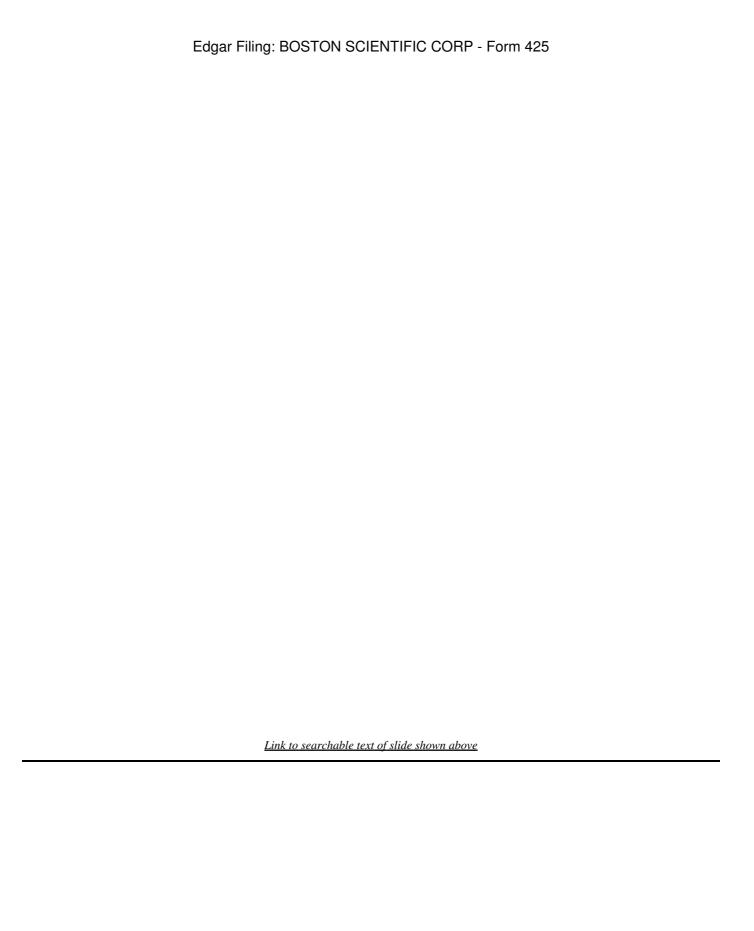
BOSTON SCIENTIFIC CORP Form 425 February 07, 2006

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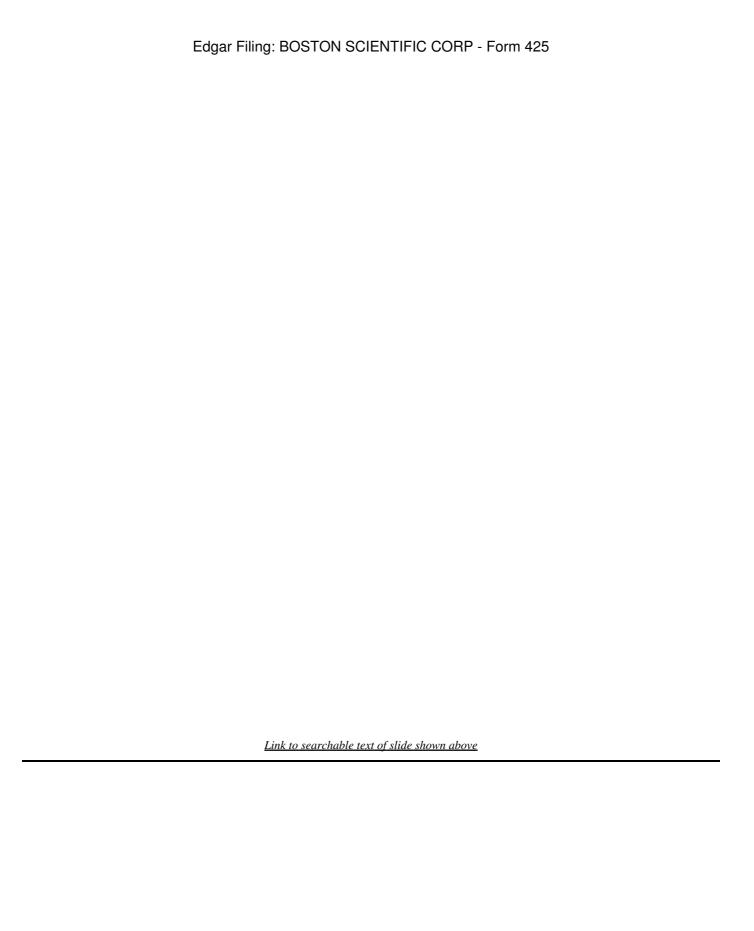
> > Subject Company: Guidant Corporation Commission File No.: 001-13388

