

BOSTON SCIENTIFIC CORP  
Form DEF 14A  
March 27, 2019

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

**Boston Scientific Corporation**

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(Name of Registrant as Specified in its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 27, 2019

Dear Boston Scientific Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Boston Scientific Corporation (the Company) to be held on Thursday, May 9, 2019, at 8:00 a.m. Eastern Time, at the Company's Corporate Headquarters located at 300 Boston Scientific Way, Marlborough, Massachusetts 01752 (Annual Meeting).

This year you are being asked to:

1. elect to the Board of Directors ten nominees for director;
2. approve, on a non-binding, advisory basis, named executive officer compensation;
3. approve an amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections;
4. ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2019 fiscal year; and
5. consider and vote upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

These matters are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement. Our Board of Directors urges you to read the accompanying Proxy Statement and recommends that you vote "FOR" all of the director nominees, the named executive officer compensation, the amendment and restatement of our By-Laws, and the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm. At the meeting, you will be provided with the opportunity to ask questions.

We are pleased to continue to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders via the Internet. We believe this e-proxy process, also known as "notice and access," expedites stockholders' receipt of proxy materials, lowers our printing and mailing costs, and reduces the environmental impact of producing the materials for our Annual Meeting. On or about March 27, 2019, we will mail to our stockholders of record at the close of business on Friday, March 15, 2019, the record date for our Annual Meeting, an Important Notice of Internet Availability of Proxy Materials (Notice) containing instructions on how to access our Proxy Statement and Annual Report for the year ended December 31, 2018 (Annual Report) on the Internet and also how to vote their shares via the Internet. If you received a Notice by mail, you will not receive printed proxy materials unless you specifically request them. Both the Notice and the Proxy Statement contain instructions on how you can request a paper copy of the Proxy Statement and Annual Report.

The Board of Directors appreciates and encourages stockholder participation in the Company's affairs. Whether or not you plan to attend the Annual Meeting, we encourage you to vote your shares. Accordingly, we request that as soon as possible, you vote via the Internet or, if you have received printed proxy materials, you vote via the Internet, by telephone or by mailing your completed proxy card or voter instruction form.

Thank you for your continuing support.

**Michael F. Mahoney**  
*Chairman of the Board of Directors*

*President and Chief Executive Officer*

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Marlborough, Massachusetts  
March 27, 2019

The Annual Meeting of Stockholders of Boston Scientific Corporation (Annual Meeting) will be held on Thursday, May 9, 2019, at 8:00 a.m. Eastern Time, at the Company's Corporate Headquarters located at 300 Boston Scientific Way, Marlborough, Massachusetts 01752, for the following purposes:

1.  
to elect to the Board of Directors ten nominees for director;
2.  
to approve, on a non-binding, advisory basis, named executive officer compensation;
3.  
approve an amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections;
4.  
to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2019 fiscal year; and
5.  
to consider and vote upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on Friday, March 15, 2019, are entitled to notice of and to vote at the meeting or any adjournments or postponements thereof.

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting in person, we encourage you to submit your proxy as soon as possible. For specific instructions, please refer to your Important Notice of Internet Availability of Proxy Materials or to the question on page 3 of the accompanying Proxy Statement entitled "*How do I vote by proxy?*"

At the direction of the Board of Directors,

**Desiree Ralls-Morrison**  
*Corporate Secretary*

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**300 Boston Scientific Way  
Marlborough, Massachusetts 01752**

**March 27, 2019**

## **PROXY STATEMENT**

### **Information About the Annual Meeting and Voting**

#### **The Annual Meeting**

The Annual Meeting of Stockholders of Boston Scientific Corporation (Annual Meeting) will be held on Thursday, May 9, 2019, at 8:00 a.m. Eastern Time, at the Company's Corporate Headquarters located at 300 Boston Scientific Way, Marlborough, Massachusetts 01752. At this meeting, stockholders will be asked to elect ten nominees for director, approve, on a non-binding, advisory basis, named executive officer compensation, approve an amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections, and ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2019 fiscal year. Management will also report on our performance during 2018 and will respond to questions from stockholders. Our principal executive offices are located at 300 Boston Scientific Way, Marlborough, Massachusetts 01752, and our telephone number is (508) 683-4000. When used in this Proxy Statement, the terms "we," "us," "our," "Boston Scientific" and "the Company" mean Boston Scientific Corporation and its businesses and subsidiaries.

#### **Why am I receiving these materials?**

In connection with its solicitation of proxies for use at our Annual Meeting, our Board of Directors (Board) (i) has made these materials available to you via the Internet or, upon your request, via email, or (ii) upon your request, has delivered or will deliver printed versions of these materials to you by mail. As a stockholder of record of our common stock at the close of business on March 15, 2019, the record date for our Annual Meeting, you are invited to attend the Annual Meeting, and are entitled to and requested to vote on the items of business described in this Proxy Statement.

#### **Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?**

Pursuant to rules adopted by the Securities and Exchange Commission (SEC), we are making this Proxy Statement and our Annual Report for the year ended December 31, 2018 (Annual Report and, together with this Proxy Statement, the proxy materials) available to stockholders electronically via the Internet. Stockholders will be able to access the proxy materials on the website referred to in the Important Notice of Internet Availability of Proxy Materials (Notice) or request to receive printed copies of the proxy materials and a proxy card. Instructions on how to access the proxy materials via the Internet or to request a printed copy may be found in the Notice and in this Proxy Statement. We

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believe that this electronic process expedites your receipt of the proxy materials and reduces the cost and environmental impact of printing proxy materials for our Annual Meeting.

On or about March 27, 2019, stockholders of record and beneficial owners of our common stock at the close of business on March 15, 2019 will be sent a Notice instructing them as to how to receive their proxy materials via the Internet. The proxy materials will be available on the Internet as of March 27, 2019.

**How can I electronically access the proxy materials?**

Beginning March 27, 2019, you can access the proxy materials and vote your shares online at [www.proxyvote.com](http://www.proxyvote.com). The proxy materials are also available on our own website ([www.bostonscientific.com](http://www.bostonscientific.com)).

**How can I obtain a full set of printed proxy materials?**

If you prefer to receive paper copies of the proxy materials and a proxy card, you may still do so. You may request printed materials by (i) calling (800) 579-1639; (ii) sending an email to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com); or (iii) logging onto [www.proxyvote.com](http://www.proxyvote.com) using the credentials provided on your Notice or proxy card.

**Who is entitled to vote at the Annual Meeting?**

Stockholders who held shares of our common stock at the close of business on Friday, March 15, 2019, are entitled to vote at the Annual Meeting. Each share of our common stock is entitled to one vote.

**How many shares are eligible to be voted and how many shares are required to hold the Annual Meeting?**

A quorum is required to hold the Annual Meeting and conduct business. The presence at the Annual Meeting, in person or by proxy, of stockholders holding a majority of our common stock outstanding as of the close of business on Friday, March 15, 2019, the record date, will constitute a quorum for purposes of holding and conducting business at the Annual Meeting. As of March 15, 2019, we had 1,390,499,842 shares of our common stock outstanding each entitled to one vote at the Annual Meeting meaning that 695,249,922 shares of common stock must be represented in person or by proxy to have a quorum. Our common stock is our only outstanding class of voting securities. For purposes of determining whether a quorum exists, broker non-votes (as described further below) and proxies received but marked "ABSTAIN" will be counted.

**What am I voting on?**

You are voting on proposals to:

1. elect to the Board ten nominees for director;
2. approve, on a non-binding, advisory basis, named executive officer compensation;
3. approve an amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections;



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4. ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2019 fiscal year; and
5. consider and vote upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

**How does the Board recommend that I vote?**

The Board recommends that you vote:

1. **FOR** the election of each of the ten director nominees;
2. **FOR** the named executive officer compensation;
3. **FOR** an amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections; and
4. **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2019 fiscal year.

**How do I vote by proxy?**

Your vote is very important. Whether or not you plan to attend the Annual Meeting in person, you may give a proxy to be voted at the Annual Meeting either:

via the Internet pursuant to the instructions provided in the Notice; or

if you received printed proxy materials, via the Internet or by telephone or mail pursuant to the instructions provided on the proxy card.

If you vote by mail, no postage is required if your proxy card is mailed in the United States. If you properly vote pursuant to the instructions provided in the Notice or properly complete and deliver your proxy card (whether electronically, by mail or by telephone) and our Inspector of Election receives your instructions in time to vote at the Annual Meeting, your "proxy" (one of the individuals named on your proxy card) will vote your shares as you have directed. **If you sign and return your proxy card, but do not make specific selections, your proxy will vote your shares as recommended by the Board. If any other matter is properly presented at the Annual Meeting, including a proposal to postpone or adjourn the meeting, your proxy will vote your shares in accordance with his or her discretion. At present, the Board knows of no other business that is intended to be brought before or acted upon at the Annual Meeting.**

**What if I need assistance with voting or have questions regarding the Annual Meeting?**

If you need assistance voting your shares or have questions regarding the Annual Meeting, please contact our proxy solicitation advisor:

Alliance Advisors, LLC  
200 Broadacres Drive, 3rd Floor  
Bloomfield, NJ 07003  
(844) 866-9429 (Toll Free in the United States)

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**How are votes counted?**

In the election of directors, your vote may be cast "FOR" one or more of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. If you sign your proxy card with no further instructions, your shares will be voted in accordance with the recommendation of the Board.

In the advisory vote to approve named executive officer compensation, your vote may be cast "FOR" or "AGAINST" or you may "ABSTAIN." If you "ABSTAIN," it will not count as a share actually voted and will have no effect on the determination of this proposal. If you sign your proxy card with no further instructions, your shares will be voted in accordance with the recommendation of the Board.

In the proposal on an amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections, your vote may be cast "FOR" or "AGAINST" or you may "ABSTAIN." If you "ABSTAIN," it will not count as a share actually voted with respect to determining if a required vote is obtained under our By-Laws but will have the same effect as a vote AGAINST this proposal. If you sign your proxy card with no further instructions, your shares will be voted in accordance with the recommendation of the Board.

In the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, your vote may be cast "FOR" or "AGAINST" or you may "ABSTAIN." If you "ABSTAIN," it will not count as a share actually voted and will have no effect on the determination of this proposal. If you sign your proxy card with no further instructions, your shares will be voted in accordance with the recommendation of the Board.

**How many votes are required to approve each proposal?**

1. Under our By-Laws our directors are elected by plurality vote. That means that for Proposal 1, the ten nominees for director named in this Proxy Statement receiving the most votes from those shares present or represented at the Annual Meeting will be elected as directors. The majority voting policy set forth in our Corporate Governance Guidelines requires that, in an uncontested election, any nominee for director who receives a greater number of votes "WITHHELD" from his or her election than votes "FOR" his or her election shall promptly tender his or her resignation from the Board following the certification of the stockholder vote. The Board will then decide whether to accept the resignation (based on the recommendation of the Nominating and Governance Committee of our Board) within 90 days following certification of the stockholder vote, and will disclose its determination and reasoning either in a press release and/or an SEC filing. See Proposal 3 for a description of the proposed amendment and restatement of our By-Laws to implement a majority voting standard in uncontested director elections.
2. The affirmative vote of a majority of shares with voting power present in person or represented by proxy and which have actually voted on the proposal is required to approve, on an advisory basis, the named executive officer compensation. The vote is advisory and non-binding in nature, but the Executive Compensation and Human Resources Committee of our Board (Compensation Committee) will take into consideration the outcome of the vote when considering future executive compensation arrangements. You may vote "FOR," "AGAINST" or "ABSTAIN." If you "ABSTAIN," it will be counted for the purpose of determining whether a quorum is present for conducting the Annual Meeting, but it will not count as a share actually voted and will have no effect on the determination of this proposal.

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3. Under our Certificate of Incorporation, the affirmative vote of the holders of at least eighty percent (80%) of our outstanding common stock is required to approve the amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections. You may vote "FOR," "AGAINST" or "ABSTAIN." If you "ABSTAIN," it will be counted for the purpose of determining whether a quorum is present for conducting the Annual Meeting, but it will not count as a share actually voted with respect to determining if the necessary vote is obtained and will have the same effect as a vote AGAINST this proposal.
4. The affirmative vote of a majority of shares with voting power present in person or represented by proxy and which have actually voted on the proposal is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2019 fiscal year. You may vote "FOR," "AGAINST" or "ABSTAIN." If you "ABSTAIN," it will be counted for the purpose of determining whether a quorum is present for conducting the Annual Meeting, but it will not count as a share actually voted and will have no effect on the determination of this proposal.

At present, the Board knows of no other matters to be presented for stockholder action at the Annual Meeting.

**What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

Most of our stockholders hold their shares through a broker, trustee, bank, other financial intermediary or other nominee rather than directly in their own name. As summarized below, there are some differences between stockholders of record and beneficial owners.

*Stockholders of Record*

If your shares are registered directly in your name with our transfer agent, Computershare Shareowner Services, as of the close of business on Friday, March 15, 2019, you are considered the *stockholder of record* with respect to those shares, and the Notice or proxy materials are being made available, electronically or otherwise, directly to you by the Company. As the stockholder of record, you have the right to grant your voting proxy directly to the Company or a third party, or to vote in person at the Annual Meeting. The Company has made available a proxy card or electronic voting means for you to use for voting purposes.

*Beneficial Owners*

If your shares are held through a brokerage firm, trustee, bank, other financial intermediary or other nominee, as of the close of business on Friday, March 15, 2019, you are considered the beneficial owner of those shares held in street name, and the Notice or proxy materials are being made available, electronically or otherwise, by the Company to your broker, trustee, bank, other financial intermediary or other nominee (the intermediary) and they will forward these materials to you, together with a voting instruction form if furnished via paper copy to your intermediary. As the beneficial owner, you have the right to direct your intermediary on how to vote and are also invited to attend the Annual Meeting; however, since you are not the *stockholder of record*, you may not vote these shares in person at the Annual Meeting, unless you request, complete and deliver a legal proxy from your intermediary. If you requested printed proxy materials, your intermediary will enclose a voting instruction form for you to use in directing the intermediary regarding how to vote your shares.

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**What discretion does my broker have to vote my shares held in "street name?"**

The New York Stock Exchange (NYSE) rules allow your broker to vote your shares in its discretion on "routine" proposals when it has not received instructions from you at least ten days prior to the Annual Meeting. The proposal regarding the ratification of the appointment of our independent registered public accounting firm is a matter considered routine under applicable rules and, therefore, your broker may vote on your behalf for this matter if you do not otherwise provide instructions. The election of directors, the vote to approve an amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections and the advisory vote on the named executive officer compensation are not considered routine matters. If you do not instruct your broker how to vote your shares on the non-routine matters, your broker will not be permitted to vote your shares on such matters. This is referred to as a "broker non-vote."

Broker non-votes (shares held by brokers that do not have discretionary authority to vote on the matter and that have not received voting instructions from their clients) are counted for purposes of determining whether a quorum is present, but are not counted or deemed to be present, represented or voted for the purpose of determining whether stockholders have approved a proposal. A broker non-vote will have no effect on the outcome of the election of directors or the advisory vote on the named executive officer compensation, but will have the same effect as a vote "AGAINST" the proposal to approve the amendment and restatement of our By-Laws to provide for a majority vote standard in uncontested director elections.

**How do I vote my 401(k) shares?**

If you participate in our 401(k) Retirement Savings Plan, as amended and restated (401(k) Plan), you will receive a single proxy card (together with the proxy materials) or Notice that covers all shares credited to your plan account(s) and shares that you own of record that are registered in the same name. If your plan account(s) are registered in different names, you will receive separate proxy cards or Notices for your record and plan holdings. You may vote your shares by following the instructions provided in your proxy card or Notice and utilizing the credentials provided therein. Your vote will serve to instruct the trustees and fiduciaries of our 401(k) Plan how to vote any shares of our common stock held in our 401(k) Plan on your behalf. Shares of our common stock held in our 401(k) Plan must be voted on or before 11:59 p.m. Eastern Time on May 4, 2019. The trustee and fiduciaries of our 401(k) Plan will vote shares for which timely instructions are not received in the same proportion as other plan shares that were voted.

