## Edgar Filing: BOSTON SCIENTIFIC CORP - Form 425

BOSTON SCIENTIFIC CORP Form 425 January 09, 2006

Filed by Boston Scientific Corporation

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

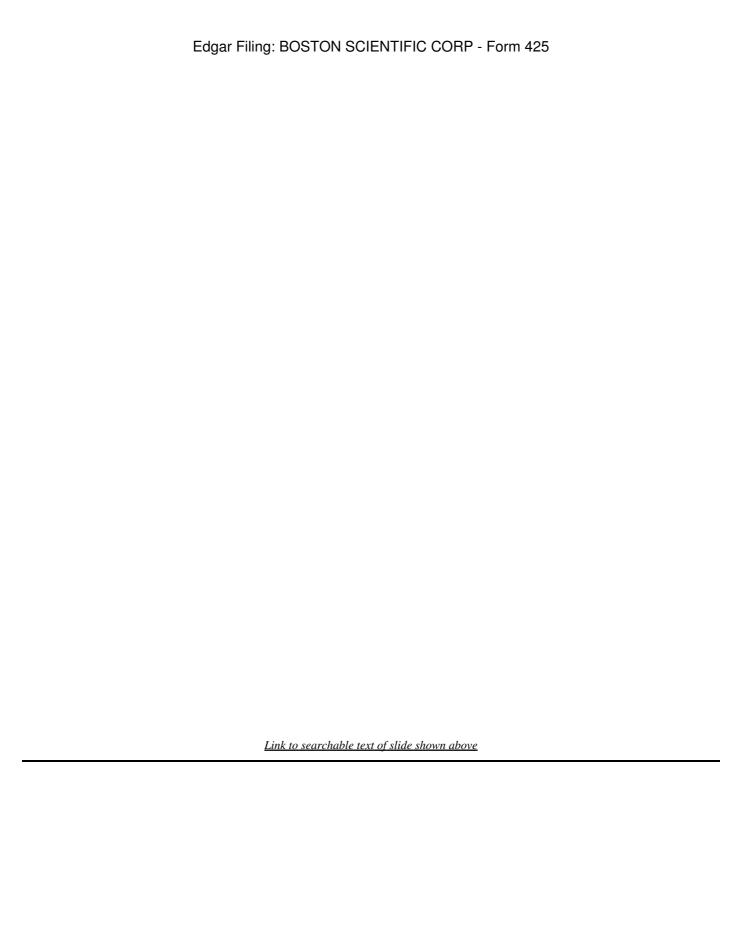
under the Securities Exchange Act of 1934

Subject Company: Guidant Corporation

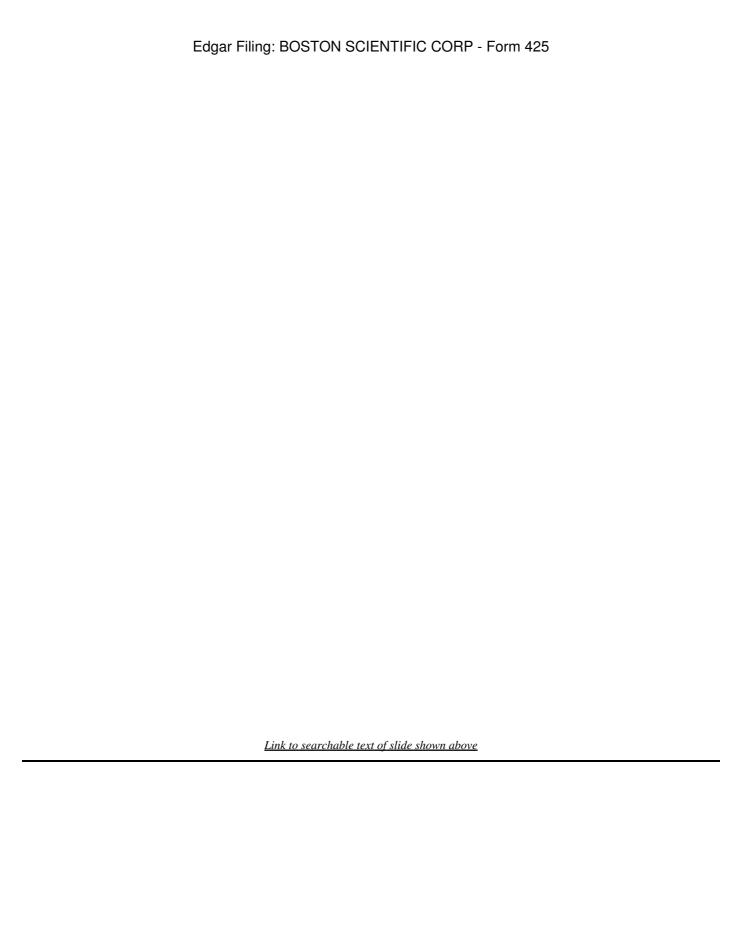
Commission File No.: 001-13388

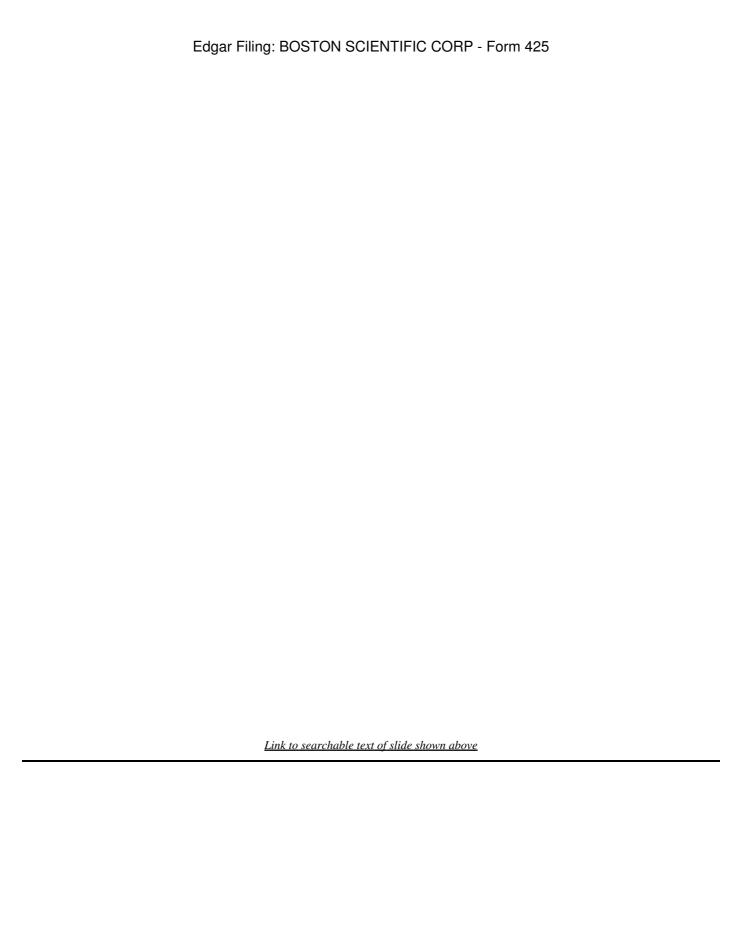
## Edgar Filing: BOSTON SCIENTIFIC CORP - Form 425

