

BN Boston Scientific to Take \$110 Million 401(k) Charge (Update4)  
Sep 28 2004 16:05

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(Adds closing share price in fifth paragraph.)

By Kristen Hallam

Sept. 28 (Bloomberg) -- Boston Scientific Corp., the world's largest maker of heart stents, will make a special one-time cash contribution to its workers' 401(k) retirement-savings accounts, resulting in a third-quarter charge of \$110 million.

Wages and years of service will determine the portion of the payment each person gets, Natick, Massachusetts-based Boston Scientific said. The company, which employs 15,500, also plans to boost the percentage of employee contributions it matches to 6 percent of pay from 4 percent.

Sales of Boston Scientific's Taxus drug-coated stent, a device used to prop open arteries cleared during angioplasty, made the retirement payment affordable, company spokesman Paul Donovan said. Boston Scientific said Sept. 1 that it had regained the market share it lost after recalling 100,000 stents in July and August. Daily Taxus sales were \$7 million in August.

``After the scare of the recall, this is a good morale booster,'' said Michael Obuchowski, who manages \$35 million at Altanes Investments LLC in New York, including Boston Scientific shares. ``This may be a hint that this quarter is going to be better than expected.''

Shares of Boston Scientific rose 44 cents, or 1.2 percent, to \$38.44 at 4 p.m. in New York Stock Exchange composite trading. They've risen 4.6 percent this year.

#### Financial Effect

Donovan said he couldn't comment on whether the charge, which would have wiped out most of the company's profit in the year-earlier third quarter, would cause a loss in the current period. Boston Scientific will report third-quarter results next month, Donovan said. The average estimate of analysts surveyed by Thomson Financial is for profit of 46 cents a share.

``The one-time aspect is unusual,'' said Dallas Salisbury, president of the Employee Benefit Research Institute, a Washington-based group that tracks trends in employee health and retirement benefits. ``If they have other years when good things happen, they could decide to do it again. It's certainly good for employees.''

Salisbury, of Employee Benefit Research, said most large companies with 401(k) plans already have a match of as much as 6 percent of pay. He said it's routine for companies to take charges for such contributions.

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``If anything its good news because they're saying, `Hey we're going to pay our people,`` said Martin Koenig, a Huntington, New York, portfolio manager. Three of the funds he manages for Integrity Mutual Funds include Boston Scientific shares. The company's employees ``must have been working their fannies off with the recall,`` he said.

The one-time payment will be placed in employee accounts in the second quarter of 2005, Boston Scientific said.

--With reporting by Ambre Brown Morley. Editors: Schauder, Gienger, Schauder

Story illustration: For a rolling screen of company information, see {BSX US <Equity> CNP00094090108 <GO>}. For a chart of earnings, see {BSX US <Equity> CH2 <GO>}.

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