defined to be total return to shareholders.	For 2004 through 2006, as compared to our peers, our below the 25th percentile total return to shareholders has led to a below the 25th percentile realizable pay for our named executives, suggesting that our executive pay is aligned with our performance.
Total Compensation Opportunity	Determine the competitiveness and appropriateness of current pay opportunity in comparison to our peer group. Total Compensation Opportunity is defined as the sum of: (a) base salary, (b) target annual incentives, (c) the grant date fair value of long-term incentive awards and (d) value of benefits and perquisites.	Base salary and target annual incentive levels are positioned between the 25th and the 75th percentile. Long-term incentive grants have been infrequent in recent years, resulting in a wide variation of long-term incentive values and competitive positioning for target total direct compensation opportunity. The value of benefits and perquisites provided are generally within a competitive range of our peer group.
Carried Interest	Assess, for each individual, the appropriateness of total equity-based long-term incentive holdings (or carried interest) in comparison to our peers. Carried interest is defined as the sum of: (a) shares owned outright, (b) the intrinsic value of stock options and stock appreciation rights and (c) the current value of any probable full-value share awards, either time or performance-based.	Overall, Watson Wyatt's findings suggest that our CEO and the other NEOs are generally below our peer group in carried interest value.

With respect to our equity incentive plans, Watson Wyatt also reviewed pre-tax plan expense and dilution to ensure that the program as a whole was competitive in comparison to our peer group.

Towers Perrin also assisted us with comparable pay analytics by providing information from its data bank on competitive levels of executive compensation. Based in part on this information, we targeted base salaries and executive benefits at the median, Performance Incentive Plan awards at the 75th percentile and the grant value of equity awards at the 60th percentile of our 2007 peer group. These are overall guidelines, but individual compensation pay levels may vary based on individual performance, internal pay equity considerations and other factors. For example, in the case of a new hire, our Compensation Committee also considers compensation provided by the previous employer in setting initial pay levels and in making an attractive offer of employment.

CEO and Compensation Committee Judgment

Our total compensation program is not only based on the application of Company and individual performance considerations and market referencing but also the application of CEO and Compensation Committee judgment. We do not employ a purely formulaic approach to any of our compensation plans. There are guidelines and funding formulas in place for our equity and performance incentive plans that are tied to specific financial and quality results, but there is also an individual performance factor and executive retention considerations that permit discretion to adjust formula-driven awards based on those considerations. As part of our Performance Incentive Plan, while the maximum funding levels are set in advance under the Plan, the Compensation Committee may adjust a maximum funded or formula incentive award downward, based on the executive's individual contribution and performance.

In making its compensation determinations, our Compensation Committee reviews and analyzes tally sheets, which provide a total of all elements of compensation for each of our executive officers. In addition, the Compensation Committee considers the economic value as well as the retentive value of prior equity grants received by our executives in determining current or future compensation, and considers each executive's compensation compared to the compensation of other executives and other employees generally. In determining the reasonableness of our executives' total compensation, the Compensation Committee reviews not only individual and Company performance compared to plan, but also the nature of each element of executive compensation provided, including salary, incentive bonus, long-term incentive compensation, accumulated realized and unrealized stock option gains, and other personal benefits, as well as the terms of executive severance, retirement and change of control arrangements.

In addition, while the Compensation Committee is solely responsible for setting the targets and approving the awards, the Compensation Committee relies on the judgment of the CEO in (i) setting executive performance objectives, (ii) evaluating the actual performance of each executive (other than the CEO) against those objectives through the PADR process and (iii) recommending appropriate salary and incentive awards (other than the CEO) to the Compensation Committee. The CEO periodically participates in Compensation Committee meetings, at the request of the Compensation Committee, in order to provide background information and explanations supporting his recommendations.