**What happens if I don't specify how I want my shares voted on one or all of the proposals?**

If you are the *stockholder of record* and you sign, date and return your proxy and do not mark how you want to vote, your proxy will be counted as a vote "FOR" all of the nominees for directors, "FOR" the named executive officer compensation, "FOR" the amendment and restatement of our By-Laws and "FOR" the ratification of our independent registered public accounting firm, Ernst & Young. If you hold your shares in *street name*, please see the discussion on "*What discretion does my broker have to vote my shares held in 'street name?'*" above.

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**Can I change my vote or revoke my proxy after I have already voted or given my proxy?**

Yes. If you are a *stockholder of record*, you may change your vote or revoke your proxy at any time before the proxy is voted at the Annual Meeting. To change your vote, you may:

mail a written notice "revoking" your earlier vote to Broadridge Financial Solutions, Inc. (Broadridge), 51 Mercedes Way, Edgewood, NY 11717;

submit to Broadridge a properly completed and signed proxy card with a later date;

vote again telephonically or electronically (available until 11:59 p.m. Eastern Time on May 8, 2019); or

vote in person at the Annual Meeting; however, your attendance at the Annual Meeting alone will not revoke your proxy.

Your last dated proxy, properly completed and timely received prior to, or vote cast at, the Annual Meeting will be counted.

If you own your shares in *street name*, please contact your broker or other intermediary for instructions on changing your vote or revoking your proxy.

**Can I vote in person at the meeting?**

Yes. If you are the *stockholder of record* of the shares, you can vote in person by coming to the Annual Meeting, and we will give you a ballot or a new proxy card when you arrive with proper identification. However, since a beneficial owner holding shares in *street name* is not the *stockholder of record*, if you are such a beneficial owner of shares, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from the broker or other intermediary that holds your shares giving you the right to vote the shares at the Annual Meeting. Please bring the legal proxy with you to the Annual Meeting. If you plan to attend the Annual Meeting in person, you must provide proper identification. Please visit our website, [www.bostonscientific.com](http://www.bostonscientific.com), for directions to the Annual Meeting.

**Who will count the votes?**

Broadridge has been engaged as our independent agent to tabulate stockholder votes and act as Inspector of Election for the meeting.

**Is voting confidential?**

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except:

as necessary to meet applicable legal requirements;

to allow for the tabulation and certification of votes; and

to facilitate a successful proxy solicitation.

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Occasionally, stockholders provide written comments on their proxy cards, which may be forwarded to the Company's management and the Board.

**What happens if the Annual Meeting is adjourned or postponed?**

Your proxy will still be effective and will be voted at the rescheduled Annual Meeting. You will still be able to change or revoke your proxy until it is voted, provided such new proxy or revocation is properly completed and timely received.

**Will any other business be considered or presented at the Annual Meeting?**

Our By-Laws provide that a stockholder may present business to be considered at the Annual Meeting only if proper prior written notice was timely received by us. Other than the items of business described in this Proxy Statement, our Board is not aware of any other business to be acted upon at the Annual Meeting; however, if any other business does properly come before the Annual Meeting, the persons named as proxies on the proxy card will vote your shares in accordance with their discretion.

**How can I find the results of the Annual Meeting?**

We will report the final voting results on a Current Report on Form 8-K filed with the SEC within four business days after the Annual Meeting. The Form 8-K will be available on the SEC's website, [www.sec.gov](http://www.sec.gov), as well as on our own website, [www.bostonscientific.com](http://www.bostonscientific.com), under the "Investor Relations" section.

**Who is soliciting my vote pursuant to this Proxy Statement?**

Our Board is soliciting your vote.

**Is there a list of stockholders entitled to vote at the Annual Meeting?**

A list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting, between the hours of 8:30 a.m. and 5:00 p.m. Eastern Time, at our Corporate Headquarters located at 300 Boston Scientific Way, Marlborough, Massachusetts 01752. If you would like to view the stockholder list, please contact our Corporate Secretary to schedule an appointment by calling (508) 683-4000 or writing to her at 300 Boston Scientific Way, Marlborough, Massachusetts 01752.

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## **Internet Availability of Proxy Materials**

Under rules adopted by the SEC, we are furnishing proxy materials to our stockholders primarily via the Internet instead of mailing printed copies of those materials to each stockholder. On or about March 27, 2019, we will mail to our stockholders (other than those who previously requested electronic or paper delivery) an Important Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our Proxy Statement and our Annual Report. The Notice also instructs stockholders on how to vote via the Internet.

This process is designed to expedite stockholders' receipt of proxy materials, lower the cost of the Annual Meeting and help conserve natural resources; however, if you would prefer to receive printed proxy materials and a proxy card, please follow the instructions included in the Notice and in this Proxy Statement. If you have previously elected to receive our proxy materials electronically, these materials will continue to be made available to you via email until you elect otherwise. If you have previously elected to receive printed proxy materials, you will continue to receive these materials and a proxy card in paper format until you elect otherwise.

## **Cautionary Statement Regarding Forward-Looking and Other Statements**

*This Proxy Statement contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements may be identified by words like "anticipate," "expect," "project," "believe," "plan," "may," "estimate," "intend" and other similar words. These forward-looking statements are based on our beliefs, assumptions and estimates using information available to us at the time and are not intended to be guarantees of future events or performance. Factors that may cause actual results to differ materially from those contemplated by the statements in this Proxy Statement can be found in our most recent Annual Report on Form 10-K filed with the SEC and in the Quarterly Reports on Form 10-Q that we have filed or will file hereafter under the heading "Risk Factors" and "Safe Harbor for Forward-Looking Statements." The forward-looking statements speak only as of the date of this Proxy Statement and undue reliance should not be placed on these statements. We disclaim any intention or obligation to publicly update or revise any forward-looking statements. This cautionary statement is applicable to all forward-looking statements contained in this document.*

*This Proxy Statement contains statements regarding individual and Company performance objectives and targets. These objectives and targets are disclosed in the limited context of our compensation plans and programs and should not be understood to be statements of management's future expectations or estimates of future results or other guidance. We specifically caution investors not to apply these statements to other contexts.*

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## **PROPOSAL 1: ELECTION OF DIRECTORS**

### **Summary**

Our entire Board is elected annually by our stockholders and currently consists of ten members. All of our current directors have been nominated by our Board, upon the recommendation of our Nominating and Governance Committee, to stand for election at the Annual Meeting for a one-year term, to hold office until the 2020 Annual Meeting of Stockholders and until their successors have been elected and qualified. The nominees for election at the Annual Meeting are: Nelda J. Connors, Charles J. Dockendorff, Yoshiaki Fujimori, Donna A. James, Edward J. Ludwig, Stephen P. MacMillan, Michael F. Mahoney, David J. Roux, John E. Sununu and Ellen M. Zane.

Each of the director nominees is willing and able to stand for election at the Annual Meeting, and we know of no reason why any of the nominees would be unable to serve as a director. Should such a situation arise, however, the Board may designate a substitute nominee or, alternatively, reduce the number of directors to be elected. If a substitute nominee is selected, the persons named as proxies will vote for that substitute nominee. Any vacancies not filled at the Annual Meeting may be filled by the Board.

### **Director Nominees at a Glance**

### **Director Nominees**

The biographies of each of the nominees are listed below and contain information regarding the person's service as a director, business experience, public company director positions currently held or held at any time during the last five years, information regarding involvement in certain legal or administrative proceedings (if applicable), and the experiences, qualifications, attributes or skills that caused the Nominating and Governance Committee and the Board to determine that the person should serve as a director in light of our business and structure. Each of the director nominees listed below exemplifies how our Board values professional experience in business, education, policy and governmental fields as well as strong moral character and diversity in terms of viewpoint as well as age, ethnicity and gender. Our Board believes that these strong backgrounds and sets of skills provide it, as a whole, with a strong foundation of technical expertise and a wealth of diverse experience in a wide variety of areas.





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*Founder and Chief Executive Officer of Pine Grove Holdings, LLC*

**Director Since:** December 2009

**Age:** 53

**Committees:**

Executive Compensation and  
Human Resources; Finance

**Other Public Company Boards:** Echo Global  
Logistics; EnerSys Inc.; Delphi Technologies

**Education:** University of Dayton, B.S. and M.S.  
in Mechanical Engineering

**Executive Highlights:**

Ms. Connors is the founder and Chief Executive Officer of Pine Grove Holdings, LLC, a privately held investment company that acquires and operates small-to-middle market businesses primarily focused in power generation, construction equipment, advanced material and aftermarket automotive end-markets. She served as President and Chief Executive Officer of Atkore International Inc., formerly the Electrical and Metal Products division of Tyco International, before it became a privately held company in December 2010. Prior to joining Tyco, she served as Vice President at Eaton Corporation where she held several positions in operations, continuous improvement, and general management. Prior to joining Eaton, Ms. Connors was employed in a number of executive and management capacities in the automotive industry. Her work over 25 years has involved responsibilities in the U.S., Europe, and Asia. Ms. Connors previously served as a Class B director of the Federal Reserve Bank of Chicago, and on the boards of Clarcor, Inc., Atkore, Vesuvius plc and Blount International. She was formerly an appointed member for the Takata Independent Quality Assurance Panel to investigate the airbag inflator recall.

**Select Skills and Qualifications:**

Ms. Connors' qualifications to serve on our Board include her executive leadership skills and her global experience in the areas of operations and financial management, quality, M&A and business strategy, as well as her knowledge of public company matters resulting from her service on other public company boards. She also brings to our Board her experience in National Association of Corporate Directors leadership and governance fellowships.

*Former Executive Vice President and Chief Financial Officer of Covidien plc*

**Director Since:** April 2015

**Age:** 64

**Committees:**

Audit (Chair, Financial  
Expert); Finance

**Other Public Company Boards:** Haemonetics  
Corporation; Hologic, Inc.; Keysight  
Technologies, Inc.

**Education:** University of Massachusetts  
at Amherst, B.B.A. in Accounting; Bentley  
College, M.S. in Finance

**Executive Highlights:**

Mr. Dockendorff was Executive Vice President and Chief Financial Officer of Covidien plc, a publicly traded medical device and supplies company, and its predecessor, Tyco Healthcare, from 1995 to 2015. Mr. Dockendorff joined the Kendall Healthcare Products Company, the foundation of the Tyco Healthcare business, in 1989 as Controller and was named Vice President and Controller in 1994. He was appointed Chief Financial Officer of Tyco Healthcare in 1995. Prior to joining Kendall/Tyco Healthcare, Mr. Dockendorff was the Chief Financial Officer, Vice President of Finance and Treasurer of Epsco Inc. and Infrared Industries, Inc.

**Select Skills and Qualifications:**

Mr. Dockendorff's qualifications to serve on our Board include his executive leadership experience at public medical device companies, as well as his extensive expertise in accounting, finance and business strategy.

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*Adviser LIXIL Group Corporation*

**Director Since:** July 2016

**Age:** 67

**Committees:** Finance

**Other Public Company Boards:** Takeda  
Pharmaceutical Company

**Education:** Tokyo University of Science, B.A.  
in Petroleum Engineering; Carnegie  
Mellon Graduate School of Business, M.B.A.

**Executive Highlights:**

Mr. Fujimori is currently an adviser to the LIXIL Group Corporation, a position he has held since June 2016, and was the President and Chief Executive Officer of the LIXIL Group Corporation from August 2011 to June 2016. Prior to joining LIXIL, he was Chairman, President and Chief Executive Officer of GE Japan from January 2008 to June 2011. In his 25 years at GE, beginning in October 1986, he held a variety of positions including Senior Vice President and Chief Executive Officer of a number of Asian and global business divisions, including Medical Systems, Plastics, and Capital. Mr. Fujimori also served as a member of the GE Corporate Executive Council from 2001 to 2010. He formerly served as a Director of the Japan Construction Material & Housing Equipment Industries Federation and Tokyo Electric Power Company Holdings.

**Select Skills and Qualifications:**

Mr. Fujimori's qualifications to serve on our Board include his expertise in international business, with a particular emphasis on operations and manufacturing in Japan and Asia, and developing international markets, as well as his service on other public company boards.

*Founder, President and Managing Director of Lardon & Associates LLC*

**Director Since:** July 2015

**Age:** 61

**Committees:**  
Executive Compensation and  
Human Resources (Chair);  
Nominating and Governance

**Other Public Company Boards:** L Brands,  
Inc.;

**Education:** North Carolina A&T State  
University, B.S. in Accounting

**Executive Highlights:**

Ms. James is the founder of Lardon & Associates LLC, a business development and executive advisory services firm, where she has served as president and managing director since April 2006. Ms. James has more than 30 years of diverse management and leadership experience, including her experience at Nationwide Insurance and Financial Services, beginning in 1981. In her 25 years at Nationwide, she served in several leadership roles, including president of Nationwide Strategic Investments, a division of Nationwide Insurance Company, from 2003 to 2006, at which time she had direct responsibility for developing and executing strategies for several U.S. and global financial services subsidiaries and affiliates. Ms. James also is the founder of The Center for Healthy Families, a non-profit in Columbus, Ohio, and the former chair of the National Women's Business Council by presidential appointment. Ms. James currently serves as a director of the FIS Group, a privately held asset management and investment advisory firm. She formerly served as a director of Time Warner Cable Inc. and Marathon Petroleum, Inc., where she is currently serving as a board advisor.

**Select Skills and Qualifications:**

Ms. James's qualifications to serve on our Board include her expertise in business strategy, finance, accounting and human resources. In addition, her service on other public company boards contributes to her knowledge of public company matters.

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*Former Chairman of the Board and Chief Executive Officer of Becton, Dickinson and Company*

**Director Since:** March 2014

**Other Public Company Boards:** CVS Health Corporation

**Age:** 67

**Committees:** Audit (Financial Expert); Executive Compensation and Human Resources

**Education:** The College of the Holy Cross, B.A. in Economics and Accounting; Columbia University, M.B.A.

**Executive Highlights:**

Mr. Ludwig is the former Chairman of the Board of Becton, Dickinson and Company (BDX), a global medical technology company, having served in that position from February 2002 through June 2012. He also served as BDX's Chief Executive Officer from January 2000 to September 2011 and as its President from May 1999 to December 2008. Mr. Ludwig joined BDX as a senior financial analyst in 1979. Prior to joining BDX, Mr. Ludwig served as a senior auditor with Coopers and Lybrand (now PricewaterhouseCoopers), where he earned his CPA, and as a financial and strategic analyst at Kidde, Inc. He formerly served as a director of Xylem, Inc. and as Vice Chair of the Board of Trustees of the Hackensack University Medical Center Network.

**Select Skills and Qualifications:**

Mr. Ludwig's qualifications to serve on our Board include his executive leadership experience, specifically his service as a director and executive of a public medical technology company, along with his extensive expertise in business strategy, finance, management and manufacturing.