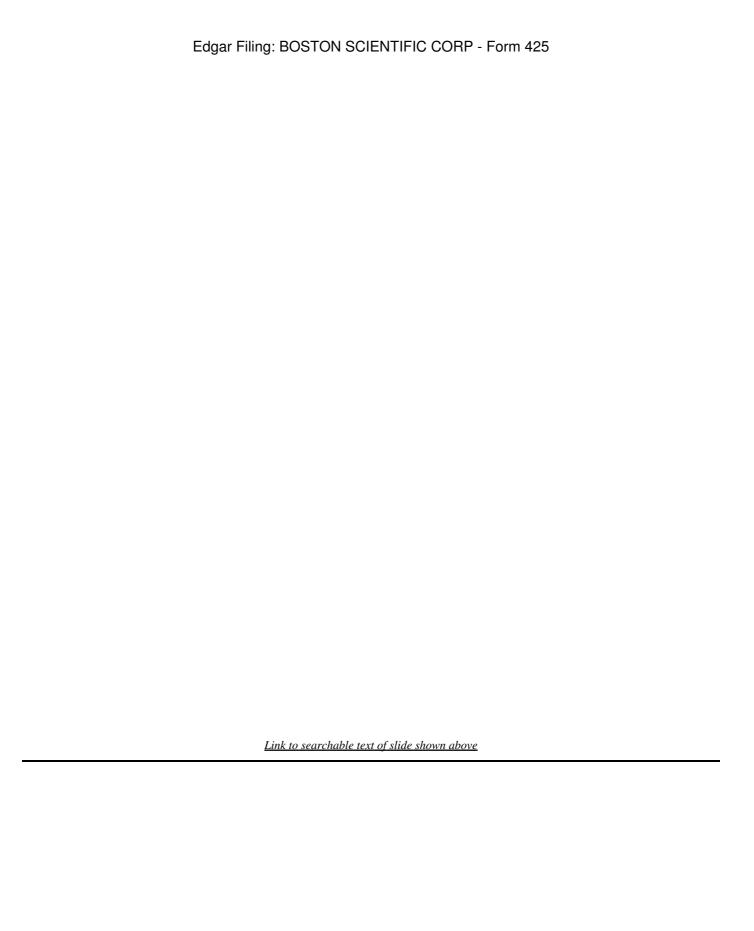
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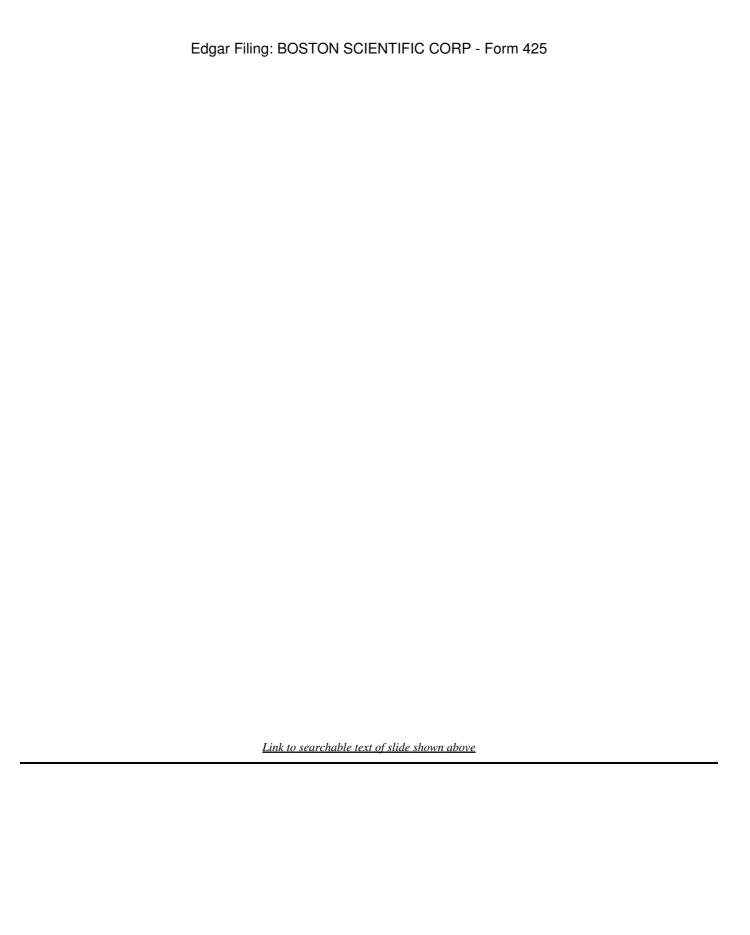