Our Elements of Total Executive Compensation

Overview of compensation. Our total compensation program consists of fixed compensation elements, such as base salary and benefits, and variable performance-based elements, such as annual and long-term incentives. Our fixed compensation elements are designed to provide a stable source of income and financial security to our executives. Our variable performance-based compensation elements are designed to reward performance at three levels: individual performance, actual Company performance compared to annual and quarterly business goals, and Company performance in terms of long-term stockholder value creation. Through these performance incentive awards, we reward the achievement of short-term goals, such as successful marketing, manufacturing and sales of products, consummation of strategic divestitures and the promotion of a culture of quality, and long-term goals, such as business growth, innovation and stock price appreciation.

Three primary elements of direct compensation. We compensate our executives principally through base salary, performance-based annual cash incentives and annual equity awards. This three-part compensation approach enables us to remain competitive with our industry peers while ensuring that our executive officers are appropriately incentivized to deliver short-term results while creating sustainable long-term stockholder value. Our Compensation Committee has chosen to put a significant portion of each executive's pay at risk, contingent upon the achievement of certain goals within our strategic plan and within targeted market positions typically established by reference to our peer group. Each element in the program has a primary role, one or more objectives and a target market position as shown in the table below:

Element	Role	Objective	Targeted Market Position	Actual 2007 Market Position for NEOs
Base Salary	Provide stable source of income	Attract and retain talent	Median	25th to 65th percentile
Performance Incentive Plan (PIP)	Reward for annual and quarterly goal achievement	Focus talent on annual and quarterly goals; reward talent	75th percentile	20th to 70th percentile
Annual Equity Incentives	Reward for long-term business building	Focus talent on long-term stockholder value creation; retain and engage talent	60th percentile	N/A*

* We did not make any annual equity grants to our NEOs for 2007 (although certain executives received equity awards during the year in light of increased responsibilities).

Of these three elements, our total executive compensation package as reflected in the Summary Compensation Table on page 44 is heavily weighted towards the variable, performance-based elements of our Performance Incentive Plan and annual equity incentives. For 2007, only 19% of the value of the total direct compensation for our NEOs as a group consisted of fixed compensation in the form of base salary, while variable (versus fixed) compensation consisted of 81% of total direct compensation. Of that 81%, 66% took the form of stock options or DSUs which are designed to reward long-term performance and 15% took the form of performance incentive awards and cash bonuses, which are designed to reward short-term performance. We feel that this mix illustrates our philosophy of structuring executive compensation to reward actual performance, with a focus on increasing long-term value.

Base Salary

Overview. In general, the Compensation Committee targets base salaries at levels consistent with the median rate paid by our peers for equivalent positions. In addition, the Compensation Committee considers our annual merit budget, each executive's current and prior year salary and each executive's actual performance compared to the goals and objectives established for that executive at the beginning of the year. NEO salaries for 2007 are reported in the Summary Compensation Table on page 44 under the Salary column.

NEOs (other than CEO). We establish base salaries for our executive officers (other than the CEO) based upon the prior year PADR performance reviews conducted by the CEO and on the CEO's recommendations as presented to the Compensation Committee for approval or modification. In February 2007, the Compensation Committee approved competitive base salary increases for our NEOs for 2007, as recommended by the CEO, as follows:

Name	2006 Base Salary*	2007 Base Salary*	% Increase	Effective Date
Paul A. LaViolette	$ 660,000	$ 725,000	9.8%	2/19/07
Sam R. Leno(1)	N/A	$ 600,000	N/A	6/5/07
Lawrence C. Best(2)	$ 660,000	$ 678,500	2.8%	2/19/07
Fredericus A. Colen	$ 500,000	$ 540,000	8.0%	2/19/07
James Gilbert(3)	$ 400,000	$ 420,300	5.1%	2/19/07
James Gilbert(4)	$ 420,300	$ 450,008	7.1%	5/7/07

* In 2007, we began adjusting base salaries in February of each year. The amounts listed above are amounts approved by the Compensation Committee for February 2007 through February 2008 and will differ from Base Salary amounts presented in the Summary Compensation Table, which lists amounts actually earned from January 1 through December 31, 2007.

