Q4 2018 Highlights

February 6, 2019

Safe Harbor for Forward-Looking Statements and Use of Document:

Boston Scientific

Safe Harbor for forward-looking statements:
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by words like “anticipate,” “expect,” “project,” “believe,” “plan,” “estimate,” “intend,” "goal" and similar words. These forward-looking statements are based on our beliefs, assumptions and estimates using information available to us at the time and are not intended to be guarantees of future events or performance. If our underlying assumptions turn out to be incorrect, or if certain risks or uncertainties materialize, actual results could differ materially from the expectations and projections expressed or implied by our forward-looking statements.

Factors that may cause such differences can be found in our most recent Form 10-K and Forms 10-Q filed or to be filed with the Securities and Exchange Commission under the headings “Risk Factors” and “Safe Harbor for Forward-Looking Statements.” Accordingly, you are cautioned not to place undue reliance on any of our forward-looking statements. We disclaim any intention or obligation to publicly update or revise any forward-looking statements to reflect any change in our expectations or in events, conditions, or circumstances on which they may be based, or that may affect the likelihood that actual results will differ from those contained in the forward-looking statements.

Non-GAAP Measures:
This document contains non-GAAP measures (denoted with *) in talking about our company’s performance. The reconciliations of those non-GAAP measures to their most comparable GAAP measures are contained within this document including appendices attached to the end of this presentation.

Segment Information:
Effective January 1, 2018, to align the company's business and organizational structure focused on active implantable devices, we created the Rhythm and Neuro segment, which includes Cardiac Rhythm Management (CRM), Electrophysiology and Neuromodulation (previously included in the MedSurg segment). In addition, we combined the Middle East and Africa (MEA) organizations (previously included with Asia-Pacific) with Europe to create the EMEA region. Prior year balances and year over year growth rates (denoted with †) have been updated accordingly.

Use of document:
This document contains certain highlights with respect to our fourth quarter 2018 performance and developments and does not purport to be a complete summary of thereof. Accordingly, we encourage you to read our Earnings Release for the quarter ended December 31, 2018 located in the investor section of our website at www.bostonscientific.com and our Annual Report on Form 10-K for the year ended December 31, 2018 to be filed with the Securities and Exchange Commission.

Amounts reported in millions within this presentation are computed based on the amounts in thousands. As a result, the sum of the components reported in millions may not equal the total amount reported in millions due to rounding. Certain columns and rows within tables may not add due to the use of rounded numbers. Percentages presented are calculated from the underlying numbers in dollars.

Q4 2018 Financial Results and Recent Highlights

Boston Scientific

Financial Results

- **Revenue growth Y/Y:**
  - +8.2% operational*, +6.3% as reported, +7.0% organic*
- **Earnings per share:**
  - Adjusted*: $0.39 vs. $0.34 Q4:17
    - Q4'18 includes net $0.01 tax benefit**
  - GAAP: $0.27 vs. ($0.45) Q4:17
- **Gross margin:**
  - Adjusted*: 72.8%, +20 bps Y/Y
    - Includes +70 bps FX impact Y/Y
  - GAAP: 71.5%, (50) bps Y/Y
- **Operating margin:**
  - Adjusted*: 25.5%, (10) bps Y/Y
  - GAAP: 12.5%, (70) bps Y/Y

***The fourth quarter net tax benefit of $0.01 includes a $0.05 charge for our previously announced tax reinvestment strategy, which was estimated to be $0.06 at the time of guidance issued October 24, 2018, offset by an additional $0.06 benefit in the fourth quarter related to the tax settlement with the IRS of our 2011 through 2013 tax years.*

Operational Highlights

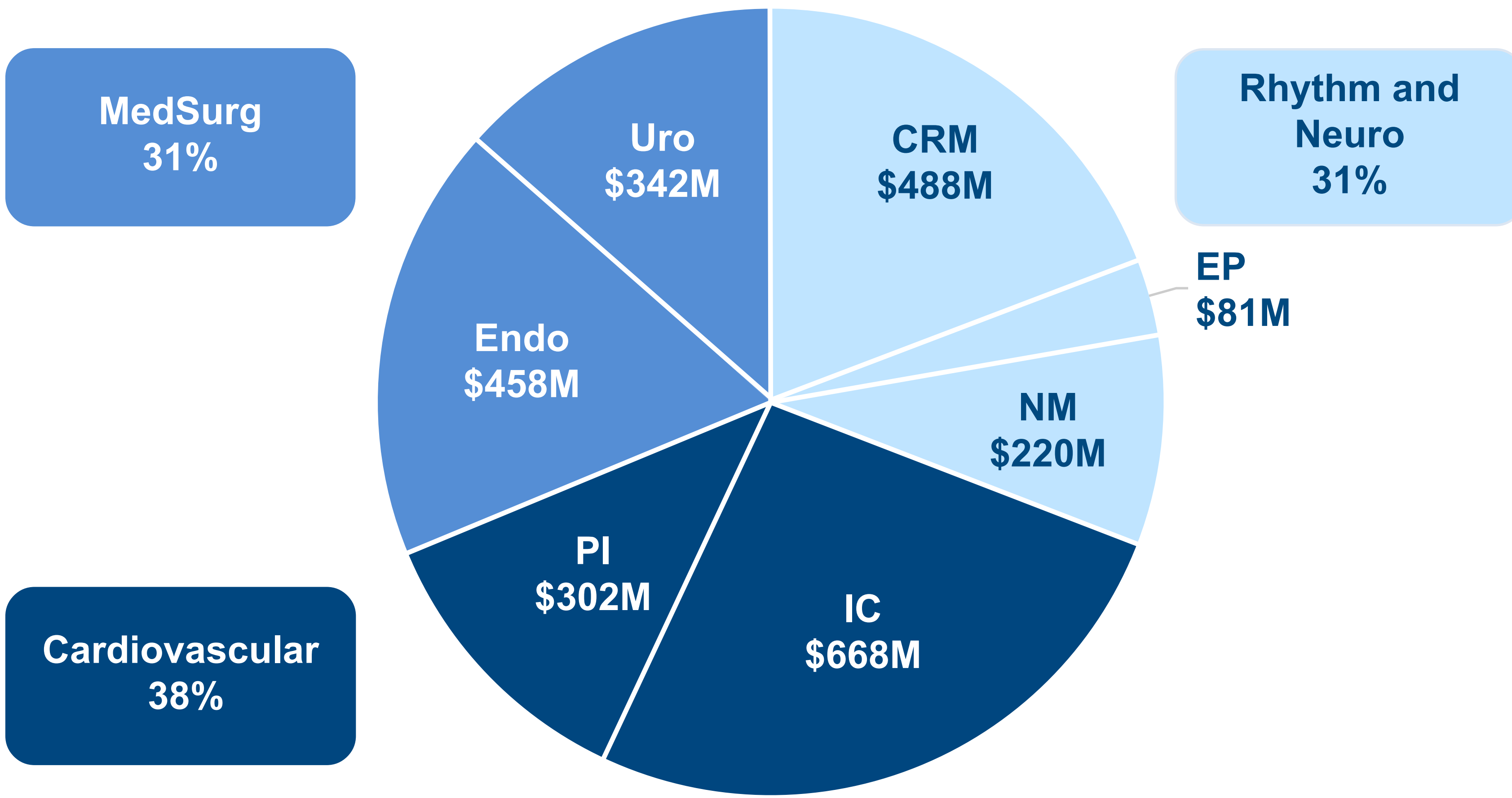
- Reached an agreement on terms of recommended offer to **acquire BTG plc**., a company that offers products used in minimally-invasive treatments targeting cancer and vascular diseases
- Closed the **acquisition of Millipede, Inc**., a company that is developing the IRIS Transcatheter Annuloplasty Ring System[1] for the treatment of patients with severe functional mitral regurgitation
- **LOTUS Edge™**[2]: Began **enrollment of REPRISE IV clinical trial** to assess the safety and effectiveness for intermediate surgical risk patients; expect EU limited release in March and in the U.S., pending FDA approval, anticipate controlled launch in early Q2:19
- **WATCHMAN™ LAAC Device** included in AHA, ACC, and HRS updated guidelines as stroke reduction option
- Received **FDA approval for and launched the Vercise™ Primary Cell and Vercise Gevia™ DBS Systems** featuring the Vercise Cartesia™ Directional Lead, which enables control of electrical stimulation to treat the symptoms of Parkinson's disease
- Announced 4-year outcomes for **Rezum™** Water Vapor Therapy showing **durable results with 4.4% surgical retreatment rate and preserved sexual function**
- Announced plans to host and webcast an **Investor Day** business review meeting for the investment community on Wednesday, June 26, 2019