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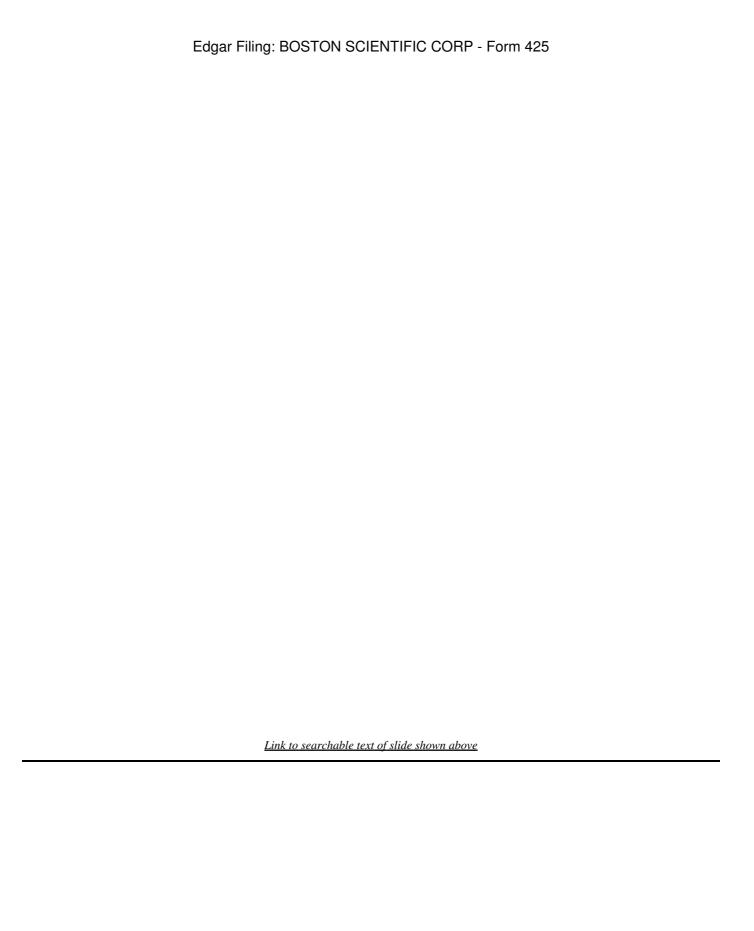