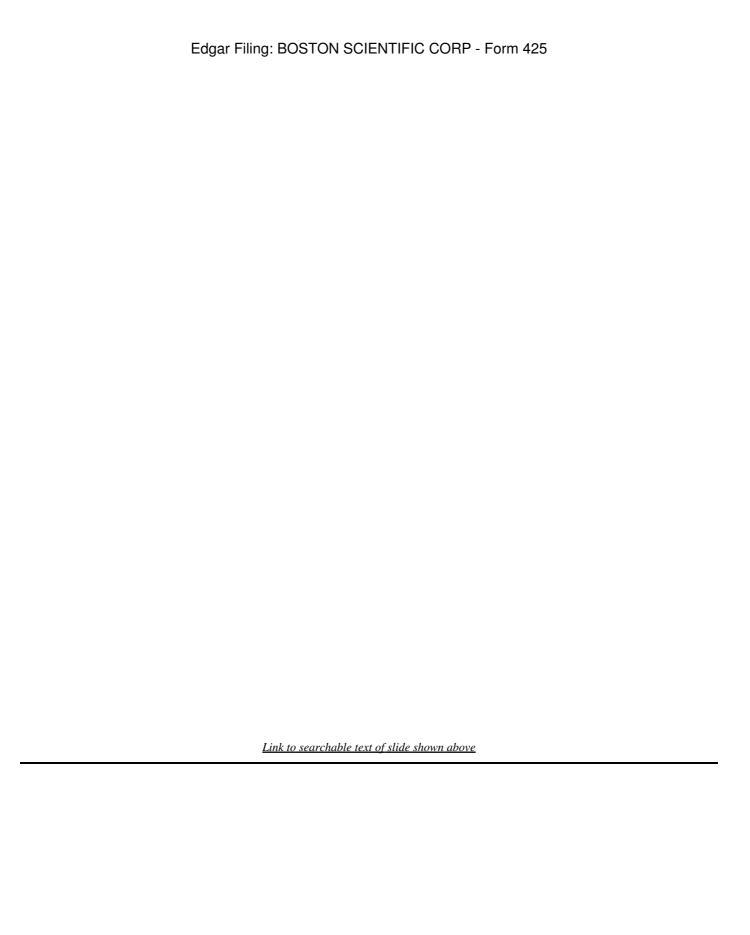
Link to searchable text of slide shown above



