



Pete Nicholas
CHAIRMAN OF THE BOARD

Jim Tobin
PRESIDENT AND CHIEF
EXECUTIVE OFFICER

A FOCUS ON LEADERSHIP

TO OUR SHAREHOLDERS AND EMPLOYEES:

In the history of every company, there are defining moments: new product introductions, compelling clinical results, exciting new ventures, seized opportunities.

We find ourselves on the cusp of an opportunity that will not only redefine us as a company, but that also promises to redefine an entire industry. Our TAXUS™ paclitaxel-eluting stent system has already been launched in Europe and other international markets, and we plan to launch it later this year in the United States. The TAXUS program, along with the continued success of our many other technologies, positions Boston Scientific for leadership today and for years to come.

TAXUS™ Paclitaxel-Eluting Stent System

Recently, Boston Scientific reached its most significant milestone to date as the TAXUS program moved from its clinical trial stages to commercialization in Europe and other international markets. We have been working toward this moment for years, and we are proud to have introduced this revolutionary new technology.

Operations and R&D worked hard to ensure a successful launch. Our sales force has undergone extensive training to educate clinicians and prepare them for the approval and launch of the TAXUS product in the U.S. The U.S. Food and Drug Administration (FDA) has granted “expedited review” status to the TAXUS product declaring that it may represent a “breakthrough” technology for treating coronary artery disease.

Ongoing clinical trials continue to provide positive data, and we expect this trend to continue as more TAXUS clinical data is collected and analyzed. At the 2002 Transcatheter Cardiovascular Therapeutics (TCT) symposium, we shared the results of the TAXUS II clinical trial with an eager audience. Throughout the year, the results of this and other trials continued to demonstrate the safety and efficacy of the TAXUS product in dramatically reducing coronary restenosis.

In addition, we recently submitted the first two modules of our Pre-Market Approval (PMA) application for the TAXUS™ product to the FDA. These are the first of five modules we plan to submit. We plan to submit the fifth module in June, which will include data from our TAXUS IV clinical trial, our large pivotal trial supporting U.S. commercialization. The June submission will complete our PMA application. We plan to conduct additional analysis of the data and announce the complete results of the TAXUS IV clinical trial at the 2003 TCT symposium in September.

The success of the TAXUS product is due to the many components that make up our drug-eluting platform. We use a proven drug in paclitaxel, and its release is moderated by Translute™, our exclusive polymer; it is built on Maverick2™, the leading balloon catheter, and Express2™, a leading stent; the Monorail™ system provides it with versatile delivery. Also, we have reported compelling data throughout our TAXUS clinical trials, and the customer relationships forged by our sales force are second to none.

Cardiovascular Innovations

Although the success and promise of the TAXUS program are impressive, there were also accomplishments in other areas of the Company during 2002. Our Cardiovascular group launched several key products and continues to develop a pipeline of innovative new technologies.

Express2™ Stent System. While the launch of our Express™ coronary stent system in Europe helped us introduce a competitive new stent platform to the market, the subsequent launch of the Express2 stent system in Europe and the United States has had a tremendous impact on Boston Scientific.

The Express2 stent system, our internally developed Express stent mounted on a Maverick® balloon catheter, significantly bolstered our U.S. product portfolio, and it has established itself as one of the top coronary stent systems in the world today. Boston Scientific nearly quadrupled its share of the U.S. coronary stent market in the fourth quarter of 2002 after launching the Express2 stent system in September. Perhaps most important, as it is the foundation for the TAXUS paclitaxel-eluting stent system, the Express2 stent system's enthusiastic adoption illustrates that we have created a solid platform for stent-based drug delivery.

Maverick^{2™} Balloon Catheter. Another critical component of the TAXUS product is our Maverick^{2™} balloon catheter. Since its launch, we have garnered more than 60 percent of the U.S. coronary balloon market with this next-generation balloon technology. It is clearly the leading balloon catheter on the market, and its pairing with the Express^{2™} stent system makes a formidable combination.

Cutting Balloon™ Device. In 2002, Boston Scientific also made significant gains thanks to the success of the Cutting Balloon™ Dilatation Catheter. Compared to 2001, Cutting Balloon device sales in the U.S. were up 53 percent in 2002. This was in part spurred by the launch of the Cutting Balloon Monorail™ Device, and we believe the upcoming launch of Cutting Balloon Ultra^{2™} Microsurgical Dilatation Catheter will help us maintain a strong position.

In addition to the strong performance of these new technologies, our Cardiovascular group's success is fueled by a number of promising technologies currently in clinical trials or in development. Some of these include:

Symbiot™ Covered Stent System. The Symbiot™ Covered stent system is a self-expanding nitinol stent encased in a thin porous ePTFE polymer membrane. It is intended to reduce plaque embolization during the stenting procedure and reduce restenosis in saphenous vein grafts. This stent is currently available in Europe and other international markets and is being studied in U.S. clinical trials.

