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BOSTON SCIENTIFIC CORP

Form 425

January 18, 2006

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The following material was distributed and/or made available today, January 18, 2006, to analysts and Boston Scientific and Guidant shareholders.

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**Creating a Global Leader in Cardiovascular Devices**

*Superior Offer to Guidant Corporation*

January 18, 2006

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**Safe Harbor: Forward-Looking Statements**

This presentation contains forward-looking statements, including, among other statements, statements regarding the proposed business combination between Boston Scientific Corporation and Guidant Corporation, and the anticipated consequences and benefits of such transaction. Statements made in the future tense, and words such as anticipate, expect, project, believe, plan, estimate, intend, will, similar expressions are intended to identify forward looking statements. These statements are based on current expectations, but are subject to certain risks and uncertainties, many of which are difficult to predict and are beyond the control of Boston Scientific. Relevant risks and uncertainties include those referenced in Boston Scientific's filings with the Securities and Exchange Commission (SEC) (which can be obtained as described in Additional Information below), and include: general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations; and trends toward health care cost containment. Risks and uncertainties relating to the proposed transaction include: Boston Scientific and Guidant will not enter into any definitive agreement with respect to the proposed transaction; required regulatory approvals will not be obtained in a timely manner, if at all; the proposed transaction will not be consummated; the anticipated benefits of the proposed transaction will not be realized; and the integration of Guidant's operations with Boston Scientific will be materially delayed or will be more costly or difficult than expected. These risks and uncertainties could cause actual results to differ materially from those expressed in or implied by the forward-looking statements, and therefore should be carefully considered. Boston Scientific assumes no obligation to update any forward-looking statements as a result of new information or future events or developments.

**Safe Harbor: Additional Information**

This material is not a substitute for the prospectus/proxy statement and any other documents Boston Scientific and Guidant would file with the SEC if a definitive agreement with Guidant is executed. Investors and security holders are urged to read such prospectus/proxy statement and any other such documents, when available, which would contain important information about the proposed transaction. The prospectus/proxy statement would be, and other documents filed or to be filed by Boston Scientific and Guidant with the SEC are or will be, available free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)) or from Boston Scientific by directing a request to Boston Scientific Corporation, One Boston Scientific Place, Natick, Massachusetts 01760-1537, Attention: Milan Kofol, Investor Relations.

Boston Scientific is not currently engaged in a solicitation of proxies from the security holders of Boston Scientific or Guidant in connection with Boston Scientific's proposed acquisition of Guidant or in connection with Johnson & Johnson's proposed acquisition of Guidant. If a proxy solicitation commences, Boston Scientific, Guidant and their respective directors, executive officers and other employees may be deemed to be participants in such solicitation. Information about Boston Scientific's directors and executive officers is available in Boston Scientific's proxy statement, dated April 4, 2005, for its 2005 annual meeting of stockholders. Additional information about the interests of potential participants will be included in the prospectus/proxy statement Boston Scientific and Guidant would file if a definitive agreement with Guidant is executed.

**Agenda**

CEO Perspective

Jim Tobin  
*President & Chief Executive Officer*

The Combination's Key Value Drivers

Paul LaViolette  
*Chief Operating Officer*

Transaction & Financial Implications

Larry Best  
*Chief Financial Officer*

CEO Perspective

Jim Tobin

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**Overview**

Transaction drivers

Due diligence

Definitive agreement

Antitrust discussions

Integration

Key Value Drivers of the Combination

Paul LaViolette

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**Key Value Drivers**

Achieving enhanced growth and diversification

Acquiring a leading CRM position

Adding a second drug-eluting stent program

Transforming operating capabilities

**Achieving Enhanced Diversification and Higher Growth**

**Boston Scientific Sales Breakdown**

[CHART]

**Combined Pro Forma Sales Breakdown**

[CHART]

**Preeminent pure-play in medical devices**

*Source: BSC Management estimates. Figures shown assume 2006 full year of combined operation, adjusted for planned Guidant asset divestitures.*



**Key Value Drivers**  
**Acquiring Leading Business in High Growth CRM Segment**

**Worldwide Sales**

(Dollars in Billions)

[CHART]

	Forecasted 06 08 CAGR
Total	12%
ICDs	10%
CRT-Ds	23%
Pacemakers	3%

Source: Wall Street Research.