(1) Mr. Leno joined Boston Scientific on June 5, 2007.

(2) Mr. Best retired from Boston Scientific on July 6, 2007.

(3) Mr. Gilbert received a February 2007 5.1% raise in connection with his assumption of additional responsibilities as president of our Cardiovascular business unit.

(4) Mr. Gilbert received an additional 7.1% mid-year raise in connection with his assumption of additional responsibilities within our Business Development group following the retirement of Mr. Best.

Mr. LaViolette's increase was attributable to the increased scope of responsibility of the Chief Operating Officer role after the Guidant acquisition and to Mr. LaViolette's increased responsibilities to advance our Project Horizon quality initiative and resolve the issues raised by our FDA corporate warning letter. Mr. Best's salary increase was attributable to his increased efforts towards enhancing our business development initiatives and technology pipeline. Mr. Colen's increase was attributable to his assumption of additional operations and technology responsibilities within our new cardiac rhythm management division. Mr. Gilbert's year-end increase was attributable to his assumption of additional responsibilities as president of our Cardiovascular business unit, and his mid-year increase was in recognition of his assumption of additional responsibilities within our Business Development group following the retirement of Mr. Best.

CEO. The base salary of our CEO is established by the Compensation Committee upon the recommendation of the Chairman of the Board and the Nominating and Governance Committee of the Board of Directors after consideration of the CEO's performance for the prior year. As part of its determination, the Compensation Committee reviews an assessment of the CEO's actual performance versus objectives set for the CEO at the beginning of the year, the Company's actual performance during the year, as well as market data provided by our compensation consultants. Our CEO's primary objectives for 2006 were to resolve the Company's FDA warning letters, achieve specified top and bottom line financial results for the year, increase cash flow, pay down debt, close the Guidant acquisition and begin integration efforts, increase sales of our CRM products and TAXUS® stent systems, launch specified products and focus on new product development initiatives. Our CEO's actual base salary increase for 2007 from 2006 was 4.1% and became effective in late February 2007. The limited nature of Mr. Tobin's increase was due to the Compensation Committee's determination that, although the Company had closed the Guidant transaction in April 2006 and begun integration and debt repayment efforts, the Company had not cleared all FDA warning letters or achieved specified financial results or increased cash flow for the year, TAXUS® and CRM market share lagged expectations and the launch of Endovations and TAXUS® Liberté in the U.S. had been delayed.

Name	2006 Base Salary*	2007 Base Salary*	% Increase	Effective Date
James R. Tobin	$ 927,000	$ 965,000	4.1%	2/20/07

* In 2007, we began adjusting base salaries in February of each year. The amount listed is the amount approved by the Compensation Committee for February 2007 through February 2008 and will differ from Base Salary amounts presented in the Summary Compensation Table, which lists amounts actually earned from January 1 through December 31, 2007. Base salary numbers are rounded to the nearest thousand.

Performance Incentives

Overview. Through our Performance Incentive Plan for all salaried personnel, we seek to provide pay for performance by linking incentive awards to both Company and individual performance through a range of award opportunities which depend upon the level of achievement of annual and quarterly Company objectives and individual objectives. For 2007, the Compensation Committee amended our Performance Incentive Plan to add an annual (in addition to quarterly) focus. In 2007, the Compensation Committee measured corporate achievement on both an annual and a quarterly basis against sales, net income and quality objectives established prior to the beginning of the year and each quarter to determine the size of a bonus pool. Our full year actual results were compared to the full year plan, and performance for the full year was given a 20% weighting. Our quarterly actual results were also compared to each quarter's plan, and performance for each quarter was given a 20% weighting. This compares to our 2006 practice of measuring performance on a quarterly basis only, with each quarter being given a 25% weighting. For 2008, the Compensation Committee has again amended our Performance Incentive Plan to further increase the focus on annual performance. For 2008, performance goals will be set annually and measured quarterly as opposed to our 2007 practice of setting and measuring goals quarterly. In addition, the weight of annual corporate performance for our executives will be increased from 20% to 55% while the weight of corporate performance for each calendar quarter will be decreased from 20% to 11.25%. The Compensation Committee also measures individual achievement for an executive officer at the end of the year by comparing the actual performance of the executive to the individual goals and objectives established for the executive at the beginning of or during the year.