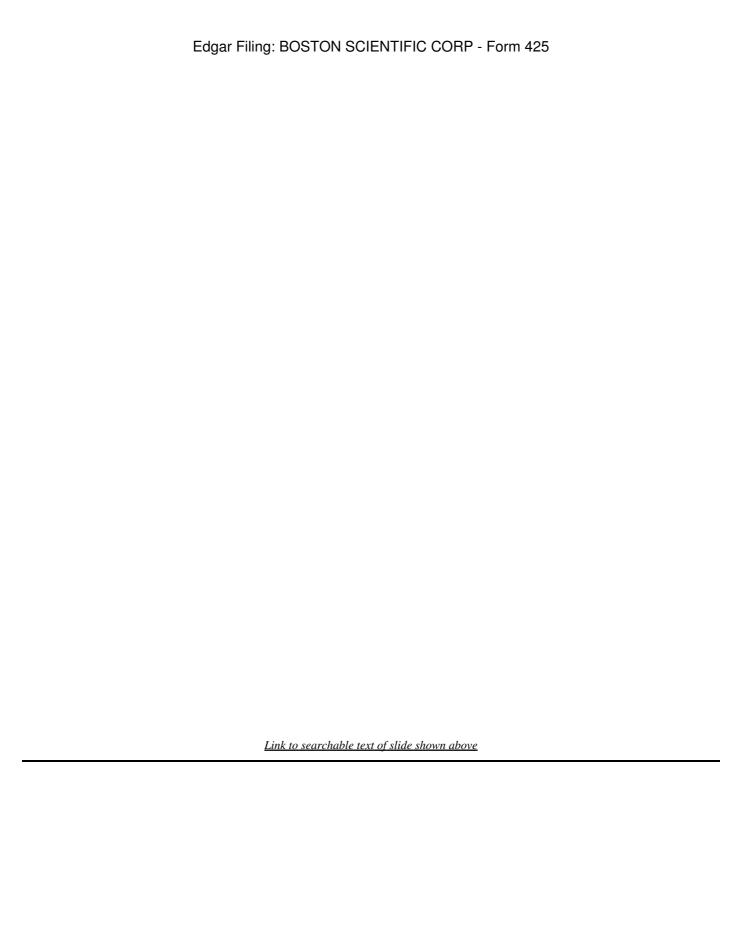








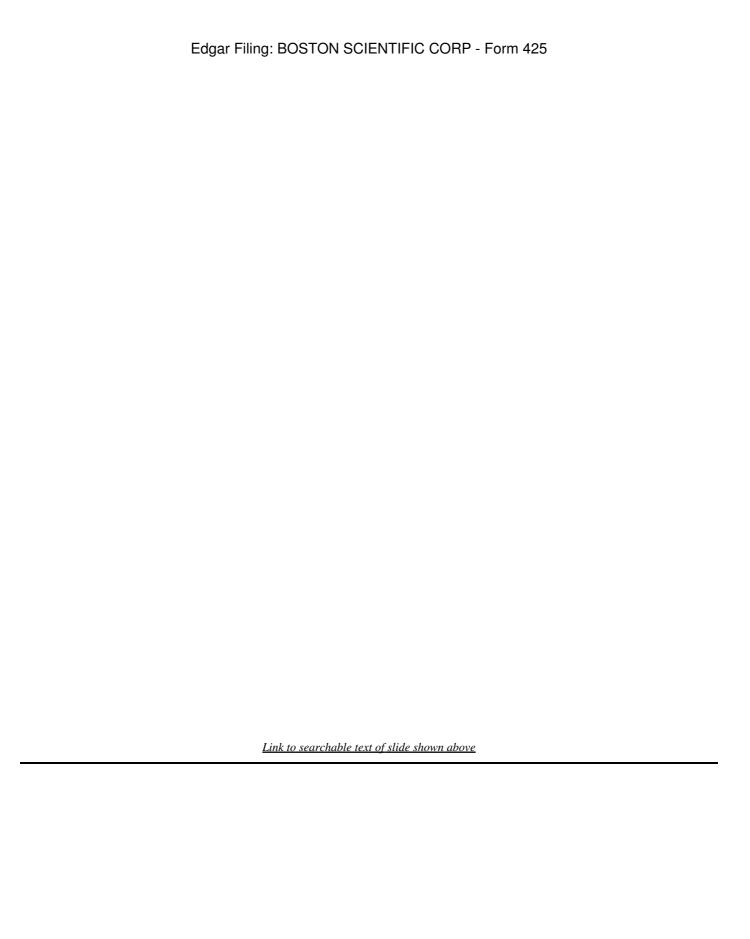




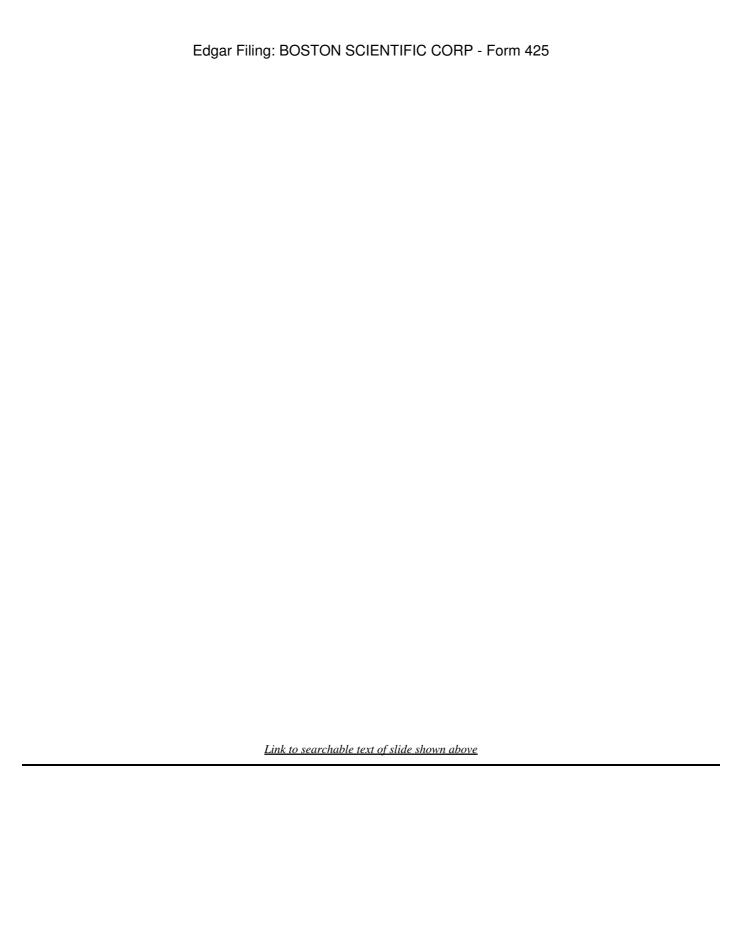




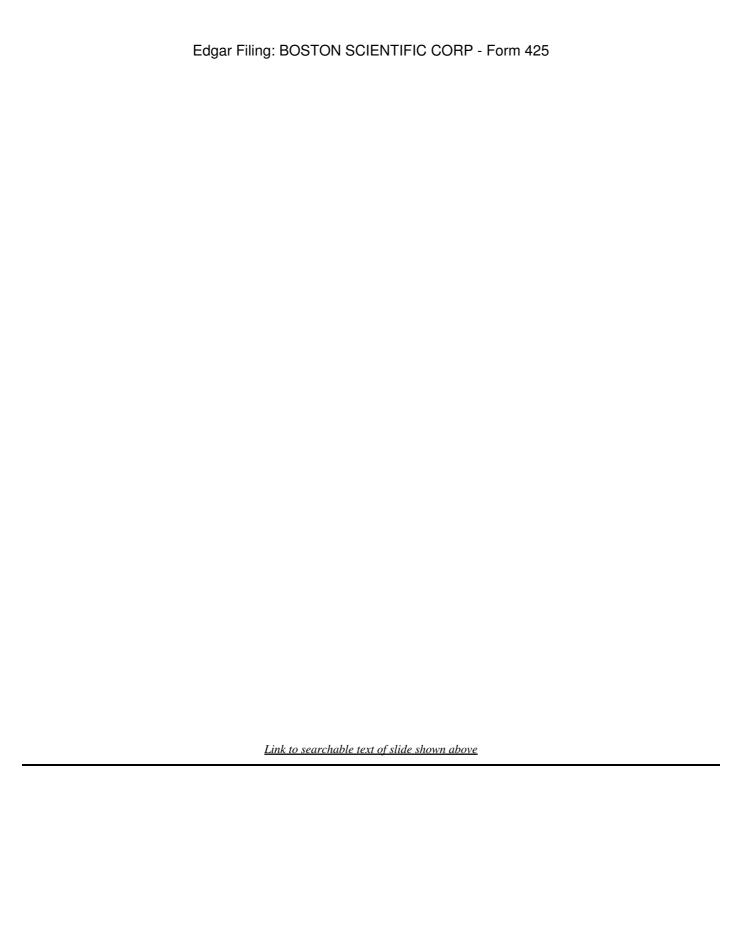


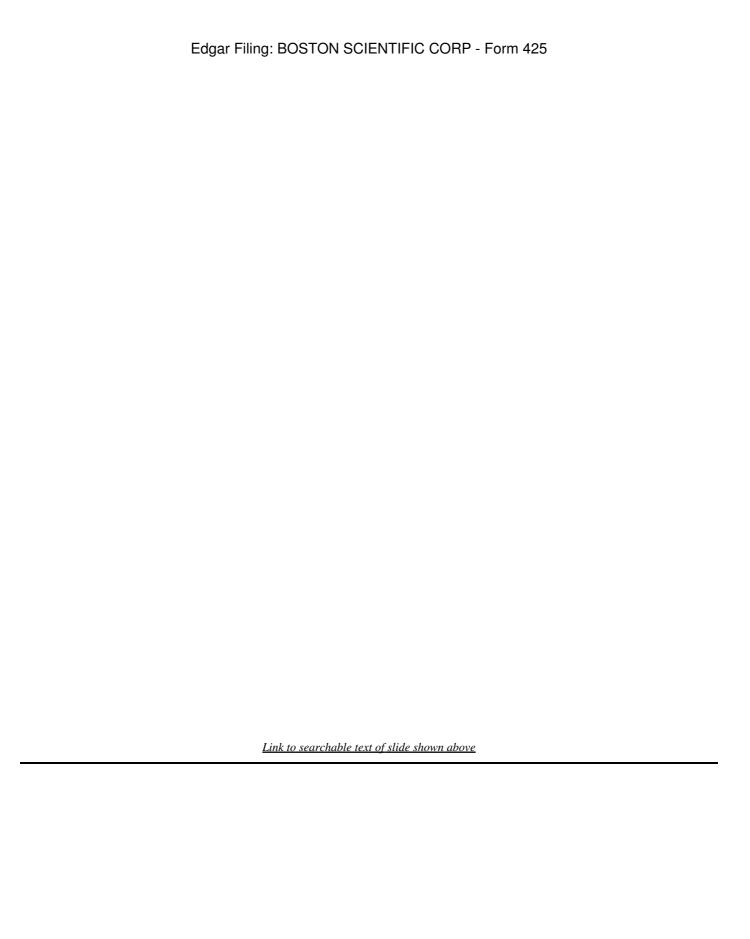




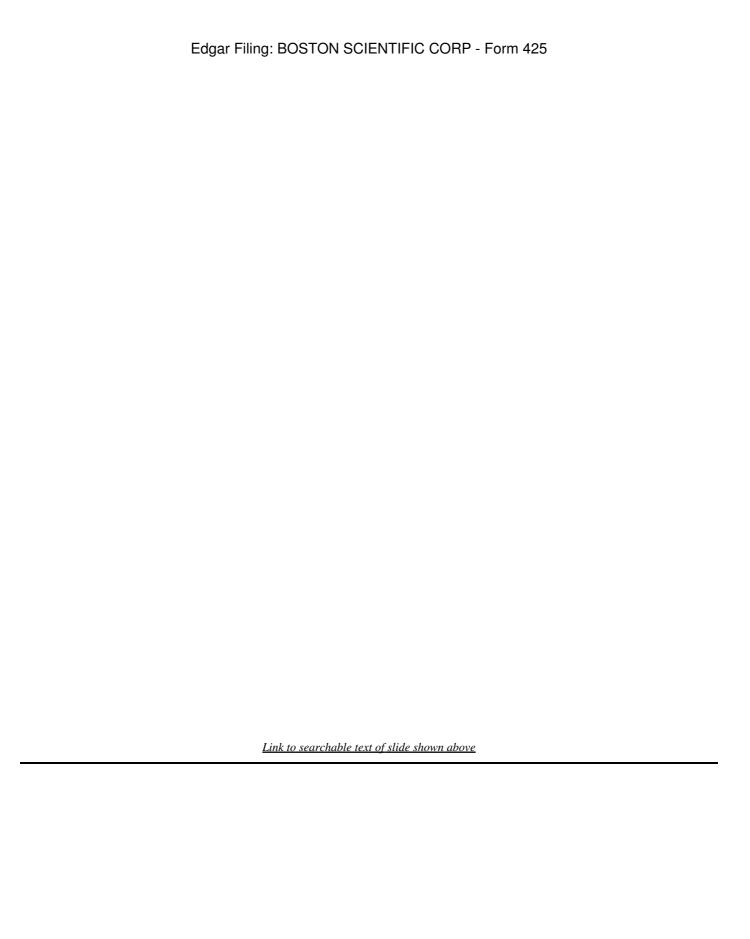




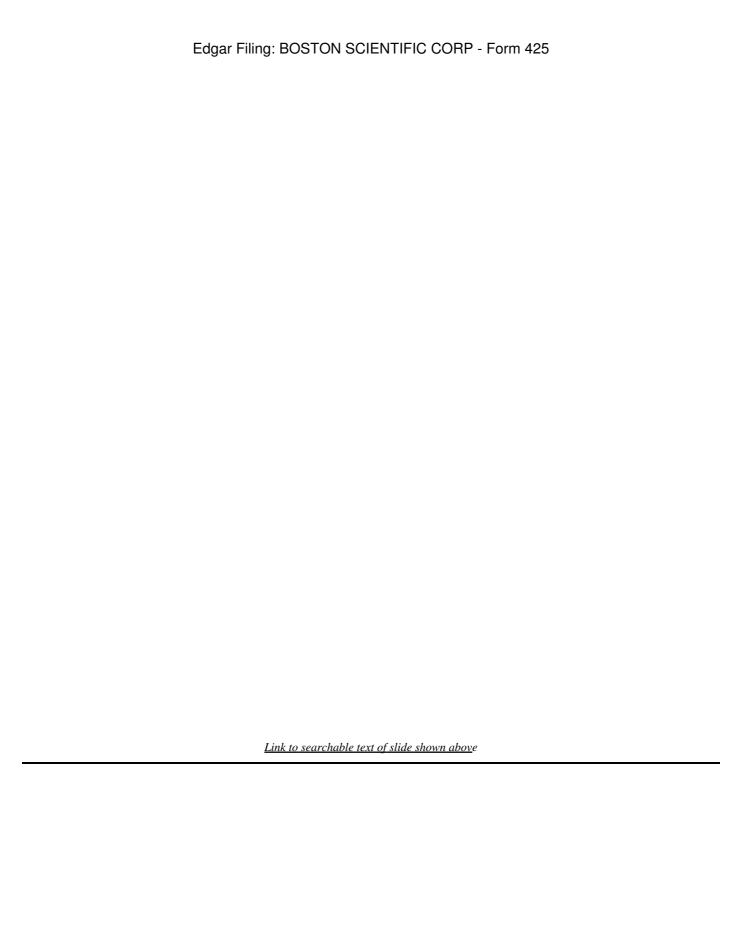


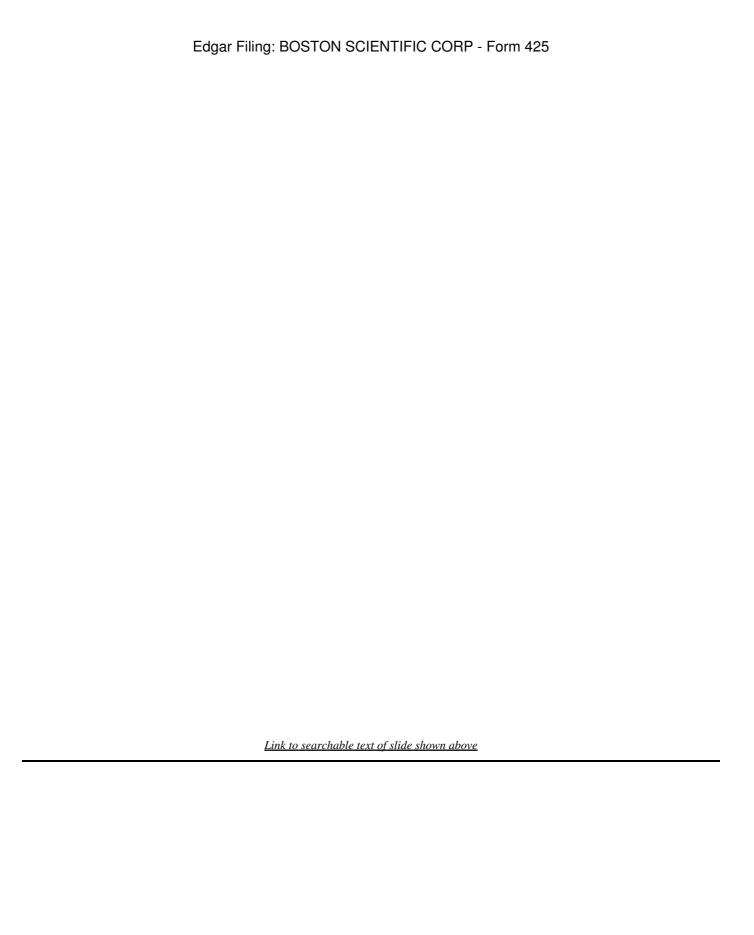


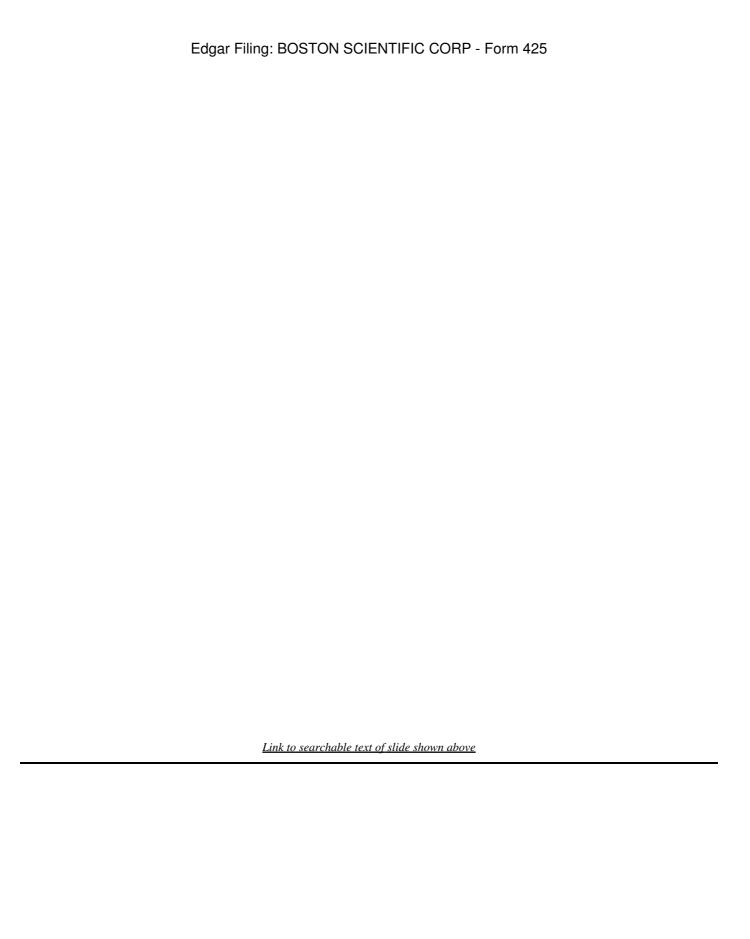




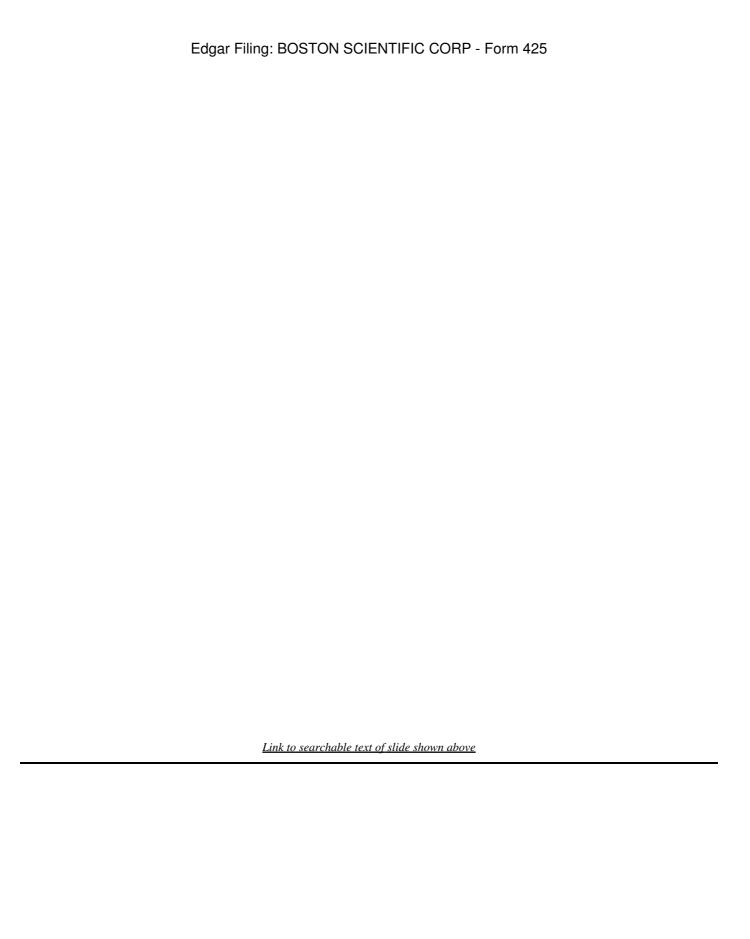


