TRANSFORMING LIVES

Boston Scientific

Advancing science for life™

BOSTON SCIENTIFIC | 2018 PERFORMANCE REPORT

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On the cover: Surbhi Sarna and her husband, Raj, enjoy time with their son, Shreyas Sarna Behera.

Throughout this document, unless otherwise noted, all revenue and other growth rates represent fiscal year 2018 compared to fiscal year 2017.

OUR MISSION AND CORE VALUES

Boston Scientific provides health grants to organizations such as the Dimock Center in Boston, Massachusetts, which is committed to providing the local community with equitable access to comprehensive healthcare and education.

Boston Scientific is dedicated to transforming lives through innovative medical solutions that improve the health of patients around the world.

Our work is guided by core values that define Boston Scientific culture and empower our employees.

CARING: We act with integrity and compassion to support patients, customers, our communities and each other.

DIVERSITY: We embrace diversity and value unique talents, ideas and experiences of our employees.

GLOBAL COLLABORATION: We work collaboratively to pursue global opportunities that extend the reach of our medical solutions.

HIGH PERFORMANCE: We strive for high performance to benefit our patients, clinicians and shareholders.

MEANINGFUL INNOVATION: We foster an environment of creativity to transform new ideas intro breakthrough services and solutions that create value for patients, customers and employees.

WINNING SPIRIT: We adapt to change and act with speed, agility and accountability to further improve patient care.

TRANSFORMING THE FUTURE OF WOMEN'S HEALTHCARE

At age 13, **Surbhi Sarna** was studying in her bedroom when she felt an extremely sharp pain in her side, and then blacked out. Her next memory is of waking up in the hospital, surrounded by doctors who explained the pain was caused by complex ovarian cysts. But they couldn't give Surbhi the answer to the question she feared most — did she have cancer? She would later learn the cysts were benign, but only after months of follow-up appointments and agonizing decisions about her health, including considering preventative removal of her ovaries and fallopian tubes to reduce the risk of developing ovarian cancer.

Women with ovarian cancer are often asymptomatic until late in the course of the disease.[1] There are no recommended early screening tests and there has been no effective way to biopsy cells in the extremely narrow and delicate fallopian tubes, where several major types of ovarian cancer appear to originate.[2] As a result, approximately 300,000 women elect to have preventative removal of their ovaries and fallopian tubes every year, losing the ability to bear children and increasing the risk of cardiovascular issues and/or cognitive impairment.[1,3]

The anxiety Surbhi faced as she waited to learn about her cysts became a defining event in her life. Instead of putting the cancer scare behind her, she embarked on a decades-long mission to improve the diagnostic process for ovarian cancer, which is the fifth leading cause of cancer death among women.[4,5] After graduating with a degree in molecular biology, Surbhi founded nVision Medical Corporation with the goal of solving this unmet need in women's health.

Surbhi wanted to find an option for detecting ovarian cancer without the need for invasive, potentially life-altering surgeries. Her team designed the first and only device cleared by the U.S. Food and Drug Administration that can collect cells from the fallopian tubes. Last spring, Boston Scientific announced the acquisition of nVision Medical, expanding our women's health portfolio and supporting Surbhi's vision to help women facing the same crisis she did. With Surbhi and her team on board, we are conducting further clinical research with the device to evaluate its potential role as a platform that may aid in the earlier diagnosis of ovarian cancer — and the foundation for broader Boston Scientific oncology initiatives in both diagnostics and therapeutics.

1 https://www.aafp.org/afp/2016/0601/p937.html ▪ **2** https://www.acog.org/Clinical-Guidance-and-Publications/Committee-Opinions/Committee-on-Gynecologic-Practice/Salpingectomy-for-Ovarian-Cancer-Prevention ▪ **3** http://journals.sagepub.com/doi/abs/10.2217/17455057.5.1.39 ▪ **4** http://www.vervemagazine.in/people/surbhi-sarna-nvision-medical-ovarian-cancer ▪ **5** https://www.mayoclinic.org/diseases-conditions/ovarian-cancer/diagnosis-treatment/drc-20375946

DEAR SHAREHOLDERS:

In our early days as a company, Boston Scientific established a mission to transform lives through innovative medical solutions that improve the health of patients around the world.

Throughout our history, our leaders and innovators played a significant role in advancing science through more accessible, lower cost and lower trauma medical innovations. This year will mark the company's 40th anniversary, and our mission continues to hold true and inspire our work today. It challenges us to do more for our customers and the patients we serve together, while driving sustainable and inclusive business practices.

I am extremely proud that our global team of dedicated employees demonstrated high performance across all businesses, functions and regions in 2018. We delivered on our financial commitments to shareholders while investing for durable, long-term growth and most importantly, we worked together to help improve the lives of approximately 30 million patients – more people than at any time in our history. We held ourselves to the highest standards of quality and safety and fueled our pipeline by investing approximately $1 billion in research and development. We also announced 10 strategic acquisitions in support of our category leadership strategy and continued expansion into high growth markets.

I also know that we can't be satisfied with the status quo. The healthcare industry continues to undergo transformation, with external forces presenting wide-ranging challenges and opportunities, including a growing burden of chronic conditions, an aging population, increasing consumerism, industry consolidation, and technology companies moving into healthcare. Addressing these changes will require agility, responsiveness and bold new thinking. Our mission and values will continue to guide us as we rise to meet future needs.

2018 BUSINESS RESULTS

2018 was yet another strong year for Boston Scientific with results that extend our track record of excellent performance over the five-year 2014 to 2018 period. During this time, Boston Scientific has grown operational sales at an average rate of 8 percent and organic sales at an average rate of 7 percent.[1,2] We've improved adjusted operating margin 530 basis points and leveraged that to

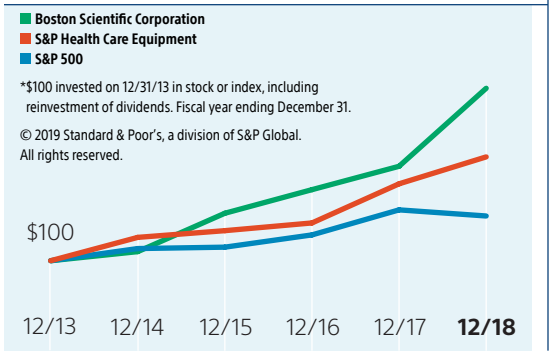
***Mike Mahoney**, Chairman and Chief Executive Officer*

drive an average 14 percent growth in adjusted earnings per share over the five-year period, excluding the $0.07 net tax benefit in 2018.[1] Our common stock returned 43 percent, and our five- and three-year total shareholder returns have consistently outpaced the S&P 500 index, growing 194 percent and 92 percent, respectively.

Our full-year sales in 2018 were $9.823 billion, representing 8.0 percent operational revenue growth and 7.2 percent organic revenue growth, which excludes 80 basis points of growth from certain recent acquisitions.[2,3] Organic sales growth was 8.2 percent in MedSurg†, 7.6 percent in Rhythm and Neuro† and 6 percent in Cardiovascular.[3] In addition to our strong revenue growth, we delivered a 50 basis point improvement in adjusted operating margin and full-year adjusted earnings per share growth of 17 percent to $1.47, which includes a $0.07 net tax benefit for the year.[1] Excluding this net tax benefit of $0.07, our adjusted earnings per share

† Effective January 1, 2018, following organizational changes to align the structure of our business with our focus on active implantable devices, we revised our reportable segments. The revision reflects a reclassification of our Neuromodulation business from our Medical Surgical (MedSurg) segment to our newly created Rhythm and Neuro segment, which includes Cardiac Rhythm Management (CRM), Electrophysiology and Neuromodulation. In addition, we reclassified the Middle East and Africa (MEA) regions from the former AMEA region with Europe to create the new EMEA region. The new Asia-Pacific (APAC) region was also previously part of the former AMEA region. Prior year balances and year over year growth rates (denoted with †) have been revised accordingly. ▪ **1** Adjusted operating margin, adjusted earnings per share and their related growth rates are non-GAAP measures that exclude the impacts of certain charges (credits) which may include amortization expense, goodwill and intangible asset impairment charges, acquisition-related net charges and credits, restructuring and restructuring-related net charges and credits, litigation related net charges and credits, pension termination charges, certain debt extinguishment charges, certain investment impairment charges and/or certain discrete tax items; see non-GAAP reconciliations on pages 55-57. ▪ **2** Operational revenue growth rates are non-GAAP measures that exclude the impact of foreign currency fluctuations; see non-GAAP reconciliations on pages 55-57. ▪ **3** Organic revenue growth rates are non-GAAP measures that exclude the impact of foreign currency fluctuations and the first twelve months of sales from the acquisitions of the electrophysiology business of C.R. Bard Inc., the Interventional Division of Bayer AG, the American Medical Systems male urology portfolio, EndoChoice Holdings, Inc., Symetis SA, NxThera, Inc., Claret Medical, Inc. and Augmenix, Inc., since there are no prior period related net sales; see non-GAAP reconciliations on pages 55-57.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN*



grew 11 percent.[1] Through increased productivity and reduced costs, we were able to redirect savings to high-growth technologies that strengthen our portfolio and capabilities for the future. These results also generated more than $2 billion of adjusted free cash flow, representing 20 percent growth over the prior year.[4] We were able to invest a significant portion of these funds to augment future growth via multiple exciting acquisitions.

In global markets, we continued expanding our business with broad-based growth across regions. Total annual sales from Emerging Markets increased 21.4 percent operational compared to 2017.[2,5] We expect to continue to grow our presence in new markets and regions and to make our technologies accessible to more people in need.

Our strategy of category leadership in key markets and portfolio diversification into high growth adjacencies is working. Our goal is to continue to execute against our strategic plan objectives and deliver top-tier sales and adjusted earnings per share growth over the next five years. We believe that the combination of long-term, consistent, above market revenue growth, adjusted operating margin expansion, targeted double-digit earnings per share growth, and the improved ability to deploy our strong free cash flow uniquely position Boston Scientific to continue to drive shareholder value.

SOLUTIONS THAT MATTER MOST

Our work at Boston Scientific is driven by our commitment to better understand unmet health needs and collaborate with diverse healthcare stakeholders to solve them, from patient education resources and technology breakthroughs to strategic investments that deepen our expertise and impact. Our approach to innovation includes a mix of organic programs, collaborations and strategic acquisitions that are focused on enriching our capabilities in the medical specialties that we serve. We believe that this clinical depth and category leadership strategy are helping us create value for patients, physicians and payers and enabling us to grow faster than our underlying markets and most peers.

Expansion into New Markets

The investments we've made and platform technologies we have built enable greater agility to reach additional patient populations with critical unmet needs. We will continue to expand our business in exciting growth areas and expect that our technology development efforts and acquisitions have positioned us to enter new adjacencies that will represent approximately $20 billion in addressable market opportunity by 2022.

The Boston Scientific Interventional Cardiology business is leading the way on this front as we continue the global expansion of our WATCHMAN™ Left Atrial Appendage Closure (LAAC) Technology, with more than 70,000 patients implanted. The WATCHMAN Device is designed to reduce the risk of stroke for patients with non-valvular atrial fibrillation (AF) and is now recognized in medical society guidelines as a therapeutic option for patients who need an alternative to long-term oral anticoagulant therapy.

We further expanded our structural heart portfolio and strengthened our commitment to improving transcatheter aortic valve replacement (TAVR) patient outcomes through the addition of the Sentinel™ Cerebral Protection System, which is the only device cleared by the U.S. Food and Drug Administration (FDA) to protect patients against the risk of stroke during TAVR and has been used in nearly 10,000 procedures. In addition, we continue to develop our

1 Adjusted operating margin, adjusted earnings per share and their related growth rates are non-GAAP measures that exclude the impacts of certain charges (credits) which may include amortization expense, goodwill and intangible asset impairment charges, acquisition-related net charges and credits, restructuring and restructuring-related net charges and credits, litigation related net charges and credits, pension termination charges, certain debt extinguishment charges, certain investment impairment charges and/or certain discrete tax items; see non-GAAP reconciliations on pages 55-57. ▪ **2** Operational revenue growth rates are non-GAAP measures that exclude the impact of foreign currency fluctuations; see non-GAAP reconciliations on pages 55-57. ▪ **4** Adjusted free cash flow and its related growth rate are non-GAAP measures that exclude the cash component of certain charges (credits) that are also excluded from adjusted net income as well as any cash tax benefits of such charges. In addition, we exclude tax settlements payments that relate to prior periods. The GAAP measure that is most directly comparable to adjusted free cash flow is free cash flow on a GAAP basis. Free cash flow on a GAAP basis is calculated by subtracting net purchases of property, plant and equipment from cash provided by operating activities; see non-GAAP reconciliations on pages 55-57. ▪ **5** 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.

dual-valve TAVR strategy with the ACURATE neo™ valve[6] — the fastest growing valve in Europe — and the LOTUS Edge™ Aortic Valve System[7], which upon FDA approval will provide customers with the only fully repositionable valve system on the market.

In endoluminal surgery, our goal is to transform gastrointestinal cancer resections by developing a comprehensive portfolio that allows the procedures to be performed endoscopically. Worldwide, 2.8 million people suffer from gastrointestinal cancers.[8] There is a tremendous opportunity for a less invasive endoscopic alternative to surgical resection of cancer or pre-cancer to enhance patient recovery, while also reducing length of stay, adverse events and cost of care.

Strategic Acquisitions

An important part of our story in 2018 involved strategic investments across business units. We announced an agreement to acquire BTG plc, a leader in minimally invasive therapies targeting cancer and vascular diseases. Our Urology and Pelvic Health business expanded our women's health portfolio with the addition of nVision Medical, offering a platform for potential earlier diagnosis of ovarian cancer — a condition for which there are currently no recommended early screening tests. We also invested in novel therapies for men's health with Augmenix, including the SpaceOAR™ Hydrogel System to help reduce common and debilitating side effects that men may experience after receiving prostate cancer radiotherapy, and NxThera, the developer of the Rezūm™ System, a minimally invasive treatment option for patients with benign prostatic hyperplasia. Adding to our Interventional Cardiology business, we acquired Claret Medical, and its Sentinel™ Cerebral Protection System, providing a new layer of safety and peace of mind for physicians and their patients undergoing TAVR procedures. With the acquisition of Cryterion Medical, our Electrophysiology business added to our portfolio a single-shot cryoablation platform for atrial fibrillation treatment, making Boston Scientific the first to offer physicians both cryothermal and radiofrequency (RF) single-shot, balloon-based ablation therapies.