*Chairman of the Board, President, and Chief Executive Officer of Hologic, Inc.*

**Director Since:** April 2015

**Other Public Company Boards:** Hologic, Inc.

**Age:** 55

**Committees:** Executive Compensation and Human Resources; Nominating and Governance

**Education:** Davidson College, B.A. in Economics; Harvard Business School Advanced Management Program

**Executive Highlights:**

Mr. MacMillan is currently the Chairman, President and Chief Executive Officer of Hologic, Inc., a position he has held since June 2015, and he served as President and Chief Executive Officer of Hologic, Inc., since December 2013. Prior to assuming his role with Hologic, Mr. MacMillan was the Chief Executive Officer of sBioMed, LLC, a medical research company, from October 2012 to December 2013. From 2003 to 2012, Mr. MacMillan served in various roles at Stryker Corporation, including Chief Operating Officer from June 2003 to January 2005, President from June 2003 to February 2012, Chief Executive Officer from January 2005 to February 2012 and Chairman from January 2010 to February 2012. Prior to 2003, Mr. MacMillan was a senior executive with Pharmacia Corporation, where he oversaw five global businesses. Prior to joining Pharmacia, Mr. MacMillan spent 11 years with Johnson & Johnson in a variety of senior roles both in the U.S. and Europe, including President of the joint venture between Johnson & Johnson and Merck. Mr. MacMillan began his career with Procter & Gamble in 1985. Mr. MacMillan formerly served as a director of Texas Instruments Inc. and Alere Inc. Mr. MacMillan also serves on the Board of Directors of Advamed, a medical device trade association.

**Select Skills and Qualifications:**

Mr. MacMillan's qualifications to serve on our Board include his executive leadership experience, specifically his service as a director and chief executive officer of public medical technology companies.

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*President and Chief Executive Officer of Boston Scientific Corporation*

**Director Since:** November 2012

**Age:** 54

**Other Public Company Boards:** Baxter International, Inc.

**Education:** University of Iowa, B.B.A. in Finance; Wake Forest University, M.B.A.

**Executive Highlights:**

Michael F. Mahoney joined the Company as our President in October 2011, and became our President and Chief Executive Officer and a director in November 2012. Mr. Mahoney became our Chairman of the Board in May 2016. Prior to joining the Company, he was Worldwide Chairman of the Medical Devices and Diagnostics division of Johnson & Johnson from January 2011 to September 2011, overseeing 50,000 employees and seven franchises. Prior to assuming this position, Mr. Mahoney served as Worldwide Group Chairman of Johnson & Johnson's DePuy franchise, an orthopedics and neurosciences business, from April 2007 through January 2011. From January 2001 through March 2007, Mr. Mahoney served as President and Chief Executive Officer of Global Healthcare Exchange, a provider of supply chain solutions and services that brings together hospitals, manufacturers, distributors and group purchasing organizations. Mr. Mahoney began his career at General Electric Medical Systems, where he spent 12 years, culminating in the role of General Manager of the Healthcare Information Technology business.

**Select Skills and Qualifications:**

Mr. Mahoney's qualifications to serve on our Board, in addition to being our Chief Executive Officer, include his management experience leading complex organizations in medical device and other healthcare-related businesses, expertise in building strong leadership teams, developing international markets, and a proven ability to execute successful business strategies and drive operational excellence.

*Chairman of the Board of Trustees of Jackson Laboratories*

**Director Since:** January 2014

**Age:** 62

**Other Public Company Boards:** N/A

**Committees:**  
Audit, Finance (Chair)

**Education:** Harvard College; Harvard University, M.B.A.; King's College, Cambridge University, M. Phil.

**Executive Highlights:**

Mr. Roux is Chairman of Jackson Laboratories, an independent biomedical research institute. He is the co-founder and was the Chairman, co-Chief Executive Officer and managing partner of Silver Lake, a private equity firm focused on technology investing, from January 2014 to December 2017. Prior to that, Mr. Roux was Chairman and Chief Executive Officer of Liberate Technologies, Executive Vice President at Oracle Corporation and Senior Vice President at Lotus Development. He is also Chairman of Bristol Seafoods and Vice Chairman of National Audubon Society. He previously served as a director of Avaya Inc., Avaya Holdings Corp. and Intelsat S.A.

**Select Skills and Qualifications:**

Mr. Roux's qualifications to serve on the Board include his extensive experience in operations, technology, management and business strategy, and his financial expertise and background as an entrepreneur, executive and director.

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*Former United States Senator from New Hampshire*

**Director Since:** April 2009

**Age:** 54

**Committees:** Audit (Financial Expert); Nominating and Governance (Chair)

**Other Public Company Boards:** N/A

**Education:** Massachusetts Institute of Technology, B.S. and M.S. in Mechanical Engineering; Harvard University, M.B.A.

**Executive Highlights:**

Senator Sununu served as a U.S. Senator from New Hampshire from 2003 to 2009. He was a member of the Committees on Banking, Commerce, Finance and Foreign Relations, and he was appointed the Congressional Representative to the United Nations General Assembly. Before his election to the Senate, Senator Sununu served three terms as a Member of the U.S. House of Representatives from New Hampshire's 1st District from 1996 to 2002. He was Vice Chairman of the Budget Committee and a member of the Appropriations Committee. During his twelve years in Congress, he drafted and helped pass several important pieces of legislation, including the Internet Tax Freedom Act, the Survivors Benefit Act and the New England Wilderness Act. Prior to serving in Congress, Senator Sununu served as Chief Financial Officer for Teletrol Systems, a manufacturer of building control systems. Senator Sununu formerly served as a director of Time Warner Cable Inc.

**Select Skills and Qualifications:**

Senator Sununu complements our Board with his experience in government and corporate leadership. Senator Sununu provides important insights on government relations, public policy and other matters relevant to our Company due to his extensive experience in both the public and private industry sectors.

*CEO Emeritus and Vice Chair of the Board of Trustees at Tufts Medical Center and Floating Hospital for Children*

**Director Since:** April 2016

**Age:** 67

**Committees:**  
Audit (Financial Expert);  
Nominating and Governance

**Other Public Company Boards:** Brooks Automation; Haemonetics Corporation

**Education:** George Washington University, B.A.;  
Catholic University of America, M.A.  
in Audiology and Speech-Language Pathology

**Executive Highlights:**

Ms. Zane is CEO Emeritus and Vice Chair of the board of trustees at Tufts Medical Center and Floating Hospital for Children, and previously, she served as its President and Chief Executive Officer. Ms. Zane also served as Network President for Partners Healthcare System, a physician/hospital network sponsored by the Harvard-affiliated Massachusetts General Hospital and Brigham and Women's Hospital. Ms. Zane also previously served as Chief Executive Officer of Quincy Hospital in Quincy, Massachusetts. Ms. Zane currently is a director of nThrive, a Georgia-based private equity held company involved with healthcare revenue cycle management; Fiduciary Trust Company, a privately owned wealth management company; AgNovos Healthcare, LLC a privately held medical device company, focused on bone health; and Synchrony Financial, a public consumer financial services company. Ms. Zane previously served as a director of Century Capital Management, Parexel International Corporation, Lincare Holdings Inc., and Press Ganey Holdings. Ms. Zane holds a Professional Director Advanced Certification from the American College of Corporate Directors.

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**Select Skills and Qualifications:**

Ms. Zane's qualifications to serve on our Board include her executive experience in the healthcare industry, specifically as the chief executive officer of a large urban academic (teaching and research) medical center, in addition to her experience as a director at other public companies.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU  
VOTE "FOR" THE ELECTION OF ALL TEN OF THESE NOMINEES FOR  
DIRECTOR.**

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## CORPORATE GOVERNANCE

### Overview

To guide the operation and direction of the Board and its committees, our Board has established our Corporate Governance Guidelines, charters for its standing committees and our Code of Conduct to reflect our commitment to good corporate governance and to comply with Delaware law, the rules and listing standards of the NYSE, the rules and regulations of the SEC and other legal requirements. These materials are available under "Governance Overview" in the "Investor Relations" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com). These materials are also available in print free of charge to stockholders, upon written request to Boston Scientific Corporation, Investor Relations, 300 Boston Scientific Way, Marlborough, Massachusetts 01752.

Our Board believes that good corporate governance is fundamental to the overall success of our business. To that end, our Board evaluates our corporate governance practices in light of applicable changes in Delaware law, the rules and listing standards of the NYSE, the rules and regulations of the SEC, and the rules and regulations under the Internal Revenue Code of 1986, as amended (the Code), as well as best practices suggested by recognized governance authorities, and makes modifications to our corporate governance practices that it determines are warranted.

### Director Independence

Under the NYSE's Corporate Governance Standards, a majority of the Board must qualify as independent directors. However, our Corporate Governance Guidelines require that a significant majority of the Board qualify as independent directors. The NYSE Corporate Governance Standards define specific relationships that disqualify directors from being independent and further require that for a director to qualify as independent, the Board must affirmatively determine that the director has no material relationship with our Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with our Company).

In making determinations regarding independence, the Board applies the NYSE standards and broadly considers all relevant facts and circumstances known to it. For directors who will serve on the Compensation Committee, the Board considers all factors specifically relevant to determining whether a director has a relationship with our Company that is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by our Company to such director, and (ii) whether such director is affiliated with our Company, a subsidiary of our Company or an affiliate of a subsidiary of our Company as required by the NYSE independence standards for compensation committee members.

The Board has determined that the following directors are independent under the independence standards set forth in the NYSE Corporate Governance Standards: Nelda J. Connors, Charles J. Dockendorff, Yoshiaki Fujimori, Donna A. James, Edward J. Ludwig, Stephen P. MacMillan, David J. Roux, John E. Sununu and Ellen M. Zane.

The Board monitors its compliance with NYSE requirements for director independence on an ongoing basis, including through an annual review of director questionnaires and consideration of transactions and relationships between each director or any member of his or her immediate family and the Company as well as other relevant facts and circumstances. The Board and the Nominating and



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Governance Committee considered the directors' responses to a questionnaire asking about their relationships with the Company (and their immediate family members' relationships with the Company) and other potential conflicts of interest, as well as material provided by management related to transactions, relationships or arrangements between the Company and the directors or parties related to the directors. The Board made its determination as to whether any relationship between a director and our Company is a material relationship based on the facts and circumstances of the relationship, the amounts involved in the relationship, the director's interest in such relationship, if any, and such other factors as the Board, in its judgment, deemed appropriate.

### **Director Nomination Process**

The Nominating and Governance Committee is responsible for determining the appropriate skills and characteristics required of new Board members in the context of the current make-up of the Board. In so doing, the Nominating and Governance Committee considers, with input from the Board, those factors it deems appropriate, such as independence, experience, strength of character, judgment, technical skills, diversity, years of experience and the extent to which the individual would fill a present need on the Board. The aim is to assemble a Board that is strong in its collective knowledge and that consists of individuals who bring a variety of complementary attributes and who, taken together, have the appropriate skills and experience to oversee the Company's business. The Nominating and Governance Committee considers diversity as one of a number of factors in identifying nominees for director. It does not, however, have a formal policy in this regard. The Nominating and Governance Committee views diversity broadly to include diversity of experience, skills and viewpoint, as well as other diversity concepts such as ethnicity and gender.

Director nominees must, at a minimum, meet the general criteria outlined in our Corporate Governance Guidelines. Generally, directors should be individuals who have succeeded in their particular field and who demonstrate integrity, reliability, knowledge of corporate affairs and an ability to work well with others, and should also satisfy at least one of the following criteria:

demonstrated management ability at senior levels in successful organizations;

current or recent employment in positions of significant responsibility and decision making;

expertise in leading rapidly growing multi-national organizations; or

current and prior experience related to anticipated board and committee responsibilities in other areas of importance to our Company.

The Nominating and Governance Committee receives suggestions for new directors from a number of sources, including independent Board members and our Chairman and Chief Executive Officer. It also may, in its discretion, employ a third-party search firm to assist in identifying candidates for director.

The Nominating and Governance Committee will also consider recommendations for Board membership submitted by our stockholders and other sources, and considers director nominees for election so submitted if the submission is made in accordance with the advance notice provisions of our By-Laws. The qualifications of candidates recommended by stockholders will be reviewed and considered by the Nominating and Governance Committee with the same degree of care and consideration as candidates for nomination to the Board submitted by independent Board members and our Chairman and Chief Executive Officer.

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The full Board is responsible for final approval of new director candidates, as well as the nomination of existing directors for re-election. With respect to existing directors, prior to making its recommendation to the full Board, the Nominating and Governance Committee, in consultation with the Chairman of the Board, reviews each director's continuation on the Board as a regular part of the annual nominating process.

Under the advance notice provisions of our By-Laws, director nominations and proposals to bring any other business before the 2020 Annual Meeting of Stockholders by our stockholders must be received by our Corporate Secretary at our principal executive offices on or before November 28, 2019. Director nominations by our stockholders must also satisfy the other procedures set forth in the advance notice provisions of our By-Laws. Should you wish to submit a director recommendation or nomination, have it addressed to our Corporate Secretary at Boston Scientific Corporation, 300 Boston Scientific Way, Marlborough, Massachusetts 01752.

## **Board Refreshment**

The Board has not established any term or age limits to an individual's membership on the Board. While these limits could help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of causing the loss to the Company of the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. The Nominating and Governance Committee, as part of its annual assessment of the composition of the Board, reviews a director's continuation on the Board. The Company believes that, through regular evaluation of performance and the Company's needs, the Company will continue to achieve the appropriate balance between Boston Scientific experience and fresh ideas and perspectives.

## **Chief Executive Officer Succession**

Pursuant to our Corporate Governance Guidelines, the Nominating and Governance Committee reports to the full Board periodically on succession planning for our Chief Executive Officer (and other executive officers, as appropriate). Our Chief Executive Officer discusses with the Board and the Nominating and Governance Committee at least once per year, his recommendations and evaluations of potential successors to his position, including in the event of an unexpected emergency, and reviews development plans, if any, recommended for such individuals. Additionally, the Nominating and

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Governance Committee conducts an annual review of the CEO Succession Plan framework, which outlines certain high-level planning, notification and other actions, and is designed to minimize disruption in the event of a temporary or permanent absence of the Chief Executive Officer.

### **Board Leadership Structure**

Our Board believes that it is important that it retain flexibility to make the determination as to whether the interests of the Company and our stockholders are best served by having the same individual serve as both Chief Executive Officer and Chairman of the Board or whether the roles should be separated based on the circumstances at any given time. Under our Corporate Governance Guidelines, the Board will appoint a Lead Independent Director when the Chief Executive Officer and Chairman of the Board roles are combined or if the Chairman is not otherwise independent. Pursuant to our Corporate Governance Guidelines, the Lead Independent Director is appointed annually, though is generally expected to serve for a renewable term of three years, subject to annual re-election to the Board. The Lead Independent Director will preside over meetings of our non-management directors, serve as liaison between our Chairman and the independent directors, work with the Chairman to establish agendas for Board and committee meetings, raise issues with management on behalf of the independent directors, consult with committee leadership, and carry out other duties as requested by the Board. The Lead Independent Director also has the authority to call special meetings of independent or non-management directors, as needed.

Mr. Mahoney has been our President and Chief Executive Officer since November 2012 and the Chairman of our Board since May 2016. In light of the fact that the Chief Executive Officer and Chairman of the Board roles have been combined since May 2016, the Board appointed Mr. Ludwig at that time to serve as Lead Independent Director, and has re-appointed him to serve in that role for an additional three-year term, subject to his re-election to the Board at this Annual Meeting of Stockholders. Mr. Ludwig's qualifications to serve as our Lead Independent Director include his strong leadership experience as Chief Executive Officer and Chairman of the Board of Becton, Dickinson and Company, his service on the Board of CVS Health Corporation and the Chair of that board's Finance Committee, and as lead director on the Board of Aetna, Inc. prior to its acquisition by CVS Health Corporation. Our Board believes that this leadership structure, coupled with a commitment to Board independence, provides effective independent oversight of management, while fostering a constructive and cooperative relationship between the Board and management and allowing both the Board and management to benefit from Mr. Mahoney's day-to-day familiarity with our business operations.

### **Board Evaluations**

Our Board of Directors conducts annual self-evaluations, overseen by the Nominating and Governance Committee in accordance with the committee's charter. The self-evaluations have been facilitated by a third party, and have included in-person and telephonic interviews with directors and presentation of results by the facilitator to our Board and individual directors.