[1] Device under development
[2] CE Marked. U.S.: "Caution: Investigational Device. Limited by Federal (or U.S.) law to investigational use only. Not available for sale"

WW Sales by Segment and Business

Q4 2018 Reported Revenue: $2,561M

Revenue by Business; Segment Percentage of Total Sales



WW Sales Detail

Three Months Ended December 31, 2018 and 2017

(in millions)	Q4 2018	Q4 2017	Year-over-Year Change: As Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis	Less: Impact of Recent Acquisitions	Organic Basis
ENDOSCOPY	$ 458	$ 436	5.0%	(1.6)%	6.6%	—%	6.6%
UROLOGY AND PELVIC HEALTH	342	308	10.8%	(1.3)%	12.1%	6.5%	5.6%
MEDSURG†	**800**	**745**	**7.4%**	**(1.5)%**	**8.9%**	**2.7%**	**6.2%**
CARDIAC RHYTHM MANAGEMENT	488	488	0.1%	(1.6)%	1.7%	—%	1.7%
ELECTROPHYSIOLOGY	81	77	6.3%	(1.7)%	8.0%	—%	8.0%
NEUROMODULATION	220	186	17.9%	(1.0)%	18.9%	—%	18.9%
RHYTHM AND NEURO†	**790**	**751**	**5.1%**	**(1.5)%**	**6.6%**	**—%**	**6.6%**
INTERVENTIONAL CARDIOLOGY	668	636	5.0%	(2.5)%	7.5%	1.4%	6.1%
PERIPHERAL INTERVENTIONS	302	277	9.2%	(2.0)%	11.2%	—%	11.2%
CARDIOVASCULAR	**970**	**913**	**6.3%**	**(2.3)%**	**8.6%**	**0.9%**	**7.7%**
WORLDWIDE NET SALES	**$ 2,561**	**$ 2,408**	**6.3%**	**(1.9)%**	**8.2%**	**1.2%**	**7.0%**
EMERGING MARKETS[1] SALES	278	238	16.8%	(10.4)%	27.2%		
EMERGING MARKETS[1] SALES PERCENTAGE OF TOTAL BSC			11%		12%		
UNITED STATES SALES PERCENTAGE OF TOTAL BSC			57%		56%		
INTERNATIONAL SALES PERCENTAGE OF TOTAL BSC			43%		44%		

[1]We define Emerging Markets as including certain countries that we believe have strong growth potential based on their economic conditions, healthcare sectors, and our global capabilities. Currently, we include 20 countries in our definition of Emerging Markets.

WW Sales Detail

Year Ended December 31, 2018 and 2017

(in millions)		YTD 2018		YTD 2017	Year-over-Year Change: As Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis	Less: Impact of Recent Acquisitions	Organic Basis
ENDOSCOPY	$	1,762	$	1,619	8.8%	0.5 %	8.3%	—%	8.3%
UROLOGY AND PELVIC HEALTH		1,245		1,124	10.8%	0.2 %	10.6%	2.5%	8.1%
MEDSURG†		**3,007**		**2,742**	**9.7%**	**0.4 %**	**9.3%**	**1.1%**	**8.2%**
CARDIAC RHYTHM MANAGEMENT		1,951		1,895	2.9%	0.8 %	2.1%	—%	2.1%
ELECTROPHYSIOLOGY		311		278	12.1%	1.2 %	10.9%	—%	10.9%
NEUROMODULATION		779		635	22.7%	0.2 %	22.5%	—%	22.5%
RHYTHM AND NEURO†		**3,041**		**2,808**	**8.3%**	**0.7 %**	**7.6%**	**—%**	**7.6%**
INTERVENTIONAL CARDIOLOGY		2,590		2,419	7.1%	0.5 %	6.6%	2.1%	4.5%
PERIPHERAL INTERVENTIONS		1,187		1,081	9.8%	0.6 %	9.2%	—%	9.2%
CARDIOVASCULAR		**3,777**		**3,500**	**7.9%**	**0.5 %**	**7.4%**	**1.4%**	**6.0%**
WORLDWIDE NET SALES	**$**	**9,823**	**$**	**9,048**	**8.6%**	**0.6 %**	**8.0%**	**0.8%**	**7.2%**
EMERGING MARKETS[1] SALES		1,072		909	18.0%	(3.4)%	21.4%		
EMERGING MARKETS[1] SALES PERCENTAGE OF TOTAL BSC					11%		11%		
UNITED STATES SALES PERCENTAGE OF TOTAL BSC					56%		56%		
INTERNATIONAL SALES PERCENTAGE OF TOTAL BSC					44%		44%		

[1]We define Emerging Markets as including certain countries that we believe have strong growth potential based on their economic conditions, healthcare sectors, and our global capabilities. Currently, we include 20 countries in our definition of Emerging Markets.

MedSurg Performance Summary

Measure ($ in millions)	Q4 2018	Q4 2017†	Change Y/Y
Reported Revenue	$800M	$745M	+7.4%
Operating Income	$296M	$277M	+7%
Operating Income Margin	36.9%	37.2%	(30 bps)

Q4 2018 Highlights

- **Endoscopy: Global revenue +6.6% Y/Y operational*/organic* (+5.0% as reported)**
  - Growth fueled by rapid growth in pathology and infection prevention franchises and double-digit hemostasis growth for the third consecutive quarter.
  - Well positioned in 2019 with recent launches of new products including SpyGlass DS II with a broader portfolio of accessories, Orca pod single use valves, Orise gel for endoluminal surgery, and Jagwire Revolution guidewire.
  - Single-use platform development on track, including the Exalt™-D[1] duodenoscope by YE19, a bronchoscope for use in pulmonary applications, an upper GI scope for emergent bleeds, and a surgical scope for pancreatico-biliary applications

- **Urology and Pelvic Health: Global revenue +12.1% Y/Y operational*, +5.6% organic* (+10.8% as reported)**
  - Performance led by double-digit growth in Stone franchise driven by sales and pull-through from LithoVue™ single-use ureteroscope
  - The integration of NxThera, Augmenix, and nVision are a key focus and well underway.
    - NxThera: Rezum, a minimally invasive treatment for BPH, recently demonstrated durability of symptom relief and avoidance of side effects at 4-years; CPT code took effect Jan 1, 2019
    - Augmenix: Acquired in October, SpaceOAR hydrogel minimizes the side effects of prostate cancer radiation and is off to a strong start; continue to expand market reach, development, and awareness
    - nVision[1]: Potential platform for early diagnosis of ovarian cancer where confirmatory study is ongoing; results are expected in H2:19

[1] Device under development

Rhythm and Neuro Performance Summary

Boston Scientific

Measure ($ in millions)	Q4 2018	Q4 2017†	Change Y/Y
Reported Revenue	$790M	$751M	+5.1%
Operating Income	$174M	$165M	+6%
Operating Income Margin	22.0%	21.9%	+10 bps

Q4 2018 Highlights

- **Cardiac Rhythm Management: Global revenue +1.7% Y/Y operational*/organic* (+0.1% as reported)**
  - Achieved mid-single digit growth in defibrillators, reflecting strong uptake and market outperformance of RESONATE™ platform with HeartLogic™, the only FDA-approved heart failure alert system, and best in class longevity with the EnduraLife battery, and continued double-digit growth of Emblem™ S-ICD
  - Believe strength in defibrillators will continue in 2019 plus expect slight improvement in pacing trends
- **Electrophysiology: Global revenue +8.0% Y/Y operational*/organic* (+6.3% as reported)**
  - Growth led by RHYTHMIA™ HDx platform and full launch of Direct Sense catheter in Europe; continue to strengthen global pipeline with targeted H1:2020 launch in Europe and IDE enrollment of StablePoint force-sensing catheter
  - Two single-shot pulmonary vein isolation technologies[1], Cryterion and Apama, are on track for YE 2019 EU launches and IDE enrollment
- **Neuromodulation: Global revenue +18.9% Y/Y operational*/organic* (+17.9% as reported)**
  - Driven by continued strength of WaveWriter™ SCS system in the U.S. and increasing demand in Europe; the only FDA approved platform that simultaneously provides paresthesia-based and sub-perception therapy for patients suffering chronic pain
  - Deep Brain Stimulation continues momentum in the U.S. and expansion in Europe; recent FDA approval of primary cell and Cartesia™ directional leads positions Vercise to now offer both primary cell and rechargeable systems with multiple independent current control for more adaptable delivery of stimulation