PURSUIT OF EXCELLENCE

We constantly strive to improve our offerings to patients and healthcare systems with technology advancements that are supported with a strong body of clinical evidence. Our teams work with a sense of urgency and purpose to bring forward new solutions with quality and safety as the top priority. A disciplined portfolio management strategy guides our investment in clinical trials and research and development, and as we support our customers and champion their transition to value-based care, we are gaining new perspectives that help us innovate and improve patient outcomes.

"Our approach to innovation includes a mix of organic programs, collaborations and strategic acquisitions that are focused on enriching our capabilities in the medical specialties that we serve. We believe that this clinical depth and category leadership strategy are helping us create value for patients, physicians and payers and enabling us to grow faster than our underlying markets and most peers." *— Mike Mahoney*

6 Caution: ACURATE neo is an investigational device in the U.S. Not available for sale. CE Marked. ▪ **7** Caution: LOTUS Edge Aortic Valve System is an investigational device in the U.S. and not available for sale. CE Marked. ▪ **8** https://www.who.int/news-room/fact-sheets/detail/cancer.

Firsts in Vascular Interventional Technology

Our Peripheral Interventions business launched the Eluvia™ Drug-Eluting Vascular Stent System, specifically developed for the treatment of peripheral artery disease (PAD). The Eluvia System is the first peripheral vascular interventional technology approved in the U.S. to offer sustained release of an antiproliferative drug to treat patients with PAD. Approximately 8.5 million people in the U.S. are affected by PAD, which occurs when fatty or calcified atherosclerotic material builds up on the walls of the arteries of the legs.[9]

Eleven percent of patients with PAD develop critical limb ischemia (CLI), a chronic lack of blood supply to the lower legs.[10,11] Research has shown that within one year of being diagnosed with CLI, 30 percent of patients will have undergone amputation. To address this clinical need, we began enrollment in the SAVAL Trial, studying the SAVAL™ Below the Knee (BTK) Drug-Eluting Stent System, the first stent designed to treat CLI. Due to the absence of effective treatment options for patients suffering from CLI, the FDA granted the Expedited Access Pathway (EAP) designation to the SAVAL BTK Stent System, the first CLI device to receive this designation.

Helping Physicians Tailor Therapy in Neuromodulation

Our Neuromodulation business recently launched the Vercise™ Primary Cell (PC) and Vercise Gevia™ Deep Brain Stimulation (DBS) Systems with the Cartesia™ Directional Lead. The new systems feature technology designed to allow physicians to control the range, shape, position and direction of electrical stimulation to treat the symptoms of Parkinson's disease (PD) through highly-personalized therapy. More than 10 million people are living with PD,[12] and the progression of the disease requires a therapy that can evolve with the patient over time. The INTREPID study further documented the safety and effectiveness of the Vercise DBS System as an important treatment option for patients living with this debilitating condition.

We also invested in research and expanded treatment options for chronic pain with the Spectra WaveWriter™ Spinal Cord Stimulator (SCS) System, a potential non-opioid solution for the millions of people suffering from debilitating lower limb and back pain. Positive results from the WHISPER study and WaveWriter real-world outcomes study provided further evidence of the value of providing patients with multiple waveform therapies for the relief of chronic pain.

Innovation in Flexible Ureteroscopy and Men's Health

The Boston Scientific Urology and Pelvic Health business launched the LithoVue Empower™ Retrieval Deployment Device. One in eleven people are affected by kidney stones, and the LithoVue Empower Device is designed to enable this procedure to be performed more efficiently by one clinician and is an example of how we are adapting our technology to meet clinical needs.

In men's health we are addressing benign prostatic hyperplasia (BPH) treatment with Rezūm™ Water Vapor Therapy, a minimally invasive treatment we acquired via NxThera. BPH is an enlargement of the prostate that affects 110 million men worldwide and can cause problems with urinary and sexual function.[13,14] A four-year randomized clinical trial recently demonstrated that patients treated with Rezūm Therapy experienced significant and sustained improvement in their symptoms and quality of life.

Supporting Value-Based Care

In addition to providing technologies that improve patient outcomes, we are focused on diagnostics, digital health and services that can take cost out of the healthcare system and improve how hospitals operate.

Understanding the broader challenges healthcare systems face allows us to make decisions on new technologies and shift our portfolio mix to deliver technologies that will help customers meet their outcome and economic objectives. An example is our RESONATE™ family of devices, which includes our HeartLogic™ Heart Failure Diagnostic. Annually, heart failure accounts for more than 1.1 million hospitalizations[15] with 25 percent of heart failure patients re-admitted within 30 days of initial hospitalization.[16,17] The HeartLogic diagnostic tool tracks key physiological trends related to heart failure and was validated to predict heart failure events more than

9 Centers for Disease Control: https://www.cdc.gov/dhdsp/data_statistics/fact_sheets/fs_pad.htm Accessed February 2019 ▪ **10** Mozaffarian D, Benjamin EJ, Go AS, et al. Heart disease and stroke statistics—2015 update: a report from the American Heart Association. *Circulation*. 2015 Jan 27;131(4):e29-322. Cited in Clarivate Analytics, Incidence and Prevalence Database. ▪ **11** Nehler MR, Duval S, Diao L, et al. Epidemiology of peripheral arterial disease and critical limb ischemia in an insured national population. J *Vasc Surg*. 2014 Sep;60(3):686-95.e2. ▪ **12** http://parkinson.org/Understanding-Parkinsons/Causes-and-Statistics/Statistics ▪ **13** https://www.healthline.com/health/enlarged-prostate#symptoms ▪ **14** https://www.physiciansweekly.com/tag/benign-prostatic-hyperplasia/ ▪ **15** Boehmer JP, Hariharan R, Devecchi FG, et al. A Multisensor algorithm predicts heart failure events in patients with implanted devices: results from the MultiSENSE study. *JACC Heart Fail*. 2017 Mar;5(3):216-25 ▪ **16** Fonarow GC, Abraham WT, Albert NM, et al. Association between performance measures and clinical outcomes for patients hospitalized with heart failure. *JAMA*. 2007 Jan 3;297(1):61-70. ▪ **17** O'Connor CM, Abraham WT, Albert NM, et al. Predictors of mortality after discharge in patients hospitalized with heart failure: an analysis from the Organized Program to Initiate Lifesaving Treatment in Hospitalized Patients with Heart Failure (OPTIMIZE-HF). *Am Heart J*. 2008 Oct;156(4):662-73.

"In all that we accomplished over the course of the year, there is one common denominator that gave us a distinct edge: the winning spirit of our people. Our employees are the talented and dedicated force behind every Boston Scientific milestone." *– Mike Mahoney*

four weeks in advance,[15] allowing earlier intervention with patients and avoiding hospitalizations by shifting reactive treatment to proactive care.

Another area of focus is the work underway with our Endoscopy business to build a comprehensive product portfolio designed to help customers meet or exceed guidelines for infection prevention. The Exalt™ Single-Use Duodenoscope[18] has the potential to reduce cross-contamination risk, minimize capital investment and reduce reprocessing issues and is targeted to launch by the end of 2019.

We are also helping customers achieve and sustain cost, quality and growth targets with our ADVANTICS™ Innovative Healthcare Solutions portfolio. Examples include standardizing care for patients with chronic cardiovascular diseases and performance optimization solutions focused on patient flow.

DEEPEST COLLABORATION

Significant unmet needs for patient-centered innovation remain, and the biggest advances are made through collaboration between clinicians, researchers, care providers, patients, regulators and industry. We maintain a strong base of clinical evidence to support the safety and efficacy of our devices, with data gathered from bench testing, randomized controlled trials and ongoing real-world evidence. To meet needs for localized training and innovation, we have established 14 Institutes for Advancing Science located in the Americas, Africa, Asia and Europe. We also take a global approach to research and development at our four research and development design centers, with work underway to expand capabilities in India, Costa Rica and China.

Health Equity & Enriching Our Communities

In 2018 we prioritized efforts to promote health equity and make a sustainable impact through our Close the Gap initiative. Our primary focus in this work was cardiovascular disease and treatment disparities among women and minority populations. In communities across the U.S. that have traditionally faced barriers accessing quality healthcare, our Close the Gap teams shared data with healthcare providers to help them develop action plans and track progress in eliminating inequities among high-risk patients. Our health equity efforts also included community education and outreach to populations most affected by disparities in heart disease treatment, assistance with continuing healthcare professional education and advocacy for adherence to clinical guidelines to help ensure equitable care.

In addition to advancing science and improving patient health and access to care, we have the privilege and responsibility to use our resources to enrich communities. Boston Scientific employees around the world continue to invest thousands of hours each year to support environmental restoration projects and programs to improve local schools and communities. Many of these programs are fueling the next generation of life science professionals by encouraging students to achieve in Science, Technology, Engineering and Math (STEM). We also recognize the need to ensure that the manufacturing of our products does not have a negative impact on the environment and are reducing our global environmental footprint through increased use of renewable and cleaner energy sources. In 2018 we reduced our greenhouse gas emissions 47 percent and decreased water consumption 30 percent relative to our 2009 measurement baseline. Our commitment to sustainability and making a positive environmental impact is an important part of how we live by our values.

15 Boehmer JP, Hariharan R, Devecchi FG, et al. A Multisensor algorithm predicts heart failure events in patients with implanted devices: results from the MultiSENSE study. *JACC Heart Fail*. 2017 Mar;5(3):216-25 ▪ **18** Device under development. Not available for sale or use worldwide.

"I think perhaps one of the most important metrics in a company beyond the financials is employee engagement. I'm very proud of the high engagement levels we have across the business, the extra effort our employees make, and the teamwork they demonstrate to deliver for patients who really need our solutions."

— Mike Mahoney

Our People

In all that we accomplished over the course of the year, there is one common denominator that gave us a distinct edge: the winning spirit of our people. Our employees are the talented and dedicated force behind every Boston Scientific milestone. Our top industry awards and rankings include FORTUNE World's Most Admired Companies, Forbes' Best Large Employer, Newsweek Green Rankings, the Human Rights Campaign's Corporate Equality Index, Working Mother 100 Best Companies, NAFE Top Companies for Executive Women, and the Diversity Best Practices Inclusion Index.

As a global company, it is important to have diverse perspectives and people who reflect the patients, customers and markets we serve. In addition to driving growth, this leads to greater diversity of thought, which fuels innovation, creates a more rewarding place to work and helps us attract and retain top talent. We announced an 18-month initiative to strengthen the core of our organization by 2020 through diversity and inclusion, including a goal of increasing global representation of women and people of color in supervisor and manager roles. We also launched initiatives to help us better understand the needs of our employees in different parts of the world and tailor benefits accordingly. Our Benefits to Fit Your Life program launched globally in 2018 as a comprehensive package designed to meet employees at various stages of work and life. Examples of offerings in the U.S. include expanded infertility treatment support, maternal and paternal leave, a breast milk shipping service, adult and child back-up care, and enhanced planning programs for college assistance as well as employees with aging parents.

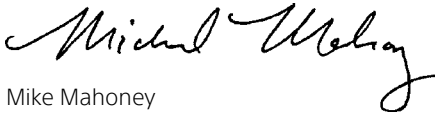
LOOKING AHEAD

I think perhaps one of the most important metrics in a company beyond the financials is employee engagement. I'm very proud of the high engagement levels we have across the business, the extra effort our employees make, and the teamwork they demonstrate to deliver for patients who really need our solutions. All of us at Boston Scientific understand that we need to continuously push ourselves to make a greater contribution to patients around the world.

Looking ahead, I know that the community and culture we have built will equip us to adapt to the needs of the rapidly evolving healthcare landscape. Even after a year of so many accomplishments, I can say with confidence that our most meaningful and exciting work is yet to come.

I commend our employees for the passion they bring to our mission every day. On behalf of all of us, I want to thank our Board of Directors for their commitment and service to Boston Scientific. And I extend our sincere gratitude to you, our shareholders, for your continued support. I am fortunate to lead this incredible company and I look forward to all that we will accomplish in the year ahead.

Sincerely,

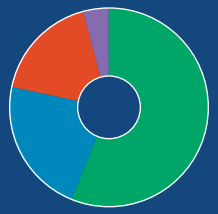


Mike Mahoney
Chairman and Chief Executive Officer
March 15, 2019

FINANCIAL HIGHLIGHTS

2018 SALES BY REGION

(DOLLARS IN MILLIONS)



	Reported Sales	Operational Growth[1]
U.S.	$ 5,538	7.3%
Europe, Middle East and Africa (EMEA)†	2,176	9.0%
Asia-Pacific (APAC)†	1,727	7.5%
Latin America and Canada (LACA)	383	15.8%
	$9,823	**8.0%**

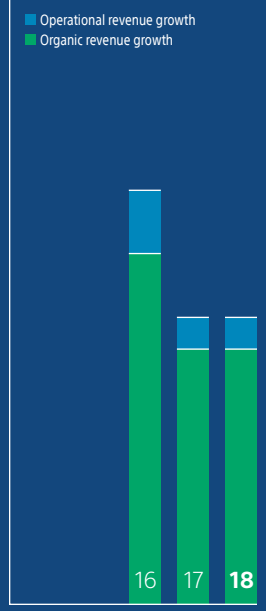
2018 SALES BY PRODUCT CATEGORY

(DOLLARS IN MILLIONS)

	Reported Sales	Operational Growth[1]
MedSurg		
Endoscopy	$ 1,762	8.3%
Urology and Pelvic Health	1,245	10.6%
Rhythm and Neuro		
Cardiac Rhythm Management	1,951	2.1%
Electrophysiology	311	10.9%
Neuromodulation	779	22.5%
Cardiovascular		
Interventional Cardiology	2,590	6.6%
Peripheral Interventions	1,187	9.2%
	$9,823	**8.0%**

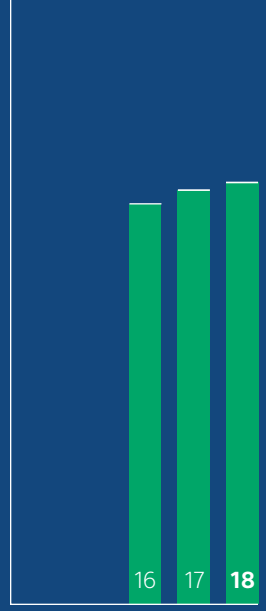
OPERATIONAL REVENUE GROWTH[1,2]