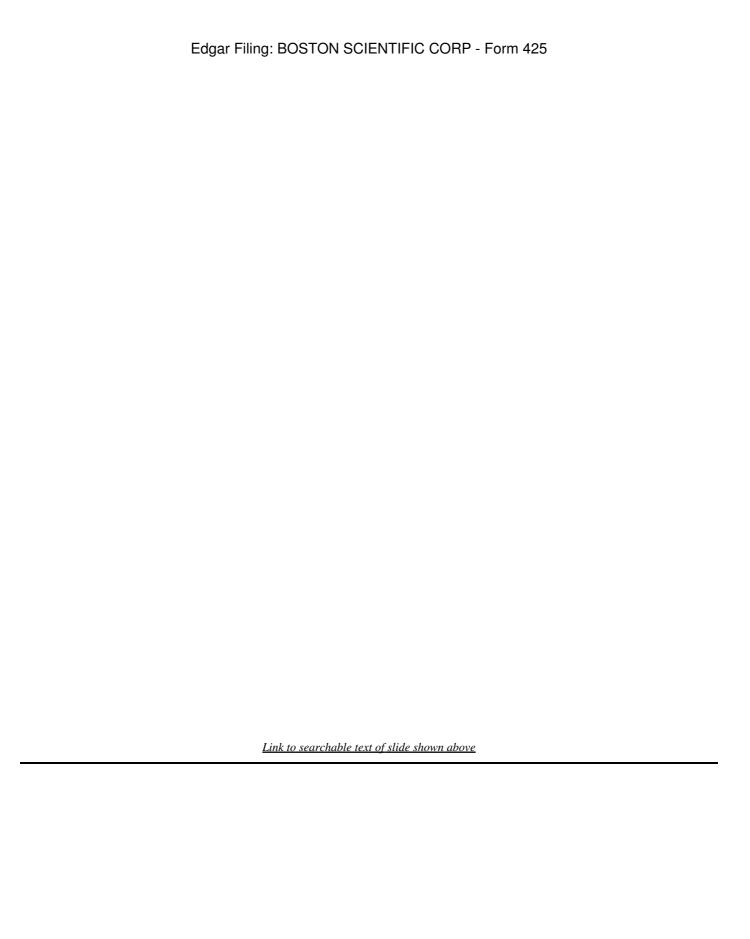


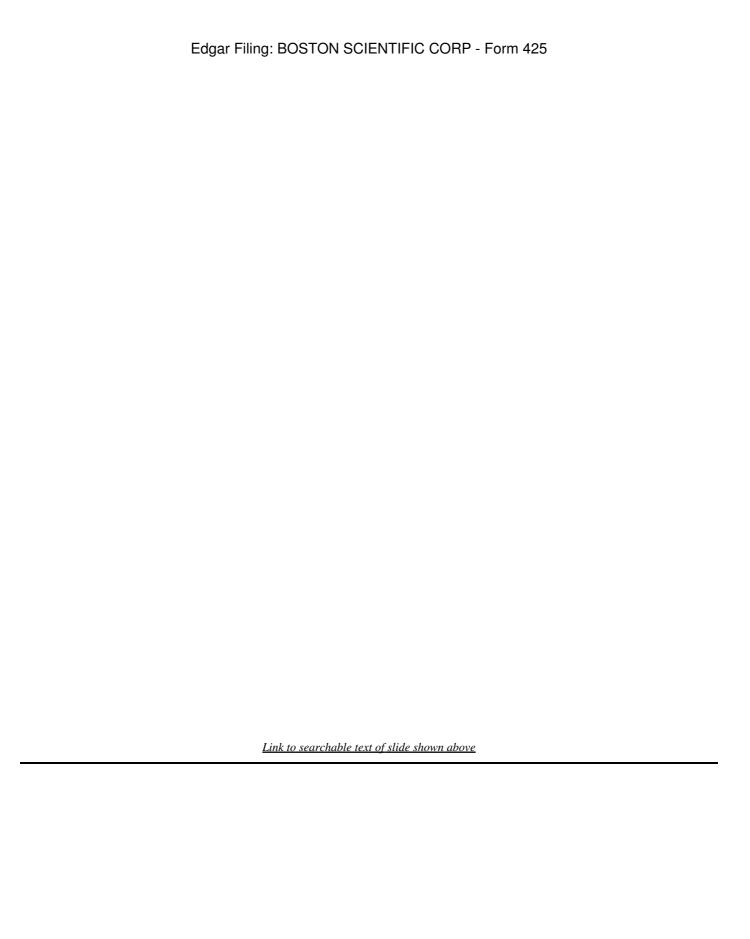


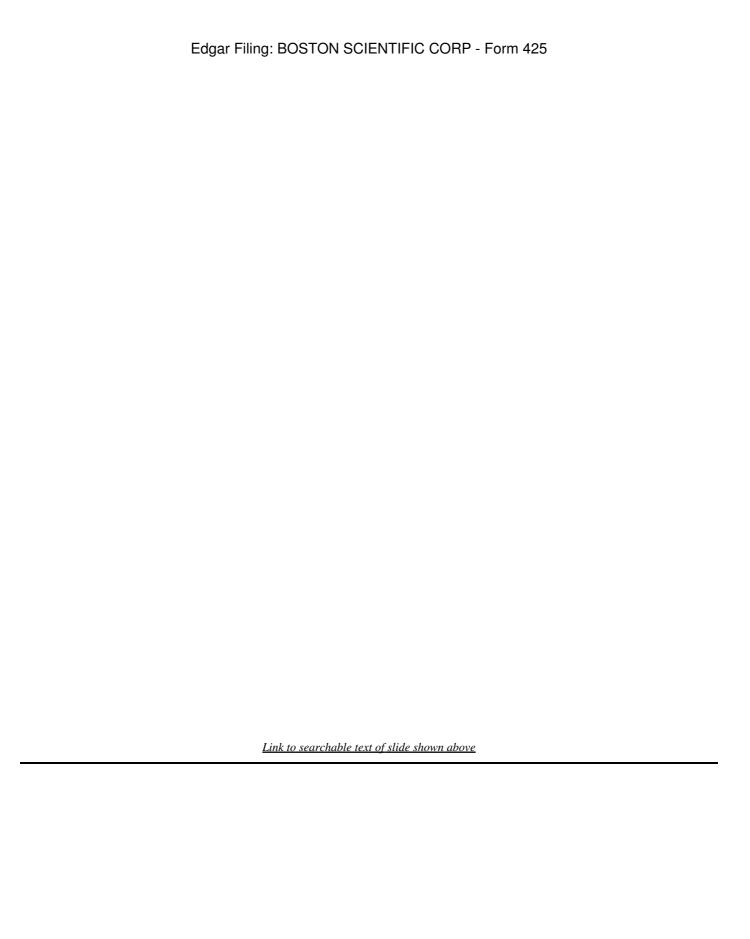








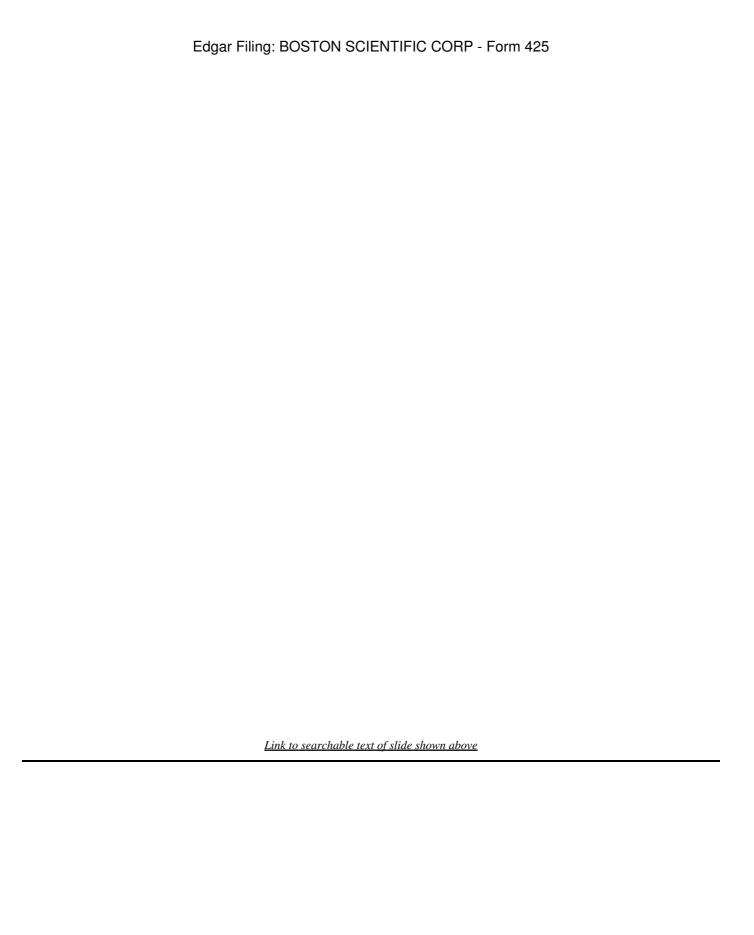














## Searchable text section of graphics shown above

Filed by Boston Scientific Corporation Pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14a-12 under the Securities Exchange Act of 1934

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

[LOGO]