### **Risk Oversight**

Our Board oversees an enterprise-wide approach to risk management, designed to support the achievement of our strategic and organizational objectives, to improve long-term organizational performance and to enhance stockholder value. A fundamental part of risk oversight is to understand the individual risks our Company faces, the steps management is taking to manage those risks, including the framework used by management for the coordinated oversight, control and continuous improvement of processes used to manage risk, and to assess management's appetite for risk. It is

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management's responsibility to manage risk and bring to the Board's attention material risks facing our Company. Our Board receives regular reports from management on matters relating to strategic and operational initiatives, financial performance and legal developments, which are each integrated with enterprise-risk exposures. The involvement of the full Board in approving our strategic plan is a key part of its assessment of the risks inherent in our corporate strategy.

While the Board has the ultimate responsibility for risk oversight, each committee of the Board also oversees risk to the extent that it relates to the committee's responsibilities, as outlined below. Each committee makes reports in its respective area of responsibility to the Board at the next regularly scheduled Board meeting immediately following the committee meeting.

The Audit Committee focuses on financial risk, including internal controls, legal and regulatory risks, as well as compliance risks of a financial nature, including those related to federal healthcare programs and healthcare providers, and receives an annual risk assessment report from our internal auditors. It also assists the Board in fulfilling its oversight responsibility with respect to compliance risks of a non-financial nature, including those related to federal healthcare programs and healthcare providers, and regulatory, quality and product safety issues that affect us. The Audit Committee receives an annual risk assessment from our Global Compliance Group.

The Finance Committee focuses on risk exposure and risk management strategies associated with our strategic initiatives, current and potential investments, as well as cash, debt and equity management and our ongoing ability to access capital markets. In addition, the Finance Committee consults with the Audit Committee, as necessary, to share information pertinent to the Audit Committee's consideration and oversight of the Company's risk and risk management programs and policies.

The Executive Compensation and Human Resources Committee evaluates and sets compensation programs that encourage decision-making predicated upon a level of risk consistent with our business strategy. The Executive Compensation and Human Resources Committee also reviews compensation and benefit plans affecting employees in addition to those applicable to executive officers.

The Nominating and Governance Committee oversees governance and succession risk, including Board and Chief Executive Officer succession, and evaluates director skills and qualifications to ensure the appropriate appointment of particular directors to our standing committees based upon the needs of that committee. Such reports may identify current risks impacting each committee's areas of responsibility to the extent such risks were addressed at the earlier meeting.

Given the Board's role in risk oversight, it believes that any leadership structure that it adopts must allow it to effectively oversee the management of the risks relating to our operations. Although there are different leadership structures that could allow our Board to oversee risk management effectively, and while our Board believes our current leadership structure will enable it to manage such risks effectively, it was one factor among many considered by our Board in selecting this leadership structure over other potential alternatives. For a discussion of the reasons why our Board has determined that its leadership structure is appropriate, please see the "*Board Leadership Structure*" above.

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### **Communications with the Board**

Stockholders and other interested parties who wish to communicate directly with any member of our Board, or our non-management directors as a group, may do so by writing to the Board of Directors or Non-Management Directors, Boston Scientific Corporation, c/o General Counsel, 300 Boston Scientific Way, Marlborough, Massachusetts 01752 or by contacting the Board via email at BSCboardofdirectors@bsci.com or non-management directors at non-managementdirectors@bsci.com. The Board has authorized the office of our General Counsel to review and organize, but not screen, communications from stockholders and other interested parties and deliver them to the Board or non-management directors, as applicable. We do screen commercial solicitations for appropriateness.

The Company is committed to stockholder engagement. In addition to the communication process detailed above, stockholders also have the opportunity to speak at our Annual Meeting of Stockholders, participate in the annual "say-on-pay" advisory vote and communicate with our active Investor Relations department, among other avenues for engagement. The Board seriously considers the views of stockholders in its decision-making process. For instance, in response to engagement with certain stockholders and evaluation of current corporate governance best practices, the Board has determined it would be in the best interest of the Company and its stockholders to propose an amendment to the Company's By-Laws to implement a majority voting standard in uncontested director elections, subject to stockholder approval at this Annual Meeting of Stockholders. For additional information on this proposal, please see page 98 of this Proxy Statement.

### **Board and Committee Service Limitation**

Without the approval of the Nominating and Governance Committee, no director may sit on more than three public company boards (in addition to our Board) and our Chief Executive Officer may not sit on more than one public company board (in addition to our Board). No director may serve simultaneously on the audit committees of more than three public companies (including the Company), unless the Board of Directors has determined that such service would not impair the ability of the member to effectively serve on the Company's Audit Committee, such determination to be disclosed in accordance with applicable NYSE or SEC rules. At the May 2017 Board meeting, the Board made a determination that the then-proposed service of Mr. Dockendorff on the audit committee of a fourth public company (including the Company) would not impair his ability to effectively serve on the Company's Audit Committee. All of our Board members have complied with these limitations or procedures.

### **Related Party Transactions**

Our Board has adopted a written related party transaction policy to monitor transactions, arrangements or relationships in which the Company and any of the following have an interest: (i) any person who is or was (since the beginning of 2018, even if they do not presently serve in that role) an executive officer or director or director nominee; (ii) any person who is a director emeritus; (iii) any person or entity who holds more than a 5% beneficial ownership of our common stock; (iv) any immediate family member of any of the foregoing; or (v) any entity in which any of the foregoing persons is employed or is a general partner or principal or acts in any similar position in which such person or persons collectively have a 10% or greater beneficial ownership interest. The policy covers any related party transaction that meets the minimum threshold for disclosure under relevant SEC rules (generally, transactions involving amounts exceeding \$120,000 in which a related person has a direct or indirect material interest).

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Related party transaction oversight is the responsibility of our Nominating and Governance Committee. Our General Counsel is responsible for identifying any potential related party transactions and, if she determines that an existing or proposed transaction constitutes a related party transaction under the policy, she will provide relevant details and an analysis of the related party transaction to the Nominating and Governance Committee. The General Counsel provides an annual summary to the Nominating and Governance Committee of all transactions or relationships which she considered under this policy, including those that she determined do not constitute a related party transaction. If the General Counsel has an interest in a potential related party transaction, she will provide all relevant information to the Chairperson of the Nominating and Governance Committee, who will provide the information to the other members of such Committee. The Nominating and Governance Committee reviews relevant information concerning any existing or proposed transaction contemplated by the Company with an entity that is the subject of a disclosed relationship, and approves or rejects the transaction, with or without conditions or additional protections for the Company. Our related party transactions policy can be found in our Corporate Governance Guidelines available under "*Governance Overview*" in the "*Investor Relations*" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com).

**Code of Conduct**

We maintain a Code of Conduct, which has been approved by our Board, to ensure that our directors, employees and officers, including our Chief Executive Officer and Chief Financial Officer, understand the basic principles that govern our corporate conduct. The Code of Conduct is available under "*Governance Overview*" in the "*Investor Relations*" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com). A stockholder may request a copy of the Code of Conduct by contacting our Corporate Secretary at Boston Scientific Corporation, 300 Boston Scientific Way, Marlborough, Massachusetts 01752. Any waivers or substantive amendments of the Code of Conduct will be disclosed on our website at [www.bostonscientific.com](http://www.bostonscientific.com).

**Sustainability**

In addition to our corporate governance policies, sustainability is a key focus of our business. We endeavor to reduce our environmental footprint on a global basis, engage with and support the communities where we operate, conduct our operations in a responsible and ethical manner, advance the growth and capabilities of our employees and develop innovative products that improve health care worldwide. For more, please see our sustainability report available at [www.bostonscientific.com/performance-report](http://www.bostonscientific.com/performance-report).

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## MEETINGS AND BOARD COMMITTEES

### Board Meetings and Director Attendance

The Board met eight times in 2018. In 2018, each incumbent director attended at least 75% of the aggregate of (1) the total number of meetings of our Board of Directors (held during the period for which he or she has been a director) and (2) the total number of meetings of all committees of our Board of Directors on which the director served (during the periods that he or she served).

Directors are expected to prepare for and use reasonable efforts to participate in all Board meetings and meetings of the committees on which they serve. The Board and each committee will meet as frequently as necessary to properly discharge their responsibilities, provided that the full Board will meet at least four times per year. Generally, the Board meets in February, May, August and November. In addition, directors are expected to use reasonable efforts to attend Annual Meetings of Stockholders. At our 2018 Annual Meeting of Stockholders, nine of our ten directors were in attendance, with one director unable to attend due to a personal conflict.

### Executive Sessions

Directors who qualify as independent directors within the meaning of the NYSE Corporate Governance Standards meet in executive sessions without management at every regularly scheduled Board meeting and at such other times as they deem appropriate. Our independent directors meet in executive session at least once annually. In 2018, our independent directors met in executive session without non-independent directors four times. The Chairman of the Board, if independent, or the Lead Independent Director, if the Chairman of the Board is not independent, will preside at executive sessions of independent directors. In his absence, the Chair of the Nominating and Governance Committee presides at these executive sessions, and, in his absence, the Chair of the Audit Committee presides.

### Committees of the Board of Directors

Our Board has standing Audit, Executive Compensation and Human Resources, Nominating and Governance, and Finance Committees. All of the members of the Audit Committee, Executive Compensation and Human Resources Committee, and Nominating and Governance Committee meet the applicable independence requirements of the NYSE and the SEC. Our Board also establishes special committees from time to time to address specific issues or discrete matters as the need arises.

Each of our standing committees is governed by a written charter, which is subject to annual review by each respective committee and approval by the Board. Committee charters are available under "Governance Overview" in the "Investor Relations" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com).

Table of Contents**Board Committee Membership**

As of March 15, 2019, our committee membership was as follows:

| Name                   | Audit<br>Committee | Executive<br>Compensation<br>and Human<br>Resources<br>Committee | Nominating and<br>Governance<br>Committee | Finance<br>Committee |
|------------------------|--------------------|--|---|----------------------|
| Nelda J. Connors       |                    | *  |   | *                    |
| Charles J. Dockendorff | +                  |  |   | *                    |
| Yoshiaki Fujimori      |                    |  |   | *                    |
| Donna A. James         |                    | +  | *   |                      |
| Edward J. Ludwig       | *                  | *  |   |                      |
| Stephen P. MacMillan   |                    | *  | *   |                      |
| Michael F. Mahoney     |                    |  |   |                      |
| David J. Roux          | *                  |  |   | +                    |
| John E. Sununu         | *                  |  | +   |                      |
| Ellen M. Zane          | *                  |  | *   |                      |

\* Committee Member

+ Committee Chair

**Audit Committee**

Our Audit Committee met twelve times in 2018. Our Audit Committee is comprised of Messrs. Dockendorff, Ludwig, Roux and Sununu and Ms. Zane, each of whom meets the independence requirements of the NYSE and the SEC. The Board has also determined that each of Messrs. Dockendorff, Ludwig and Sununu and Ms. Zane is an "audit committee financial expert" as that term is defined in the rules and regulations of the SEC.

As outlined in its written charter, the primary purpose of the Audit Committee is to provide oversight of our accounting and financial reporting processes and audits of our financial statements, as well as of our global compliance program, including matters related to compliance with financial, legal and regulatory requirements. The Audit Committee has responsibility to, among other things:

provide assistance to our Board in the areas of corporate accounting, internal control, independent audit and reporting practices;

maintain, by way of regularly scheduled meetings, a direct line of communication among our directors, management, our internal auditors and our independent registered public accounting firm;

appoint our independent registered public accounting firm, evaluate its qualifications, independence and performance, and review its reports and other services, and has the right to terminate our independent registered public accounting firm;

pre-approve audit, audit-related and non-audit services performed for us by our independent registered public accounting firm; and



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assist the Board in its oversight of financial, legal and regulatory compliance, including financial reporting, internal controls and financial risk exposure to the Company resulting from legal and regulatory compliance matters, and all other areas of compliance.

The Audit Committee Report can be found on page 102 of this Proxy Statement.

**Executive Compensation and Human Resources Committee**

Our Executive Compensation and Human Resources Committee (Compensation Committee) met five times in 2018. Ms. James, Ms. Connors, and Messrs. Ludwig and MacMillan are the current members of the Compensation Committee. The Compensation Committee is, and was during 2018, comprised exclusively of "independent directors," as defined by the NYSE, including under the heightened independence standards applicable to compensation committee members, "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), and "outside directors" within the meaning of Section 162(m) of the Code.

As outlined in its written charter, the Compensation Committee has the responsibility to, among other things:

set the corporate goals and objectives relative to the Chief Executive Officer's compensation and evaluate the Chief Executive Officer's performance against those goals and objectives;

determine and approve our Chief Executive Officer's compensation;

review, oversee and determine (or make recommendations to the Board regarding) the total compensation package for our other executive officers;

review and approve all new employment, consulting, retirement, severance and change in control agreements, indemnification agreements and other arrangements proposed for our executive officers, except for employment agreements with the Chief Executive Officer or Chief Financial Officer, with respect to which it shall review and make recommendations to the Board, and periodically review and evaluate these arrangements for continuing appropriateness;

review and make recommendations to the Board regarding the compensation of our non-employee directors;

adopt and periodically review a comprehensive statement of executive compensation philosophy, strategy and principles; and

review and discuss with management how the Company's compensation policies and programs for all of its employees may create incentives that can affect risk and the management of that risk, as well as whether the Company's compensation programs are appropriately aligned with the Company's risk management.

The Compensation Committee may delegate its authority and duties to subcommittees or individual members of the Compensation Committee, as it deems appropriate in accordance with applicable laws and regulations. The Compensation Committee has delegated authority to our Chief Executive Officer to make equity grants to new hires and retention awards to existing employees who are not executive officers within predetermined guidelines. These grants are reviewed with the Compensation Committee

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at its next regularly scheduled meeting. The Compensation Committee may also delegate authority to make amendments to the Company's benefit plans and Global Employee Stock Ownership Plan to the Senior Vice President, Human Resources, that he or she determines to be necessary to maintain compliance with applicable law or other technical amendments that do not materially increase the cost of the plans to the Company.

Pursuant to its charter, the Compensation Committee has sole authority to retain or obtain advice from any compensation consultant, legal counsel or other advisor, as the Compensation Committee deems appropriate to assist the Committee in the performance of its duties, including the sole authority to approve the compensation and other terms and conditions of retention. Prior to any such retention, and on an annual basis, the Compensation Committee considers any factors relevant to such consultant's, legal counsel's or advisor's independence from management, including the factors specified in the NYSE Corporate Governance Standards or other listing rules, to evaluate whether the services to be performed will raise any conflict of interest or compromise the independence of such consultant, legal counsel or advisor. Semler Brossy Consulting Group, LLC (Semler Brossy) served as the Compensation Committee's independent compensation consultant in 2018. During 2018, Semler Brossy provided the following compensation services to the Compensation Committee:

reviewed and recommended the peer group of companies used in evaluating executive and director compensation;

provided information and commentary on executive and director compensation market trends;

collected and analyzed market pay data on director and executive compensation;

reviewed and provided commentary and recommendations on our executive and director compensation arrangements in comparison to market; and

reviewed and provided commentary on our proxy disclosures and management proposals concerning executive pay.

For additional information regarding the services provided by Semler Brossy, please see the Compensation Discussion & Analysis section.

In 2018, Semler Brossy and its affiliates did not provide additional services to the Company other than at the request of the Compensation Committee. After review and consultation with Semler Brossy, the Compensation Committee determined that Semler Brossy is independent, and there is no conflict of interest resulting from retaining Semler Brossy currently or during 2018. In reaching these conclusions, the Compensation Committee considered the factors set forth in the SEC rules and the NYSE listing standards.