[1] Device under development

Cardiovascular Performance Summary

Boston Scientific

Measure ($ in millions)	Q4 2018	Q4 2017	Change Y/Y
Reported Revenue	$970M	$913M	+6.3%
Operating Income	$259M	$256M	+1%
Operating Income Margin	26.7%	28.0%	(130 bps)

Q4 2018 Highlights

- **Interventional Cardiology: Global revenue grew +7.5% Y/Y operational*, +6.1% organic* (+5.0% as reported)**
  - Executing successful diversification strategy with double-digit growth in Complex PCI and PCI guidance portfolios
  - Exceeded SH guidance of $475M with momentum in Watchman, ACURATE, and Sentinel adoption; expect SH revenue of $700M-$725M in 2019:
    - Watchman increased utilization for existing customers and received another increase in its primary DRG reimbursement in the U.S. starting October 2018; continued geographic expansion with expected Japan launch in Q3:19 and next gen Watchman FLX[1] in H1:19 in Europe
    - ACURATE™ TAVR[2] device continued solid uptake, geographic expansion including recent France reimbursement approval, and steady new center openings; target U.S. IDE enrollment for ACURATE and launch of next gen ACURATE neo2[1] in Europe in H2:19
    - Continue to see significant opportunity with Sentinel cerebral embolic protection device with strong market adoption in Q4 and recently granted new-tech add-on payment

- **Peripheral Interventions: Global revenue +11.2% Y/Y operational*/organic* (+9.2% as reported)**
  - Double digit growth in the quarter was driven by the U.S. launch of Eluvia™ and double-digit growth in Ranger DCB™ and interventional oncology
  - Asia Pacific was a regional stand-out in the quarter, growing mid-teens, led by strength in China
  - IMPERIAL trial data presented at TCT demonstrated Eluvia superiority over its comparator (Cook's Zilver PTX) where Eluvia stent experienced half the rate of TLR at 12 months, 88.5% patency rate, and there were no patient deaths in either arm of the 12 month study
  - Upcoming VICI venous stent[2] launch is anticipated to be the first on-label venous stent in the U.S. market; positive data at LINC demonstrated primary patency rate of 84.0% at 12 months

[1] Pending CE Mark. Not available for use or sale in the U.S.
[2] CE Marked. U.S.: "Caution: Investigational Device. Limited by Federal (or U.S.) law to investigational use only. Not available for sale"

Income Statement Information

Non-GAAP Reconciliation

Three Months Ended December 31, 2018 (unaudited)

Boston Scientific

In millions, except per share data	GAAP Results	Amortization	Acquisition - Related Charges (Credits)	Restructuring and Restructuring-Related Charges (Credits)	Litigation-Related Charges (Credits)	Investment Impairment Charges	Discrete Tax Items	Adjusted Results
Net sales	$ 2,561							$ 2,561
Cost of products sold	729		**18**	**14**				697
Gross profit	**1,832**	**—**	**(18)**	**(14)**	**—**	**—**	**—**	**1,864**
Gross margin	*71.5%*							*72.8%*
Selling, general and administrative expenses	953		32	7				915
SG&A margin	*37.2%*							*35.7%*
Research and development expenses	288		9					278
R&D margin	*11.2%*							*10.8%*
Royalty expense	18							18
Royalty expense margin	*0.7%*							*0.7%*
Amortization expense	162	162						—
Intangible asset impairment charge	—							—
Contingent consideration expense (benefit)	(10)		(10)					—
Restructuring charges (credits)	16			16				—
Litigation-related charges (credits)	85				85			—
	1,513	162	32	23	85	—	—	1,210
Operating income (loss)	**319**	**(162)**	**(50)**	**(37)**	**(85)**	**—**	**—**	**653**
Operating margin	*12.5%*							*25.5%*
Other income (expense):								
Interest expense	(64)		(2)					(62)
Other, net	40		29				7	4
Income (loss) before income taxes	**296**	**(162)**	**(22)**	**(37)**	**(85)**	**—**	**7**	**596**
Income tax expense (benefit)	(90)	(22)	62	(8)	(20)	(2)	(144)	44
Net (loss) income	**$ 386**	**$ (140)**	**$ (84)**	**$ (30)**	**$ (65)**	**$ 2**	**$ 151**	**$ 552**
Net income (loss) per diluted common share	**$ 0.27**	**$ (0.10)**	**$ (0.06)**	**$ (0.02)**	**$ (0.05)**	**$ 0.00**	**$ 0.11**	**$ 0.39**
Weighted average diluted shares outstanding	1,406.2	1,406.2	1,406.2	1,406.2	1,406.2	1,406.2	1,406.2	1,406.2

Margin rates are based on actual, non-rounded amounts and may not recalculate precisely.

Income Statement Information

Non-GAAP Reconciliation

Year Ended December 31, 2018 (unaudited)

In millions, except per share data	GAAP Results	Amortization	Intangible Asset Impairment	Acquisition-Related Charges (Credits)	Restructuring and Restructuring - Related Charges (Credits)	Litigation-Related Charges (Credits)	Investment Impairment Charges	Discrete Tax Items	Adjusted Results
Net sales	$ 9,823								$ 9,823
Cost of products sold	2,813			**41**	**47**				2,724
Gross profit	**7,011**	**—**	**—**	**(41)**	**(47)**	**—**	**—**	**—**	**7,099**
Gross margin	*71.4%*								*72.3%*
Selling, general and administrative expenses	3,569			84	11				3,474
SG&A margin	*36.3%*								*35.4%*
Research and development expenses	1,113			60	1				1,052
R&D margin	*11.3%*								*10.7%*
Royalty expense	70								70
Royalty expense margin	*0.7%*								*0.7%*
Amortization expense	599	599							—
Intangible asset impairment charge	35		35						—
Contingent consideration expense (benefit)	(21)			(21)					—
Restructuring charges (credits)	36				36				—
Litigation-related charges (credits)	103					103			—
	5,504	599	35	123	48	103	—	—	4,596
Operating income (loss)	**1,506**	**(599)**	**(35)**	**(164)**	**(96)**	**(103)**	**—**	**—**	**2,503**
Operating margin	*15.3%*								*25.5%*
Other income (expense):									
Interest expense	(241)			(2)					(239)
Other, net	156			212			(7)	7	(55)
Income (loss) before income taxes	**1,422**	**(599)**	**(35)**	**46**	**(96)**	**(103)**	**(7)**	**7**	**2,209**
Income tax expense (benefit)	(249)	(79)	(4)	51	(19)	(24)	(2)	(322)	149
Net (loss) income	**$ 1,671**	**$ (520)**	**$ (31)**	**$ (5)**	**$ (77)**	**$ (79)**	**$ (6)**	**$ 328**	**$ 2,060**
Net income (loss) per diluted common share	**$ 1.19**	**$ (0.37)**	**$ (0.02)**	**$ (0.00)**	**$ (0.05)**	**$ (0.06)**	**$ (0.00)**	**$ 0.23**	**$ 1.47**
Weighted average diluted shares outstanding	1,401.4	1,401.4	1,401.4	1,401.4	1,401.4	1,401.4	1,401.4	1,401.4	1,401.4

Margin rates are based on actual, non-rounded amounts and may not recalculate precisely.