**Key Value Drivers**  
**CRM Market Position Recovery Goals**

[CHART]

*Source: Company estimates.*

**Key Value Drivers**  
**Adding Second DES Platform into Growing Market**

[CHART]

*Source: Company estimates.*

## Creating Transformational Capabilities and Leadership

(Dollars in Billions)

### 2006E Cardiovascular Device Sales

[CHART]

### 2006E Medical Device Sales

[CHART]

*Note: BSC-Guidant based on Wall Street Case and Company estimates, reflecting full year of combined operation adjusted for planned Guidant asset divestitures. All others based on Wall Street Research.*

Transaction Overview

Larry Best

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## Transaction Overview

<b>Offer Price:</b>	<b>\$80.00 per share(1)</b>
<b>Consideration:</b>	<b>52.5% cash / 47.5% stock(2)</b>
<b>Premium to J&amp;J Offer:</b>	<b>13% over \$71.00(3)</b>
<b>Collar:</b>	<b>\$22.62 - \$28.86(4)</b>
<b>Pro Forma Ownership:</b>	<b>63% for BSC shareholders, 37% for Guidant shareholders(2)</b>
<b>Conditions:</b>	<b>BSC and Guidant shareholder votes Antitrust clearances</b>

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(1) Based on BSC's closing price of \$25.20 on January 13, 2006, \$80 offer implies an exchange ratio of 1.5079 BSC shares and \$42.00 cash per Guidant share.

(2) Assuming closing prices as of January 13, 2006 and current share/options information. Actual numbers are subject to change.

(3) Based on J&J's closing price of \$61.82 on January 13, 2006, and J&J's revised offer of 0.493 J&J share and \$40.52 cash per Guidant share.

(4) Implies exchange ratios of 1.6799 and 1.3167 BSC shares, respectively, and \$42.00 cash per Guidant share.

**The Abbott Agreement**  
**Vascular Businesses Divestiture**

(Dollars in Billions)

VI/ES Asset Sale	\$	4.1
BSC Equity Sale		1.4
ABT Subordinated Loan @ 4%		0.9
Subtotal Upfront	\$	6.4
Xience Milestones		0.5
<b>Total</b>	<b>\$</b>	<b>6.9</b>

**Abbott provides significant funding and commitment to BSC**

**The Abbott Agreement**  
**DES Sharing**

BSC to share rights to Guidant's DES portfolio

Worldwide interim supply agreement of commercial DES products through 2010 / 2012



Financial Implications

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**BSC Enhanced Growth Profile**

(Dollars in Billions)

**Pro-Forma  
Combined Sales**

[CHART]

**Pro-Forma  
Operating Cash Flow**

[CHART]

*Note: Based on Wall Street Case and Company estimates for Guidant's business, adjusted for planned Guidant divestitures.*

**Rapid Deleveraging**  
**\$80 Per Share and New Abbott Agreement**

(Dollars in Billions)

	Combined Pro Forma										
	3/31/2006		2006		2007		2008		2009		2010
<b>Gross Debt</b>	11.0		11.3		9.6		7.6		6.0		6.0
<b>Cash</b>	0.4		1.2		1.3		1.5		2.1		4.7
<b>Net Debt</b>	<b>10.6</b>		<b>10.1</b>		<b>8.3</b>		<b>6.1</b>		<b>3.9</b>		<b>1.3</b>

**Strong Cash Flow Allows for Rapid Debt Repayment**

*Note: Based on Wall Street Case and Company estimates for Guidant's business, adjusted for planned Guidant divestitures.*

### Maintaining Investment Grade Credit Statistics

	BSC LTM 9/30/05(1)	Pro Forma LTM 3/31/06(2)	Pro Forma LTM 12/31/08(2)
Gross Debt / EBITDA	1.6x	4.0x	1.8x
Net Debt / EBITDA	1.0x	3.8x	1.4x
FFO / Gross Debt	42%	16%	39%
FFO / Net Debt	66%	17%	50%
Net Debt / Capitalization	25%	38%	21%

#### Strong cash flow and debt repayment support investment grade credit ratings

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(1) Debt as of September 30, 2005 filing, pro forma for \$750 million bond offering priced on November 14, 2005, proceeds of which used towards repayment of CP balances. LTM 9/30/05 EBITDA includes Medinol litigation settlement of \$780 million and non-cash in-process R&D expense of \$203 million. LTM 9/30/05 Funds From Operations includes Medinol litigation settlement.