In accordance with its annual review of its compensation consultant engagement, the Compensation Committee will evaluate the engagement of Semler Brossy in May 2019.

The Compensation Committee Report can be found on page 68 of this Proxy Statement.

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**Nominating and Governance Committee**

The Nominating and Governance Committee met four times in 2018. Mr. Sununu, Ms. James, Mr. MacMillan and Ms. Zane are the current members of the Nominating and Governance Committee, each of whom is a non-employee director and meets the independence requirements of the NYSE.

As outlined in its written charter, the Nominating and Governance Committee has responsibility to, among other things:

recommend nominees for election and re-election to the Board;

ensure that Board nominees are qualified and consistent with our needs;

monitor significant developments in the law and practice of corporate governance for directors of public companies;

recommend Board committee assignments;

review and recommend Board policies and procedures;

review political contributions made by the Company;

monitor compliance with our stock ownership guidelines and with our related party transactions and board service policies;

oversee the Board and each committee of the Board in their annual performance self-evaluations;

recommend to the Board candidates for Chairman and Chief Executive Officer; and

review and assess a succession plan for the Chief Executive Officer.

The Nominating and Governance Committee is also responsible for reviewing with the Board, on an annual basis, the current size, structure and composition of the Board as a whole, and whether the Company is being well served by the current directors taking into account the following: the directors' degree of independence; business background, including any areas of particular expertise, such as accounting or related financial management expertise, marketing or technology; record of service (for incumbent directors), including attendance record; meeting preparation; overall contribution to the Board; employment status; gender; ethnicity; years of experience; availability for service to us; and our anticipated needs.

For information on the nomination process conducted by the Nominating and Governance Committee and our policies regarding stockholder nominations of directors, please see the Corporate Governance section titled "*Director Nomination Process*."

**Finance Committee**

The Finance Committee met four times in 2018. Mr. Roux, Ms. Connors, Mr. Dockendorff and Mr. Fujimori are the current members of the Finance Committee. The primary role of the Finance Committee is to provide a forum within the Board to review our overall financing plans and long-term



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strategic objectives, as well as our shorter-term acquisition and investment strategies and how these shorter-term activities fit within our overall business objectives.

As outlined in its written charter, the Finance Committee is charged with providing Board oversight of the financial management of the Company, approving strategic transactions for which the Board has delegated authority, making recommendations to the Board regarding larger transactions, and evaluating our financial strategies and policies. The Finance Committee has responsibility to, among other things:

review periodically with management our strategic business objectives and the manner in which transactional activity can contribute to the achievement of those objectives;

review strategic opportunities with management on a regular basis;

conduct periodic reviews of completed transactions to assess success achieved;

test the extent to which the projections and other assumptions relied upon in approving past transactions have borne out;

identify the factors differentiating more successful transactions from less successful ones;

evaluate the strategic contributions of these transactions; and

conduct periodic reviews of our cash investments and cash management policies, debt ratings and global financing objectives and strategies, including the review and approval of certain borrowing arrangements, capital expenditures and dispositions, and activities that may impact our capital structure.

**Compensation Committee Interlocks and Insider Participation**

The members of our Compensation Committee during 2018 were Ms. Connors, Ms. James, Mr. Ludwig and Mr. MacMillan. None of these Compensation Committee members is or has ever been an officer or employee of our Company. During 2018, no member of the Compensation Committee had a relationship that must be described under the SEC rules relating to disclosure of related person transactions. In 2018, none of our executive officers served on the board of directors or compensation committee (or other board committee performing equivalent functions) of any entity that had one or more of its executive officers serving on the Board or the Compensation Committee of the Company.

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## DIRECTOR COMPENSATION

### Elements of Director Compensation

The Compensation Committee evaluates the appropriate level and form of compensation for non-employee directors at least annually and recommends changes to our Board when appropriate. Non-employee directors receive a combination of cash and equity compensation for their service on our Board. To determine the level of compensation for 2018, the Compensation Committee relied on the consulting services of Semler Brossy, as well as publicly available data describing director compensation in our peer group companies, to establish an appropriate and competitive level of compensation. The Compensation Committee generally aims to provide a level of compensation that is competitive with the median of peer and other similar companies. The Compensation Committee also took into consideration the significant amount of time and dedication required by our directors to fulfill their duties on our Board and Board committees as well as the need to continue to attract highly qualified candidates to serve on our Board. Our director compensation is as follows:

### Non-Employee Directors

#### *2018 Compensation*

For their service for the annual term beginning on the date of the 2018 annual meeting of stockholders, we have compensated our non-employee directors as described below and in the following sections:

an annual cash retainer of \$115,000;

an annual grant of equity with a value of \$185,000;

an annual cash fee of \$20,000 for the chair of each of our Board committees, other than the chair of our Audit Committee;

an annual cash fee of \$25,000 for the chair of our Audit Committee; and

an annual cash fee of \$40,000 to our Lead Independent Director.

The annual equity grants are made on the date of each annual meeting of stockholders. If a non-employee director is appointed to the Board on a date other than the annual meeting of stockholders, an equity grant in an amount equal to the then-current non-employee director annual award, prorated for the time period from the effective date of the appointment to the next annual meeting of stockholders, is made on the first trading day of the month following the month in which the new director was appointed to the Board. Such awards made to new non-employee directors become free from restriction upon the expiration of the new director's current term of office on the date of the annual meeting of stockholders immediately following the date of grant, subject to the director's continuation of service during such term. Additionally, if a non-employee director is appointed to the Board on a date other than the annual meeting of stockholders, the annual cash retainer for such director will be prorated for the time period from the effective date of the appointment to the next annual meeting of stockholders.

For their service for the annual term beginning on the date of the 2017 annual meeting of stockholders, the annual cash retainer was \$100,000 and the annual cash fee for the chair of our Audit

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Committee was \$20,000. In November 2017, and effective from the 2018 annual meeting of stockholders, the Compensation Committee removed stock options from the equity alternatives that were available to directors to receive as all or a portion of their cash compensation or annual equity grant.

*Cash Compensation*

Each non-employee director receives the annual cash retainer and fees on a quarterly basis. For 2018, each non-employee director could elect to receive all or a portion of his or her cash compensation as one or both of two equity alternatives, each to vest on the date of the annual meeting of stockholders immediately following the date of grant, subject to the director's continuation of service during such term: (i) restricted stock valued based on the closing price of our common stock on the date of grant; and (ii) deferred stock units, valued based on the closing price of our common stock on the date of grant (with shares of our common stock to be issued only after a director's separation from Board service in accordance with the Boston Scientific Non-Employee Director Deferred Compensation Plan, as amended and restated, effective January 1, 2014 (the 2014 Non-Employee Director Deferred Compensation Plan)). Each non-employee director could also choose to defer receipt of all or a portion of his or her annual cash compensation under the 2014 Non-Employee Director Deferred Compensation Plan, as described further below.

*Equity Compensation*

The annual equity grants are made on the date of each annual meeting of stockholders and are subject to the terms and conditions of our 2011 Long-Term Incentive Plan (2011 LTIP). In 2018, each non-employee director could elect to receive his or her annual equity award as one or both of the following two equity compensation alternatives, each to vest on the date of the annual meeting of stockholders immediately following the date of grant, subject to the director's continuation of service during such term: (i) restricted stock valued based on the closing price of our common stock on the date of grant; and (ii) deferred stock units valued based on the closing price of our common stock on the date of grant (with shares of our common stock to be issued only after a director's separation from Board service in accordance with the 2014 Non-Employee Director Deferred Compensation Plan).

**Employee Directors**

Directors who are also employees of the Company receive no compensation for serving on the Board or its committees.

**Other Payments and Benefits**

We pay or reimburse our directors for transportation, hotel, meals and other incidental expenses incurred in connection with their performance of services for us, including attending Board and committee meetings and participating in director education programs. Our corporate aircraft is made available to our directors for travel to and from our Board meetings, as well as for certain other Company business travel. We also extend directors' and officers' indemnity insurance coverage to each of our directors.

**Non-Employee Director Deferred Compensation Plans**

Each non-employee director may, by written election, defer receipt of all or a portion of the annual cash retainer, annual cash committee chair fees and equity compensation under our 2014 Non-Employee Director Deferred Compensation Plan. Cash amounts deferred can be invested in

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deemed investment options in which we credit the amount deferred plus any earnings from the chosen investment options. Investment options under the plan are generally the same as those offered under the Company's 401(k) Plan through Vanguard, except that, among other things, directors may not elect to invest in the BSC Stock Fund. Deferred cash amounts are payable, at the non-employee director's written election, in either a lump-sum or in annual installments after a director's separation from Board service or in a lump-sum on an earlier fixed date (in all cases in accordance with the plan).

**Director Stock Ownership Guidelines**

We believe the stock ownership requirements for our non-employee directors align the interests of our directors with the long-term interests of our stockholders. Our director stock ownership guidelines provide that each non-employee director should own shares with a value equal to at least five times the director annual cash retainer within five years of his or her joining the Board. For purposes of satisfying this obligation, stock units and stock or stock unit deferrals under a Company deferred compensation plan may be included in the aggregate number of shares held by a director. All of our non-employee directors who have served five years or more currently meet our director stock ownership guidelines. The Nominating and Governance Committee monitors compliance with these guidelines on an annual basis. For information regarding the stock ownership guidelines applicable to our Chairman and Chief Executive Officer, please see the Compensation Discussion & Analysis section titled *"Executive Stock Ownership Guidelines."*

**Director Compensation Table**

The table below summarizes the compensation paid or earned by our non-employee directors for the year ended December 31, 2018.

| Name(1)                | Fees<br>Earned or<br>Paid in<br>Cash<br>\$(2)(3) | Stock<br>Awards<br>\$(2)(4)(5) | Change in<br>Pension<br>Value and<br>Non-Qualified<br>Deferred<br>Compensation<br>Earnings<br>\$(6) | All Other<br>Compensation<br>\$(7) | Total<br>\$(8) |
|------------------------|--|--------------------------------|---|------------------------------------|----------------|
| Nelda J. Connors       | 110,000  | 184,981                        | 2,497   |                                    | 297,478        |
| Charles J. Dockendorff | 133,333  | 184,981                        |   |                                    | 318,314        |
| Yoshiaki Fujimori      | 110,000  | 184,981                        |   |                                    | 294,981        |
| Donna A. James         | 125,000  | 184,981                        |   |                                    | 309,981        |
| Edward J. Ludwig       | 155,000  | 184,981                        |   | 228                                | 340,209        |
| Stephen P. MacMillan   | 110,000  | 184,981                        |   |                                    | 294,981        |
| David J. Roux          | 130,000  | 184,981                        |   | 527                                | 315,508        |
| John E. Sununu         | 130,000  | 184,981                        |   | 183                                | 315,164        |
| Ellen M. Zane          | 110,000  | 184,981                        |   |                                    | 294,981        |

(1) Mr. Mahoney, the Chairman of our Board, President and Chief Executive Officer, is not included in this table because Mr. Mahoney did not receive any compensation for his services as a director in 2018. His compensation as an executive of the Company is discussed in the Compensation Discussion & Analysis and Executive Compensation sections.

(2) The "Stock Awards" column and, to the extent a director received equity in lieu of cash compensation, the "Fees Earned or Paid in Cash" column, present grant date fair value (and the notes below present the individual grant date fair values) of each director's equity award computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. For a description of the assumptions used for purposes of determining grant date fair value, please see *Note L Stock Ownership Plans* to our consolidated financial statements included in Item 8 Financial Statements and Supplementary Data of our Annual Report on Form 10-K for the year ended December 31, 2018.



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- (3) Mr. Ludwig elected to receive equity in the form of restricted stock in lieu of 50% of his cash retainer earned in 2018. Mr. MacMillan elected to receive equity in the form of deferred stock units for his entire cash retainer earned in 2018, and the grant to Mr. MacMillan on May 10, 2018 relates to his service during the one-year term beginning after the 2018 Annual Meeting of Stockholders. The following table reports the equity granted to Messrs. Ludwig and MacMillan in lieu of cash for the one-year term beginning after the 2018 Annual Meeting of Stockholders.

| Name                 | Equity Award         | Grant Date   | Number of<br>Units(#) | Grant Date<br>Fair Value(\$) | Vesting Date |
|----------------------|----------------------|--------------|-----------------------|------------------------------|--------------|
| Edward J. Ludwig     | Restricted Stock     | May 10, 2018 | 2,559                 | 77,487                       | May 9, 2019  |
| Stephen P. MacMillan | Deferred Stock Units | May 10, 2018 | 3,797                 | 114,973                      | May 9, 2019  |

- (4) Each non-employee director elected at our 2018 Annual Meeting of Stockholders was granted an equity award with a value of \$185,000. For each director that elected to receive restricted stock, the restricted stock vests on the date of the annual meeting of stockholders immediately following the date of grant, subject to the director's continued service during such term. For each director that elected to receive deferred stock units, the deferred stock units vest on the date of the annual meeting of stockholders immediately following the date of grant, subject to continued service during such term, and vested shares of stock will be issued to the director upon his or her separation from Board service in accordance with the 2014 Non-Employee Director Deferred Compensation Plan.

The annual equity awards to our directors during 2018 are shown below:

| Name                   | Equity Award         | Grant Date   | Number of<br>Shares/<br>Units(#) | Grant Date<br>Fair Value(\$) | Vesting Date |
|------------------------|----------------------|--------------|----------------------------------|------------------------------|--------------|
| Nelda J. Connors       | Restricted Stock     | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |
| Charles J. Dockendorff | Restricted Stock     | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |
| Yoshiaki Fujimori      | Deferred Stock Units | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |
| Donna A. James         | Restricted Stock     | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |
| Edward J. Ludwig       | Restricted Stock     | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |
| Stephen P. MacMillan   | Deferred Stock Units | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |
| David J. Roux          | Restricted Stock     | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |
| John E. Sununu         | Restricted Stock     | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |
| Ellen M. Zane          | Restricted Stock     | May 10, 2018 | 6,109                            | 184,981                      | May 9, 2019  |

The outstanding Restricted Stock, Restricted Stock Deferred and Deferred Stock Units held by the non-employee directors at December 31, 2018 are shown below:

| Name                   | Outstanding<br>Restricted Stock | Outstanding Deferred<br>Stock Units and<br>Restricted Stock Deferred |
|------------------------|---------------------------------|--|
| Nelda J. Connors       | 6,109                           | 77,569   |
| Charles J. Dockendorff | 6,109                           |  |
| Yoshiaki Fujimori      |                                 | 13,121   |
| Donna A. James         | 6,109                           | 8,494  |
| Edward J. Ludwig       | 8,668                           | 18,502   |
| Stephen P. MacMillan   |                                 | 37,602   |
| David J. Roux          | 6,109                           |  |
| John E. Sununu         | 6,109                           | 81,757   |
| Ellen M. Zane          | 6,109                           |  |

For more information on the beneficial ownership of our directors, please see the section titled "*Certain Beneficial Ownership Matters*".

- (5) The outstanding unexercised stock options at December 31, 2018, pursuant to stock option awards previously granted to non-employee directors, all of which have vested, are shown below.

| Name                 | Outstanding<br>Stock Options |
|----------------------|------------------------------|
| Edward J. Ludwig     | 16,818                       |
| Stephen P. MacMillan | 34,493                       |

- (6) The amounts in this column represent the "above-market" portion of 2018 earnings under the interest crediting investment option available under the

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Non-Employee Director Deferred Compensation Plan. The interest rate used under the plan each year is the Moody's Composite Yield on Seasoned Corporate Bonds for the month of September of the preceding year. For 2018, the interest rate used under the plan was 3.92%, the Moody's rate in September 2017. Under SEC rules, interest on non-qualified deferred compensation is considered "above-market" if the interest rate exceeds 120% of the federal long-term interest rate, with compounding at the rate that corresponds most closely to the rate under the plan, at the time the interest rate or formula is set. For 2018, 120% of the applicable federal long-term interest rate was 3.12%.