Long Term Operational Tax Rate[1] of ~13%

Tax Reinvestment

- $0.39 Q4 2018 Adjusted EPS includes **$0.01** net tax benefit:
  - **($0.05)** charge related to tax reinvestment strategy of the Q2:18 benefit from settling the IRS Stipulation of Settled Issues for the 2001-2010 tax years
  - **$0.06** benefit from finalizing the 2011-2013 tax years with the IRS (not been assumed in guidance issued October 24, 2018)
- $1.47 FY 2018 Adjusted EPS includes **$0.07** net tax benefit:
  - **$0.06** benefit in Q2:18 from settling the IRS Stipulation of Settled Issues for the 2001-2010 tax years
  - **($0.05)** charge in Q4:18 related to our tax reinvestment strategy of the Q2:18 benefit
  - **$0.06** benefit in Q4:18 from finalizing the 2011-2013 tax years with the IRS

Post-Reinvestment Estimated Tax Rate

- Expect an operational tax rate[1] of ~13% in 2019+, which reflects roughly equal benefit from both our tax reinvestment strategy and favorable OUS tax rates
- Reinvested ($0.05) in Q4:18 to optimize our structure, leveraging differences in tax rates by jurisdiction

[1] Estimated tax rate is operational and excludes discrete tax items, such as the benefit related to adoption of ASU 2016-09

Balance Sheet & Cash Flow Metrics

Boston Scientific

Days Sales Outstanding (DSO)

Dec 2018	Sept 2018	June 2018	Mar 2018	Dec 2017
58	61	58	60	58

Adjusted Free Cash Flow*

Q4 2018	Q4 2017	FY2018	FY2019 Guidance
$673M	$685M	$2,070M	$2,200M

Days Inventory on Hand (DIOH)

Dec 2018	Sept 2018	June 2018	Mar 2018	Dec 2017
147	155	134	149	147

Capital Expenditures

Q4 2018	Q4 2017	FY2018	FY2019 Guidance
$106M	$79M	$316M	$375M to $400M

Q1 & 2019 Guidance Summary
Issued February 6, 2019

Boston Scientific

Measure	Q1 2019	FY 2019
Organic Revenue Growth*	+7% to +8%	+7% to +8.5%
Contribution from Acquisitions	+160 bps	+110 bps
Operational Revenue Growth*	+8.6% to +9.6%	+8.1% to +9.6%
Reported Revenue Growth	+6% to +7%	+7% to +9%
FX Impact on Revenue ($M)	$60M - $65M headwind	$80M - $90M headwind
Adjusted Gross Margin*	72% to 73%	72% to 73%
Adjusted SG&A % of Sales*	35% to 36%	34.5% to 35%
Adjusted R&D % of Sales*	10.5% to 11%	10.5% to 11%
Adjusted Operating Margin*	25% to 26%	26% to 26.5%
Reported/Adjusted Below-the-Line		$300M - $325M
Adjusted Tax Rate*	~11%	~12%
Adjusted EPS*	$0.35 to $0.36	$1.53 to $1.58
FX Impact on EPS	Neutral	Neutral
Adjusted EPS Growth*	+8 to +11%	+4% to +8%
Adjusted EPS Growth ex- FY2018 $0.07 net tax settlement benefit	N/A	+9% to +13%
GAAP EPS	$0.32 to $0.33	$1.13 to $1.18

2019E+ Catalysts

2019E Product Launches[1]

Coronary Therapies
- SYNERGY™ DES 4.5/5.0
- MAMBA™ microcatheters
- ROTAPRO™ Atherectomy System
- OptiCross™ HD

Structural Heart
- WATCHMAN FLX™ LAAC Device – EU
- WATCHMAN™ LAAC Device – Japan
- ACURATE neo™ Valve System – Int'l expansion
- ACURATE neo2™ Valve System – EU
- LOTUS Edge™ Valve System – U.S. & EU
- Sentinel™ CPS – Int'l expansion

Peripheral Interventions
- ELUVIA™ DES SFA
- VICI™ Venous Stent – U.S.

CRM/EP
- Apama RF & Cryterion PVI Balloons – EU

Neuromodulation
- Expanded DBS platform

Endoscopy
- SpyGlass™ Visualization System next gen
- EXALT™ single-use duodenoscope launch

Urology/Pelvic Health
- LithoVue™ Ureteroscope next gen
- 5 additional launches in Stone
- SpaceOAR™ – Int'l expansion

2020E Product Launches[1]

Coronary Therapies
- SYNERGY™ XD Stent and 48mm Stent
- MEGATRON™ Stent
- COMET™ II pressure wire

Structural Heart
- WATCHMAN FLX™ LAAC Device – U.S.
- ACURATE neo™ Valve expanded sizes – EU
- LOTUS Edge™ Valve System – Japan
- Sentinel™ CPS – Int'l expansion

Peripheral Interventions
- Ranger™ DCB SFA – U.S. & Japan
- Interventional Oncology Embolic Coils
- Athletis™ PTA Balloon
- IVUS Catheter

CRM/EP
- LUX Dx™ ICM
- Force Sensing Catheter – EU

Neuromodulation
- SCS & DBS Next Gen – U.S. & EU

Endoscopy
- Single-use scope platform expansion
- AXIOS™ Stent expanded indications – U.S.

Urology/Pelvic Health
- nVision MAKO 7 Device with expanded claim
- Multiple launches in Stone
- Multiple launches in Men's Health
- Next Gen Greenlight laser fiber for BPH

2021E/2022E Product Launches[1]

Coronary Therapies
- AGENT™ Drug Eluting Balloon
- Physiology/IVUS Multi Modality Tablet

Structural Heart
- WATCHMAN FLX LAAC Device – China
- ACURATE neo™ Valve expanded sizes – U.S.
- ACURATE neo2™ Valve System – U.S. & Japan
- LOTUS Edge™ Valve expanded sizes – U.S. & EU
- Millipede IRIS Transcatheter Mitral Valve Repair - EU

Peripheral Interventions
- SAVAL™ Drug Eluting Stent BTK

CRM/EP
- Empower™ Leadless Pacing/modular CRM – U.S.
- Next Gen CRM Pulse Generator
- Apama RF & Cryterion PVI Balloons – U.S.
- Force Sensing Catheter – U.S.

Neuromodulation
- SCS & DBS Next Gen – U.S./EU

Endoscopy
- Single-use scope platform expansion

Urology/Pelvic Health
- Multiple launches in Stone
- Multiple launches in Men's Health

[1] All launches are WW, unless otherwise noted

Business Development Activity

	Target	Business	Description	Closing Date	Upfront ($M)	Max Milestone ($M)	Potential Total ($M)	Comments	Target Commercial Launch
Acquisitions									
1	EMcision	Endoscopy	RF ablation for GI cancer	Mar-18	10	—	10	"Drop in the bag" for biliary franchise; minor revenue contribution	2018
2	Securus*	Rhythm Management	Esophageal temp monitoring	Mar-18	40	10	50	"Drop in the bag" for EP franchise; minor revenue contribution	2019
3	NxThera*	Urology Pelvic Health	Minimally invasive therapy for BPH	Apr-18	240	85	325	Category leadership for urologist in-office prostate health; +190bps to Q3:18 UroPH growth	2018
4	nVision	Urology Pelvic Health	Potential platform for earlier diagnosis of ovarian cancer	Apr-18	150	125	275	Confirmatory study underway; results targeted H2:19E, minor revenue contribution	2020
5	Cryterion*	Rhythm Management	Single shot therapy - pulmonary vein isolation	Jul-18	202	—	202	Target CE Mark YE19; minor revenue contribution	2020
6	Claret	IC - Structural Heart	Embolic protection (TAVR, etc.)	Aug-18	220	50	270	U.S. NTAP reimbursement in effect Oct 1, 2018	2018
7	Veniti*	Peripheral Interventions	Peripheral venous stent	Aug-18	108	52	160	"Drop in the bag" for PI Venous franchise; filed PMA mid-2018	2019
8	Augmenix	Urology Pelvic Health	Organ protection in prostate cancer radiation therapy	Oct-18	500	100	600	Category leadership for urologist in-office prostate health; ~$50M sales FY2018E	2018
9	Millipede*	IC - Structural Heart	TMVR - Full annuloplasty ring for mitral repair	Jan-19	325	125	450	Initial $90M investment made 2018	TBD
				Total:	**$ 1,795**	**$ 872**	**$ 2,432**		
Proposed Acquisition, Not Yet Closed									
1	BTG	Peripheral Interventions	IO, venous and arterial portfolio additions	H1:19E	4,200	—	4,200	Includes specialty pharmaceuticals and licensing segments	2019

* *Previously held equity investment; purchase price represents cash paid for remaining stake not already owned*

Use of Non-GAAP Measures

To supplement Boston Scientific's consolidated financial statements presented on a GAAP basis, the Company discloses certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States.