In 2007, the relative weightings of our corporate objectives were 35% of the award based on sales, 35% based on net income (excluding certain charges described below), and 30% based on quality. The Compensation Committee believes that corporate sales and net income goals are appropriate to encourage our executives to achieve superior financial performance for the Company with the goal of generating stockholder value. The Compensation Committee believes that the corporate quality goal is appropriate in order to emphasize the Company's commitment to improving its quality systems, resolving the issues identified by the FDA in its corporate warning letter and enhancing stockholder value. The Compensation Committee believed that, for 2007, the 35% weighting for sales, 35% for net income and 30% for quality were appropriate because they emphasized in nearly equal measure the Company's top performance priorities. For purposes of our Performance Incentive Plan, "net income" is defined as GAAP net income excluding amounts related to amortization, acquisitions, divestitures, certain litigation and restructuring charges. We believe these limited exclusions are necessary because we do not, except for amortization, expect these expenses to be ongoing future operating expenses. We believe that excluding these expenses facilitates an appropriate comparison of our current operating performance to our past operating performance.

Each executive's incentive award opportunity for the year (the "target") is expressed as a percentage of base salary, based on the scope of the executive's responsibilities. The CEO's target was 100% of his base salary; the Chief Operating Officer's target was 90% of his base salary (up from 85% in 2006); and the target for all of our other executive officers was 75% of his or her base salary.

In 2007, we set our annual corporate net income, sales and quality goals at the beginning of the year and our quarterly net income, sales and quality goals each quarter prior to the start of the quarter. We determined the actual annual funding percentage of our Performance Incentive Plan at the end of the year based on actual results for the year compared to the plan. Performance for the full year was given a 20% weighting. We determined the actual quarterly funding percentage under our Performance Incentive Plan on a quarterly basis based on actual results for the prior quarter compared to that quarter's plan. Each quarterly funding percentage received a 20% weighting. The total annual funding consists of the sum of the funding for the annual measurement period and each of the quarterly measurement periods. Funding then increases on a sliding scale (up to a maximum of 120% of target for quarterly goals and 200% of target for annual goals) as higher levels of sales, net income and quality goals are met, as depicted in the tables below.

Sales and Net Income Metrics Table

Annual Measurement. For 2007, the annual sales and net income components of our corporate goals were funded at the following percentages depending on the percent of the target level of sales or net income that we achieved. For example, if we achieved 90% of our annual sales or net income goals, the performance incentive plan for annual sales or net income would fund at 50%.

Performance Level	**Funding Level**	**Achievement**
0% to 89.9%	0%	Zero
90%	**50%**	Threshold
90.1% to 99.9%	+0.5% funding for every 0.1% performance	Below Target
100%	**100%**	Target
100.1% to 109.9%	+0.5% funding for every 0.1% performance	Exceeds Target
110%	**150%**	Exceeds Target
110.1 to 119.9%	+0.5% funding for every 0.1% performance	Exceeds Target
120% and above	**200%**	Maximum

Quarterly Measurement. For the first and second quarters of 2007, the quarterly sales and net income components of our corporate goals were funded at the following percentages, depending on the percent of the target level of sales or net income that we actually achieved. For example, if we achieved 102% of our sales or net income goals on a quarterly basis, the Performance Incentive Plan for sales or net income would fund at 110%.