2018:	**8%**	**7%**
2017:	8%	7%
2016:	12%	10%



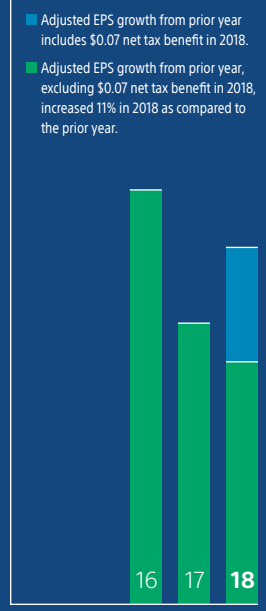
ADJUSTED OPERATING MARGIN[3]

2018:	**25.5%**
2017:	25.0%
2016:	24.1%



ADJUSTED EARNINGS PER SHARE GROWTH[3]

2018:	**17%**
2017:	13%
2016:	20%

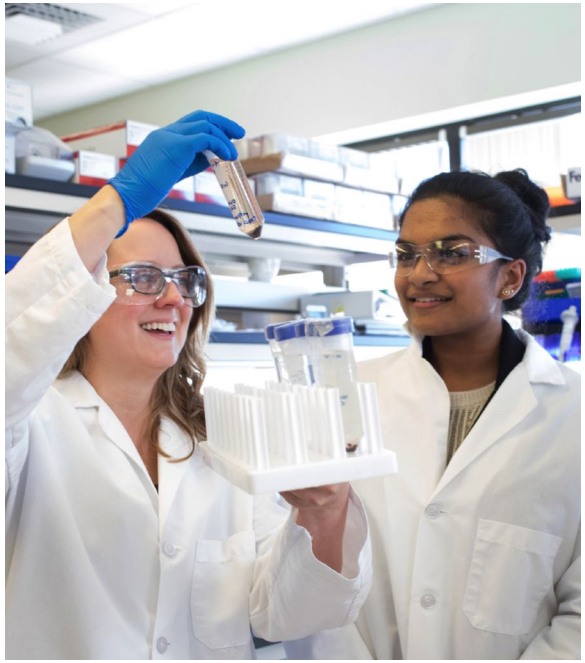


† Effective January 1, 2018, following organizational changes to align the structure of our business with our focus on active implantable devices, we revised our reportable segments. The revision reflects a reclassification of our Neuromodulation business from our Medical Surgical (MedSurg) segment to our newly created Rhythm and Neuro segment, which includes Cardiac Rhythm Management (CRM), Electrophysiology and Neuromodulation. In addition, we reclassified the Middle East and Africa (MEA) regions from the former AMEA region with Europe to create the new EMEA region. The new Asia-Pacific (APAC) region was also previously part of the former AMEA region. Prior year balances and year over year growth rates (denoted with "†") have been revised accordingly. ▪ **1** Operational revenue growth rates are non-GAAP measures that exclude the impact of foreign currency fluctuations; see non-GAAP reconciliations on pages 55-57. ▪ **2** Organic revenue growth rates are non-GAAP measures that exclude the impact of foreign currency fluctuations and the first twelve months of sales from the acquisitions of the electrophysiology business of C.R. Bard Inc., the Interventional Division of Bayer AG, the American Medical Systems male urology portfolio, EndoChoice Holdings, Inc., Symetis SA, NxThera, Inc., Claret Medical, Inc. and Augmenix, Inc., since there are no prior period related net sales; see non-GAAP reconciliations on pages 55-57. ▪ **3** Adjusted operating margin, adjusted earnings per share and their related growth rates are non-GAAP measures that exclude the impacts of certain charges (credits) which may include amortization expense, goodwill and intangible asset impairment charges, acquisition-related net charges and credits, restructuring and restructuring-related net charges and credits, litigation related net charges and credits, pension termination charges, certain debt extinguishment charges, certain investment impairment charges and/or certain discrete tax items; see non-GAAP reconciliations on pages 55-57.

BOSTON SCIENTIFIC AT A GLANCE

Boston Scientific transforms lives through innovative medical solutions that improve the health of patients around the world. As a global medical technology leader for nearly 40 years, we advance science for life by providing a broad range of high-performance solutions that address unmet patient needs and reduce the cost of healthcare.

ENDOSCOPY	Industry leader in minimally invasive devices for diagnosing and treating gastrointestinal and pulmonary conditions
UROLOGY AND PELVIC HEALTH	Industry-leading solutions for urological, urogynecological and gynecological conditions
CARDIAC RHYTHM MANAGEMENT	Groundbreaking technologies that treat irregular heart rhythms and heart failure and help protect against sudden cardiac arrest
ELECTROPHYSIOLOGY	A broad range of mapping and treatment technologies for diagnosing and treating heart rhythm disorders
NEUROMODULATION	Electronic implantable technologies that help patients manage debilitating chronic pain and neurological conditions
INTERVENTIONAL CARDIOLOGY	Minimally invasive innovations that help improve the lives of patients living with heart and vascular conditions
PERIPHERAL INTERVENTIONS	Minimally-invasive treatments of peripheral vascular disease and cancer



BOSTON SCIENTIFIC BY THE NUMBERS

200+ STEM events

Recycled 9,600+ tonnes of solid waste

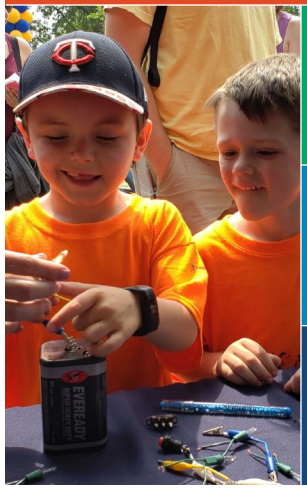
Launched approximately 100 new product innovations globally

$81 million+ provided for medical research, educational and charitable giving

Committed to carbon neutrality in manufacturing and key distribution sites for all products by 2030

43,000+ employee volunteer hours

Named to the Forbes' list of The World's Most Innovative Companies



Reduced greenhouse gas emissions* by 75,000+ tonnes

$9.8+ billion in sales

32,000+ employees worldwide

Approximately $1 billion invested in research and development

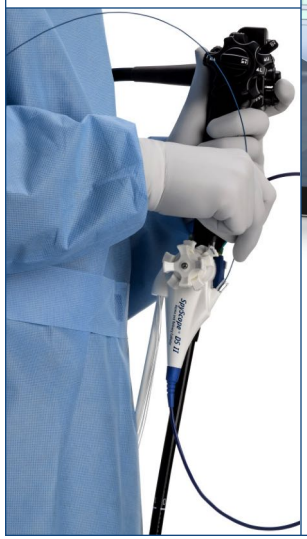
Helped improve approximately 30 million patient lives

*Compared to 2009 baseline.

MEANINGFUL INNOVATION

SpyGlass™ DS Direct Visualization System

The first minimally invasive, single-use, single-operator digital scope used for cholangiopancreatoscopy procedures designed to target biopsies and stone fragments in the bile, hepatic and pancreatic ducts.

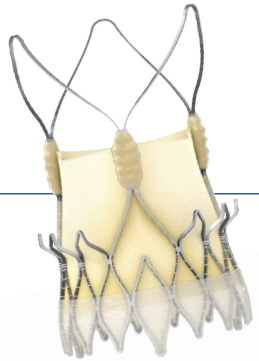


Spectra WaveWriter™ Spinal Cord Stimulator (SCS) System

Designed to provide personalized, long-lasting pain relief through combination therapy, novel sub-perception algorithms and waveform automation.

ACURATE neo™ Aortic Valve System* and LOTUS Edge™ Valve System**

Complementary transcatheter aortic valve replacement (TAVR) devices that are designed to enable implanting physicians to treat the broadest range of patients and aortic valve anatomies.

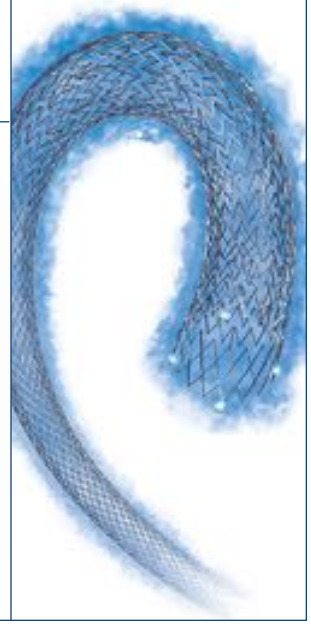


*ACURATE neo™ Aortic Valve System**

*LOTUS Edge™ Valve System***

Eluvia™ Drug-Eluting Vascular Stent System

The first peripheral vascular interventional technology approved in the U.S. to offer sustained release of antiproliferative drug to treat patients with peripheral artery disease.



*The ACURATE device is an investigational device and is not available for sale in the U.S. ACURATE CE Marked.
**The LOTUS device is an investigational device and is not available for sale. CE Marked.

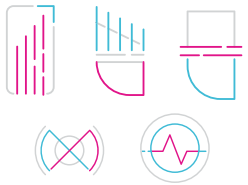
MEANINGFUL INNOVATION

Rezūm™ Water Vapor Therapy

A minimally invasive treatment for benign prostatic hyperplasia (BPH) that is typically performed in a physician's office to remove excess prostate tissue and reduce BPH-related symptoms, such as pain and a frequent need to urinate.

HeartLogic™ Heart Failure Diagnostic

The first and only heart failure diagnostic tool proven to detect 70 percent of heart failure events several weeks in advance, potentially reducing further hospitalization for patients with heart failure.[15] Featured in the Boston Scientific Resonate™ family of cardiac resynchronization therapy defibrillator (CRT-D) and implantable cardioverter defibrillator (ICD) devices.



Symbols representing sensors from the HeartLogic diagnostic tool.

SpaceOAR™ Hydrogel System

An absorbable gel that is injected prior to radiation therapy for prostate cancer treatment, which temporarily increases the space between the rectum and prostate, thereby reducing rectal radiation dose and associated side effects.

WATCHMAN Left Atrial Appendage Closure Device

The first and only FDA-approved one-time heart implant proven to reduce stroke risk in patients with non-valvular atrial fibrillation who need an alternative to long-term blood thinners.

15.Boehmer JP, Hariharan R, Devecchi FG, et al. A Multisensor algorithm predicts heart failure events in patients with implanted devices: results from the MultiSENSE study. *JACC Heart Fail*. 2017 Mar;5(3):216-25.

CORPORATE SOCIAL RESPONSIBILITY AT BOSTON SCIENTIFIC

A Boston Scientific employee participating in volunteer day near our Marlborough, Massachusetts headquarters.

The actions we take today can shape a better future for our patients, customers, employees, communities and the world we share.

Our approach to corporate social responsibility (CSR) is based on assessments of social, environmental and governance issues that guide our policies and day-to-day practices. This work is supported by our cross-functional CSR Council, Environmental Health and Safety (EH&S) policies and programs, a Global Council for Inclusion as well as employee and community programs.

ENGAGING WITH STAKEHOLDERS

At Boston Scientific, we engage with stakeholder groups at the global, national and local levels to inform our corporate responsibility strategy. This engagement occurs at all levels of the organization, from employees at our manufacturing sites and research facilities to senior management in our divisions and Executive Committee leaders. We value the opportunity to learn about the concerns and priorities of the communities and stakeholder groups we serve as we work to anticipate and better understand emerging environmental, social and governance topics.

MANAGING CORPORATE SOCIAL RESPONSIBILITY

Our CSR Council is composed of subject matter experts from across the company and charged with defining our strategy and driving accountability across the organization by setting clear targets and measuring progress. An Executive Steering Committee sponsors the priorities and goals set by the Council and supports efforts to further embed responsible practices into the business.

OUR APPROACH: MATERIALITY

To focus our CSR efforts where we can have the greatest impact, we must understand the changing healthcare landscape, what matters to our stakeholders and what most affects our business across key markets. In 2017, we completed a materiality assessment to identify the CSR issues of greatest importance to Boston Scientific and our stakeholders, including employees, customers, investors and communities where we live and work. The assessment was performed in accordance with the internationally accredited Global Reporting Initiative (GRI) guidelines and evaluated topics related to our business strategy and stakeholder interests. The assessment identified our material aspects, the highest priority issues to our stakeholders for social, economic and environmental impact.

In 2018, we aligned the outcomes of this assessment to the United Nations Sustainable Development Goals (SDGs), which address key global challenges to create a better and more sustainable future for everyone. Though the United Nation's 17 SDGs are interconnected, our material aspects align to 10 goals where we believe we can make the most meaningful contributions to critical issues. A focus on positively influencing these goals will continue to guide our CSR programs in 2019 and beyond.

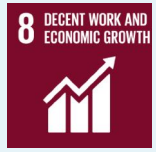
OUR CSR PERFORMANCE

We hold ourselves accountable for providing updates and data related to our corporate social responsibility performance, and we share this information through several communication channels, including this report. Each year, we report the company's impact on the environment as defined by the Carbon Disclosure Project (CDP), and we actively participate in several important environment, social and governance rating surveys.

This report has been prepared by referencing the Global Reporting Initiative (GRI) guidelines. Data in this report covers the period between January 1, 2018 and December 31, 2018, unless otherwise indicated.

Of the seventeen United Nations Sustainable Development Goals (SDGs), our material aspects align with ten, which will continue to guide our corporate social responsibility programs in 2019 and beyond.

Boston Scientific Supports the SDGs

Our Planet	Our People	Our Practices
▪ Climate Change ▪ Environmental Impact	▪ Diversity and Inclusion ▪ Culture and Career ▪ Community ▪ Stakeholder Engagement	▪ Innovative Products ▪ Governance and Ethics ▪ Compliance ▪ Sustainable Supply Chain
  	    	  

OUR PLANET

CARING FOR OUR PLANET

The newest Boston Scientific manufacturing site in Penang, Malaysia, was granted LEED Silver certification in 2018.

Boston Scientific has 13 LEED-certified buildings around the globe.

As a global medical device manufacturer, we understand that our planet is facing challenges that affect the well-being of patients, customers, employees, communities and investors. By proactively addressing energy consumption, carbon output, waste management and water use, we are making measurable progress toward shaping a better future for our planet.

Our Environment, Health and Safety (EHS) Policy outlines our high standards as we pursue environmental excellence. We take a global approach to prioritizing, executing and monitoring efforts to achieve EHS goals and measure progress to deliver sustainable development.

In all established operations and distribution locations, we proactively pursue environmental standards that deliver exceptional ISO14001:2015 performance. During the 2018 audit cycle, we achieved zero non-conformances globally. We also received zero regulatory environmental noncompliance notices or fines.