A reconciliation of the non-GAAP financial measures included in this document to the corresponding GAAP measures follows in the Appendix. In addition, an explanation of the ways in which Boston Scientific management uses these supplemental non-GAAP measures to evaluate its business and the substantive reasons why Boston Scientific management believes that these non-GAAP measures provide useful information to investors is included under "Use of Non-GAAP Financial Measures" in the Company's most recent earnings release filed with the SEC on Form 8-K. This non-GAAP financial information is not meant to be considered in isolation from or as a substitute for financial information prepared in accordance with GAAP.

Appendix A
Sales Detail

Appendix A - Sales Detail

Three Months Ended December 31, 2018 and 2017

(in millions)	Q4 2018	Q4 2017	Year-over-Year Change: As Reported Basis	Year-over-Year Change: Less: Impact of Foreign Currency	Year-over-Year Change: Operational Basis
MEDSURG SEGMENT:					
ENDOSCOPY					
UNITED STATES	$ 257	$ 235	9.3 %	— %	9.3%
INTERNATIONAL	201	203	(0.7)%	(3.6)%	2.9%
WORLDWIDE	**$ 458**	**$ 436**			
UROLOGY AND PELVIC HEALTH					
UNITED STATES	$ 241	$ 215	11.9 %	— %	11.9%
INTERNATIONAL	101	93	8.2 %	(4.5)%	12.7%
WORLDWIDE	**$ 342**	**$ 308**			
RHYTHM AND NEURO SEGMENT:					
CARDIAC RHYTHM MANAGEMENT					
UNITED STATES	$ 290	$ 290	0.2 %	— %	0.2%
INTERNATIONAL	198	198	(0.1)%	(4.0)%	3.9%
WORLDWIDE	**$ 488**	**$ 488**			
ELECTROPHYSIOLOGY					
UNITED STATES	$ 39	$ 36	9.0 %	— %	9.0%
INTERNATIONAL	43	41	4.0 %	(3.2)%	7.2%
WORLDWIDE	**$ 81**	**$ 77**			
NEUROMODULATION					
UNITED STATES	$ 177	$ 150	18.1 %	— %	18.1%
INTERNATIONAL	42	36	17.2 %	(4.9)%	22.1%
WORLDWIDE	**$ 220**	**$ 186**			
CARDIOVASCULAR SEGMENT:					
INTERVENTIONAL CARDIOLOGY					
UNITED STATES	$ 294	$ 292	0.6 %	— %	0.6%
INTERNATIONAL	373	343	8.8 %	(4.5)%	13.3%
WORLDWIDE	**$ 668**	**$ 636**			
PERIPHERAL INTERVENTIONS					
UNITED STATES	$ 159	$ 146	9.4 %	— %	9.4%
INTERNATIONAL	143	131	9.1 %	(4.2)%	13.3%
WORLDWIDE	**$ 302**	**$ 277**			

Appendix A - Sales Detail

Year Ended December 31, 2018 and 2017

(in millions)		YTD 2018	YTD 2017	Year-over-Year Change: As Reported Basis	Year-over-Year Change: Less: Impact of Foreign Currency	Year-over-Year Change: Operational Basis
MEDSURG SEGMENT:						
	ENDOSCOPY					
	UNITED STATES	$ 980	$ 894	9.7%	—%	9.7%
	INTERNATIONAL	781	724	7.9%	1.1%	6.8%
	WORLDWIDE	**$ 1,762**	**$ 1,619**			
	UROLOGY AND PELVIC HEALTH					
	UNITED STATES	$ 864	$ 785	10.2%	—%	10.2%
	INTERNATIONAL	381	339	12.3%	0.7%	11.6%
	WORLDWIDE	**$ 1,245**	**$ 1,124**			
RHYTHM AND NEURO SEGMENT:						
	CARDIAC RHYTHM MANAGEMENT					
	UNITED STATES	$ 1,159	$ 1,135	2.1%	—%	2.1%
	INTERNATIONAL	792	760	4.2%	2.1%	2.1%
	WORLDWIDE	**$ 1,951**	**$ 1,895**			
	ELECTROPHYSIOLOGY					
	UNITED STATES	$ 150	$ 136	10.2%	—%	10.2%
	INTERNATIONAL	161	142	13.8%	2.3%	11.5%
	WORLDWIDE	**$ 311**	**$ 278**			
	NEUROMODULATION					
	UNITED STATES	$ 624	$ 517	20.6%	—%	20.6%
	INTERNATIONAL	155	118	31.7%	1.1%	30.6%
	WORLDWIDE	**$ 779**	**$ 635**			
CARDIOVASCULAR SEGMENT:						
	INTERVENTIONAL CARDIOLOGY					
	UNITED STATES	$ 1,154	$ 1,122	2.8%	—%	2.8%
	INTERNATIONAL	1,436	1,297	10.7%	0.9%	9.8%
	WORLDWIDE	**$ 2,590**	**$ 2,419**			
	PERIPHERAL INTERVENTIONS					
	UNITED STATES	$ 608	$ 575	5.7%	—%	5.7%
	INTERNATIONAL	579	506	14.4%	1.4%	13.0%
	WORLDWIDE	**$ 1,187**	**$ 1,081**			

Appendix A - Sales Information
Sales Growth by Region

Regional Sales Growth	Three Months Ended December 31, 2018 Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis
U.S.	7.0%	— %	7.0%
EMEA†	5.1%	(4.1)%	9.2%
APAC†	5.2%	(1.9)%	7.1%
Latin America and Canada	7.2%	(15.0)%	22.2%
Emerging Markets[1]	16.8%	(10.4)%	27.2%

Regional Sales Growth	Year Ended December 31, 2018 Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis
U.S.	7.3%	— %	7.3%
EMEA†	12.2%	3.2 %	9.0%
APAC†	8.8%	1.3 %	7.5%
Latin America and Canada	6.8%	(9.0)%	15.8%
Emerging Markets[1]	18.0%	(3.4)%	21.4%

[1]We define Emerging Markets as including certain countries that we believe have strong growth potential based on their economic conditions, healthcare sectors, and our global capabilities. Currently, we include 20 countries in our definition of Emerging Markets.

Appendix A - Sales Information
Sales Growth

Boston Scientific

Total BSC Revenue Growth	2018	2017	2016	2015	2014	5-Year Average
	Year Ended December 31,					
Percentage change in net sales, as reported	8.6%	7.9%	12%	1 %	3 %	7%
Less: Impact of foreign currency fluctuations	0.6%	0.1%	0%	(7)%	(3)%	
Percentage change in net sales, operational	8.0%	7.8%	12%	8 %	6 %	8%
Less: Impact of certain recent acquisitions	0.8%	1.2%	2%	3 %	2 %	
Percentage change in net sales, organic	7.2%	6.6%	10%	5 %	4 %	7%

*Organic net sales exclude the impact of sales from the recent acquisitions of Augmenix, Inc., Claret Medical, Inc., NxThera, Inc., Symetis SA, EndoChoice Holdings, Inc., the American Medical Systems male urology portfolio and the interventional business of Bayer AG with no prior year period comparable sales.