- (7) The Amount reflected in the "All Other Compensation" column represents the aggregate incremental cost to us for personal use of our corporate aircraft by Messrs. Ludwig, Roux and Sununu, as well as any incremental costs associated with persons accompanying them on business travel, if applicable. We calculate the incremental cost to us by dividing the total annual variable operating costs for the corporate aircraft by the number of in flight hours during the year. The resulting dollar per hour amount is then multiplied by the number of hours flown for personal use by Messrs. Ludwig, Roux and Sununu during the year, including the "dead head" costs of flying the aircraft to and from locations for personal use. For additional details regarding our corporate aircraft, please see the footnotes to the Executive Compensation section titled "*Summary Compensation Table*." The amount in this column excludes \$1,853, \$3,584 and \$1,392 of disallowed Company tax deductions attributable to Messrs. Ludwig, Roux and Sununu, respectively, for personal use of the corporate aircraft during the year.

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As of March 15, 2019, our executive officers were as follows:

| Name                         | Age | Title   |
|------------------------------|-----|---|
| Michael F. Mahoney           | 54  | Chairman of the Board, President and Chief Executive Officer        |
| Kevin J. Ballinger           | 46  | Executive Vice President and President, Interventional Cardiology   |
| Daniel J. Brennan            | 53  | Executive Vice President and Chief Financial Officer                |
| Arthur C. Butcher            | 48  | Senior Vice President and President, Endoscopy                      |
| Wendy Carruthers             | 50  | Senior Vice President, Human Resources                              |
| Jodi Euerle Eddy             | 46  | Senior Vice President and Chief Information Officer                 |
| Joseph M. Fitzgerald         | 55  | Executive Vice President and President, Rhythm Management           |
| Edward F. Mackey             | 56  | Executive Vice President, Operations                                |
| Professor Ian T. Meredith AM | 62  | Executive Vice President and Global Chief Medical Officer           |
| Jeffrey B. Mirviss           | 53  | Senior Vice President and President, Peripheral Interventions       |
| Maulik Nanavaty              | 57  | Senior Vice President and President, Neuromodulation                |
| David A. Pierce              | 55  | Executive Vice President and President, MedSurg                     |
| Desiree Ralls-Morrison       | 52  | Senior Vice President, General Counsel and Corporate Secretary      |
| John Bradley Sorenson        | 51  | Senior Vice President, Manufacturing and Supply Chain               |
| Eric Thépaut                 | 57  | Senior Vice President and President, Europe, Middle East and Africa |
| Warren Wang                  | 45  | Senior Vice President and President, Asia Pacific                   |

**Biographical Information About Our Executive Officers**

For Michael F. Mahoney, please see his biography in *Proposal 1: Election of Directors*.

**Kevin J. Ballinger** is our executive vice president and global president, Interventional Cardiology, a position he has held since March 2017. In his current role, Mr. Ballinger is responsible for developing and bringing to market innovative solutions that diagnose and treat coronary artery disease and structural heart disorders. Prior to that, he served as senior vice president from January 2013 to February 2017. Mr. Ballinger has more than 20 years of interventional cardiology experience. Prior to his current role, he was also president, interventional cardiology and held a variety of engineering and general management positions within our Interventional Cardiology and Peripheral Interventions business units, including vice president and general manager, group program management, cardiology, rhythm and vascular; vice president of research and development, peripheral interventions and vice president of program management, cardiovascular. Mr. Ballinger earned a B.S. in mechanical engineering from Michigan Technological University and an M.B.A. from the University of Minnesota.

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**Daniel J. Brennan** is our executive vice president and chief financial officer, a position he has held since January 2014. In this role, he is responsible for several company functions, including Global Controllershship, Global Internal Audit, Corporate Finance, Treasury, Corporate Tax, Investor Relations, and Corporate Business Development. Prior to that, he was the Company's senior vice president and corporate controller, a role he served in since January 2010. Since joining Boston Scientific in December 1996, Mr. Brennan has held roles with increased responsibilities, including vice president and assistant corporate controller, vice president of Finance and Information Technology for Worldwide Financial & Strategic Planning, Investor Relations, International Finance and Cardiovascular, group controller of the non-vascular business and controller of the Meditech Vascular business. He holds a B.S. degree in Finance and Investments and an M.B.A from Babson College. Mr. Brennan is also a certified public accountant and a member of the board of overseers of Babson College. He currently is a member of the Board of Directors of Nuance Communications.

**Arthur C. Butcher** is our senior vice president and president, Endoscopy, a position he has held since July 2016. In this role, he is responsible for developing and bringing to market less invasive devices for treating gastrointestinal and pulmonary conditions. Prior to his current role, Mr. Butcher served as vice president & general manager, Japan Endoscopy from August 2014 to June 2016. Mr. Butcher has held a variety of marketing and strategic planning management positions within the Endoscopy and Urology and Pelvic Health businesses, including vice president of Global Marketing, Endoscopy division from April 2011 to August 2014, and vice president of New Business Development and Strategic Planning, Urology & Women's Health. Since joining Boston Scientific in 1997, Mr. Butcher has held management roles with increasing responsibility bringing a deep experience across divisions. He holds a B.A. in International Relations from the University of Pennsylvania and an M.B.A. from Columbia University.

**Wendy Carruthers** is our senior vice president, Human Resources, a position she has held since December 2012. In this role, she is responsible for overseeing the Company's Human Resources activities globally, including Human Resources operations and services, total rewards, talent management, diversity and inclusion and community engagement. Prior to her current role, Ms. Carruthers served as the head of Human Resources on an interim basis from August 2012 to November 2012, as well as our vice president of Global Talent Management from January 2011 to November 2012. Ms. Carruthers has been with Boston Scientific since 2004 and has held various positions such as, vice president of Human Resources for our Europe, Middle East and Africa region; vice president of Human Resources for Europe and director of Human Resources for Europe. Prior to joining Boston Scientific, Ms. Carruthers was vice president of Human Resources, Europe for Cable & Wireless. Ms. Carruthers holds a B.A. First Class Honors Degree in Modern Languages from the University of Salford and is a Fellow of the Chartered Institute of Personnel and Development. She is a Board member of the Boston Scientific Foundation and the Greater Boston Food Bank.

**Jodi Euerle Eddy** is our senior vice president and chief information officer, a position she has held since December 2015. Ms. Eddy joined the Company in December of 2013 as our vice president, Information Systems. In her current role, Ms. Eddy is responsible for positioning the Company for success across multi-disciplinary information technology (IT) needs and overseeing the Company's strategy for digital health, data analytics, and cyber security capabilities. Ms. Eddy leads an IT organization of employees and contractors worldwide focused on continued advancement into complex, integrated IT solutions to address evolving customer and patient data needs. Prior to joining Boston Scientific, Ms. Eddy progressed through several roles of increasing leadership of information systems positions over 18 years at General Electric, including serving as the commercial chief information officer for the Oil and Gas business from October 2012 until December 2013; chief commercial information officer for the Measurement and Control business from October 2011 until February 2012; and chief information officer for the Engineered Systems business from October 2008 until February 2011. Ms. Eddy earned a B.S. in computer science from Southern Connecticut State University. She holds certifications in Master Black Belt Six Sigma and CISSP and CISCO CCNA.

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**Joseph M. Fitzgerald** is our executive vice president and president, Rhythm Management, a position he has held since February 2014, having previously served as senior vice president and president, Cardiac Rhythm Management from July 2011. He served as senior vice president and president, Endovascular from February 2010 until July 2011. Prior to that, Mr. Fitzgerald was president and general manager of Peripheral Interventions and president of Electrophysiology. Mr. Fitzgerald held a variety of management positions in our Neurovascular and Peripheral Interventions businesses. These included numerous regional and divisional sales management assignments up to and including his roles as vice president, Global Marketing for the Neurovascular business and vice president of U.S. Sales for the Neurovascular business. Prior to joining Boston Scientific in 1990 as a sales representative, Mr. Fitzgerald was with Anheuser Busch, Inc., where he held a variety of sales, marketing and training assignments. Mr. Fitzgerald holds a B.S. in Business from Indiana University and an M.B.A. from Southern Illinois University with a concentration in Marketing and Finance.

**Edward F. Mackey** is our executive vice president, Operations, a position he has held since February 2015. In this role, he is responsible for Global Manufacturing and Supply Chain, Quality and Regulatory Affairs, Information Technology, Global Business Services, Global Business Excellence, Corporate Research and Development, and Corporate Marketing and Market Access. Prior to joining Boston Scientific, Mr. Mackey was worldwide president of DePuy Synthes Power Tools, a division of Johnson & Johnson from November 2012 to January 2015, and vice president of Integration for Johnson & Johnson's acquisition of Synthes from June 2010 to November 2012. Early in his career, Mr. Mackey held management positions in Operations, Quality and Product Development at Raytheon's Mille Systems division. In 1995, he moved to Johnson & Johnson Orthopaedics as a plant manager and progressed through a series of manufacturing and supply chain leadership roles, becoming worldwide vice president of Supply Chain and Manufacturing for DePuy. Mr. Mackey holds a Bachelor's degree in Mechanical Engineering from Worcester Polytechnic Institute and an M.B.A from the University of Massachusetts.

**Professor Ian T. Meredith AM** is our executive vice president and global chief medical officer, a position he has held since January 2017. In this role, he is responsible for leading clinical science and medical affairs across Boston Scientific and providing global leadership of the company's clinical trial strategy. Prior to joining Boston Scientific, Professor Meredith served as professor and director of MonashHeart, and executive director of the Monash Cardiovascular Research Centre at Monash University in Melbourne, Australia, from September 2005 to December 2016. Professor Meredith has over 25 years of experience as a clinical and interventional cardiologist and also served as director of the Cardiac Catheterization Laboratories and Interventional Cardiology. Professor Meredith has been a member of the Board of the National Heart Foundation (Australia) and a member of the Cardiac Society of Australia and New Zealand National Board. Professor Meredith received a Ph.D. from the Baker Institute in Melbourne and an Order of Australia (AM) in the General Division for service to medicine in the field of Cardiology as a clinician and researcher.

**Jeffrey B. Mirviss** is our senior vice president and president, Peripheral Interventions, a position he has held since January 2013. In this role, he is responsible for developing and bringing to market innovative solutions for treating patients with Arterial and Venous system blockages and cancer. Prior to his current role he was our president, Peripheral Interventions from July 2011 to January 2013. Mr. Mirviss has more than 28 years of experience in medical device and pharmaceutical general management, marketing and sales. Since joining Boston Scientific in 1997, Mr. Mirviss also served as our vice president, Group Global Marketing, Cardiology, Rhythm and Vascular and vice president, Global Cardiology Marketing. Prior to joining Boston Scientific, Mr. Mirviss worked for companies ranging in size from a pre-revenue venture-backed medical device startup to Dow 30 companies. He holds a Bachelor's degree from the University of Minnesota and an M.B.A. from the University of St. Thomas.

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**Maulik Nanavaty** is our senior vice president and president, Neuromodulation, a position he has held since September 2011. In this role, he is responsible for the innovation leader in less-invasive microelectronic implantable technologies used to treat chronic neuropathic pain and neurological diseases such as Parkinson's disease and other chronic conditions. Prior to his current role, Mr. Nanavaty was our president of Boston Scientific Japan; he also served as vice president and general manager, Interventional Cardiology, Boston Scientific Japan. Mr. Nanavaty joined Boston Scientific in 2005 as vice president, corporate strategy, Boston Scientific Japan. Prior to joining Boston Scientific, Mr. Nanavaty spent 16 years working in various executive positions at Baxter International, Inc. and Baxter Japan. Mr. Nanavaty earned a Ph.D. in Pharmaceutical Sciences from the University of Illinois and an M.B.A. from the University of Chicago.

**David A. Pierce** is our executive vice president and president, MedSurg, a position he has held since April 2018. In this role, he has direct responsibility for the Urology and Pelvic Health and Endoscopy businesses, Canada and Latin America regions, and Corporate Marketing and Market Access. Prior to his current role, Mr. Pierce served as the Senior Vice President and President, Urology and Pelvic Health since July 2016. In that role, he developed and executed strategies to bring to market industry-leading solutions for treating patients with urological, urogynecological and gynecological diseases. Previously, Mr. Pierce served as senior vice president and president, Endoscopy since 2011, and vice president, Marketing for Endoscopy as well as group marketing director in the Endoscopy business. He joined Boston Scientific in 1991 as a territory manager before assuming management-level positions of increasing responsibility. Prior to joining Boston Scientific, Mr. Pierce also served as senior sales representative for Airborne Express and as a Captain in the United States Army. He earned a B.S. in Business Administration from Norwich University and an M.B.A. from Boston University.

**Desiree Ralls-Morrison** is our senior vice president, general counsel and corporate secretary, a position she has held since November 2017. In this role, she is responsible for providing global legal leadership across all of our businesses, regions and functions, and overseeing the company's global compliance function. Before joining Boston Scientific, she was senior vice president, general counsel and corporate secretary, and head of the global litigation, government affairs and public policy organizations, for Boehringer Ingelheim USA, Inc. since October 2013. Prior to that, she spent nine years at Johnson & Johnson, most recently as general counsel for the consumer group, and previously progressed through roles of increasing responsibility, including senior counsel, assistant general counsel, and vice president of law for the women's health, nutritionals and over-the-counter businesses. Earlier in her career, Ms. Ralls-Morrison was a senior attorney and assistant counsel at Merck & Co, Inc., focusing largely on regulatory and product liability matters, and prior to that, she held litigation roles at the law firms of Kelley Drye & Warren LLP and Shipman & Goodwin LLP. She recently served on the Danbury Hospital/New Milford Hospital Board of Directors, The Inner-City Foundation for Charity and Education and the Lawyer's Collaborative for Diversity. Desiree earned her B.A. in economics and political science from Wesleyan University and her J.D. from Harvard Law School.

**John Bradley Sorenson** is our senior vice president, Manufacturing and Supply Chain, a position he has held since November 2014. In this role, he is responsible for the global manufacturing and distribution of our products. Prior to his current role, he served as multi-site vice president, operations from 2008 to 2014. Mr. Sorenson held a variety of operations positions at Boston Scientific, supporting the Cardiac Rhythm Management, Neuromodulation, Interventional Cardiology, Peripheral Interventions and Structural Heart businesses and has more than 20 years of medical device manufacturing experience. Before joining Boston Scientific, he was president and chief operating officer of QRS Diagnostic and held manufacturing management positions at Federal Cartridge. Mr. Sorenson earned a B.A. in Economics from Gustavus Adolphus College and an M.B.A. from the University of Minnesota.

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**Eric Thépaut** is our senior vice president and president, Europe, Middle East and Africa, a position he has held since January 2018. Prior to his current role, he was senior vice president and president, Europe from January 2015 to December 2017 and served as vice president Interventional Cardiology & Structural Heart, Europe, from December 2012 to December 2015. He joined Boston Scientific Europe, in 1996, as a business finance manager and earned roles of increasing responsibility in marketing and finance including vice president, Finance, Europe, general manager and vice president, France, and general manager and vice president of the France Group, comprised of France, Benelux and Middle East North Africa. Before joining Boston Scientific, Mr. Thépaut held management positions in treasury operations and auditing at Nestlé and financial planning and analysis at Apple Computer. Mr. Thépaut earned his M.B.A. at Paris Dauphine University.