Sentinol™ SE Nitinol Stent System. Our Sentinol™ Self-Expanding Nitinol stent system will help us become a more prominent player in the self-expanding nitinol market segment. Once launched, it is expected to be the only large-diameter self-expanding nitinol stent available in the market.

Matrix™ Detachable Coil. The Matrix™ Detachable Coil is a next-generation proprietary technology that builds on the established Guglielmi Detachable Coil (GDC®) technology. This therapy is designed to treat recurring aneurysms or aneurysms that are more likely to recur.

Endosurgery Innovations

The Endosurgery group, which includes our Endoscopy, Oncology, Urology, and Gynecology businesses, represents nearly a billion dollars of Boston Scientific's revenues. In the last five years, it has continued to deliver significant profits to the Company's bottom line. During the same time, it has experienced double-digit growth. Endosurgery's focus is on technologies that improve quality of life, with a particular emphasis on women's health. In 2003 and beyond, we expect Endosurgery to continue its steady growth with technologies that address quality of life issues, including the following:

HTA® Endometrial Ablation System. The HTA® Endometrial Ablation System is a ten-minute outpatient treatment for abnormal uterine bleeding. Approved by the FDA, this technology is a safe, less-invasive alternative to a hysterectomy as a treatment for abnormal uterine bleeding.

Contour SE™ Microspheres. In 2002, we launched the Contour SE™ product in the U.S. to treat hypervascular tumors and arteriovenous malformations (AVMs). Of equal importance, we received FDA authorization to perform clinical trials for the Contour SE product to evaluate uterine artery embolization for the treatment of uterine fibroids.

Enteryx™ Procedure Kit. The Enteryx™ product is a treatment for gastroesophageal reflux disease (GERD), more commonly referred to as acid reflux disease. This injectable liquid polymer is currently undergoing PMA review, making it the first treatment for GERD to undergo this review.

Focused on Progress

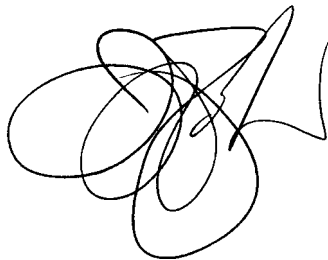
Every year brings with it new challenges. These challenges are met through the hard work and resourcefulness of our people. In 2002, there were a number of developments worth noting:

- We were proud to welcome two new members to our Board of Directors: Ursula Burns and Dr. Uwe Reinhardt. Ms. Burns is the President of Business Group Operations at Xerox Corporation. She is also a Corporate Senior Vice President at Xerox. Dr. Reinhardt is the James Madison Professor of Political Economy and Professor of Economics and Current Affairs at Princeton University, where he has taught since 1968. He is one of the world's foremost health care economists.
- Throughout the year we continued to strengthen the Company by attracting talented, committed people who are making substantial contributions across the organization. These people bring a wide range of skills and abilities to Boston Scientific. We are fortunate to have welcomed them to the Company, and we value their efforts, as we do those of all our employees.

- We received 34 FDA product clearances and approvals in the United States and 48 CE Mark approvals in Europe. On a worldwide basis during 2002, we had more than 90 clinical trials active or in planning with more than 9500 patients enrolled and more than 7500 planned for enrollment in studies in 2003.
- Results from the International Subarachnoid Aneurysm Trial (ISAT) demonstrated that less-invasive endovascular treatment with detachable platinum coils, such as our GDC® coils, produces better outcomes than neurosurgical clipping for patients suffering from ruptured brain aneurysms.
- We developed and are implementing a Global Training Curriculum for R&D, Quality, Regulatory, and Manufacturing groups to standardize how we train our organization on the measures, standards, and processes that govern how our products are developed globally.
- We continued to leverage costs and expenses with innovative Operations programs, resulting in cumulative savings of approximately \$350 million during the last two years.
- We established the Boston Scientific Foundation as a vehicle to channel our charitable efforts. As the philanthropic arm of our company, the Foundation has two primary goals: to improve the health of individuals and communities with the greatest unmet needs, and to improve educational opportunity and skill development for those at risk of not fulfilling their potential.

The past year was one of many accomplishments. It was a year in which our focus and determination was recognized by our customers and other key constituents. Today, we begin writing a new chapter in our history. So we ask that you stop and look back on what we have accomplished together. It has been an exciting journey thus far, but we believe the most rewarding moments are still to come.

Respectfully,



Jim Tobin
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March 25, 2003