Emerging Markets Sales Growth - China	Three Months Ended December 31, 2018
Percentage change in net sales, as reported	25 %
Less: Impact of foreign currency fluctuations	(5)%
Percentage change in net sales, operational	30 %

Regional Sales Growth - Latin America	Three Months Ended December 31, 2018
Percentage change in net sales, as reported	8 %
Less: Impact of foreign currency fluctuations	(20)%
Percentage change in net sales, operational	28 %

Appendix B
Income Statement Information

Appendix B - Income Statement Information

Margins

Boston Scientific

	Three Month Ended		
Adjusted Gross Margin	**12/31/2018**	**12/31/2017**	**Basis Points Change**
Gross Margin, as reported	**71.5 %**	**72.0 %**	(50)
Less: Non-GAAP adjustments	(1.3)%	(0.6)%	
Adjusted Gross Margin	**72.8 %**	**72.6 %**	**20**

	Three Month Ended		
Adjusted Operating Margin	**12/31/2018**	**12/31/2017**	**Basis Points Change**
Operating Margin, as reported	**12.5 %**	**13.2 %**	(70)
Less: Non-GAAP adjustments	(13.0)%	(12.4)%	
Adjusted Operating Margin	**25.5 %**	**25.6 %**	**(10)**

	Three Month Ended		
Adjusted SG&A Margin	**12/31/2018**	**12/31/2017**	**Basis Points Change**
SG&A Margin, as reported	**37.2%**	**36.8%**	40
Less: Non-GAAP adjustments	1.5%	1.1%	
Adjusted SG&A Margin	**35.7%**	**35.7%**	**0**

	Three Month Ended		
Adjusted R&D Margin	**12/31/2018**	**12/31/2017**	**Basis Points Change**
R&D Margin, as reported	**11.2%**	**10.9%**	30
Less: Non-GAAP adjustments	0.4%	0.3%	
Adjusted R&D Margin	**10.8%**	**10.6%**	**20**

Appendix B - Income Statement Information

Margins

Boston Scientific

Adjusted Gross Margin	Year Ended 12/31/2018	12/31/2017	Basis Points Change
Gross Margin, as reported	**71.4 %**	**71.3 %**	10
Less: Non-GAAP adjustments	(0.9)%	(0.8)%	
Adjusted Gross Margin	**72.3 %**	**72.1 %**	**20**

Adjusted Operating Margin	Year Ended 12/31/2018	12/31/2017	Basis Points Change
Operating Margin, as reported	**15.3 %**	**14.2 %**	110
Less: Non-GAAP adjustments	(10.2)%	(10.8)%	
Adjusted Operating Margin	**25.5 %**	**25.0 %**	**50**

Adjusted SG&A Margin	Year Ended 12/31/2018	12/31/2017	Basis Points Change
SG&A Margin, as reported	**36.3%**	**36.4%**	(10)
Less: Non-GAAP adjustments	0.9%	0.8%	
Adjusted SG&A Margin	**35.4%**	**35.6%**	**(20)**

Adjusted R&D Margin	Year Ended 12/31/2018	12/31/2017	Basis Points Change
R&D Margin, as reported	**11.3%**	**11.0%**	30
Less: Non-GAAP adjustments	0.6%	0.2%	
Adjusted R&D Margin	**10.7%**	**10.8%**	**(10)**

Appendix B - Income Statement Information
Margins

Adjusted Operating Margin	Year Ended 12/31/2018	12/31/2014	5-Year Basis Points Change
Operating Margin, as reported	**15.3 %**	**(4.1)%**	1,940
Less: Non-GAAP adjustments	(10.2)%	(24.3)%	
Adjusted Operating Margin	**25.5 %**	**20.2 %**	**530**

Adjusted Tax Rate	Year Ended December 31, 2018	Three Months Ended December 31, 2018
Tax Rate, as reported	**(17.5)%**	**(30.5)%**
Less: Non-GAAP adjustments	(24.3)%	(37.8)%
Adjusted Tax Rate	**6.8 %**	**7.3 %**
Less: Impact of the 2018 net tax benefit (a)	(5)%	
Adjusted Tax Rate, Excluding 2018 Net Tax Benefits	**12 %**	

(a) Full year 2018 net tax benefit of $0.07 includes our previously disclosed second quarter $0.06 benefit from settling the IRS Stipulation of Settled Issues for the 2001 through 2010 tax years, offset by a fourth quarter $0.05 charge for our previously announced tax reinvestment strategy. In addition, the net benefit includes a $0.06 benefit in the fourth quarter for the settlement with the IRS of our 2011 through 2013 tax years.

Appendix B - Income Statement Information

Below-the-line

Three Months and Year Ended December 31, 2018 and 2017

	Three Months Ended		Twelve Months Ended	
Adjusted Interest Expense	**December 31, 2018**	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Interest Expense, as reported	**$ (64)**	**$ (56)**	**$ (241)**	**$ (229)**
Less: Non-GAAP adjustments	(2)	—	(2)	—
Adjusted Interest Expense	**$ (62)**	**$ (56)**	**$ (239)**	**$ (229)**

	Three Months Ended		Twelve Months Ended	
Adjusted Other Income (Loss)	**December 31, 2018**	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Other Income, as reported	**$ 40**	**$ (36)**	**$ 156**	**$ (124)**
Less: Non-GAAP adjustments	36	(5)	211	(67)
Adjusted Other Income	**$ 4**	**$ (31)**	**$ (55)**	**$ (57)**

	Three Months Ended		Twelve Months Ended	
Adjusted Below the Line	**December 31, 2018**	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Below the Line, as reported	**$ (24)**	**$ (92)**	**$ (85)**	**$ (353)**
Less: Non-GAAP adjustments	34	(5)	209	(67)
Adjusted Below-the-Line Income (Loss)	**$ (58)**	**$ (87)**	**$ (294)**	**$ (286)**

Appendix B - Income Statement Information
Earnings per Share

Boston Scientific

in millions, except per share data	Three Months Ended December 31, 2018 Cost of Products Sold	SG&A Expenses	R&D Expenses	Operating Income (Loss)	Pre-Tax Income (Loss)	Net Income (Loss)	Impact per Share	YoY EPS Growth
GAAP net income (loss)	**$ 729**	**$ 953**	**$ 288**	**$ 319**	**$ 296**	**$ 386**	**$ 0.27**	**(161)%**
Non-GAAP adjustments:								
Amortization expense	—	—	—	162	162	140	0.10	
Acquisition-related net charges (credits)	(18)	(32)	(9)	50	22	84	0.06	
Restructuring and restructuring-related net charges (credits)	(14)	(7)	(1)	37	37	30	0.02	
Litigation-related net charges (credits)	—	—	—	85	85	65	0.05	
Investment impairment charges	—	—	—	—	—	(2)	0.00	
Discrete tax items	—	—	—	—	7	(151)	(0.11)	
Adjusted net income	**$ 697**	**$ 915**	**$ 278**	**$ 653**	**$ 596**	**$ 552**	**$ 0.39**	**14 %**
Less: Impact of 2018 net tax benefit (a)							0.01	
Adjusted net income (loss) per share, net tax benefit							**$ 0.38**	

(a) The fourth quarter net tax benefit of $0.01 includes a fourth quarter $0.05 charge for our previously announced tax reinvestment strategy, which was estimated to be $0.06 at the time of guidance issued October 24, 2018, offset by an additional $0.06 benefit for our fourth quarter IRS tax settlement for the 2011 through 2013 tax years.

in millions, except per share data	Three Months Ended December 31, 2017 Cost of Products Sold	SG&A Expenses	R&D Expenses	Operating Income (Loss)	Pre-Tax Income (Loss)	Net Income (Loss)	Impact per Share	
GAAP net income (loss)	**$ 673**	**$ 886**	**$ 264**	**$ 319**	**$ 227**	**$ (615)**	**$ (0.45)**	
Non-GAAP adjustments:								
Amortization expense	—	—	—	142	142	127	0.09	*
Acquisition-related net charges (credits)	(5)	(24)	(8)	33	35	29	0.02	*
Restructuring and restructuring-related net charges (credits)	(10)	(4)	—	34	34	26	0.02	*
Litigation-related net charges (credits)	—	—	—	89	89	50	0.04	*
Investment impairment charges	—	—	—	—	3	2	0.00	*
Discrete tax items	—	—	—	—	—	861	0.62	*
Adjusted net income	**$ 659**	**$ 859**	**$ 256**	**$ 617**	**$ 530**	**$ 480**	**$ 0.34**	

*Assumes dilution of 22.1 million shares for the three months ended December 31, 2017.