**Warren Wang** is our senior vice president and president, Asia Pacific, a position he has held since January 2018. In this role, he is responsible for the overseeing the continued growth of our company in Asia Pacific and the ongoing development of our leadership teams. Prior to his current role, he was president and managing director, North Asia from January 2016 to December 2017. Mr. Wang joined Boston Scientific in 2012 as vice president and managing director for China. Mr. Wang is known for successfully championing strategic collaborations with local organizations to increase our presence and local innovation development in China, such as our work with Frankenman Medical Equipment, PINS Medical Equipment Company, Tsinghua University and the International Health Industry Innovation Fund. Mr. Wang earned his Bachelor's degree in Economics from the University of International Business and Economics, Beijing and a M.B.A. in Marketing and Finance from the University of Chicago Booth School of Business.

Table of Contents**CERTAIN BENEFICIAL OWNERSHIP MATTERS****Security Ownership of Principal Stockholders**

Set forth below are stockholders known by us to be the beneficial owner of more than 5% of our common stock as of March 15, 2019. As of March 15, 2019, there were 1,390,499,842 shares of our common stock outstanding.

| <b>Name and Address</b>   | <b>Number of Shares<br/>Beneficially Owned</b> | <b>Percent of Shares<br/>Outstanding</b> |
|---|--|--|
| BlackRock, Inc.<br>55 East 52nd Street, New York, NY 10055              | 116,508,996(1)                                 | 8.38%                                    |
| Capital World Investors<br>333 South Hope Street, Los Angeles, CA 90071 | 100,151,225(2)                                 | 7.20%                                    |
| FMR LLC/Abigail P. Johnson<br>245 Summer Street, Boston, MA 02210       | 152,512,748(3)                                 | 10.97%                                   |
| The Vanguard Group<br>100 Vanguard Blvd., Malvern, PA 19355             | 103,841,248(4)                                 | 7.47%                                    |

- (1) Based solely on an amendment to Schedule 13G filed with the SEC on February 4, 2019. As of December 31, 2018, BlackRock reported that it possessed sole voting power with respect to 104,118,034 shares and sole dispositive power with respect to 116,508,996 shares. BlackRock reported that it did not possess shared voting or dispositive power over any shares.
- (2) Based solely on an amendment to Schedule 13G filed with the SEC on February 14, 2019. As of December 31, 2018, Capital World Investors reported that it possessed sole voting power with respect to 100,010,311 shares and sole dispositive power with respect to 100,151,225 shares. Capital World Investors reported that it did not possess shared voting or dispositive power over any shares.
- (3) Based solely on an amendment to Schedule 13G jointly filed by FMR LLC and Abigail P. Johnson with the SEC on February 13, 2019. As of December 31, 2018, FMR LLC reported sole voting power with respect to 14,870,836 shares and each of FMR LLC and Abigail P. Johnson reported sole dispositive power with respect to 152,512,748 shares. FMR LLC and Abigail P. Johnson reported that the following subsidiaries of FMR LLC beneficially own shares: (i) FIAM LLC; (ii) Fidelity Institutional Asset Management Trust Company; (iii) Fidelity Management & Research (Japan) Limited; (iv) Fidelity Management & Research Company; (v) FMR Co., Inc.; and (vi) Strategic Advisors Inc.
- (4) Based solely on an amendment to Schedule 13G filed with the SEC on February 11, 2019. As of December 31, 2018, The Vanguard Group reported that it possessed sole voting power with respect to 1,673,995 shares, shared voting power with respect to 346,258 shares, sole dispositive power with respect to 101,894,145 shares and shared dispositive power with respect to 1,947,103 shares. Vanguard also reported that (i) Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, is the beneficial owner of 1,248,125 shares as a result of its serving as investment manager of collective trust accounts, and (ii) Vanguard Investments Australia, Ltd., a wholly owned subsidiary of Vanguard, is the beneficial owner of 1,108,861 shares as a result of its serving as investment manager of Australian investment offerings.



Table of Contents**Security Ownership of Directors and Executive Officers**

The following table shows, as of March 15, 2019, the amount of our common stock beneficially owned by:

our directors and director nominees;

our executive officers named in the Summary Compensation Table; and

all of our directors and executive officers as a group.

"Beneficial ownership" includes those shares of our common stock the reporting person has the power to vote or transfer, stock options that are currently exercisable or exercisable within 60 days, and deferred stock units that may vest within 60 days. Unless otherwise indicated, the persons named below have sole voting and investment power over the shares listed.

| Name   | Number of Shares<br>Beneficially Owned | Percent of Shares<br>Outstanding |
|--|--|----------------------------------|
| Nelda J. Connors(1)  | 123,011                                | *                                |
| Charles J. Dockendorff(2)  | 63,213                                 | *                                |
| Yoshiaki Fujimori(3)   | 13,121                                 | *                                |
| Donna A. James(4)  | 30,373                                 | *                                |
| Edward J. Ludwig(5)  | 71,817                                 | *                                |
| Stephen P. MacMillan(6)  | 73,043                                 | *                                |
| David J. Roux(7)   | 50,015                                 | *                                |
| John E. Sununu(8)  | 114,022                                | *                                |
| Ellen M. Zane(9)   | 22,053                                 | *                                |
| Michael F. Mahoney(10)   | 4,513,224                              | *                                |
| Daniel J. Brennan(11)  | 507,638                                | *                                |
| Kevin J. Ballinger(12)   | 244,923                                | *                                |
| Joseph M. Fitzgerald(13)   | 913,336                                | *                                |
| David A. Pierce(14)  | 259,214                                | *                                |
| All directors and executive officers as a group (25 persons)(15) | 9,139,536                              | *                                |

\*  
Reflects beneficial ownership of less than one percent (1%) of our outstanding common stock.

- (1) Ms. Connors' beneficial ownership includes (i) 6,109 shares of restricted stock as to which she has sole voting but not investment power as the shares are unvested until the Annual Meeting and (ii) 54,813 shares of restricted stock and 22,756 deferred stock units, both of which have been deferred pursuant to our Non-Employee Director Deferred Compensation Plan, the underlying shares of which she has neither voting nor investment power until such shares are distributed in accordance with the plan.
- (2) Mr. Dockendorff's beneficial ownership includes 6,109 shares of restricted stock as to which he has sole voting but not investment power as the shares are unvested until the Annual Meeting.
- (3) Mr. Fujimori's beneficial ownership includes 13,121 shares of deferred stock units deferred pursuant to our Non-Employee Director Deferred Compensation Plan, the underlying shares of which he has neither voting nor investment power until such shares are distributed in accordance with the plan.
- (4) Ms. James' beneficial ownership includes 6,109 shares of restricted stock as to which she has sole voting but not investment power as the shares are unvested until the Annual Meeting, and 8,494 shares of deferred stock units deferred pursuant to our Non-Employee Director Deferred Compensation Plan, the underlying shares of which she has neither voting nor investment power until such shares are distributed in accordance with the plan.



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- (5) Mr. Ludwig's beneficial ownership includes 8,668 shares of restricted stock as to which he has sole voting but not investment power as the shares are unvested until the Annual Meeting, 18,502 deferred stock units deferred pursuant to our Non-Employee Director Deferred Compensation Plan as to the underlying shares of which he has neither voting nor investment power until such shares are distributed in accordance with the plan, and 16,818 shares of common stock subject to stock options exercisable within 60 days of March 15, 2019.
- (6) Mr. MacMillan's beneficial ownership includes 37,602 deferred stock units deferred pursuant to our Non-Employee Director Deferred Compensation Plan the underlying shares of which he has neither voting nor investment power until such shares are distributed in accordance with the plan, and 34,493 shares of common stock subject to stock options exercisable within 60 days of March 15, 2019.
- (7) Mr. Roux's beneficial ownership includes 6,109 shares of restricted stock as to which he has sole voting but not investment power as the shares are unvested until the Annual Meeting.
- (8) Mr. Sununu's beneficial ownership includes (i) 6,109 shares of restricted stock as to which he has sole voting but not investment power as the shares are unvested until the Annual Meeting and (ii) 21,708 shares of restricted stock and 60,049 deferred stock units, both of which have been deferred pursuant to our Non-Employee Director Deferred Compensation Plan, the underlying shares of which he has neither voting nor investment power until such shares are distributed in accordance with the plan.
- (9) Ms. Zane's beneficial ownership includes 6,109 shares of restricted stock as to which she has sole voting but not investment power as the shares are unvested until the Annual Meeting.
- (10) Mr. Mahoney's beneficial ownership includes 2,486,303 shares of common stock subject to stock options exercisable within 60 days of March 15, 2019.
- (11) Mr. Brennan's beneficial ownership includes 292,678 shares of common stock subject to stock options exercisable within 60 days of March 15, 2019.
- (12) Mr. Ballinger's beneficial ownership includes 165,555 shares of common stock subject to stock options exercisable within 60 days of March 15, 2019.
- (13) Mr. Fitzgerald's beneficial ownership includes 617,058 shares of common stock subject to stock options exercisable within 60 days of March 15, 2019 and 68,410 shares held in his 401(k) Plan account.
- (14) Mr. Pierce's beneficial ownership includes 220,274 shares of common stock subject to stock options exercisable within 60 days of March 15, 2019.
- (15) This amount includes 5,045,804 shares of common stock subject to stock options exercisable within 60 days of March 15, 2019 and 70,968 shares held in the 401(k) Plan accounts of our executive officers. Please refer to footnotes one through 14 above for additional details regarding the holdings of our directors, our director nominees and our Named Executive Officers.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors, executive officers and persons beneficially holding more than 10% of our common stock to file with the SEC reports of their ownership of our common stock and any changes in that ownership. To our knowledge, all of these filing requirements were timely satisfied, except by (i) John Sununu (72 shares of common stock were acquired in three separate transactions by a manager-directed account on his behalf and were not reported on a timely basis); (ii) Warren Wang (a deferred stock unit vesting event was not reported on a timely basis due to a Company administrative error); and (iii) Jodi Eddy (a grant of deferred stock units and stock options was not reported on Form 3 due to a Company administrative error). In making these statements, we have relied upon the written representations of our directors and executive officers and copies of reports that have been filed with the SEC.

## COMPENSATION DISCUSSION & ANALYSIS

This discussion and analysis describes material elements of our 2018 compensation program for our Named Executive Officers (NEOs), which include our Chief Executive Officer (CEO), our Chief Financial Officer (CFO), and our three other most highly-compensated executive officers. NEOs for the year ended December 31, 2018 were as follows:

|                      |   |
|----------------------|---|
| Michael F. Mahoney   | Chairman of the Board, President and Chief Executive Officer      |
| Daniel J. Brennan    | Executive Vice President and Chief Financial Officer              |
| Kevin J. Ballinger   | Executive Vice President and President, Interventional Cardiology |
| Joseph M. Fitzgerald | Executive Vice President and President, Rhythm Management         |
| David A. Pierce      | Executive Vice President and President, MedSurg                   |

### Executive Summary

#### Strategic Imperatives Linked to 2018 Executive Compensation

During 2018, we continued to focus on the following five strategic imperatives to help drive innovation, accelerate profitable revenue growth and increase stockholder value:

strengthen execution to grow share in our served markets;

expand into high growth adjacencies that complement our core businesses;

drive global expansion, including in emerging markets;

fund the journey to fuel growth through optimization and cost reduction initiatives and a re-allocation of spending to support growth initiatives; and

develop key capabilities to enable delivery of economic- and customer-focused products and solutions aligned with marketplace needs.

#### Pay for Performance

Our short- and long-term incentive plans incorporate metrics designed to align with the objective of driving profitable growth and reward Company and individual progress related to the strategic

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imperatives. Below is a snapshot of 2018 financial performance metrics used in our short- and long-term incentive programs:

|   |  |
|---|--|
| <b>\$9.823 billion</b><br>GAAP Net Sales  | <b>\$9.794 billion</b><br>Adjusted Net Sales(1)(2)<br>for Annual Bonus Plan                          |
| <b>\$1.19</b><br>GAAP Net Income Per Share  | <b>\$1.35</b><br>Adjusted Net Income Per Share(1)<br>(Adjusted EPS)<br>for Annual Bonus Plan         |
| <b>\$310 million</b><br>GAAP Cash Flow<br>Provided by Operating Activities                                    | <b>\$2.070 billion</b><br>Adjusted Free Cash Flow(1)<br>for Free Cash Flow Performance Share Program |
| <b>95.09%</b><br>3-year Total Stockholder Return(3)<br>For Total Shareholder Return Performance Share Program |  |

- 
- (1) Adjusted net sales, adjusted EPS and adjusted free cash flow are not prepared in accordance with generally accepted accounting principles in the United States (GAAP). For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures and insight into how these non-GAAP measures are considered by management, please see Annex A.
- (2) Adjusted net sales excludes the impact of foreign currency fluctuations and other adjustments that were not included in the Compensation Committee's determination of the performance target or measurement. Adjusted EPS excludes the impact of certain discrete tax items and other gains in the period not contemplated in the Committee's setting of the performance target or measurement.
- (3) 3-year Total Shareholder Return for the period from January 1, 2016 to December 31, 2018. Please see the Executive Compensation section titled "2018 Total Shareholder Return Performance Share Program" for how we calculate Total Shareholder Return.

### *CEO's Total Direct Compensation Aligns with Company Performance*

Our executive compensation philosophy is to provide appropriate competitive compensation opportunities to our executives with actual pay outcomes tied to achievement of Company and individual performance targets in support of our business strategy and creation of long-term stockholder value.

Each year, the Compensation Committee assesses our CEO's actual compensation relative to the Company's performance. The following graph shows the relationship of our CEO's total direct compensation (as disclosed in the Summary Compensation Table) (TDC) compared against our cumulative total shareholder return (TSR) performance in each of the last three years. The TDC in this chart consists of base salary and annual short- and long-term incentives. As illustrated, CEO compensation was generally aligned with Company performance.

**CEO Compensation(1)**  
**Summary Compensation Table Total Direct Compensation**  
**versus 3-Year Total Shareholder Return(2)**

---

(1)

Amounts in the 2016, 2017, and 2018 columns were calculated as follows:

the values of the annual equity awards granted on February 22, 2016, February 28, 2017 and February 15, 2018 were determined in accordance with FASB ASC Topic 718, as described in the footnotes to the Executive Compensation section titled "*Summary Compensation Table*";

the actual Annual Bonus Plan award for 2016, 2017 and 2018; and

the annual base salary earned in 2016, 2017 and 2018.

(2)

Total shareholder return was calculated in accordance with the methodology described in the Executive Compensation section titled "*2018 Total Shareholder Return Performance Share Program*" and based on \$100 invested on December 31, 2015.

The following chart shows the value of the primary elements of total direct compensation, consisting of base salary and annual short- and long-term incentives, for our CEO in 2018 (i) at "target" opportunity as considered by our Compensation Committee; (ii) as disclosed in our Summary Compensation Table; and (iii) as "realizable" at December 31, 2018. These values were calculated using the 2018 base salary, annual equity incentives and Annual Bonus Plan ("ABP") award amounts for our CEO as set forth in the table following the chart below.

**2018 CEO Compensation**  
**Target vs. Summary Compensation Table vs. Realizable**

|                                   | Base Salary                                  | Valuation of Compensation Component |   |
|-----------------------------------|--|-------------------------------------|---|
|                                   |  | ABP Award                           | Long-Term Incentives  |
| <b>Target</b>                     | Annual base salary approved in February 2018 | Target 2018 Annual Bonus Plan award | Annual equity awards granted on February 15, 2018, with (a) stock options valued in accordance with FASB ASC Topic 718 and (b) service-based deferred stock units (DSUs) and performance-based DSUs valued at target (the number of units and target units awarded multiplied by the closing price of our common stock on the date of grant).   |
| <b>Summary Compensation Table</b> | Annual base salary earned in 2018            | Actual 2018 Annual Bonus Plan award | Annual equity awards granted on February 15, 2018, with the value of each award determined in accordance with FASB ASC Topic 718.   |
| <b>Realizable</b>                 | Annual base salary earned in 2018            | Actual 2018 Annual Bonus Plan award | <p>Annual equity awards granted on February 15, 2018, with:</p> <p>(a) stock options valued at their intrinsic value (number of options awarded multiplied by the closing price of our common stock on December 31, 2018 less the exercise price of such options);</p> <p>(b) service-based DSUs valued using the number of units awarded multiplied by the closing price of our common stock on December 31, 2018;</p> <p>(c) Total Shareholder Return (TSR) performance-based DSUs valued using 200% of the target TSR performance-based DSUs due to the Company's TSR rank being 6<sup>th</sup> out of 58 (200% of the target number of units multiplied by the closing price of our common stock on December 31, 2018); and</p> <p>(d) the free cash flow (FCF) performance-based DSUs valued using 117.9% of the target FCF performance-based DSUs (the actual percentage of target units earned under the</p> |

program) multiplied by the closing price of our common stock on December 31, 2018.