Our Global Energy Management System (GEMS), developed in collaboration with the National University of Ireland, Galway, helps ensure that we meet our energy reduction commitment globally. Using the C^3 strategy (Cut, Convert, Compensate), GEMS focuses on cutting energy use, converting to renewable energy sources instead of fossil fuels and compensating with carbon offset projects where needed.

Across our global manufacturing and distribution locations, we have established the following targets and are continually monitoring progress through GEMS:

- 50% renewable electricity by 2021
- 100% renewable electricity by 2024
- 90% renewable energy (all sources) by 2027
- Carbon neutral by 2030

The GEMS methodology is implemented through our global energy team, including representatives from each of our manufacturing and key distribution sites. Our performance is continually measured through our GEMS key performance indicators (KPIs):

KPI	DEFINITION	2015	2016	2017	2018
Carbon Footprint (MT CO2eq)	**Total amount of Scope 1 and Scope 2 greenhouse gas emissions emitted into the atmosphere from manufacturing and distribution sites. Measured in tonnes of carbon equivalent.**	**118,327**	**108,694**	**94,946**	**85,127**
Energy Use (kWh)	Total energy Boston Scientific consumes annually to manufacture our products.	370,083,323	367,102,517	363,684,542*	352M
EM3 (% change in score)	An energy management maturity model to establish where in the "energy journey" each manufacturing site resides on a scale from 1 to 5 (Minimal > Emerging > Developing > Advancing > Leading)	2.7	3.2	3.6	3.7
Green Real Estate (% of total)	Percentage of Boston Scientific real estate that is independently certified for energy efficiency by industry-leading programs such as LEED for design and Energy Star or ISO50001 for building operations.	27%	28%	32%	37%
Renewable Energy (% of total)	Percentage of total energy consumed, generated from renewable energy sources, with Boston Scientific owning the renewable attributes.	–	–	–	5%
Cleaner Energy (% of total)	Energy produced from fossil fuels, but based on high-efficiency technologies such as combined heat and power (CHP) in comparison to conventional power generation.	6%	7%	9%*	9%

*2017 kilowatt hour figures corrected due to conversion factor error for diesel fuel use.

CLIMATE CHANGE

Striving for Carbon Neutrality

As a medical device manufacturer with facilities and employees around the world, we recognize we have an important role in addressing climate change. Our commitment is to achieve carbon neutrality across Boston Scientific manufacturing and key distribution sites by 2030. Carbon neutrality means achieving net zero carbon emissions associated with manufacturing operations and energy use by balancing the amount of carbon released with an equal amount removed or compensated. As increased levels of carbon dioxide and other greenhouse gases in our atmosphere are closely tied to climate change, achieving carbon neutrality will greatly reduce our contribution to this pressing global issue.

We have committed to achieving carbon neutrality in all of our manufacturing and key distribution sites by 2030.

Leading in Energy Certification

A critical part of our sustainability effort includes ongoing improvement of existing facilities and development of new construction in an environmentally responsible manner.

Leadership in Energy and Environmental Design (LEED) is an internationally recognized certification program for the environmental performance and sustainable design of buildings. Boston Scientific now has 13 LEED-certified buildings around the globe (37 percent of total) – including our newest manufacturing site in Penang, Malaysia, which was granted LEED Silver certification in March 2018.

Our two sites in Costa Rica, Coyol and Heredia, have both received ISO 50001:2011 Energy Management System certification. ISO 50001 is an energy management system standard that provides a framework for all aspects of energy, including procurement and use. In 2018, our distribution center in Kerkrade, Netherlands, received a third star from Lean and Green, Europe's leading program for sustainable logistics. We are one of only six companies in Europe to receive this highest-level award for carbon output reduction.

In total, Boston Scientific operates nearly 3.3 million square feet of independently certified Green Real Estate that supports our energy efficiency and sustainability goals, representing 37 percent of our global footprint.

LEEDing Locations

United States:	
A Maple Grove, Minnesota	LEED Silver LEED Certified
B Marlborough, Massachusetts	LEED Gold LEED Certified
C Quincy, Massachusetts	LEED Silver LEED Certified
Central America:	
D Coyol, Costa Rica	LEED Silver ISO 50001
E Heredia, Costa Rica	ISO 50001
Europe:	
F Kerkrade, Netherlands	LEED Silver Lean and Green
Asia:	
G Penang, Malaysia	LEED Silver
H Singapore	LEED Silver
I Beijing, China	LEED Silver LEED Certified
J Shanghai, China	LEED Silver

Sustainability at our Ireland Facilities

Beginning in October of 2018, the three Boston Scientific manufacturing sites in Ireland, located in Galway, Cork and Clonmel, began purchasing certified 100 percent renewable electricity. ***This represents 12 percent of our total purchased electricity and delivers a 9 percent overall reduction in carbon emissions.***

In November 2018, Boston Scientific joined other businesses in Ireland and signed the ***Business in The Community (BITC) Low Carbon Pledge****. These companies pledge to reduce scope 1 and scope 2 greenhouse gas (GHG) emission intensity 50 percent by 2030. Scope 1 GHGs are those produced by Boston Scientific facilities directly, and scope 2 GHGs are those generated by the purchased electricity we consume. We plan to surpass this goal with our carbon neutrality pledge.*

Investing in Energy Efficiency

Increased use of renewable energy is another way that we are reducing GHG emissions. Two Boston Scientific locations in Massachusetts each have solar installments: our Marlborough headquarters site generates 31 percent of its required electricity and the Quincy distribution center generates 26 percent of its required electricity, resulting in cumulative savings of about 1,000 tonnes of GHG emissions. In June 2018, our facility in Dorado, Puerto Rico, joined a Power Purchase Agreement (PPA) to purchase electricity generated from solar panels to be installed on-site.

We are making progress toward our goal of purchasing 100 percent renewable energy by 2024 by purchasing only renewable electricity for our three sites in Ireland, installing on-site solar at certain facilities and pursuing a virtual power purchase agreement for renewable electricity for our U.S. energy needs. We will continue to implement a combination of on-site and off-site projects to achieve our renewable energy goals. Renewable electricity accounted for 5 percent of our energy purchased globally in 2018.

ENVIRONMENTAL IMPACT

As a company with a global footprint and global impact, we have a responsibility to manage how we consume resources and reduce waste. We carefully measure waste generation and water use at our major manufacturing and distribution facilities using ISO 14001:2015, a globally recognized standard for environmental management systems (EMS). The system ensures that throughout our operations we respond to changing environmental conditions, meet compliance obligations, enhance environmental performance and deliver sustainable development. As of 2018, 15 of our sites achieved third-party certifications to this standard.

Reducing Waste

We approach waste-reduction systematically, through the adoption of international best practices and research-backed protocols. In 2017, we met our ambitious goal to achieve a recycling index of 81 percent for solid waste generated by our major manufacturing and distribution facilities. Striving to do even better, we further improved our recycling index and achieved 83 percent in 2018. Of the remaining non-recycled solid waste, we divert the majority away from landfills.

GOAL SET IN 2009:

35% reduction in greenhouse gas (GHG) emissions* by 2019.

2018 RESULT:

47% reduction (75,711 tonnes)**

*Using market-based emissions calculations.
**Compared to the 2009 manufacturing operations baseline.

2018 ACHIEVEMENTS:

83% increase* in solid waste recycle index, or 9,660+ tonnes.

30% water use reduction*...equal to 301,571 cubic meters.

1,332 tonnes of non-recycled solid waste was diverted away from landfills, achieving 95% avoidance.

*Compared to 2009 baseline.

Conserving Water

While Boston Scientific operations are not water-intensive, we understand the importance of water as a shared resource. We strive to minimize our consumption and plan for environmental challenges such as water scarcity. In 2018, we further decreased water usage by 5 percent, representing a total reduction of more than 30 percent since 2009.

RECOGNITIONS FOR SUSTAINABILITY LEADERSHIP

- Received a Third Star for our facility in Kerkrade, Netherlands, from Lean & Green, Europe's leading program for sustainable logistics
- Confirmed a FTSE4Good Index Series constituent, designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices
- Awarded the Ecological Blue Flag Award with five stars by the Costa Rican government, the highest ranking in the climate change category

The blue flag at the Coyol, Costa Rica office symbolizes our commitment to sustainability.

Recognition for Solid Waste Reduction Achievement

*In April 2018, the Boston Scientific site in Maple Grove, Minnesota, received the **Chelsea Santucci Greenovation Award** from Kimberly-Clark Professional for **diverting 39,920 pounds of waste from landfills**. We participate in **The RightCycle Program**, the first large-scale recycling program for non-hazardous lab, cleanroom and industrial waste. RightCycle is designed to help pharmaceutical companies, research laboratories and manufacturing facilities reduce solid waste streams by recycling nontraditional waste such as garments, gloves, hoods, boot covers, masks and safety eyewear. Participants in the program have **diverted more than 600 tons of waste from landfills since 2011.***

Above: Boston Scientific employees in Maple Grove, Minnesota, commemorate Earth Day 2018 with their award.

GREEN TEAM ENVIRONMENTAL SUSTAINABILITY INITIATIVES

Our employee-led Green Teams present new ideas and implement projects that reduce the company's environmental footprint globally, improve the communities in which we do business and strengthen our business practices. In 2018, we worked with many community partners to make a positive impact and raise environmental awareness.

Keeping our Planet Clean

Beyond maintaining our facilities, our employees around the globe participated in efforts to preserve beaches and habitats in surrounding communities, helping to ensure that local ecosystems remain intact as wildlife habitats and for future generations to enjoy.

Beach Clean-up in Costa Rica

*In **Coyol, Costa Rica**, more than 100 Boston Scientific employees, and their families and friends, gathered at Guacalillo Beach for a clean-up initiative in April 2018. The event was organized in conjunction with the local community, government, Red Cross organization and local foundations, Operation Rich Coast and Algo por la Tierra. This effort resulted in the **collection of approximately one ton of waste and litter, including more than 70 used car tires**. This demonstration in caring for our planet is an important reminder of why we strive to meet ambitious waste reduction and recycling goals.*

River Stewardship in California

*In **Valencia, California**, Boston Scientific employee volunteers partnered with the Community Hiking Club, the California Wilderness Coalition and outdoor retail co-op REI to clean along Piru Creek, a part of the protected National Wild & Scenic Rivers System. During October 2018, volunteers worked to **help preserve the habitat by removing impediments to endangered migrating fish and collecting more than 500 pounds of trash**.*

OUR PEOPLE

OUR PEOPLE

The Boston Scientific Women's Network worked with the Girls on the Run organization to help young girls develop essential skills to establish a lifetime of health and fitness.

At Boston Scientific, our work has purpose – it results in lives changed, and lives saved. Together, our employees strive to solve healthcare challenges that matter most, with an unwavering focus on the needs of patients, physicians and healthcare systems. Our team of more than 32,000 employees around the globe are collaborators, explorers and problem-solvers, united by a focus on advancing science for life.

We understand that choosing the right place to work is an important decision, and that people join companies to find meaningful purpose and a place to grow. We recognize that the aspirations and goals of each employee are personal. Boston Scientific global talent management practices support a workplace where individuals can:

- Build a career with global impact — truly make a difference to people both around the world and around the corner
- Be empowered with opportunities to grow — thrive in a culture that prioritizes learning, development and progression
- Meaningfully contribute in a collaborative environment — build lasting relationships with colleagues and global thought leaders
- Embrace a culture with "winning spirit" — be part of a culture that takes measured risks and challenges the status quo
- Be rewarded — enjoy a workplace that recognizes success and rewards individual and team performance
- Choose from diverse career options — explore careers that suit varying backgrounds and ambitions
- Experience mobility with global opportunities — expand personal reach and contribute to business imperatives through international assignments and programs

The talent of our teams and individuals creates a competitive advantage for the company. That's why we work hard to attract diverse talent, enable a culture of engagement and inclusion and enhance our organizational capabilities to build the workforce of the future.

ACCELERATING DIVERSITY AND INCLUSION

At Boston Scientific, our diversity value stands for inclusion, equality and opportunity for all, and guides our work to advance science and improve patient health. By embracing unique backgrounds and perspectives, we create a more rewarding place to work that better reflects the patients, customers and communities we serve.

Our Diversity and Inclusion efforts are focused on four strategic pillars:

- Career
- Culture
- Commerce
- Community

ATTRACTING AND ENGAGING DIVERSE TALENT

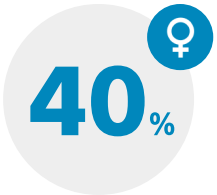
In 2018, we launched "10/20/40 by 2020" goals to accelerate our diversity and inclusion efforts. These goals are aimed at reshaping the company's core mid-level employee base to move beyond traditional diversity recruiting efforts that tend to target the entry-level pipeline or focus on top-down change.