(2) Based on Wall Street Case and Company estimates for Guidant's business, adjusted for planned Guidant divestitures.

shareholder Value Creation

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**Shareholder Value Creation**

Diversification and growth profile should deliver P/E multiple expansion

Our goal is to exceed Wall Street current earnings consensus

**BSC Stock Has Delivered Superior Shareholder Returns**

**Relative Shareholder Returns(1)**

		Last 5 Years	Since IPO(2)
Boston Scientific		236%	489%
Johnson & Johnson		31%	419%
S&P 500		(2)%	209%

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(1) FactSet as of January 13, 2006.

(2) BSC IPO on May 18, 1992.

**Our \$80 Offer Represents More Than \$80**

**Wall Street believes the faster growth, enhanced diversification and greater scale should lead to a significantly higher share price for BSC with Guidant**

Firm / Date	Target Price	Increase From Current(1)	Incremental Value to GDT Shareholders(2)	Total Value to GDT Shareholders(3)
<b>AG Edwards (1/13/06)</b>	\$ 42.00	66.7%	\$ 25.33	\$ 105.33
<b>FTN Midwest (1/12/06)</b>	37.00	46.8%	17.79	97.79
<b>Sanford Bernstein (1/10/06)</b>	35.50	40.9%	15.53	95.53
<b>Harris Nesbitt (1/17/06)</b>	35.00	38.9%	14.78	94.78
<b>JMP Securities (1/13/06)</b>	34.00	34.9%	13.27	93.27
<b>UBS (1/17/06)</b>	34.00	34.9%	13.27	93.27
<b>Jefferies (1/17/06)</b>	34.00	34.9%	13.27	93.27
<b>Deutsche Bank (1/12/06)</b>	31.00	23.0%	8.75	88.75
<b>Leerink Swann (1/10/06)</b>	31.00	23.0%	8.75	88.75
<b>Lehman Brothers (1/17/06)</b>	30.50	21.0%	7.99	87.99
<b>Wall Street BSC Consensus</b>	<b>\$ 34.40</b>	<b>36.5%</b>	<b>\$ 13.87</b>	<b>\$ 93.87</b>
<b>Wall Street J&amp;J Consensus</b>	<b>\$ 70.08</b>	<b>13.4%</b>	<b>\$ 4.07</b>	<b>\$ 75.07</b>

(1) Note: Based on BSC closing price of \$25.20 and J&J closing price of \$61.82 as of January 13, 2006.

(2) Calculated by \$ increase over current price multiplied by exchange ratio (.493 for J&J/GDT and assumes 1.5079 for BSC/GDT based on BSC closing price of \$25.20 for illustrative purposes).

(3) Calculated by adding the incremental value to GDT plus offer price per share (\$80 for BSC and \$71 for J&J).



Roadmap to Completion

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**Roadmap to Completing the Transaction**

Completed confirmatory due diligence

Discussions with antitrust agencies

Discussions with rating agencies

Definitive divestiture agreement with Abbott

Definitive merger agreement delivered to Guidant

Boston Scientific and Guidant enter into a definitive agreement in January

Antitrust filings and approvals

Boston Scientific and Guidant shareholder votes in Q1 2006

Transaction expected to close in Q1 2006

**BSC Anticipated Closing Timeline**

January 2006							February 2006							March 2006						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7				1	2	3	4				1	2	3	4
8	9	10	11	12	13	14	5	6	7	8	9	10	11	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25	19	20	21	22	23	24	25
29	30	31					26	27	28					26	27	28	29	30	31	

Date	Event
<b>January 17, 2006</b>	Deliver revised offer to Guidant; Guidant declares revised offer superior and notifies J&J of its intention to terminate the merger agreement with J&J (starts five business day clock)
<b>Late January</b>	Guidant terminates merger agreement with J&J and enters into merger agreement with BSC
<b>Late January</b>	BSC files proxy statement/prospectus (S-4) with the SEC
<b>Mid February</b>	Continue current ongoing detailed discussions with FTC staff
<b>Late February</b>	SEC declares proxy statement/prospectus effective*
<b>Early March</b>	Commence mailing of proxy statement/prospectus to BSC and Guidant shareholders
<b>Mid March</b>	Receive FTC staff recommendation (6-8 weeks from now)
<b>Late March</b>	Receive FTC approval
<b>March 31, 2006</b>	BSC shareholders meeting to approve the amendment to the certificate of incorporation and share issuance; Guidant shareholders meeting to approve the merger; assuming receipt of shareholder approvals, close the merger

\* Assumes little to no SEC review of proxy statement/prospectus.

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