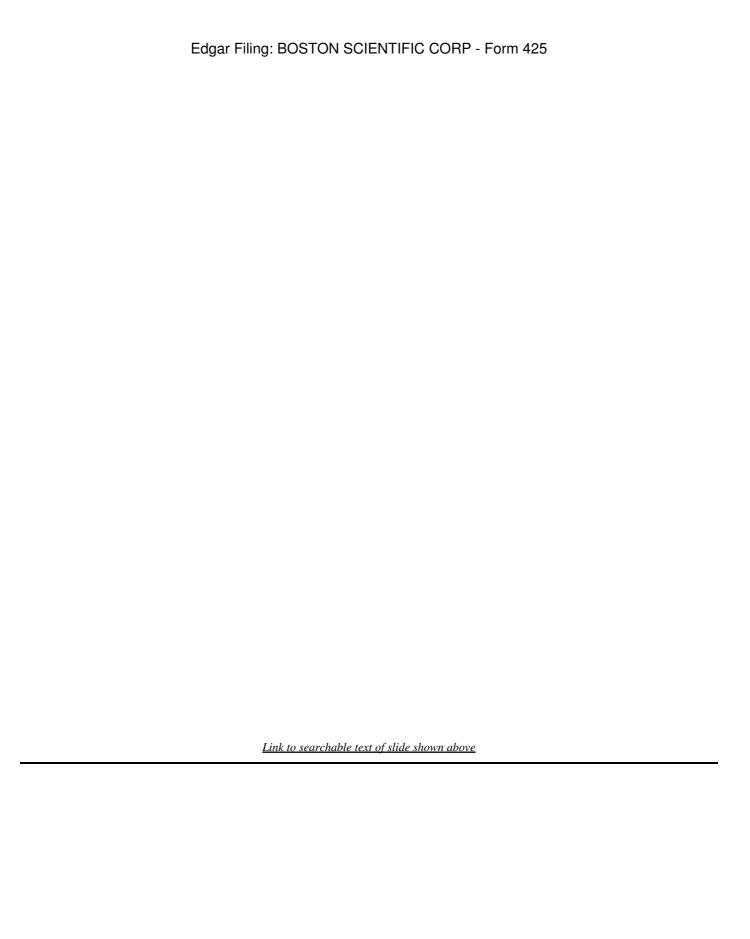




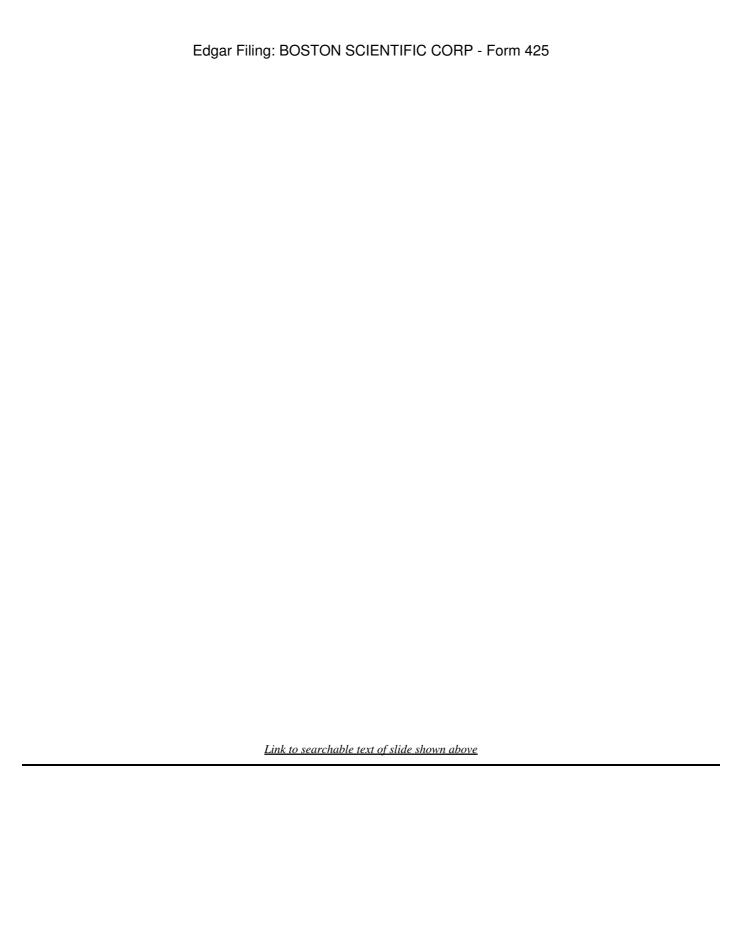




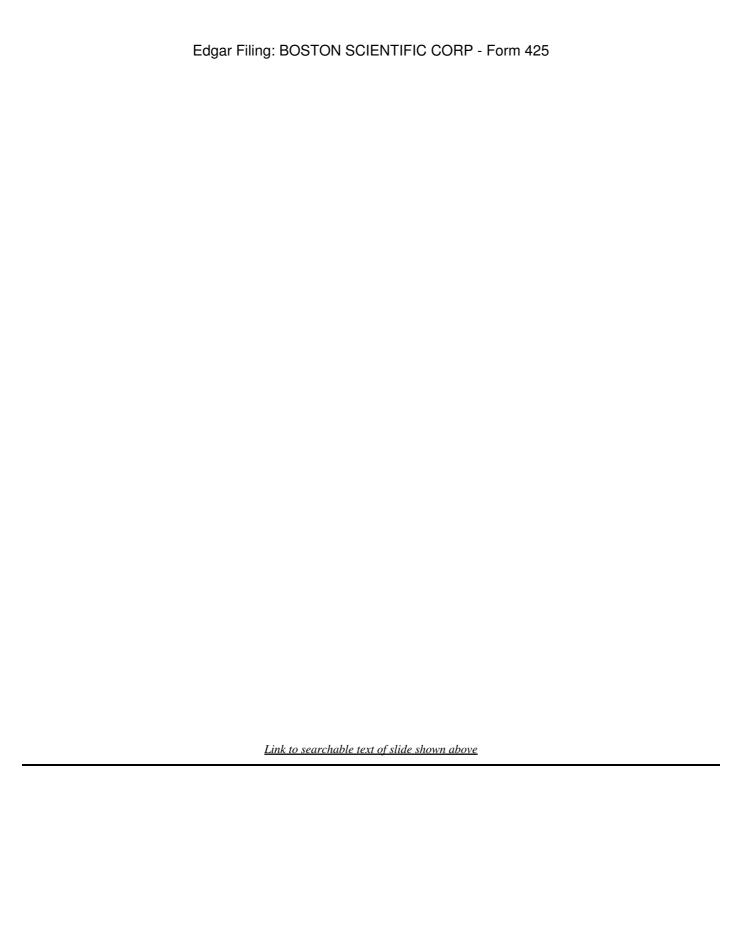


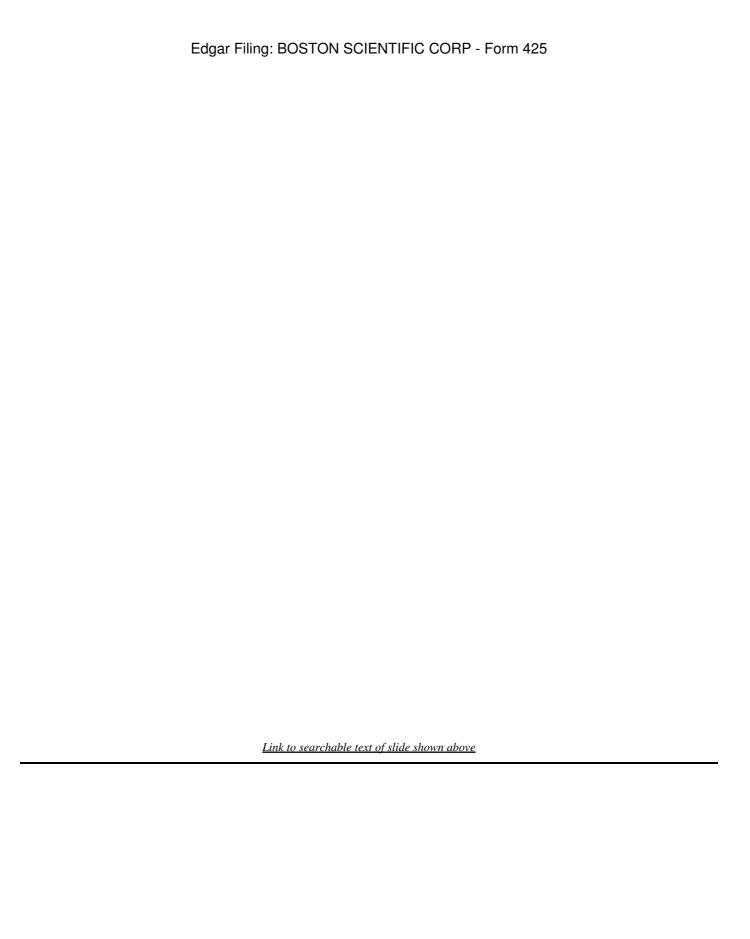




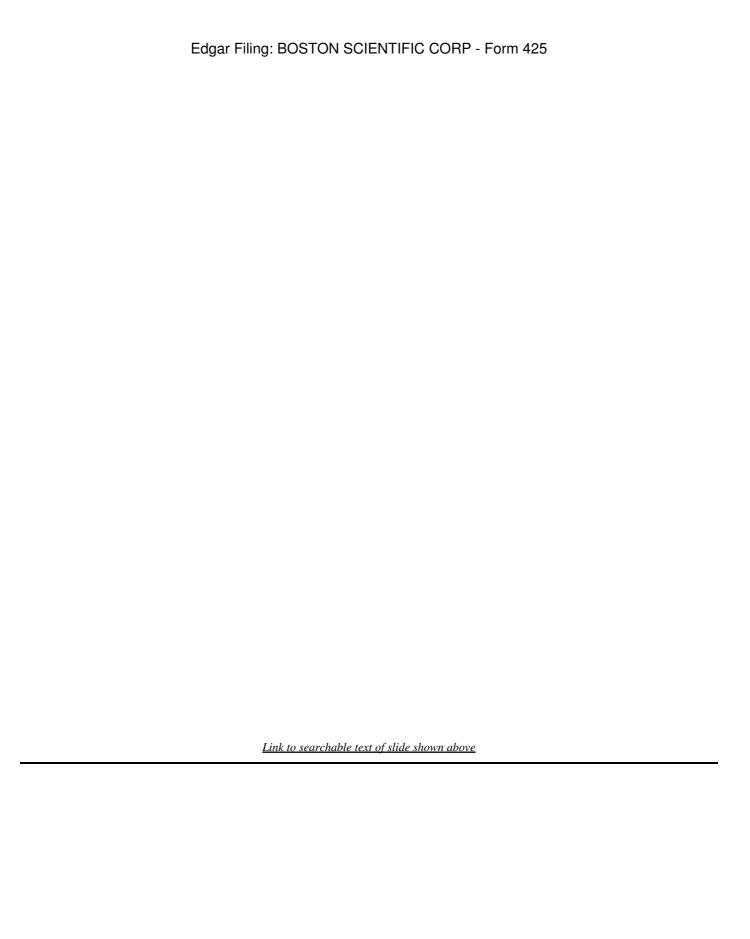




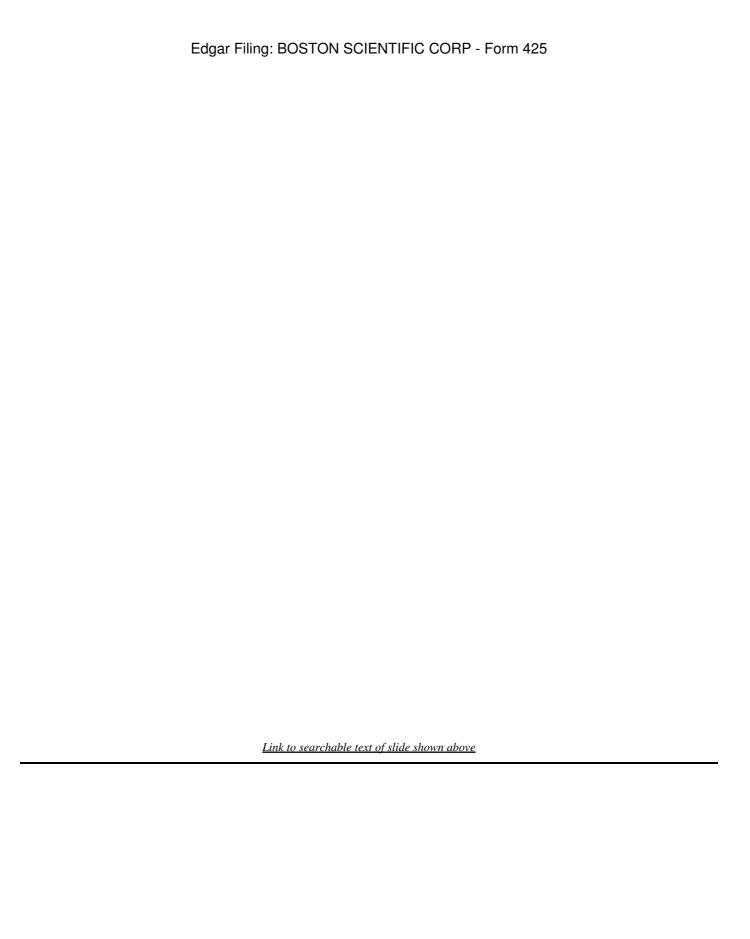


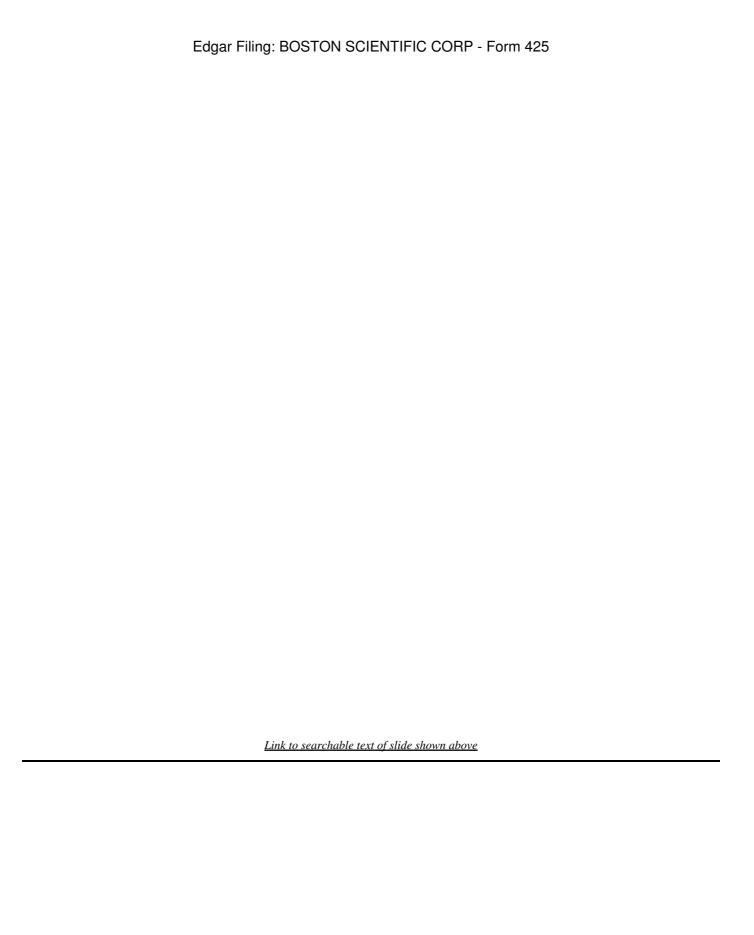












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> Subject Company: Guidant Corporation Commission File No.: 001-13388

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

[LOGO]

Results of Operations

December 31, 2005

Safe Harbor: Forward-Looking Statements

[LOGO]

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

Safe Harbor: Additional Information

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

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

Worldwide Sales by Global Division 2005 vs. 2004

				WORLDWIDE		
					Change	
		2005		2004	@ AFX	@ CFX
Cardiovascular	\$	4,498	\$	4,107	10%	9%
Electrophysiology		132		130	2%	2%
Neurovascular		277		253	9%	9%
CARDIOVASCULAR GROUP		4,907		4,490	9%	9%
Oncology		207		186	11%	11%
Endoscopy		697		641	9%	9%
Urology		324		261	24%	24%
ENDOSURGERY GROUP		1,228		1,088	13%	13%
SUBTOTAL		6,135		5,578	10%	10%
		ĺ		ĺ		
Neuromodulation		148		46	222%	222%
WORLDWIDE	\$	6,283	\$	5,624	12%	11%
		ĺ		ĺ		
		4				
		7				