Transparent reporting is an important part of how we hold ourselves accountable. By the end of 2018, we achieved the following progress toward our goals:

By 2020, our goals are to:

Be a Top 10 recognized leader for workplace inclusion in key focus areas (women, people of color, disability and LGBTQ)

Increase representation of people of color (U.S. & Puerto Rico) to 20% at supervisor & manager levels

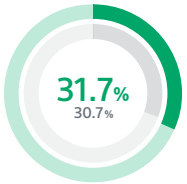


Increase global representation of women to 40% at supervisor & manager levels

THE PEOPLE OF BOSTON SCIENTIFIC*

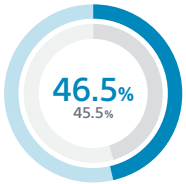
All Levels

2017 | 2018



People of Color
U.S./Puerto Rico

2017 | 2018



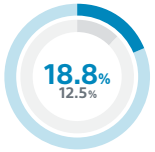
Women
Global

Representation of Women Around the Globe[1]

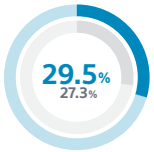
By level

2017 | 2018

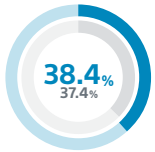
Board of Directors



Executive Officers[2]



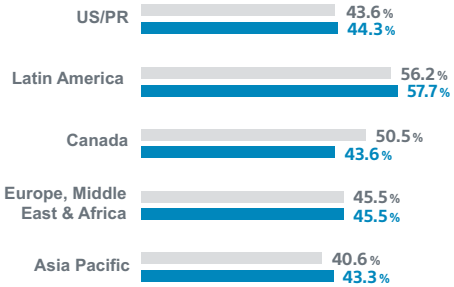
Senior Management[3]



Supervisors & Managers[4]

By region

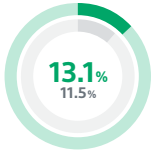
2017 | 2018



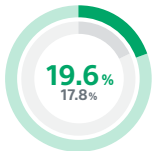
Representation of People of Color in the U.S. and Puerto Rico[5]

By level

2017 | 2018



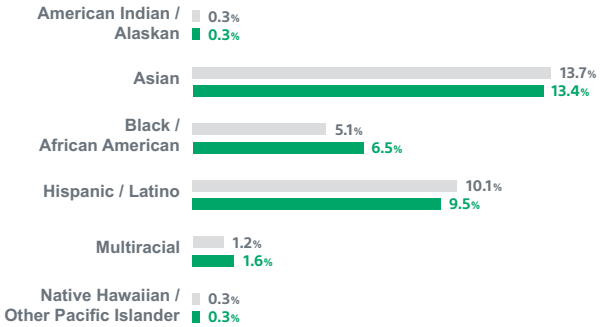
Senior Management



Supervisors & Managers

By ethnic group

2017 | 2018



*Based on individuals' voluntary self-identification ▪ **1** Gender: Gender information is collected uniformly for global reporting purposes. ▪ **2** Executive Officers includes all executive committee members listed in the company's Annual Report. ▪ **3** Senior Management includes all levels that are director, vice president, senior vice president, executive vice president and CEO ▪ **4** Supervisors and Managers includes all levels that are supervisor, manager I and manager II. ▪ **5** People of Color (PoC): Each country has specific requirements and legal considerations regarding how PoC data can be used and reported. Our reporting focuses on our US/PR PoC populations as it is uniform in definition, reporting and use.

*In 2018, our Europe, Middle East and Africa region established a **regional D&I Council** that includes D&I champions who set regional goals and address the needs of employees located across 35 countries and three continents.*

LEADERSHIP COMMITMENT

Fostering a more inclusive environment starts at the top. Chairman and CEO Mike Mahoney, along with chief executives of the world's leading companies, are part of the CEO Action for Diversity and Inclusion Pledge, the largest CEO-driven business commitment to advance workplace diversity and inclusion. Since signing the pledge in 2017, Boston Scientific and other participating companies have shared best practices for creating a work environment where complex and sometimes difficult conversations about diversity and inclusion can occur, including holding a Day of Understanding to provide a forum for employees to engage in meaningful dialogue on inclusion barriers.

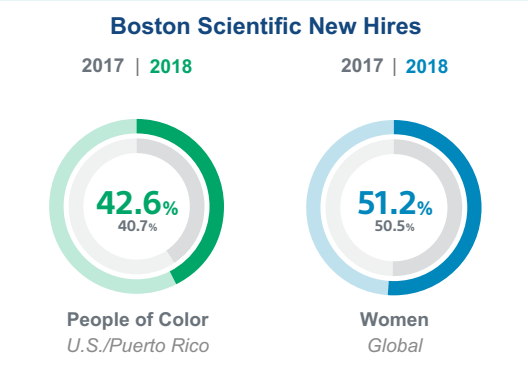
To achieve our 10/20/40 goals, each business, regional and functional leadership team has established plans to increase representation of women, people of color and globalization within their organizations. Examples of plan initiatives include mandatory consideration of a diverse slate of qualified candidates for all manager and above roles, required unconscious bias training for all those who manage people and programs that promote diversity awareness and inclusive competency skills. Additionally, we audit key talent management practices such as interview questions and high-potential leadership program requirements to ensure support of an inclusive culture.

Collaborating for Change

We proudly partner with leading organizations that promote and support the development of women, people of color, people with disabilities and LGBTQ talent. In the United States, these partnerships include Advancing Minorities' Interests in Engineering, Disability:IN, Hiring Our Heroes, the Human Rights Campaign, the National Society of Black Engineers, National Action Council for Minorities in Engineering, reacHIRE, the Society of Hispanic Professional Engineers and the Society of Women Engineers, among others.

We are building similar collaborations in other parts of the world. In 2018, we hosted 100 members of the Japan Women's Innovative Network (J-Win) organization at our corporate headquarters as part of the organization's Annual Overseas Study Tour. During their visit, J-WIN members learned more about the medical device industry and participated in an interactive career experience session with Boston Scientific leaders.

As a founding member of Disability:IN's Inclusion Works Program (formerly Going for the Gold), we are advancing programs to support the hiring and inclusion of people with disabilities. Through this collaboration, we conducted disability awareness training globally, increased understanding and adoption of the reasonable accommodations process and expanded the availability of on-site resources. Also in 2018, our fulfillment center in Quincy, Massachusetts, launched a program to assist people with disabilities seeking customer service and distribution center employment. Boston Scientific has been recognized for three consecutive years as a Disability Equality Index® (DEI) Best Place to Work.



Targeted development/retention programs

We continue to increase focus on developing women and people of color through specific development initiatives that include executive sponsorship, deliberate job movement and leadership development programs. One example of this work is the Boston Scientific EXCELerate program, a multi-year sponsorship focused on the career development of female talent in a range of technical fields, including R&D, manufacturing, supply chain, clinical, quality, information technology, global business systems and security. In 2018, 93 women from seven countries participated in the program and were matched with Boston Scientific executive sponsors who serve as advisors, mentors and career advocates.

In addition, our Women's Network Employee Resource Group chapters across local markets support the personal and professional development of women through formal mentoring programs. These programs are designed to help participants develop leadership skills, set realistic career goals and plans to achieve them, while expanding their network within Boston Scientific. For instance, our Women's Network chapter in Japan held its annual PRISM congress in 2018 with all female employees and their managers. The event focused on the state of diversity and inclusion in Japan and how to further address cultural barriers that impact the representation of women in sales and leadership positions.

LISTENING TO SUPPORT AN INCLUSIVE CULTURE

Our best ideas come from our people, including how to continuously improve our workplace and culture to attract and retain top talent.

Employee Surveys

We regularly conduct a global Employee Engagement survey to better understand our cultural and organizational strengths and areas for improvement. Results from the latest global survey include an overall engagement score of 79 percent, positioning Boston Scientific eight points above the global benchmark for high performing companies across industries.* The company also exceeded the global high performing norm in four out of the five benchmarked categories (engagement, immediate manager, senior leadership, talent and performance management and total rewards). Leaders, working with employees, reviewed these results to create measurable multi-year action plans to refine and improve on results at the corporate and local level.

We also conducted a 2018 qualitative study with a global cross-representation of employees to better understand engagement differences in employee perceptions of career development opportunities. As a result of this effort, as well as best-practice benchmarking, we expanded manager skill-building programs and drove greater transparency of our diversity data, initiatives and goals. Several of these initiatives were launched in 2018 and will continue into the next year and beyond.

Self-ID Survey

As a U.S. federal contractor doing business with the U.S. government, Boston Scientific is required to regularly survey employees about their disability status. In response to employee feedback, our 2018 survey included questions related to self-identification in the categories of military, gender, LGBTQ and ethnicity/race. Nearly 30 percent of the company's U.S. and Puerto Rico employee population completed the questionnaire.

* Source: Corporate Executive Board

Our Employee Resource Groups (ERGs) help create thriving communities for our diverse employees to connect and succeed, while impacting communities around the world. Here are a few examples of their achievements in 2018:

Bridge to the Future

The Valencia, California, BRIDGE chapter hosts an annual ***Bridge to the Future*** *program that helps introduce students of color to STEM education. The nine-month experience for 10th through 12th graders includes sessions such as this one focused on programming, coding and robotics and professional skills.* ***In April 2018, BRIDGE hosted their seventh graduation, celebrating the growth and development of 27 students.***

New ERGs in Ireland

Our Clonmel, Cork and Galway sites in Ireland coordinated the launch of ***three new LEAD chapters*** *in 2018, while also coordinating site-specific disability inclusion training. The sites collaborated to* ***develop programs dedicated to supporting people with disabilities in the workplace.***

Operation Gratitude

In 2018, our VETS chapters collaborated with ***Operation Gratitude*** *to collect more than 700 pounds of requested supplies across Boston Scientific locations. Operation Gratitude supports U.S. troops and their families by* ***sending care packages to all who bravely serve and delivering items needed by their families at home.***

EMPLOYEE RESOURCE GROUPS

Our ERGs are at the heart of our culture of diversity, collaborating across the business at all levels to promote awareness in a wide range of areas. When people join and contribute to these groups, they take on valuable new experiences and opportunities to handle new responsibilities.

More than 4,400 Boston Scientific employees are active in 9 ERGs with 85 chapters around the world:

- BRIDGE: Developing a Community of Black Leaders
- HOLA: Hispanic Organization for Leadership and Achievement
- LEAD: Leadership, Education and Allies for Disabilities
- PACE: People Accepting and Celebrating Equality
- PEARL: Pacific East Asian Resources in Leadership
- SAIL: South Asians in Leadership
- VETS: Veterans & Employees Together in Service (Military)
- Women's Network: Promoting Professional Development of Women
- YPN: Young Professionals Network

Global Council for Inclusion

Our leaders are important role models for driving change. The Boston Scientific Global Council for Inclusion guides the implementation of our D&I strategies. The council is chaired by Chief Financial Officer Dan Brennan and its members include Chairman and CEO Mike Mahoney, the Executive Committee, our global D&I team and all global ERG leaders. The council meets quarterly to assess diversity and inclusion progress and engage in candid conversations on issues that our employee groups may be facing. Each of our nine ERGs are also sponsored by an Executive Committee member. Recognizing that our businesses, functions and regions experience D&I challenges differently, we have also established local inclusion councils to support these unique opportunities.

SETTING THE BAR HIGHER

Boston Scientific participates in several external benchmark index surveys that enable us to compare and assess our progress and practices for continued improvement. With a D&I goal focused on achieving Top 10 workplace inclusion leadership in key focus areas (women, people of color, disabilities and LGBTQ), we are committed to driving practices that promote an inclusive culture and enable us to be an employer of choice for globally diverse talent. We are proud to have been recognized by the following organizations in 2018 for our work:

2018 Awards

- **LATINA Style's 50 Best Companies for Latinas** (2015-2018)
- **Disability Equality Index** (DEI) (2016 - 2018)
- **Fatherly Top 50 Places to Work for New Dads** (2018)
- **Forbes list of Best Employers for Women** (2018)
- **Forbes list of Best Employers for Diversity** (2018)
- **Glassdoor Employees' Choice Best Places to Work** (2018)
- **Historically Black Colleges and Universities (HBCU) Top Supporter** (2016-2018)
- **Human Rights Campaign's Corporate Equality Index** (2015–2018)
- **Leading Diversity Best Practices Inclusion Index Organization** (2018)
- **National Association for Female Executives Top Companies for Executive Women** (2018)
- **Working Mother "100 Best Companies"** (2017-2018)

Equal Employment Opportunity Policy

Boston Scientific has been, and will continue to be, an equal opportunity employer. To ensure full implementation of the company's equal employment policy, we continue to work to ensure that recruitment, hiring, assignment, promotion, compensation and all other personnel decisions are made and administered without regard to race, religion, color, national origin, citizenship, sex, sexual orientation, gender identity, gender expression, veteran's status, age, mental or physical disability, genetic information or any other protected class. We draw strength from the unique talents and abilities inherent in a diverse workforce and we believe that the best and most innovative products come from an inclusive workplace where varied viewpoints are welcomed and encouraged. We also have a strict policy against harassment that is reinforced through training and other ongoing communication.

EMPLOYEE GROWTH AND DEVELOPMENT

Growing and developing our people is essential to growing our company. Employees at every level have access to a variety of programs, training and tools to advance their skills and career so they can meaningfully contribute to our mission of transforming lives.

Coaching and Development

Creating an environment where coaching and development are valued and prioritized will accelerate our company performance. To ensure the growth and success of our leaders as coaches, we have invested in tools and training to support their continued development and expand measures for accountability, including:

- Management Development Program (MDP): The MDP features tools and coaching for our employees who manage people. The mandatory 18-month curriculum focuses on enhancing skills ranging from hiring talent to managing performance, unconscious bias training and situational leadership. Upon completion, leaders are provided with several tools and resources that help put this training into practice. In 2018, more than 2,000 managers globally completed more than 6,000 MDP sessions.
- Employee feedback: To provide leaders valuable feedback on their coaching performance from those who interact with them most in this role — their employees — we provide a number of tools to help initiate dialogue and inform our leaders' individual development plans. These tools include employee input on annual performance reviews, 360-degree surveys and an employee leadership assessment survey – SPARK – that gives employees an opportunity to rate their manager's performance against the behaviors that define a people leader at Boston Scientific.

Empowering Leaders of Today and Tomorrow

Boston Scientific offers learning and development programs that help employees achieve their unique career goals and aspirations. These programs range from on-the-job training and skills-based learning to focused leadership programs aimed at accelerating the growth and development of our talent who have the potential to hold leadership roles in our business in the future. In addition to offering more than 150 professional and technical skills courses to all global employees each year, we also offer several specific leadership development programs:

- Building Managerial Potential (BMP): The BMP is for employees who nominate themselves to build the skills they need to prepare for management roles. Since its launch in 2016, approximately 500 employees have graduated from the program, including more than 200 in 2018.
- Advanced Manager Development Program (AMDP): The AMDP helps middle managers with several years of experience strengthen key competencies such as strategic thinking, communication and managing across cultures. In 2018, 91 managers participated in the program; more than 500 have completed the course since 2016.

2018 ACHIEVEMENT:

More than 2,000 people leaders around the globe completed over 6,000 MDP sessions.

- Leadership Development Program (LDP): Director-level and above employees are nominated to participate in LDP to prepare for their next level of growth by enhancing skills in personal and team leadership through interactive sessions and business simulation, while providing opportunities for networking and interaction with global peers and senior leaders. In 2018, the LDP had 62 participants from 13 countries. More than 490 leaders have participated since the first offering in 2013.
- Accelerated Leadership Development Program (ALDP): Senior leaders act as facilitators for ALDP, which is designed to accelerate the readiness of high potentials and key successors to take on more complex roles in the organization. A series of one-week classroom sessions provides simulations, case studies and networking opportunities with peers across the company and members of the Executive Committee. During the sessions, each participant is assigned a coach to support continued feedback and development. Nearly 330 leaders have completed the program since its inception in 2010, with 27 participants in 2018.