## Creating a Global Leader in Cardiovascular Devices

Definitive Offer to Guidant Corporation

January 9, 2006

[LOGO]

Safe Harbor: Forward-Looking Statements

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

Safe Harbor: Additional Information

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

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

## Agenda

CEO Perspective	Jim Tobin President & Chief Executive Officer
Transaction & Financial Implications	Larry Best Chief Financial Officer
The Combination s Key Value Drivers	Paul LaViolette Chief Operating Officer
	4

# **CEO Perspective**

Jim Tobin

Overvie	èW .	
	Transaction drivers	
	Due diligence	
	Definitive agreement	
	Integration	
	6	

# **Transaction Overview**

Larry Best

### Transaction Overview

Offer Price:	\$72.00 per share(1)
Consideration:	50% cash / 50% stock (469M shares)(2)
Premium to J&J Offer:	12% over \$64.11(3)
BSX share price:	\$26.24
Collar:	± 10% (\$23.62 - \$28.86)(4)
Pro Forma Ownership:	64% for BSC shareholders, 36% for Guidant shareholders
Conditions:	BSC and Guidant shareholder votes Antitrust clearances

<sup>(1)</sup> Based on BSC s closing price of \$26.24 on January 6, 2006, \$72 offer implies an exchange ratio of 1.3720 BSC shares and \$36.00 cash per Guidant share.

<sup>(2)</sup> Assuming closing prices as of January 6, 2006 and current share/options information. Actual numbers are subject to change.