Worldwide Sales by Geography 2005 vs. 2004

			WORLDWIDE T	-	
:	2005		2004	@ AFX	@ CFX
\$	3,852	\$	3,502	10%	10%
	1,161		994	17%	17%
	579		613	(6)%	(4)%
	691		515	34%	28%
	2,431		2,122	15%	13%
\$	6,283	\$	5,624	12%	11%
			ŕ		
	5				
	\$	1,161 579 691 2,431 \$ 6,283	\$ 3,852 \$ 1,161 579 691 2,431 \$ 6,283 \$	2005 2004 \$ 3,852 \$ 3,502 1,161 994 579 613 691 515 2,431 2,122 \$ 6,283 \$ 5,624	\$ 3,852 \$ 3,502 10% 1,161 994 17% 579 613 (6)% 691 515 34% 2,431 2,122 15% \$ 6,283 \$ 5,624 12%

DES Revenue by Region 2005 vs. 2004

	2005	2004	Change	
U.S.	\$ 1,763	\$ 1,570	\$ 193	12%
Europe	476	344	132	38%
IC	317	229	88	38%
Total	\$ 2,556	\$ 2,143	\$ 413	19%
	6			

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

[CHART]

Financial Results (Excluding Special Charges)

2005 vs. 2004

	20	005	2004	
Sales	\$	6,283 \$	5,624	12%
Gross Margin		4,898 78.0%	4,332 77.0%	13%
SG&A		1,776	1,542	(15)%
R&D		673	569	(18)%
Royalties		227	195	(16)%
Amortization		142	112	(27)%
Operating Expense		2,818	2,418	(17)%
Operating Income		2,080 33.1%	1,914 <i>34.0%</i>	9%
Non Operating Expense		(77)	(80)	4%
Inc Before Taxes		2,003	1,834	9%
Net Income		1,522 24.2%	1,394 24.8%	9%
EPS	\$	1.82 \$	1.63	12%
8				

2005 Financial Results

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

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

[LOGO]

Q4 2005 Financial Results

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

[LOGO]

		Q4 05	Q4 2004	
Sales	\$	1,540 \$	1,600	(4)%
Gross Margin		1,199 <i>77</i> .9%	1,272 79.5%	(6)%
SG&A		458	425	(8)%
R&D		174	158	(10)%
Royalties		53	64	17%
Amortization		38	30	(27)%
Operating Expense		723	677	(7)%
Operating Income		476 30.9%	595 37.2%	(20)%
Non Operating Expense		(27)	(45)	40%
Inc Before Taxes		449	550	(18)%
Net Income		340 22.1%	419 26.2%	(19)%
EPS	\$	0.41 \$	0.49	(16)%
	11			

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

[CHART]

[LOGO]

Guidant Integration

[LOGO]

Proforma Combined Outlook

Strategic Build Continues

	[LOGO]
Accelerating Revenue Growth Proforma Combined Sales	
[CHART]	
Note: Based on Wall Street case and Company estimates for Guidant s bus	siness.
15	

Accelerating Proforma Adjusted EPS	
[CHART]	
Note: Based on Wall Street case and Company estimates for Guidant	s business.
	16

Basis of Reporting Moving Forward

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

GAAP EPS excluding amounts related to:

Effect of purchase price allocation on assets:

write-off of in-process research and development

amortization of identifiable intangibles

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

Merger-related costs:

integration costs

restructuring charges

Costs associated with Guidant s on-going litigation

Stock compensation expense

Other special non-operating costs

Accelerating Proforma Adjusted EPS
[CHART]
Note: Based on Wall Street case and Company estimates for Guidant s business.
18

Strong Proforma Operating Cash Flow
[CHART]
Note: Based on Wall Street case and Company estimates for Guidant s business.
19

Next Chapter of Growth	
Strategic Build Continues	
[CHART]	
Note: Assumes 01/01/06 acquisition of Guidant	
	20

Adjusted EPS

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

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

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

[LOGO]

Results of Operations

December 31, 2005