Leadership Development Within Regions and Across Cultures

Boston Scientific has also created targeted leadership development programs to complement corporate programs and support the development of talent across the organization. Some examples of regional development programs include:

- Through a combination of challenging international work experiences and business projects, the Asia Pacific Global Leadership Development Program (GLDP) is a tailored program that aims to systematically develop talented, diverse and global leaders who are capable of leading the organization into the future.
- In Latin America, regional leadership development programs are facilitated by senior leaders and program alumni to support the development of competencies and capabilities that address the region's unique health ecosystem and emerging market challenges.
- The Europe, Middle East and Africa region's Key Talent Program provides high potential senior managers and directors with opportunities, experiences and leadership exposure to accelerate their development and deepen the region's leadership pipeline.

Cross Cultural Learning

As a global company operating around the world, employees have an opportunity to interact routinely with peers, customers and patients from a variety of cultures and countries. To support cross-cultural learning and awareness among all employees, the company offers a portfolio of on-demand training and resources.

COMPENSATION AND BENEFITS

We are committed to delivering compensation and benefit programs that support overall well-being and health, while providing flexibility to meet our employees' unique needs and expectations. We embrace our multigenerational workforce, with programs that go beyond best-practice and focus on best-fit.

Equal Pay for Equal Work

Paying our employees equally for equal work is consistent with our values and is at the heart of our global compensation practices. Our approach to monitoring and maintaining pay equity includes regularly benchmarking global salaries, conducting rigorous internal and external parity audits and reviewing pay recommendations across the company as part of our annual compensation process.

Boston Scientific works with an independent, third party to annually assess pay equity across global salaried and sales populations. In 2018, we expanded our focus to include hourly employees. We check for pay equality using regression analysis — an approach to analyzing data that controls for variables that appropriately influence pay such as job, tenure, years of experience and location. We then look for differences in pay between genders and, in the U.S. and Puerto Rico, individuals of different races/ethnicities.

Consistent with our previously published findings, our 2018 analyses found less than a 1 percent statistical difference in pay along gender lines for our global salaried, hourly and sales employees. For hourly employees, we identified less than a 1.1 percent statistical difference for race/ethnicity in the U.S. and Puerto Rico*, and no disparities for salaried and sales employees. In the few instances where we identified a gender disparity – which occurred in positions involving both men and women – we examined the circumstances and acted to increase pay where appropriate.

We will continue to evolve our practices to maintain and improve on our results. For example, to further reduce potential for biases in our hiring practices, in 2018, we prohibited the request of salary history from all U.S. job applicants. The range of our jobs are based on the skill set, experience required and what the market demands, not on what candidates have earned before. We are evaluating similar hiring practices for global locations in concert with local laws and regulations. Analysis and reporting of pay equity results are completed annually.

Benefits

Good health, financial wellness and security are critical to a productive workforce. We support a culture of health by providing comprehensive benefits to our employees.

The following principles govern our benefit plans on a global basis:

- Enable High Performing Talent – As part of a broader rewards portfolio, we offer market competitive benefits that are flexible and affordable to meet the individual needs of our increasingly diverse talent base
- Support Life/Work Integration – We strive to offer programs that acknowledge, respect and support an individual's life and work choices
- Promote Well-being – Our holistic programs are intended to support and encourage physical, emotional, financial and social well-being. Empowering employee well-being leads to improved performance for the individual and the organization
- Value and Cultural Fit – We strive to offer benefits that are valued by our employees, differentiated by our culture when appropriate, and supportive of an inclusive work environment
- Communication and Tools – We aim to communicate in a manner that makes our plans easy to understand and use, and enables employees to take action to achieve well-being.

For a comprehensive look at Boston Scientific benefits package, please visit: https://secure.bscbenefitsconnect.com/home/index.html

Global Sabbaticals Policy

In 2018, Boston Scientific began offering sabbaticals to employees with more than seven years of service to recognize their tenure and enable a planned time of renewal for development or enrichment. For those countries where national laws mandate that companies allow employees to apply for a sabbatical leave with less than seven years of service, the local tenure threshold is used. We believe employees return from time away revitalized, with new perspectives that enable them to be more productive and engaged. Sabbaticals also represent interim opportunities for others within the organization to build skills and capabilities.

Equal Pay For Equal Work

Percentage of employees who showed no statistically significant pay disparity:

*Each country has specific requirements and legal considerations regarding how race/ethnicity data can be used and reported. Our reporting focuses on our US/PR populations as it is uniform in definition, reporting and use.

Global Employee Assistance Program

Global Employee Assistance programs provide a network of support and valuable resources that encourages overall well-being, including help with finances, family life, elder/child care and mental health. In 2018, we expanded the availability of the programs to include coverage in all countries where Boston Scientific has a concentration of employees.

EMBRACING NEW LIFE-WORK NEEDS

Our Benefits to Fit Your Life program provides a range of benefits and services for different stages of life that reflect what our employees want and need to be happy, productive and engaged in their roles.

In the U.S., the program includes enhanced infertility treatment support and expanded maternal and paternal leave, as well as breast milk shipping service and increased assistance for working parents to find and pay for child care. We also added telehealth services and a new meal planning service, while expanding programs for college planning and caring for aging parents. We will continue to evolve these programs with a focus on paid time off, employee needs resulting from the impact of delaying a family for a career, fertility in all family units, and tuition and educational support that includes remote learning and non-degree education.

In 2018, we expanded the Benefits to Fit Your Life program globally with programs developed in direct response to regional employee input. Examples of our new offerings include:

- Ireland – Alignment of maternity and paternity pay and job-sharing for direct labor employees as well as career staff
- Japan – Programs to expand flexibility and family support options for employees, including improved work-from-home policies
- Hong Kong – Flexible fitness, engagement, personal development, child care and dental benefits
- China – New family-friendly options for working parents such as flexible hours on the first day of the school term
- India and Korea – Child care subsidies for working parents as well as new education support options

Employee Health and Safety

A commitment to employee health and safety is a prerequisite to our pursuit of patient care. A shared culture of ensuring the safety of our employees enables meaningful innovation and business success.

Our strong health and safety performance contributes to competitive strength and benefits for not only our employees, but also our customers, communities and shareholders. To deliver on our goals in accordance with the Boston Scientific Environmental, Health and Safety (EHS) policy, we integrate safety metrics in our overall monitoring systems at the local and global levels. Boston Scientific teams review these metrics daily in local groups, weekly in management meetings and monthly with global leadership, with a focus on adverse trends or significant incidents to ensure effective responses.

We set measurable safety goals called Total Recordable Incident Rate (TRIR) targets for every Boston Scientific site, with lower targets at our less complex locations. Our EHS Operations Council assesses performance monthly to discuss trending and improvement opportunities, including global company leadership reviews.

2018 ACHIEVEMENT:

0.5/100

We maintained our target safety goal of 0.5 injuries per 100 employees, which we achieved in 2017... two years ahead of our 2019 target.

*Safety goal specific to Boston Scientific major manufacturing and distribution facilities.

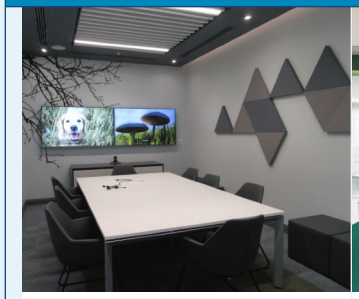
Occupational Health and Well-being

Our employees are our most important resource and a comprehensive employee well-being program is an integral part of our employee support system. To ensure stronger and more focused programs, we launched a new Occupation Health Council in 2017 and saw promising results from its first full year of work in 2018.

Health and wellness programs provided in 2018 included employee nutrition, yoga, weight management support, smoking cessation, mindfulness and organized team sports events.

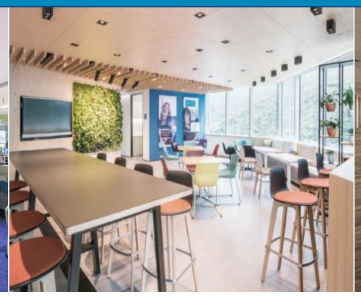
In addition, we maintain global facilities at a high standard to ensure our physical workspaces promote optimal physical health and overall well-being. We continue to invest in Boston Scientific workspaces worldwide to provide energy-filled, creative environments that allow innovation to thrive and employees to feel included, valued and engaged.

Boston Scientific Workspaces

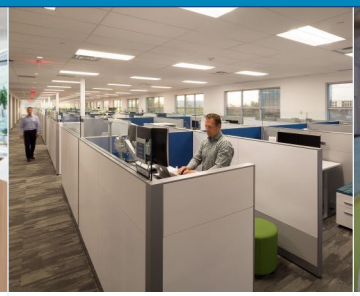


*2018 renovations in our **Galway, Ireland**, facility focused around biophilic design, an emerging field with the goal of connecting people more closely to nature.*

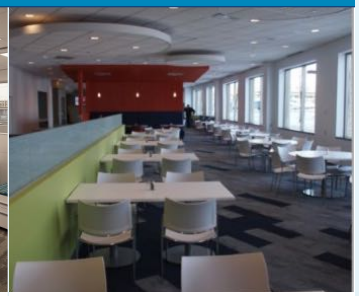
*2018 was the first full year of operations in our expanded **Heredia, Costa Rica,** facility, featuring bright and open collaboration spaces and new amenities.*



*Our new **Hong Kong** office, which opened in February 2018, offers modern, collaborative equipment and plenty of natural light in a location convenient to public transportation.*



*Renovations to our **San Jose – Baytech, California**, facility included adding more than 20,000 square feet of state-of-the-art R&D lab and open office space, as well as a new on-site fitness center.*



*The **Arden Hills, Minnesota**, office was renovated in 2018 to include a state-of-the-art employee café and multi-use space.*

CARING FOR OUR COMMUNITIES

Our caring value guides us in how we engage with patients, how we work together as colleagues and how we invest in the well-being of communities. Around the world, our employees participate in and influence the way we care for people in local communities.

We focus our community engagement efforts on three key areas:

Health	Education	Community
We aim to decrease health disparities for the underserved by providing access to quality care, supporting prevention and awareness programs and helping to prepare children for a healthy journey into adulthood.	By supporting education and STEM (Science, Technology, Engineering and Math) programming for K-12 students around the globe, we are helping to develop the diverse future talent that will enable us to create health solutions for generations to come.	Through engagement and recognition programs, we are empowering our employees to Advance Possibilities in their local communities by donating their time and resources to help those most in need.

Boston Scientific employees volunteer at a variety of organizations in communities where we operate, including this event during our annual Week of Caring to support a homeless shelter in California.

PROMOTING HEALTH EQUITY

Fostering Healthy Communities

Our work in healthcare comes with a profound responsibility to those around us. As the industry landscape evolves, we know that preventing illness is just as important as treating it. Our health awareness programs provide education and resources to help people around the world live better and healthier lives. Additionally, we work with global organizations to bring new resources to regions where people lack access, information and basic care.

We are also focused on reducing risk and decreasing health disparities in chronic disease for underserved populations. We strive to help as many patients as possible improve their health by sharing our products, expertise, time and resources. Our global collaborations with Project Hope, Partners in Health and Children's HeartLink have helped to increase the investment in, and number of, global healthcare workers focused on chronic disease. Since 2016, the combined impact of these partnerships has included training for 2,255 healthcare workers and chronic disease screening, education or care for 20,147 people in India, South Africa, Malaysia and Mexico.

Project HOPE in South Africa

*Boston Scientific collaborated with **Project HOPE**, a U.S.-based global health and humanitarian relief organization, to implement new health screening protocols in South Africa, a priority set by South Africa's Ministry of Health. The project focused on creating standards for screening and on increasing the skills of local community health workers to reduce occurrence of noncommunicable diseases. Project HOPE teams have completed training of more than 350 community health workers on effective health screening of diabetes and hypertension, as well as nearly 50 nurses. As a result of Boston Scientific funding and employee volunteers, **Project HOPE expects to reach 60,000 people who will receive screening and health services from newly trained community health workers in South Africa.***

Health Camp in India

*Boston Scientific teams in India and Marlborough, Massachusetts, joined forces with HCS Wellness, a firm in India that helps workplaces build wellness programs, to provide a healthcare camp for children at an underprivileged school in Gurgaon, India. **More than 200 children were given health tutorials and medical, dental and eye screenings to determine their need for eyeglasses, vaccines and additional dental procedures.** The teams also handed out school supplies, dental care items and fleece blankets.*

Close the Gap Health Equity Initiative

Boston Scientific is leading efforts to promote health equity through our Close the Gap initiative, which aims to eliminate care disparities and improve patients' access to health services regardless of age, gender, race, ethnicity or primary language. The company collaborates with diverse stakeholders to advocate for broader minority representation in clinical trials, to support patient advocacy efforts, and to reach underserved patient populations with culturally relevant education and resources delivered through events, programs and social media dialogue. In 2018, nearly 60 Close the Gap events took place in communities across the United States.

Taking Action to Close the Gap

Collaborating at Pride

The Close the Gap team collaborates closely with the PACE (People Accepting and Celebrating Equality) ERG to create relevant LGBTQ+ educational materials focused on health disparities in the community.

At the June 2018 Twin Cities Pride Festival in Minneapolis, Minnesota, volunteer physicians from the Minneapolis Heart Institute Foundation ***answered questions from participants about heart disease while volunteer nurses performed more than 100 blood pressure screenings and provided education on existing health disparities in the LGBTQ+ community.*** *This outreach will serve as a model for us at future Pride events in the U.S.*

Close the Gap By the Numbers

25,000+
People reached in 2018 by Close the Gap health equity activities and initiatives

100+
U.S. Congress members educated on the impact of critical limb ischemia and lower extremity amputations among African Americans

17
States with high cardio-vascular disease mortality and/or significant health disparity* benefited from education and awareness activities

433,000+
Impressions from the Close the Gap Twitter account in 2018

73%
Positive response to all tweets and campaigns

*Measured by the Agency for Healthcare Research and Quality.

INSPIRING THE NEXT GENERATION OF LEADERS

To inspire a global and diverse generation of future science, technology, engineering and math (STEM) innovators, Boston Scientific provides challenging and fun opportunities to expose children to STEM experiences and future careers.

Our volunteers bring STEM experiences to students in the communities where we operate, collaborating with educators to understand their students' needs and shape a customized approach. From mentoring and sharing career experiences to hands-on experiments and tours of Boston Scientific facilities, we work to introduce students from underrepresented populations to the possibilities STEM learning can provide and maintain dedicated STEM teams at 13 Boston Scientific sites.