<sup>(3)</sup> Based on J&J s closing price of \$62.60 on January 6, 2006, and J&J s revised offer of 0.493 J&J share and \$33.25 cash per Guidant share.

<sup>(4)</sup> Implies exchange ratios of 1.5241 and 1.2474 BSC shares, respectively, and \$36.00 cash per Guidant share.

### Transaction Overview

Financing Contingency:	None
Financing Commitments:	Bank of America, Merrill Lynch Bear Stearns, Deutsche Bank, Wachovia
Expected Closing:	End of Q1 2006
Financial Advisors:	Merrill Lynch, Bear Stearns, Banc of America Securities

Businesses Divestiture pott Agreement
Binding definitive agreement
Total consideration to BSC of \$4.3 billion
\$3.8 billion up-front payment
\$250 million upon U.S. FDA approval
\$250 million upon Japanese regulatory approval
BSC to receive a five-year \$700 million subordinated loan at closing at 5.25%
10

The Abbott Agreement DES Sharing
BSC to share rights to Guidant s DES portfolio
Rights to intellectual property
Rights to technology transfers
Sharing of regulatory and clinical trial assets
Rights to iterate, manufacture and commercialize technology
Worldwide interim supply agreement of commercial DES products through 2010 / 2012
BSC earns 60% of profits on BSC sales of Guidant-based DES products
11

# **Financial Implications**

Accelerating Revenue Growth Proforma Combined Sales	
[CHART]	
Note: Based on Wall Street case and Company estimates for Guidant s business.	
13	

Accelerating Proforma Adjusted EPS(1)
[CHART]
Note: Based on Wall Street case and Company estimates for Guidant s business.  (1) Refer to definition of Adjusted EPS provided in the January 8, 2006 press release.
14

Strong Proforma Operating Cash Flow				
[CHART]				
Note: Based on Wall Street case and Company estimates for Guidant s business.				
15				

### Strong Cash Flow Generation

(Dollars in Billions)

	3/31/2006	2006	2007	2008	2009	2010
Gross Debt	10.4	10.7	8.9	6.9	5.4	5.4
Cash	0.4	1.3	1.3	1.5	2.2	4.8
Net Debt	9.9	9.4	7.6	5.4	3.2	0.6

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

Note: Based on Wall Street case and Company estimates for Guidant s business.

### Strong Credit Profile

	BSC LTM 9/30/05		Pro Forma LTM 3/31/06		Pro Forma LTM 12/31/08	I
Gross Debt / EBITDA	1.6	X	3.8	X	1.6	6 x
Net Debt / EBITDA	1.0	X	3.5	X	1.3	3 x
Gross Debt / Capitalization	39	%	41	%	27	7 9
Net Debt / Capitalization	25		36		21	
FFO / Gross Debt	66		13		56	

The combined entity s cash flow generation capabilities support investment grade credit rating.

Note: Based on Wall Street case and Company estimates for Guidant s business.

# **Shareholder Value Creation**

Share	hal	Jar V	Jal	ا مدا	Cran	tion
Snare	пон	ier '	v al	iue i	Crea	uon

Diversification and growth profile should deliver P/E multiple expansion

Our goal is to exceed Wall Street current earnings consensus

padmap to Completing the Transaction
Completed confirmatory due diligence
Discussions with antitrust agencies
Discussions with rating agencies
Definitive divestiture agreement with Abbott
Definitive merger agreement delivered to Guidant
Boston Scientific and Guidant enter into a definitive agreement in January
Anti-trust filings and approvals
Boston Scientific and Guidant shareholder votes in Q1 2006
Transaction expected to close in Q1 2006
20

# **Key Value Drivers of the Combination**

Paul LaViolette

Key Value Drivers
Achieving enhanced growth and diversification
Acquiring a leading CRM position
Adding a second drug-eluting stent program
Transforming operating capabilities
22

Achieving Enhanced Diversification and Higher Growth

Boston Scientific Sales Breakdown Combined Pro Forma Sales Breakdown

[CHART]

[CHART]

#### Preeminent pure play in medical devices

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

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

### **Worldwide Sales**

(\$ billions)

[CHART]

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

Source: Wall Street Research.

Key Value Drivers CRM Market Position Recovery Goals	
[CHART]	
Source: Company estimates.	
	25

CRM Recovery Drivers	
Team strength and retention	
Quality and regulatory status	
CRM pipeline	
Market perception	
	26

Key Value Drivers Adding Second DES Platform into Growing Market			
Worldwide DES Market Size			
[CHART]			
Source: Company estimates.			
27			

Key Value Drivers Growth Through DES Platform Diversification

[GRAPHIC] [GRAPHIC]

**TAXUS** position **Pipeline** 

Primary program

**Immediate access Differentiated platforms** Olimus alternative

TECHNOLOGY PORTFOLIO

Creating a Global Leader in Cardiovascular Devices
2006 Est. Cardiovascular Device Sales
[CHART]
Note: BSC-Guidant based on Wall Street Case and Company estimates, reflecting full year of combined operation adjusted for planned Guidant asset divestitures. All others based on Wall Street Research.
29

Transforming Operating Capabilities	
Technology	
Sales	
International	
Operations	
Efficiencies	
Therapies	
3	30

Creating The	World	s Largest	Cardiovascular	Device (	Company

#### **Boston Scientific and Guidant Combination**

Merges two innovative leaders with proven track records

Leverages strong financial capability to diversify into high growth CRM opportunity and complementary DES technology

Strategic and financial diversification

Multiple growth engines in attractive segments CRM, neuromodulation, interventional vascular (DES) and endosurgery

Combined 2007 (first full year) expected to achieve \$10\$ billion in sales, growing on average 12% per year to approximately \$16\$ billion by 2011(1)

Expected bottom-line CAGR to exceed 20% through 2011

<sup>(1)</sup> Based on Wall Street case and Company estimates for Guidant s business.

Excited About Moving Forward	
We look forward to the Guidant Board embracing our proposal this week.	
We believe we can close this transaction by the end of Q1.	
We believe this combination will be an historic one benefiting shareholders, employees, customers and their patients.	
We are enthusiastic about welcoming the Guidant employees to the Boston Scientific family.	
32	

[LOGO]