Performance Level	Funding Level	Achievement
0% to 89.9%	0%	Zero
90%	**50%**	Threshold
90.1% to 99.9%	+0.5% funding for every 0.1% performance	Below Target
100%	**100%**	Target
100.1% to 101.9%	+0.5% funding for every 0.1% performance	Exceeds Target
102%	**110%**	Exceeds Target
102.1 to 104.9%	+0.33% funding for every 0.1% performance	Exceeds Target
105% and above	**120%**	Maximum

For the third and fourth quarters of 2007, the quarterly sales and net income components of our corporate goals were funded at the following percentages, depending on the percent of the target level of sales or net income that we actually achieved. This mid-year adjustment was necessary because of a mid-year change we made to the quality metrics described below. For the first two quarters of 2007, we capped the maximum funding level for achievement of quality metrics at 120% of target for achievement levels above plan. In the third and fourth quarters, however, we reduced that cap to 100% so that there was no funding for quality metrics above 100%. Because of this mid-year cap to the quality metrics, we increased the maximum funding of our sales and net income metrics to 130% of target, in order to maintain an overall quarterly funding opportunity for all metrics of 120% in the aggregate for performance above plan. For the third and fourth quarters, our sales and net income funding was as follows:

Performance Level	Funding Level	Achievement
0% to 89.9%	0%	Zero
90%	**50%**	Threshold
90.1% to 99.9%	+0.5% funding for every 0.1% performance	Below Target
100%	**100%**	Target
100.1% to 101.9%	+0.75% funding for every 0.1% performance	Exceeds Target
102%	**115%**	Exceeds Target
102.1 to 104.9%	+0.5% funding for every 0.1% performance	Exceeds Target
105% and above	**130%**	Maximum

Quality Metrics Table

Annual Measurement. Our quality goals include a variety of metrics, including complaint handling, corrective actions/preventative actions (CAPA), product inquiry reports, process validation and supplier controls. The annual funding amount for quality objectives was the average score for the four quarters of quality metrics achievement.

Quarterly Measurement. For the first and second quarters of 2007, the quality component of our corporate goals was funded at the following percentages, depending on the percent of the target level of the quality objectives that we actually achieved. For example, if we achieved 85% of our quality goals on a quarterly basis, the Performance Incentive Plan for quality would fund at 100%.

Performance Level	Funding Level	Achievement
0% to 49.9%	0%	Zero
50%	**50%**	Threshold
50.1% to 84.9%	+0.14 $^{2}/_{7}$% funding for every 0.1% performance	Below Target
85%	**100%**	Target
85.1% to 99.9%	+0.13 $^{1}/_{3}$% funding for every 0.1% performance	Exceeds Target
100%	**120%**	Maximum

For the third and fourth quarters of 2007, the maximum funding for the quality component of our corporate goals was reduced to 100%. We reviewed our performance on quality metrics against our goals and assigned a funding score based on this assessment of our achievement level. We implemented this change mid-year in order to give management more discretion in determining the quality funding amount and to prevent funding at 100% in circumstances when achievement levels were not at 100% of target and to prevent any funding above 100%. Our Chief Operating Officer determined our quality funding percentage to be 85% for the third quarter and 95% for the fourth quarter.

Actual Corporate Goals Funding Table

The table below depicts, for 2007, our annual and quarterly Performance Incentive Plan goals, our actual performance as a percentage of plan and whether that performance met the threshold, target or maximum levels of our corporate objectives:

Period	Plan Sales ($ in millions)	Actual Sales as a % of Plan	Funding Table %	Plan Net Income* ($ in millions)	Actual Net Income* as a % of Plan	Funding Table %	Actual Quality as a % of Plan	Funding Table %	Total Corporate Funding
Q1	$ 2,060	100.10%	100.5% (exceeds target)	$ 234	127.34%	120.0% (maximum)	90.30%	107.07% (exceeded target)	21.86%
Q2	$ 2,070	98.82%	94.0% (below target)	$ 262	107.53%	120.0% (maximum)	87.96%	104.00% (exceeded target)	21.22%
Q3	$ 2,084	95.94%	79.5% (below target)	$ 259	104.03%	125.0% (exceeded target)	85.00%	85% (below target)	19.42%
Q4	$ 2,102	98.48%	92.5% (below target)	$ 269	133.02%	130.0% (maximum)	95.00%	95% (below target)	21.28%
Annual	$ 8,834	92.40%	62.0% (below target)	$ 1,262	92.12%	60.5% (below target)	97.77%	97.77% (below target)	14.44%
Total									**98.22**%

* For purposes of our Performance Incentive Plan, "net income" is defined as GAAP net income excluding amounts related to amortization, acquisitions, divestitures, certain litigation and restructuring charges. We believe these limited exclusions are necessary because we do not, except for amortization, expect these expenses to be ongoing future operating expenses. We believe that excluding these expenses facilitates an appropriate comparison of our current operating performance to our past operating performance.

For example, in the first quarter, our actual sales came in at 100.10% of plan, which on the sales and net income funding table above receives a funding level of 100.5%. Sales had a 35% weighting in the first quarter; 35% of 100.5% is 35.18%. Our net income came in at 127.34% of plan, which on the sales and net income funding table above receives a funding level of 120%. Net income had a 35% weighting in the first quarter; 35% of 120% is 42%. Quality came in at 90.30% of plan, which on the quality funding table above receives a funding level of 107.07%. Quality has a 30% weighting in the first quarter; 30% of 107.07% is 32.12%. The sum of these sales (35.18%), net income (42%) and quality (32.12%) funding levels is 109.3%, which is then multiplied by 20% to result in 21.86% for the quarterly corporate funding level for Q1.

For 2007, our actual annual corporate sales, net income and quality results fell below our target levels, but our quarterly results in most cases met the threshold, target and, in some cases, maximum target level of our corporate objectives. As a result, our Performance Incentive Plan funded corporate goals at 98.22% of target for the year (which is the sum of the annual plus each of the quarterly corporate funding amounts), before the application of the individual performance component of the plan. This is one reason the Compensation Committee has determined to give more weight to annual performance in 2008. In addition to the corporate performance incentive goals described above, at the end of the year, individual performance is also considered pursuant to the PADR process described above. An individual performance component from 0% to 200% is applied as a multiplier at the end of the year to each executive's funded award to obtain the executive's total award. Amounts actually awarded under our Performance Incentive Plan for 2007 are reflected in the Summary Compensation Table on page 44 in the column Non-Equity Incentive Plan Compensation.

NEOs (other than CEO). In 2007 performance incentive awards for our NEOs (other than our CEO) ranged from 49% of target to 122% of target based on the overall performance of the Company against annual and quarterly goals, and the individual performance of each NEO during the year. Our corporate annual and quarterly sales, net income and quality goals and our achievement as a percentage of those goals are set forth in the table above. As described above, our annual corporate sales, net income and quality results for the year fell below our target levels, but our quarterly results in most cases met the threshold, target and, in some cases, maximum target level of our corporate objectives, before the application of the individual performance component of the plan. As a result, the corporate performance aspect of our Performance Incentive Plan funded at 98.22% of target. Actual awards for our NEOs (other than our CEO) in excess of the corporate funding level of 98.22% are in recognition of significant efforts being devoted to our quality initiatives, expense and head count reduction initiatives and non-strategic divestitures, which are long-term initiatives the expected benefits of which are not reflected in our current stock price. Details regarding the individual performance incentive awards paid to our NEOs in 2007 are set forth in the table below.