In 2018, our teams achieved:

- 10,500+ STEM volunteer hours
- 1,300+ STEM volunteers
- 200+ STEM events

Our STEM programming is intended to help grow a future pipeline of diverse talent. An important part of our STEM outreach efforts has been finding creative and interactive ways for Boston Scientific employees to share their passion for their work with young learners. We've created career cards, videos and other tools to introduce students to employees in a variety of STEM roles.

STEM Spotlight: Nurturing Talent for the Future

*Left: Each year, the Boston Scientific Arden Hills, Minnesota, STEM team hosts an annual **Girl Scout Patch Day** with the Society of Women Engineers. Junior Girl Scouts participate in activities to learn about engineering, science and package design.*

*Right: Through the **"Little Doctors" program** in China, Boston Scientific employees share practical and fun lessons on first aid, CPR and trauma dressing with local students.*

S.T.E.M.

*Left: In 2018, Boston Scientific introduced students to a new friend, **Procedure Pal**. Designed to help demonstrate how some Boston Scientific devices are used, Procedure Pal is an interactive table-top model that helps kids see real examples of where devices are placed within the body and how each works. Our volunteers can explain medical procedures such as deep brain stimulation for the treatment of Parkinson's disease symptoms and the implantation of cardiac pacemakers to help the heart beat more regularly. Created by Boston Scientific volunteers from Minnesota and Massachusetts, Procedure Pal models have been featured in demonstrations globally, including here in our Galway, Ireland facility.*

Living Our Caring Value:

43,000+ hours volunteering in our communities

8,500+ employee volunteers around the world

600+ employee volunteering events worldwide

*Boston Scientific volunteers in Maple Grove, Minnesota, participated in an event called **Free Bikes for Kids** to benefit local children.*

GIVING BACK TO OUR COMMUNITIES

In 2018, our global network of Boston Scientific employee volunteers raised awareness through more than 600 community engagement events in 33 countries.

We have an awards program to recognize outstanding employee volunteers and received more than 250 nominations highlighting the work of employees who are making a difference through culturally and locally relevant community service.

We also help communities in need through the Boston Scientific Employee Matching Gifts Program and the Employee Disaster Relief Fund. Through our Employee Matching Gifts Program, employees can contribute to a cause they care about with Boston Scientific matching their gift. In 2018, we provided $8.9 million in charitable contributions to support communities around the world, targeted mostly to health and education efforts. In addition, we provided over $72 million in funding for research and education efforts across a wide category of health and disease states. We also managed an Employee Disaster Relief Fund to support individuals and families impacted by large natural weather events and disasters. Many people who were impacted by Hurricane Maria in September 2017 continued to benefit from this fund in 2018, with Boston Scientific employees and the company donating $810,000 in 2018, adding to the more than $4 million given in 2017.

Possibility Grants

In 2018, Boston Scientific offered Massachusetts and Minnesota employees the opportunity to nominate local non-profits for Possibility Grants intended to help solve a significant problem in a local community. Ten award winners received a total of nearly $14,000 to support projects and programs including a new indoor arena for a therapeutic horseback riding program for young adults with special needs, a middle school garden and compost program, and new computers for a teen crisis center.

OUR PRACTICES

OUR PRACTICES

As we work together to advance science for life, the quality and safety of our products and services is our top priority. We are committed to applying safe, ethical and sustainable business practices in all that we do to make a meaningful difference in the lives of patients and their families.

WORKING RESPONSIBLY

We work responsibly to research, develop, manufacture and deliver our innovative products with our commitment to strong corporate governance, impeccable ethics and compliance with industry regulations.

GOVERNANCE

Boston Scientific is committed to doing business with integrity and honesty. An ethical workplace and governing structure begins with our Board of Directors and executive leadership, who oversee the implementation of guidelines to ensure we act ethically in our business practices, comply with local tax and business laws and regulations, and remain transparent in our reporting. All of our employees are responsible for applying these guidelines to interactions with customers, suppliers and investors, and in the communities in which we operate.

Our Board maintains charters for governing its committees. The current committees of the Board are the Audit Committee, Executive Compensation and Human Resources Committee, Finance Committee, and Nominating and Governance Committee. A nominating and governance committee reviews our Board composition and committee membership annually to ensure it reflects the needs of our diverse stakeholders.

Risk management is essential to our governance. Our Board oversees an Enterprise Risk Management program, which identifies strategic, operational, financial, legal and compliance risks so we can anticipate and adapt to potential challenges. We continually evaluate our corporate governance guidelines, committee charters and Code of Conduct, taking into consideration relevant laws, regulations and listing requirements, as well as best practices suggested by recognized governance authorities.

COMPLIANCE, ETHICS AND INTEGRITY

Our company values underpin our commitment to ethical and honest business practices in everything we do.

Our employees are expected to:

- Act honestly and ethically in all company matters
- Protect the privacy of patients, customers and employees
- Treat each other with respect and fairness
- Hold each other accountable to ensure quality in all that we do

The Global Compliance team, led by our chief compliance officer, supports the company's world-wide culture of compliance and ethics through partnerships and collaboration with commercial team members and other key stakeholders. The chief compliance officer reports quarterly to the audit committee of the Board of Directors.

Code of Conduct for Employees and Channel Partners

Boston Scientific strives to comply with applicable laws in every relationship, every day. Our Code of Conduct is the foundation for our existing policies and must be read and fully understood by every employee. Additionally, we have multiple training curriculums which are required for all employees.

Our Code of Conduct training curriculum provides ongoing education to employees on our policies, corruption and compliance-related risks, and resources for asking questions and reporting concerns. It also features real-life, scenario-based content.

Our U.S. Customer Interactions training provides guidance on the laws, policies, principles and processes for interacting with healthcare professionals licensed to practice in the U. S. Our anti-corruption training course reviews the compliance requirements for interacting with healthcare professionals, public officials and other third parties, such as our channel partners (e.g., distributors, dealers and agents) outside of the U.S.

Our Channel Partner Code of Conduct sets forth expectations for our channel partners (i.e., distributors, dealers and agents) doing business on our behalf. All channel partners annually certify adherence to the Boston Scientific and Channel Partner Codes of Conduct as part of on-boarding or renewal procedures as well as complete mandatory training. Boston Scientific requires channel partners to abide by anti-bribery and anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other national laws. We monitor and support our channel partners through our Third Party Program, which includes on-site auditing and other procedures that validate channel partners' compliance with our requirements.

Compliance Program

We have a comprehensive compliance program to prevent, detect and respond, if needed, to conduct that does not align to our Code of Conduct. Our program also includes periodic assessments of our compliance program's effectiveness and an annual risk assessment, using internal and external inputs, to determine strategic focus areas across all elements of our compliance program.

EMPLOYEE EXPECTATIONS:

Act honestly and ethically.

Protect privacy of patients, customers and employees.

Be respectful and fair.

Hold each other accountable, to ensure quality in all we do.

Boston Scientific Advice Line

We encourage employees to ask questions and report concerns, including anything that conflicts with our Code of Conduct, through our advice line, which is operated by a third party and available 24 hours a day in multiple languages.

Our Non-Retaliation Policy prohibits any form of retaliation, direct or indirect, against an individual who raises a concern in good faith. This policy extends to anyone who assists with, or cooperates in, an investigation or report of misconduct.

DEVELOPING INNOVATIVE PRODUCTS

It takes an unwavering focus to deliver life-changing treatments. We foster an environment of creativity to transform new ideas into breakthrough services and solutions that create value for patients, customers and employees. Our teams collaborate internally and externally to solve the challenges that matter most, always with a focus on patients.

Our Global Approach to Innovation

Boston Scientific new product development teams follow the Product Life Cycle Process (PLCP), a global process that integrates business, technical and quality system tasks to drive innovative product ideas from strategy through commercialization to product end-of-life. This methodology helps us share experience and knowledge across the company and ensures a consistent, quality-focused approach to new products and services.

To better meet the needs of patients and customers in global markets, we have research and development sites in the United States, European Union, Costa Rica, India and China. These sites help us closely align our R&D teams designing products with our manufacturing teams building products. In addition, our R&D Centers of Excellence help us share expertise and capabilities across our global product development network.

Pre-Clinical Sciences

Boston Scientific conducts pre-clinical research to investigate and demonstrate the safety and efficacy of our medical device products prior to human clinical trials and use. To ensure excellence in our pre-clinical research and science, our policies set standards to be certain that we are consistently pursuing product efficacy, fulfilling regulatory requirements and engaging in essential training. At times, to ensure we meet our obligations of safety in new products and therapies, animal testing is utilized and serves as an important component of our research and development efforts. The FDA may require evidence from pre-clinical testing prior to commencing human clinical trials.

We are committed to the humane care and treatment of laboratory animals, and use alternative testing whenever such methods are feasible, scientifically valid and appropriate. Our pre-clinical research personnel are highly trained with multiple certifications and our facilities meet or exceed applicable laws and regulatory authority requirements, guidelines and standards. Finally, we are routinely audited by our own internal experts and relevant government agencies including FDA, USDA and AAALAC.

Clinical Trials

Advancing our product pipeline to include new and expanded indications requires a commitment to leading transformative and innovative science. Clinical trials are critical to our assurance that the products we offer are of the highest quality and safety. We conduct trials in accordance with international and national regulatory requirements with dedication to our quality systems, which are designed for legal and regulatory compliance, as well as for enhancing delivery of global trial operations. In 2018, we invested in operational enhancements that will prepare our trials for compliance with the General Data Protection Regulation, E.U. Medical Device Regulation and Risk-Based Monitoring as well as additional enhancements to drive ISO (International Standards Organization) and operational excellence.

CLINICAL STUDIES AT A GLANCE:

There were 150 active clinical studies in 2018, including more than 55,000 patients globally.

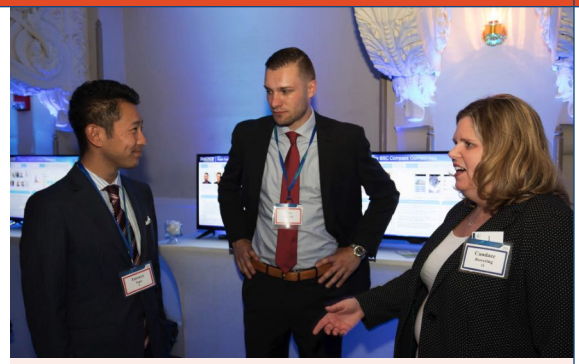
Focus on Innovation

Improving Patient Care with Digital Health

*Now in its fourth year, the **Boston Scientific Connected Patient Challenge** is an open competition to promote the development of meaningful innovation to address complex healthcare challenges. The 2018 competition, co-sponsored by Google Cloud, focused on the role of the Internet of Things in influencing patient outcomes. The winner, XcellCure, a startup biotechnology company, developed the AmiAware cardiac microarray concept to detect early warning signs of a heart attack in patients with chest pain. The award enabled the company to further develop the platform and clinical strategy.*

Boston Scientific
CONNECTED PATIENT CHALLENGE

Celebrating Our Teams



*Boston Scientific leaders demonstrate their commitment to innovation though the **ImagineIF Innovation Fund**. Employees are encouraged to participate in a venture-style contest that solicits breakthrough ideas across the organization. This program helps to continuously reinforce our meaningful innovation core value. Since the 2014 launch, we've funded more than 50 projects.*

IMAGINEIF
INNOVATION FUND

Recognizing Development Excellence

***Recognize Development Excellence** is an annual Boston Scientific program that recognizes and rewards cross-functional teams who develop meaningful innovations for patients, customers and company.*

Collaborating on Solutions to Improve Patient Care

The Boston Scientific ADVANTICS™ Innovative Healthcare Solutions portfolio helps customers solve complex challenges. Using clinical and operational expertise, our team works together with cardiovascular staff to improve the patient experience, grow their Structural Heart programs and optimize cardiovascular lab performance. Recent collaborations include:

- A 300+ bed hospital that offers advanced services in cardiovascular medicine where we identified improvement opportunities within the Structural Heart program, including increasing patient access to care and efficiency of care. As a result, the hospital has been able to treat more patients who benefited from a streamlined referral process and operational improvements.
- A 500+ bed hospital where we facilitated same-day discharges for patients who underwent percutaneous coronary intervention (PCI). Within 12 months, more than 30 percent of patients who would have previously required an overnight stay were discharged the same day and able to recover in the comfort of their own homes. This resulted in decreased costs and increased inpatient bed capacity.

QUALITY AND SAFETY

Quality is integrated into every aspect of our work to ensure we design, test, manufacture and distribute high-quality, safe and effective devices. Our commitment to quality begins with our Quality Policy, a one-line statement that is highly visible in our facilities: "I improve the quality of patient care and all things Boston Scientific." This commitment is supported by Quality Systems Basics training for all Boston Scientific employees.

The following key elements are included in our approach to quality:

- A Quality Master Plan that helps us strategically plan and prioritize quality improvement projects that emphasize prevention and will lead to higher quality products, with better patient outcomes and fewer customer complaints
- A strategy we call Best4, with the goal of delivering industry-leading performance in
  (1) compliance,
  (2) outcomes,
  (3) efficiency and
  (4) agility
- A Global Quality System that integrates customer feedback and regulatory requirements into our processes

RECOGNITION FOR INNOVATION EXCELLENCE IN 2018

- **Forbes Most Innovative Companies:** Boston Scientific named to Forbes' list of The World's Most Innovative Companies
- **Clarivate:** Boston Scientific recognized for the third consecutive year as a Derwent Top 100 Global Innovator by Clarivate Analytics
- **Prix Galien:** The Boston Scientific WATCHMAN™ Left Atrial Appendage Closure (LAAC) Device received the Prix Galien USA 2018 Award for Best Medical Technology, one of the global health innovation industry's most prized honors

Every employee makes an impact on the quality of patient care and has an opportunity to innovate so that we can keep improving. We will never be satisfied with the status quo.

Our Quality Mission, "We exceed expectations with customer-centric quality solutions that transform patient lives," is at the forefront of our product development process and complements our Quality Policy. Our Global Design Controls process, integrated with Risk Management and Usability Engineering helps us leverage complex technologies to create safe and effective solutions. We use an iterative process that centers on the needs of the final user at every stage of design and development. Our employees are encouraged to spend time outside our offices to observe procedures and talk to patients as well as healthcare providers.