Appendix B - Income Statement Information

Earnings per Share

Year Ended December 31, 2018 and 2017

in millions, except per share data	Year Ended December 31, 2018 Cost of Products Sold	SG&A Expenses	R&D Expenses	Operating Income (Loss)	Pre-Tax Income (Loss)	Net Income (Loss)	Impact per Share	YoY EPS Growth
GAAP net income (loss)	**$ 2,813**	**$ 3,569**	**$ 1,113**	**$ 1,506**	**$ 1,422**	**$ 1,671**	**$ 1.19**	**1,490%**
Non-GAAP adjustments:								
Amortization expense	—	—	—	599	599	520	0.37	
Intangible asset impairment charges	—	—	—	35	35	31	0.02	
Acquisition-related net charges (credits)	(41)	(84)	(60)	164	(46)	5	0.00	
Restructuring and restructuring-related net charges (credits)	(47)	(11)	(1)	96	96	77	0.05	
Litigation-related net charges (credits)	—	—	—	103	103	79	0.06	
Investment impairment charges	—	—	—	—	7	6	0.00	
Discrete tax items	—	—	—	—	(7)	(328)	(0.23)	
Adjusted net income	**$ 2,724**	**$ 3,474**	**$ 1,052**	**$ 2,503**	**$ 2,209**	**$ 2,060**	**$ 1.47**	**17%**
Less: Impact of 2018 net tax benefit (a)							0.07	
Adjusted net income (loss) per share, net tax benefit							**$ 1.40**	**11%**

(a) Full year 2018 net tax benefit of $0.07 includes our previously disclosed second quarter $0.06 benefit from settling the IRS Stipulation of Settled Issues for the 2001 through 2010 tax years, offset by a fourth quarter $0.05 charge for our previously announced tax reinvestment strategy. In addition, the net benefit includes a $0.06 benefit in the fourth quarter for the settlement with the IRS of our 2011 through 2013 tax years.

in millions, except per share data	Year Ended December 31, 2017 Cost of Products Sold	SG&A Expenses	R&D Expenses	Operating Income (Loss)	Pre-Tax Income (Loss)	Net Income (Loss)	Impact per Share
GAAP net income (loss)	**$ 2,593**	**$ 3,294**	**$ 997**	**$ 1,285**	**$ 933**	**$ 104**	**$ 0.08**
Non-GAAP adjustments:							
Amortization expense	—	—	—	565	565	492	0.35
Intangible asset impairment charges	—	—	—	4	4	4	0.00
Acquisition-related net charges (credits)	(22)	(58)	(23)	23	34	9	0.01
Restructuring and restructuring-related net charges (credits)	(45)	(13)	—	95	95	75	0.05
Litigation-related net charges (credits)	—	—	—	285	285	172	0.12
Investment impairment charges	—	—	—	—	56	36	0.03
Discrete tax items	—	—	—	—	—	861	0.62
Adjusted net income	**$ 2,525**	**$ 3,222**	**$ 974**	**$ 2,258**	**$ 1,972**	**$ 1,752**	**$ 1.26**

Appendix B - Income Statement Information

Earnings per Share - over a 5 year period

	Year Ended December 31,																
	2018		2017		2016		2015			2014			2013		
GAAP net income (loss) per share	$	**1.19**	$	**0.08**	$	**0.25**	$	**(0.18)**		$	**(0.09)**		$	**(0.09)**	
Non-GAAP adjustments		0.28		1.18		0.86		1.11	a		0.93	b		0.82	c
Adjusted net income (loss) per share	$	**1.47**	$	**1.26**	$	**1.11**	$	**0.93**		$	**0.84**		$	**0.73**	
Less: Impact of 2018 net tax benefit (d)		0.07													
Adjusted net income (loss) per share, net tax benefit	$	**1.40**													
Adjusted EPS growth from prior year		**17%**		**13%**		**20%**		**11%**			**15%**				
Adjusted EPS growth from prior year, excluding net tax benefit		**11%**													
5-Year Average Adjusted EPS growth, excluding net tax benefit		**14%**													

(a) Assumes dilution of 21.5 million shares for the year ended December 31, 2015.

(b) Assumes dilution of 23.7 million shares for the year ended December 31, 2014.

(c) Assumes dilution of 19.5 million shares for the year ended December 31, 2013.

(d) Full year 2018 net tax benefit of $0.07 includes our previously disclosed second quarter $0.06 benefit from settling the IRS Stipulation of Settled Issues for the 2001 through 2010 tax years, offset by a fourth quarter $0.05 charge for our previously announced tax reinvestment strategy. In addition, the net benefit includes a $0.06 benefit in the fourth quarter for the settlement with the IRS of our 2011 through 2013 tax years.

Appendix B - Income Statement Information

QTD Segment Operating Income

Boston Scientific

Note: We measure and evaluate our reportable segments based on segment net sales and operating income, excluding intersegment profits. In 2017, we updated our presentation of segment net sales and operating income to include the impact of foreign currency fluctuations, since our chief operating decision maker (CODM) reviews operating results both including and excluding the impact of foreign currency fluctuations, and the following presentation more closely aligns to our consolidated financial statements. We exclude from segment operating income certain corporate-related expenses and certain transactions or adjustments that our CODM considers to be non-operational, such as amounts related to amortization expense, intangible asset impairment charges, acquisition-related items, restructuring and restructuring-related items and litigation-related items. Although we exclude these amounts from segment operating income, they are included in reported *Income (loss) before income taxes* on the consolidated statements of operations and are included in the reconciliation below.

SEGMENT NET SALES *(dollars in millions)*	**Q4 2018**	**Q4 2017**
MedSurg†	$ 800	$ 745
Rhythm & Neuro†	790	751
Cardiovascular	970	913
Net Sales	$ 2,561	$ 2,408

SEGMENT OPERATING INCOME *(dollars in millions)*	**Q4 2018**	**% of Sales**	**Q4 2017**	**% of Sales**	**YoY Change (%)**	**YoY Change (bps)**	**Less: Fx Impact**	**YoY Change, excl. Fx**
MedSurg†	$ 296	36.9%	$ 277	37.2%	(0.3)%	-30	(0.5)%	0.2 %
Rhythm & Neuro†	174	22.0%	165	21.9%	0.1 %	10	(0.4)%	0.5 %
Cardiovascular	259	26.7%	256	28.0%	(1.3)%	-130	(0.7)%	(0.6)%
Operating income allocated to reportable segments	**728**		**697**					
Corporate expenses, including hedging activities	(75)		(80)					
Intangible asset impairment charges, acquisition-related, restructuring- and restructuring-related and litigation-related net (charges) credits	(172)		(156)					
Amortization expense	(162)		(142)					
Operating income (loss)	**$ 319**		**$ 319**					

Appendix B - Income Statement Information

YTD Segment Operating Income

Note: We measure and evaluate our reportable segments based on segment net sales and operating income, excluding intersegment profits. In 2017, we updated our presentation of segment net sales and operating income to include the impact of foreign currency fluctuations, since our chief operating decision maker (CODM) reviews operating results both including and excluding the impact of foreign currency fluctuations, and the following presentation more closely aligns to our consolidated financial statements. We exclude from segment operating income certain corporate-related expenses and certain transactions or adjustments that our CODM considers to be non-operational, such as amounts related to amortization expense, intangible asset impairment charges, acquisition-related items, restructuring and restructuring-related items and litigation-related items. Although we exclude these amounts from segment operating income, they are included in reported *Income (loss) before income taxes* on the consolidated statements of operations and are included in the reconciliation below.