Name	2007 Target Award*	2007 Actual Award	Actual as % of Target
Paul A. LaViolette	$652,500	$640,886	98%
Sam R. Leno(1)	$450,000	$530,388	118%
Lawrence C. Best(2)	$508,875	$249,909	49%
Fredericus A. Colen	$405,000	$472,101	117%
James Gilbert	$337,500	$410,703	122%

* Target award amounts are based on the base salaries approved by the Compensation Committee in February 2007 and will differ from the Base Salary amounts presented in the Summary Compensation Table, which lists amounts actually earned from January 1 through December 31, 2007.

(1) Mr. Leno's offer letter provided that he would be eligible for a full year performance incentive opportunity for 2007, even though he joined the Company mid-year.

(2) Mr. Best retired from the Company in July 2007 and, having met the retirement definition in our Performance Incentive Plan, received a prorated 2007 performance incentive award based on the number of days during 2007 that he was employed and on his individual performance rating.

Mr. LaViolette's performance incentive award was 98% of his target due primarily to his achieving expectations with respect to his efforts in positioning the Company for 2008, but recognizing at the same time that the corporate warning letter had not been resolved. Mr. Leno's performance incentive award was 118% of his target due primarily to his outstanding performance in reducing expenses and head count, amending the Company's credit facility and divesting non-strategic assets. Mr. Best's prorated performance incentive award was 49% of his target due primarily to his achieving expectations during the first half of 2007 in focusing our business development efforts on next-generation technology. Mr. Colen's performance incentive award was 117% of his target due primarily to his outstanding performance in improving quality within our cardiac rhythm management business, including the lifting of the CRM warning letter, and his efforts in improving the technology offerings within our CRM business. Mr. Gilbert's performance incentive award was 122% of his target due to his exceeding expectations with respect to the results within his Cardiovascular business unit and in connection with his efforts towards the consummation of recent divestitures of non-strategic assets and monetizing our non-strategic investment portfolio.

CEO. Our CEO's primary 2007 performance objectives were to resolve the issues identified by the FDA in its corporate warning letter, ensure that a new quality plan was in place by year end, achieve specified top and bottom line financial results, increase cash flow, transition our CRM business to new leadership, increase CRM and drug-eluting stent market share, launch certain products and product development initiatives and divest certain non-strategic businesses. In 2007, our CEO's performance incentive award fell below his targeted payout level of $965,000 because his actual performance versus those objectives fell below expectations. Mr. Tobin's performance incentive award was 75% of his target principally because even though a new quality plan had been put in place by year end, cash flow had improved, progress had been made towards certain product launches and we had completed the divestitures of our non-strategic businesses, we had not cleared our FDA corporate warning letter, we missed specified top and bottom line financial results, our CRM business had not been transitioned to new leadership by year end and our CRM and drug-eluting stent market share lagged expectations.

Name	2007 Target Award*	2007 Actual Award	Actual as % of Target
James R. Tobin	$ 965,000	$ 710,867	75%

* Target award amount is based on the base salary approved by the Compensation Committee in February 2007 and will differ from Base Salary amount presented in the Summary Compensation Table, which lists amounts actually earned from January 1 through December 31, 2007.

An individual's total performance incentive payment is ultimately determined by multiplying the employee's December 31, 2007 base salary by the employee's December 31, 2007 incentive target percentage by the percentage that 2007 corporate sales, net income and quality objectives had been reached by the individual's performance percentage (pro-rated for the number of days the NEO was employed). A calculation of each NEO's actual performance incentive award, including the corporate performance and individual performance components of the award, is included in the table below:

NEO	12/31/07 Base Salary*	x	12/31/07 Incentive Target Percentage	x	Funding	x	Proration for Days Employed	x	Individual Performance Percentage	=	Performance Incentive Award
James R. Tobin	$ 965,000	x	100%	x	98.22%	x	100%	x	75%	=	$ 710,867
Paul A. LaViolette	$ 725,000	x	90%	x	98.22%	x	100%	x	100%	=	$ 640,886
Sam R. Leno(1)	$ 600,000	x	75%	x	98.22%	x					