A key aspect of product quality includes the materials used in our manufacturing processes. Boston Scientific has globally harmonized processes and systems to provide an efficient, flexible and comprehensive approach to compliance with medical, environmental and other material regulations. This includes component material and device material assessment. We carefully select the materials used in our products as well as our suppliers so that we can provide safe and effective solutions. Our teams continually monitor and comply with global regulations to ensure our products continue to meet all applicable requirements.

Continually Improving with Quality Initiatives

Each year we undertake several targeted quality and compliance initiatives to ensure ongoing compliance with changing global industry regulations, while also focusing on continuously improving our products. Highlights of our 2018 accomplishments include:

- Implemented a global design controls process that fully integrates usability engineering and risk management for effective new product development as well as customer-centric product designs.
- Enabled innovation and expansion into new technologies with the launch of our new Global Process for Digital Health Development and Validation.
- Adapted to the evolving regulatory environment with programs to implement General Data Protection Regulation (GDPR) and continued to prepare for the European Union Medical Device Regulation (MDR). Executed enterprise training for both initiatives and implemented new policies and procedure updates to ensure compliance.
- Invested in advancements in Post Market Quality assurance, including implementation of a global complaint management system that will enable continued evolution in post market surveillance.
- Launched Workstation Built-in Quality prevention program to enable quality at the source where the product is being built.
- Implemented new lab management system for our Pathology franchise that provides end-to-end specimen processing and traceability with slide printing, barcode scanning technology and enhanced quality control processes.

Focus on Quality: Connecting our teams to customers and patients

*Annual employee events are held at Boston Scientific sites to celebrate the impact our work has on improving the quality of patient care. The theme of these events is "**Everyone Makes an Impact,**" reinforcing the importance of every employee's role. Patients and physicians attend as guest speakers to share personal experiences, and employees participate in activities to reaffirm their commitment to the Boston Scientific Quality Policy.*

"Usability is a critical design component for a safe and effective device."

— Roz Burke, Senior Vice President, Global Quality and Regulatory Affairs

"Usability engineering helps us understand what customers do, why they do it and what they're trying to accomplish. With this knowledge, we can create innovative solutions that drive healthcare forward."

— David Feygin, Chief Digital Health Officer

SUSTAINABLE SUPPLY CHAIN

With approximately 15,000 life-changing products, our manufacturing and supply chain teams play a critical role in ensuring that we plan, source, manufacture and distribute a reliable supply of high-quality products to meet our customers' evolving needs. To guide our work, we use a strategic quality process to prioritize, execute and monitor manufacturing and supply chain efforts. The process enables our global teams to work toward a common set of objectives.

Maintaining the highest-quality component supply requires a rigorous supply chain and supplier risk-management approach. Our sourcing team monitors supplier risk level to ensure that we partner with long-term suppliers that share our customer focus. Our supply chain team facilitates planning for Boston Scientific products across divisions and regions. Both teams enable our network of manufacturing plants and global distribution centers to provide the right product at the right place and the right time.

Partnering to Set Industry Standards for Quality and Compliance

We collaborate with trade associations and regulatory bodies around the world to set new standards in quality and to anticipate and address changing regulatory guidelines. We are committed to having patient-focused, high-performing quality systems and helping influence industry and regulatory approaches to quality.

In the U.S., we participate in the Case for Quality Voluntary Improvement Program, a multi-year initiative led by the U.S. Food and Drug Administration (FDA) in conjunction with the Medical Device Innovation Consortium (MDIC) to improve product quality using best practices, standards, tools and metrics. In 2017, we were one of the first companies invited to participate in the agency's Voluntary Medical Device Manufacturing and Product Quality Program. This pilot program uses an independent assessment to evaluate the capability of medical device organizations to produce high quality devices and improve patient safety. To date, we've had four successful year-one and one successful year-two appraisals:

- Year One Appraisals: Arden Hills, Minnesota; Clonmel, Ireland; Maple Grove, Minnesota; Galway, Ireland
- Year Two Appraisal: Arden Hills, Minnesota

We also participate in the FDA 510K improvement and Software for Digital Health programs.

In May 2017, new European Union MDR was published with the goal of strengthening the regulatory platform across the EU to further enhance patient safety. By May 2020, companies must demonstrate compliance with the MDR for all products that require CE mark, including existing commercialized products that must apply for CE mark renewal. Boston Scientific global quality and regulatory teams have continued to collaborate with industry trade group MedTech Europe and

other working groups to ensure we are prepared for the implementation of MDR requirements.

Effective May 25, 2018, the GDPR, a new European Union (EU) law, governs how companies use personal data (customer, employee and patient data). The GDPR broadly impacts our company since EU personal data is collected, processed and stored globally. Our global privacy team collaborated with MedTech Europe as part of the data protection working group as well as the trade association AdvaMed in its new Data Stewardship and Privacy Working Group as part of our effort to comply with the new regulation.

Measuring and Monitoring Effectiveness of Quality and Compliance

Boston Scientific conducts internal audits to verify that our Global Quality System conforms to internal and external requirements and is effectively implemented and maintained. We plan and execute internal audits and conduct follow-up actions including re-audit of prior observations and the verification of actions taken.

External regulatory agencies also review our performance to ensure quality and compliance, with the following results in 2018:

External Regulatory Inspections*	79
Percent External Regulatory Inspections Resulting in No Findings*	67%
Average Findings per External Regulatory Inspection*	0.71
Average Findings per FDA Inspection	0.70

*Includes Notified Body, Competent Authority, FDA

Product Performance

Boston Scientific reviews customer feedback as well as experience with our devices. This information provides valuable inputs for our Quality System as well as future product iterations and innovations. Our Corrective and Preventive Action (CAPA) process establishes a system to collect and analyze data to find root causes for potential compliance and quality problems. Our teams are then able to address any potential issues and prevent future issues or recurrences. We initiate field actions (product advisories, product advisory updates, product retrievals), including follow-up and closure, to ensure regulatory or field safety issues are quickly and effectively addressed.

In 2018, Boston Scientific had zero Class I recalls and zero Open FDA Warning Letters.

PACKAGING AND LABELING

Packaging of our medical devices ensures protection during sterilization, distribution, storage and use. We collaborate with our customers to understand their needs and requirements with usability assessments. Additionally, we have a global Sustainability Packaging and Labeling Steering Committee that works with our CSR Council to develop our strategy and prioritize global goals and projects. We continuously evaluate our packaging and supply chain practices to optimize design, reduce waste and limit emissions. In 2018, with key improvements, our global packaging teams:

- Eliminated 120 tons of packaging from landfills
- Avoided 2,500 pallet shipments
- Repurposed 1,000 products during development

Boston Scientific also ensures that we have the controls in place to initiate, review and finalize product labeling to meet global labeling regulations. Our labeling ensures proper identification and prevents mix-ups by remaining legible and attached to the product throughout its lifecycle. This additional focus on our packaging and labeling design enables us to meet the needs of our customers while reducing our overall environmental footprint.

Packaging Reduction

Reducing corrugated material

*Final packaging and labeling processes of our Microspheres product lines were relocated from our Cork, Ireland manufacturing facility to our Kerkrade European Distribution Center, allowing sterile pack units to be packed and shipped without shelf cartons. This resulted in a **73 percent reduction of annual corrugated material consumption.***

Eliminating pallet shipments

*Our teams updated our Electrophysiology catheter thermoformed tray design to enable local sourcing of components in Heredia, Costa Rica. This **eliminated the shipment of over 47 pallets annually.***

2018 WorldStar Packaging Award Winner

*The development of a new package design for Ureteral Stents met customers' expectations, **eliminated the need for 120,000 pounds of plastic per year**, optimized storage, use and post-surgical waste in healthcare facilities and maintained product functionality. The WorldStar Packaging Awards Competition is one of the major events of the World Packaging Organization and is the pre-eminent international award in packaging.*

Boston Scientific representatives attending a 2018 Massachusetts LGBT Chamber of Commerce event.

"Embracing differences in perspectives and cultures of our suppliers furthers our goals in innovation and positively impacts the economies in which we live and work."

— Ed Mackey, Executive Vice President, Global Operations

SUPPORTING SMALL BUSINESS AND SUPPLIER DIVERSITY

Boston Scientific builds diversity and inclusion into every aspect of our business, including our supply chain. As part of our procurement process, we strive to partner with certified companies that share our dedication to improving the quality of patient care. In 2018, we worked with more than 700 diverse supplier businesses, including:

- Minority-owned
- Small
- Small disadvantaged
- Veteran-owned
- Service disabled veteran-owned
- HUBZone
- Disability-owned
- LGBT-owned

In 2018, $322 million of our spend was attributed to our work with diverse suppliers, a 6 percent increase from 2017. In addition, we conducted more than 120 capability assessments with diverse suppliers and participated in trade shows that promoted diverse suppliers.

Additionally, we strengthened our commitment to supplier diversity in 2018 by establishing a full-time management role to focus on this aspect of our operations. Our Manager of Supplier Diversity is charged with setting our approach, policies, goals and targets to align with our values and business objectives. In 2019, we expect to increase spending with diverse suppliers by 5 percent and to conduct an additional 100 capability assessments.

Working with Responsible Suppliers

We have robust standards for the more than 10,000 global suppliers with which we work to deliver our innovative medical solutions to physicians and patients. We actively look for suppliers that deliver industry-leading quality, reliability and value as we work to meet our customers' needs.

Quality is the most important aspect of our supplier relationships, and all direct materials suppliers are required to comply with Boston Scientific quality standards. We seek partnerships with suppliers that share our commitment to strong ethics and full compliance with all applicable laws. In 2018, we further standardized our supplier performance assessment tools and expanded our robust criteria to include key corporate social responsibility topics among key strategic business requirements. While this evaluation process takes time, it allows us to foster relationships with responsible suppliers that support our business continuity and risk mitigation strategy.

In 2018, we spent $322 million with 700+ diverse suppliers, a 6% increase from 2017.

This Performance Report contains forward-looking statements within the meaning of the federal securities laws. See the discussion under "Safe Harbor for Forward-Looking Statements" in the Annual Report on Form 10-K for the year ended December 31, 2018, for matters to be considered in this regard. In addition, please see our Annual Report on Form 10-K for a description of our Non-GAAP adjustments and the reasons for excluding each item.

	YEAR ENDED DECEMBER 31,					
PERCENTAGE CHANGE IN NET SALES	**2018**	**2017**	**2016**	**2015**	**2014**	**5-Year Average**
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 %	– %	(7)%	(3)%	(1)%
Percentage change in net sales, operational	8.0 %	7.8 %	12 %	8 %	6 %	8 %
Less: Impact of certain acquisitions	0.8 %	1.2 %	2 %	3 %	2 %	1 %
Percentage change in net sales, organic	7.2 %	6.6 %	10 %	5 %	4 %	7 %

	YEAR ENDED DECEMBER 31,				
OPERATING MARGIN	**2018**	**2017**	**2016**	**2015**	**2014**
Operating margin, reported	15.3 %	14.2 %	5.3 %	(3.8)%	(4.1)%
Less: Non-GAAP adjustments	(10.2)%	(10.8)%	(18.8)%	(26.1)%	(24.3)%
Operating margin, adjusted	25.5 %	25.0 %	24.1 %	22.3 %	20.2 %
Basis Point Improvement from 2017	50				
Basis Point Improvement from 2014	530				

Percentages are calculated using unrounded numbers and may not recalculate precisely due to rounding. Amounts may not add due to rounding.

PERCENTAGE CHANGE IN NET SALES BY BUSINESS AND SEGMENT	YEAR ENDED DECEMBER 31, 2018				
	Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis	Less: Impact of Certain Acquisitions	Organic Basis
Endoscopy	8.8 %	0.5 %	8.3 %	— %	8.3 %
Urology and Pelvic Health	10.8 %	0.2 %	10.6 %	2.5 %	8.1 %
MedSurg†	**9.7 %**	**0.4 %**	**9.3 %**	**1.1 %**	**8.2 %**
Cardiac Rhythm Management	2.9 %	0.8 %	2.1 %	— %	2.1 %
Electrophysiology	12.1 %	1.2 %	10.9 %	— %	10.9 %
Neuromodulation	22.7 %	0.2 %	22.5 %	— %	22.5 %
Rhythm and Neuro†	**8.3 %**	**0.7 %**	**7.6 %**	**— %**	**7.6 %**
Interventional Cardiology	7.1 %	0.5 %	6.6 %	2.1 %	4.5 %
Peripheral Interventions	9.8 %	0.6 %	9.2 %	— %	9.2 %
Cardiovascular	**7.9 %**	**0.5 %**	**7.4 %**	**1.4 %**	**6.0 %**

PERCENTAGE CHANGE IN NET SALES BY REGION	YEAR ENDED DECEMBER 31, 2018		
	Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis
U.S.	7.3%	— %	7.3%
EMEA† (Europe, Middle East and Africa)	12.2%	3.2 %	9.0%
APAC† (Asia-Pacific)	8.8%	1.3 %	7.5%
LACA (Latin America and Canada)	6.8%	(9.0)%	15.8%
Emerging Markets	18.0%	(3.4)%	21.4%

Percentages are calculated using unrounded numbers and may not recalculate precisely due to rounding. Amounts may not add due to rounding.

EARNINGS PER SHARE	YEAR ENDED DECEMBER 31, 2018	2017	2016	2015	2014	2013
GAAP earnings (loss) per share (EPS)	**$ 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 EPS	**$ 1.47**	**$ 1.26**	**$ 1.11**	**$ 0.93**	**$ 0.84**	**$ 0.73**
Less: Impact of 2018 net tax benefit[d]	0.07	—				
Adjusted EPS, excluding 2018 net tax benefit	**$1.40**	**$ 1.26**				
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 a 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.

ADJUSTED FREE CASH FLOW (IN MILLIONS)	YEAR ENDED DECEMBER 31, 2018	2017
Operating cash flow, reported	**$ 310**	**$1,426**
Less: Purchases of property, plant and equipment	316	319
Add: Proceed on disposals of property, plant and equipment	14	—
Free cash flow, reported	**8**	**1,107**
Plus: Restructuring and restructuring-related payments	89	72
Plus: Acquisition-related payments	205	95
Plus: Certain discrete tax payments	977	(239)
Plus: Litigation-related settlements	791	694
Adjusted free cash flow	**$2,070**	**$1,729**
Adjusted free cash flow growth from prior year	**20%**	

Percentages are calculated using unrounded numbers and may not recalculate precisely due to rounding. Amounts may not add due to rounding.

Boston Scientific

Advancing science for life™

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