SEGMENT NET SALES *(dollars in millions)*	**YTD 2018**	**YTD 2017**
MedSurg†	$ 3,007	$ 2,742
Rhythm & Neuro†	3,041	2,808
Cardiovascular	3,777	3,500
Net Sales	$ 9,823	$ 9,048

SEGMENT OPERATING INCOME *(dollars in millions)*	**YTD 2018**	**% of Sales**	**YTD 2017**	**% of Sales**	**YoY Change (%)**	**YoY Change (bps)**	**Less: Fx Impact**	**YoY Change, excl. Fx**
MedSurg†	$ 1,102	36.7%	$ 984	35.9%	0.8%	80	0.1%	0.7%
Rhythm & Neuro†	$ 655	21.5%	$ 537	19.1%	2.4%	240	0.4%	2.0%
Cardiovascular	$ 1,117	29.6%	$ 988	28.2%	1.4%	140	0.3%	1.1%
Operating income allocated to reportable segments	**2,875**		**2,509**					
Corporate expenses, including hedging activities	(372)		(252)		`			
Intangible asset impairment charges, acquisition-related, restructuring- and restructuring-related and litigation-related net (charges) credits	(398)		(407)					
Amortization expense	(599)		(565)					
Operating income (loss)	**$ 1,506**		**$ 1,285**					

Appendix C
Additional Non-GAAP Reconciliations

Appendix C - Additional Reconciliations

Adjusted Free Cash Flow

(in millions	Three Months Ended				Twelve Months Ended			
Adjusted Free Cash Flow	**12/31/2018**		**12/31/2017**		**12/31/2018**		**12/31/2017**	
Operating cash flow, reported	**$**	**33**	**$**	**684**	**$**	**310**	**$**	**1,426**
Less: Purchases of property, plant and equipment		106		79		316		319
Add: Proceed on disposals of property, plant and equipment		14		—		14		—
Free Cash Flow, reported		**(59)**		**605**		**8**		**1,107**
Plus: Restructuring and restructuring-related payments		13		20		89		72
Plus: Acquisition-related payments		127		28		205		95
Plus: Special Tax Payments (Refunds/Credits)		269		(136)		977		(239)
Plus: Litigation-related Settlements		323		169		791		694
Adjusted Free Cash Flow	**$**	**673**	**$**	**685**	**$**	**2,070**	**$**	**1,729**

YoY Growth	**20%**

Appendix C - Additional Reconciliations
Debt to Adjusted EBITDA

(in millions)	Twelve Months Ended	
Debt to Adjusted EBITDA	**December 31, 2018**	
Net Income	**$**	**1,671**
Tax		(249)
Interest Expense		241
Interest Income		(3)
Depreciation		296
Amortization		599
EBITDA	**$**	**2,555**
Non-GAAP Adjustments		
Restructuring-Related Charges		96
Intangible Asset Impairment Charges		35
Investment Impairment Charge		7
Acquisition-Related Charges		(46)
Litigation-Related Charges		103
Adjusted EBITDA	**$**	**2,750**
Debt	**$**	**7,056**
Debt / Adjusted EBITDA		**2.6x**

Appendix D
Guidance

Appendix D - Guidance

	Q1 2019 Estimate (Low)	Q1 2019 Estimate (High)	Estimated Growth (Low)	Estimated Growth (High)
Estimated GAAP EPS	$ 0.32	$ 0.33	52 %	57 %
Estimated amortization expense	0.10	0.10		
Estimated acquisition-related net charges (credits)	0.02	0.02		
Estimated restructuring and restructuring-related net charges (credits)	0.01	0.01		
Estimated litigation-related net charges (credits)	(0.10)	(0.10)		
Estimated Adjusted EPS	$ 0.35	$ 0.36	8 %	11 %

	Full Year 2019 Estimate (Low)	Full Year 2019 Estimate (High)	Estimated Growth (Low)	Estimated Growth (High)
Estimated GAAP EPS	$ 1.13	$ 1.18	(5)%	(1)%
Estimated amortization expense	0.4	0.4		
Estimated acquisition-related net charges (credits)	0.05	0.05		
Estimated restructuring and restructuring-related net charges (credits)	0.05	0.05		
Estimated litigation-related net charges (credits)	(0.10)	(0.10)		
Estimated Adjusted EPS (a)	$ 1.53	$ 1.58	9 %	13 %

(a) Estimated Adjusted EPS growth for the full year 2019 uses the $1.47 FY2018 adjusted EPS net of the FY2019 $0.07 net tax benefit as the base.

	Q1 2019 Estimate (Low)	Q1 2019 Estimate (High)	Full Year 2019 Estimate (Low)	Full Year 2019 Estimate (High)
Estimated GAAP sales growth	6 %	7 %	7 %	9 %
Less: Estimated impact of foreign currency fluctuations	(3)%	(3)%	(1)%	(1)%
Estimated sales growth, operational	8.6 %	9.6 %	8.1 %	9.6 %
Less: Estimated impact of certain recent acquisitions* with no prior year comparable sales	1.6 %	1.6 %	1.1 %	1.1 %
Estimated sales growth, organic	7 %	8 %	7 %	8.5 %

*Q1 2019 and full year 2019 estimates excludes contribution from the recent acquisitions of NxThera, Inc., Claret Medical Inc. and Augmenix, Inc., each with no prior year period comparable sales.

Appendix D - Guidance

Previously Issued on October 24, 2018

	Q4 2018 Estimate		Estimated Growth	
	(Low)	(High)	(Low)	(High)
Estimated GAAP EPS	$ 0.15	$ 0.17	133 %	138 %
Estimated amortization expense	0.10	0.1		
Estimated acquisition-related net charges (credits)	0.03	0.03		
Estimated restructuring and restructuring-related charges (credits)	0.02	0.02		
Estimated Adjusted EPS	$ 0.30	$ 0.32	(13)%	(7)%
Less: Estimated impact of reinvestment of Q2 tax settlement	$ (0.06)	$ (0.06)	(17)%	(17)%
Estimated Adjusted EPS, excluding estimated reinvestment of Q2 tax settlement	$ 0.36	$ 0.38	4 %	10 %

	Full Year 2018 Estimate		Estimated Growth	
	(Low)	(High)	(Low)	(High)
Estimated GAAP EPS	$ 1.08	$ 1.10	1,339 %	1,366 %
Estimated amortization expense	0.36	0.36		
Intangible asset impairment charges	0.02	0.02		
Estimated acquisition-related net charges (credits)	(0.03)	(0.03)		
Estimated restructuring and restructuring-related net charges (credits)	0.06	0.06		
Litigation-related net charges (credits)	0.01	0.01		
Investment impairment charges	0.01	0.01		
Discrete tax items	(0.13)	(0.13)		
Estimated Adjusted EPS	$ 1.38	$ 1.40	10 %	11 %

Appendix D - Guidance

Previously Issued on October 24, 2018

	Q4 2018 Estimate	
	(Low)	(High)
Estimated GAAP sales growth	5%	7%
Less: Estimated impact of foreign currency fluctuations	2%	1%
Estimated operational sales growth	7%	8%
Less: Sales from recent acquisitions[1]	1%	1%
Estimated sales growth, organic	6%	7%

[1]Q4 2018 Estimate represents contribution of approximately 120 basis points from NxThera, Claret and Augmenix.

	Full Year 2018 Estimate	
	(Low)	(High)
Estimated GAAP sales growth	8 %	9 %
Less: Estimated impact of foreign currency fluctuations	0 %	1 %
Estimated operational sales growth	8 %	8 %
Less: Sales from recent acquisitions[1]	(1)%	(1)%
Estimated sales growth, organic	7 %	7 %

[1] Full Year 2018 Estimate represents contribution of approximately 80 basis points from Symetis, NxThera, Claret and Augmenix in the relevant periods.

Appendix D - Guidance

Forward-Looking Non-GAAP Financial Measures

The following is an explanation of the adjustments that management excluded from GAAP measures to calculate the following forward-looking non-GAAP financial measures for the first quarter and full year 2019:

Adjusted Gross Margin: Excludes from GAAP gross margin the impacts of forecasted acquisition- and divestiture- and restructuring-related charges or credits.

Adjusted SG&A: Excludes from GAAP SG&A the impacts of forecasted acquisition- and divestiture- and restructuring-related charges or credits.

Adjusted R&D: Excludes from GAAP R&D the impacts of forecasted acquisition- and divestiture- and restructuring-related charges or credits.

Adjusted Operating Margin: Excludes from GAAP operating margin the impacts of forecasted acquisition- and divestiture- and restructuring- and restructuring-related charges or credits, and amortization expense.

Adjusted Tax Rate: Excludes from GAAP tax rate the tax impacts related to forecasted acquisition- and divestiture-, restructuring- and restructuring-related charges or credits, and amortization expense.

Adjusted Free Cash Flow: Adjusts GAAP operating cash flow to include the impacts of forecasted capital expenditures and excludes the impact of estimated after-tax acquisition- and divestiture-, restructuring- and litigation-payments.

Please refer to our Safe Harbor for forward-looking statements disclosure on slide 2 in conjunction with any forward looking information presented within.