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The difference in value of the long-term incentive compensation portion of our CEO's TDC reflected in the "Realizable" column of the chart above relative to the values reflected in the "Target" and "Summary Compensation Table" columns is primarily due to three factors:

the increase in the closing price of our common stock on December 31, 2018 (\$35.34) compared to the closing price of our common stock on February 15, 2018 (\$27.09), the date of grant for the 2018 annual equity awards;

the 2018 FCF performance-based DSUs being earned at 117.9% of target based on FCF achievement of \$2.070 billion against a target of \$1.900 billion, which target represents approximately 10% growth over 2017 actual performance; and

the TSR performance-based DSUs granted in 2018 tracking at 200% of target as of December 31, 2018, due to the Company's TSR rank of 6<sup>th</sup> out of 58 companies.

The higher equity value in the "Realizable" column of the chart above relative to those in the "Target" and "Summary Compensation Table" columns is directly tied to our stock price appreciation and the achievement of performance criteria, which we believe demonstrates the linkage between our executive compensation program and the long-term interests of our stockholders. The long-term incentive portion of the CEO's compensation will remain "at-risk" and the value will vary until the completion of the vesting periods or until the exercise date for each of the equity awards

### *A Significant Portion of our NEOs' 2018 Target TDC is At-Risk, Performance-Based Compensation*

Our Compensation Committee ties a significant portion of our executives' target TDC to at-risk, performance-based incentive opportunities. For 2018, approximately 91% of the target value of the primary elements of TDC for our CEO and approximately 81% of the target value of the primary elements of TDC for our other NEOs as a group consisted of at-risk, performance-based incentive compensation, comprised of short-term incentives (Annual Bonus Plan award) and long-term incentives (performance- and service-based equity awards and stock options). For more details and a breakdown of the elements of TDC, please see the section titled *"Elements of 2018 Executive Compensation, Primary Elements of Total Direct Compensation"*.

The percentages above were calculated using the 2018 base salary, target equity values and target Annual Bonus Plan award amounts for our NEOs set forth in the footnote to the charts below. The allocation of the target value of the primary elements of TDC for our CEO and for our other NEOs as a group in 2018 was as follows:

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\*

The charts reflect the value of the primary elements of 2018 TDC opportunity as considered by the Compensation Committee as follows: (i) the annual equity awards granted to our CEO/other NEOs on February 15, 2018, with stock options valued in accordance with FASB ASC Topic 718, as described in the footnotes to the Executive Compensation section titled *"Summary"*

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*Compensation Table*" and with both service-based DSUs and Company performance-based DSUs valued at target (using the number of units and target units awarded multiplied by the closing price of our common stock on the date of grant); (ii) the target Annual Bonus Plan awards; and (iii) the annual base salaries approved for Messrs. Mahoney, Ballinger, Brennan, Fitzgerald and Pierce in February 2018.

We believe our emphasis on at-risk, performance-based incentive compensation aligns our executives' financial interests with our business strategy and the short- and long-term interests of our stockholders, providing "pay for performance" and putting a significant portion of our executives' pay "at risk."

### **Executive Compensation Program Best Practices**

Our Compensation Committee believes that a strong foundation for our compensation program is necessary to execute our executive compensation philosophy effectively. The following best practices serve as the foundation for our executive compensation program:

## Say on Pay

At our 2018 Annual Meeting of Stockholders, we asked our stockholders to approve, on an advisory basis, the 2017 compensation of our then NEOs as disclosed in our 2018 Proxy Statement, commonly referred to as a "say-on-pay" advisory vote. Our stockholders approved the compensation of our then-NEOs with approximately 95.7% of the votes cast voting in favor of the proposal. In connection with its review of our compensation program against our executive compensation philosophy, business objectives and peer group practices, our Compensation Committee considered the prior years' modifications to our compensation programs in support of our executive compensation philosophy and best practices, the results of the say-on-pay advisory vote, as well as prior stockholder feedback. As a result, our Compensation Committee concluded that it would retain the overall structure and design of our compensation program, including its emphasis on at-risk, performance-based incentive compensation.

## How We Determine Executive Compensation

### Executive Compensation Philosophy and Objectives

Our philosophy is to provide appropriate competitive compensation opportunities to our executives such that actual pay outcomes are heavily influenced by achievement of Company, business and individual performance targets/objectives in support of our business strategy and creation of long-term stockholder value. The core objectives of our compensation program are to:

### Participants in the Compensation Process

Our Compensation Committee bears principal responsibility for, among other things, structuring our executive compensation program and making individual executive compensation determinations. To help facilitate informed determinations with respect to its responsibilities, our Compensation Committee engages an independent compensation consultant, Semler Brossy, which serves at the direction and under the supervision of our Compensation Committee. For further information about our Compensation Committee and the services provided by Semler Brossy, please see the Meetings and Board Committees section titled "*Executive Compensation and Human Resources Committee*." Semler

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Brossy and certain members of management support our Compensation Committee with respect to the following, among other things:

### **Independent Advisor**

#### ***Semler Brossy Consulting Group, LLC***

*Advisor to the Compensation Committee*

Expertise-based advice, research and analytical services, including peer group composition, trends and comparative practices in executive compensation, program design and non-employee director compensation.

Commentary and/or recommendations as to the foregoing.

Participation in Compensation Committee meetings.

### **Management**

#### ***Senior Vice President, Human Resources and Total Rewards Management***

Proposals, including regarding compensation and benefits design and pay levels, for executives' employment arrangements for new or promoted executives.

Expertise-based advice, research and analytical services, commentary and/or recommendations as to the foregoing.

Participation in Compensation Committee meetings.

#### ***Chief Executive Officer and other Executives***

Overview of individual performance of direct reports.

Recommendations as to incentive payments and adjustments.

Participation in Compensation Committee meetings.

### **Competitive Market Analysis**

Our Compensation Committee uses competitive market analysis as a decision-making reference. The Committee primarily considers executive compensation comparative data for our peer group companies to better understand trends and comparative practices, program design in the market within which we compete for top talent, and competitive levels and mix of target compensation opportunities provided to our executives. Our peer group includes companies (i) operating in a comparable industry (customer base and product offerings) such as pharmaceuticals, biotechnology and life sciences, and healthcare equipment and services companies, and (ii) that, in the aggregate, approximate our size as measured by revenue and market capitalization.

Each year, with the assistance of its independent compensation consultant, our Compensation Committee reviews the composition and appropriateness of our peer group. The Committee considers

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the size, performance, and business focus of these companies in comparison to us. The peer companies used to establish 2018 compensation levels include:

### 2018 Peer Companies(1)(2)

|                                      | Revenue<br>(\$ in billions) | Market Cap<br>(\$ in billions) | Total Shareholder Return<br>(%)(2) |                |
|--------------------------------------|-----------------------------|--------------------------------|------------------------------------|----------------|
|                                      |                             |                                | One Year                           | Three Year     |
| Abbott Laboratories                  | \$30.6                      | \$127.0                        | 29%                                | 64%            |
| Baxter International Inc.            | \$11.1                      | \$33.8                         | 2%                                 | 77%            |
| Becton, Dickinson and Company        | \$17.1                      | \$60.6                         | 8%                                 | 60%            |
| C.R. Bard, Inc.(3)                   |                             |                                |                                    |                |
| Edwards Lifesciences                 | \$3.7                       | \$31.8                         | 39%                                | 94%            |
| Medtronic plc(4)                     | \$30.6                      | \$116.7                        | 17%                                | 28%            |
| Mylan, Inc.                          | \$11.4                      | \$14.1                         | (17)%                              | (37)%          |
| Quest Diagnostics Incorporated       | \$7.5                       | \$11.2                         | (4)%                               | 39%            |
| Stryker Corporation                  | \$13.6                      | \$58.7                         | 8%                                 | 79%            |
| Thermo Fisher Scientific, Inc.       | \$24.4                      | \$90.0                         | 24%                                | 73%            |
| Varian Medical Systems, Inc.         | \$3.0                       | \$10.2                         | 7%                                 | 60%            |
| Zimmer Biomet Holdings, Inc.         | \$7.9                       | \$21.2                         | (2)%                               | 11%            |
| <b>Boston Scientific Corporation</b> | <b>\$9.8</b>                | <b>\$48.9</b>                  | <b>34%</b>                         | <b>95%</b>     |
| <i>Ranking Relative to Peers(3)</i>  | <i>8 of 12</i>              | <i>6 of 12</i>                 | <i>2 of 12</i>                     | <i>1 of 12</i> |

- (1) Revenue is for the trailing four quarters as of December 31, 2018 and market cap and total shareholder return are calculated as of December 31, 2018, except as otherwise noted.
- (2) Total shareholder return is calculated in accordance with the methodology described in the Executive Compensation section titled "2018 Total Shareholder Return Performance Share Program."
- (3) Becton, Dickinson and Company acquired C.R. Bard, Inc. in December 2017, and therefore 2018 information for C.R. Bard, Inc. is not available and not included for comparison purposes.
- (4) Medtronic plc revenue and market cap are provided for the trailing four quarters as of January 25, 2019.

In establishing 2018 pay levels for our NEOs, the Compensation Committee reviewed comparative pay information for the peer group companies through proxy research and, where peer group information was unavailable, from 2018 general industry survey data which was calibrated to include companies comparable to our size and scope of each individual's responsibilities. The Company considers market data without regard for any particular percentile positioning. This allows us to retain flexibility to make individual decisions that reflect both market and internal considerations, including those described below under "*Internal Pay Equity and Other Considerations*."

### 2019 Peer Companies

In 2018, the Compensation Committee conducted a review of the compensation peer group to be used in setting 2019 executive pay levels, with the advice of Semler Brossy. The review focused on examining current peers for business fit, and considering for potential additions to the group the market for companies of comparable size within the life sciences and medical device industries. Based on this review, Mylan, Inc. and Varian Medical Systems, Inc. were removed to maintain the industry focus of the group, and C.R. Bard, Inc. was removed due to its December, 2017 acquisition by Becton, Dickinson and Company. Four companies (Agilent, Danaher, Hologic, and Intuitive Surgical) were added, to ensure a sufficiently large comparator group and to position the Company near median in

terms of size. The Compensation Committee believes that the resulting 2019 peer group, in aggregate, appropriately reflects the Company's business mix and competitive landscape.

#### **Internal Pay Equity and Other Considerations**

In addition to the competitive market analysis, the Committee considers multiple factors in formulating compensation decisions. These factors include:

internal pay equity;

individual performance and contributions;

the CEO's recommendations for other NEO compensation;

the primary elements of each NEO's TDC opportunity compared to the other NEOs;

the economic and retentive value of prior equity awards; and

current and prior work experience and future potential.

#### **Performance Considerations**

We utilize a performance, development and coaching (PDC) process to help guide individual development and performance discussions and to assess annual performance. Our CEO conducts annual PDC reviews for all direct reports, assesses the performance results of those direct reports and makes recommendations to our Compensation Committee for its consideration. Our Compensation Committee reviews and evaluates our CEO's performance objectives and oversees the evaluation of his performance in relation to those objectives. For 2018, the overall performance of our executives, including our NEOs, supports a culture of high performance, integrity and accountability with clear expectations. These performance evaluations, among the other considerations described in this section, influence the Compensation Committee's decisions regarding our executives' base salaries, the individual component of their Annual Bonus Plan awards and, as an indication of future performance potential, their long-term equity incentive awards.

#### **Chief Executive Officer and Compensation Committee Judgment**

The application of CEO and Compensation Committee judgment is an important factor in setting and determining executive pay. We do not employ a purely formulaic approach to our executive compensation program. Target market guidelines and individual target TDC, financial and operational targets, individual performance objectives and funding formulae are established in advance; however, other Company and individual performance and other considerations may also be taken into account. For example, while the funding formula tied to Company-level financial performance targets are set in advance under our Annual Bonus Plan, our Compensation Committee is able to reduce the total Annual Bonus Plan funding percentage (Total Bonus Pool), to not less than 50% of the target, based on its assessment of the Company's progress toward achievement of our quality objectives, which are critical to our commitment to providing high quality products to our customers and patients. Additionally, beginning with our 2019 Annual Bonus Plan program, the Compensation Committee may also reduce the Total Bonus Pool funding percentage based on performance against operating income margin targets, which takes into consideration the Company's profitability, as well as affordability of the proposed bonus funding.

## Elements of 2018 Executive Compensation

### Primary Elements of Total Direct Compensation

We compensate our executives primarily through total direct compensation, namely in the form of base salary and short- and long-term incentives (the primary elements of TDC). Our primary elements of TDC are heavily weighted towards variable, at-risk performance-based elements, which are reflected below and in the charts under the section above titled *"A Significant Portion of our NEOs' 2018 Target TDC is At-Risk, Performance-Based Compensation."* These percentages were calculated using the 2018 base salary, target equity values and target Annual Bonus Plan award amounts for our NEOs set forth in the footnotes to the charts under the section titled *"A Significant Portion of our NEOs' 2018 Target TDC is At-Risk, Performance-Based Compensation."*

The key features and objectives of the primary elements of our NEOs' 2018 TDC are summarized in the table below.

| TDC Elements                    | Key Features   | Objectives  |
|---------------------------------|--|---|
| <b>Base Salary</b>              | Fixed annual cash amount, paid at regular intervals.   | Attract and retain talented executives and provide stable source of income.   |
| <b>Short-Term Incentives</b>    | At risk, performance-based annual cash incentive opportunity.  | Align executive compensation with our business strategy and quality objectives.   |
| <b>Annual Bonus Plan Awards</b> | <p>Funding of Total Bonus Pool based on Company performance against two important financial performance targets.</p> <p>Allocation of funded Total Bonus Pool, based on regional, business and functional performance against specific financial and/or operational performance targets.</p> <p>Actual payout based on individual performance.</p> | Focus and reward based on the achievement of important financial, operational and individual performance objectives.  |
| <b>Long-Term Incentives</b>     | At risk, performance-based equity incentive opportunity.   | Focus talent/organization on important financial measures and long-term stockholder value.  |
| <b>Equity Awards</b>            | <p>Mix of opportunity comprised of:</p> <p>25% target TSR performance-based DSUs</p> <p>25% target FCF performance-based DSUs</p> <p>25% stock options</p> <p>25% service-based DSUs</p>   | <p>Reward based on:</p> <p>our TSR relative to that of other S&amp;P 500 Healthcare Index companies</p> <p>our adjusted free cash flow measured against our target performance</p> <p>our stock price increase</p> <p>our stock price</p> |

**Base Salary**

In determining the 2018 base salaries of our NEOs (other than our Chief Executive Officer), our Compensation Committee also considered the recommendations of our Chief Executive Officer in light of the general factors discussed above, including their overall performance ratings for the prior year. In addition to the merit increases, with respect to Messrs. Ballinger, Fitzgerald, and Pierce, the Compensation Committee included a market adjustment based on their market position relative to our peer group companies' executives with comparable positions and scope of responsibilities in determining the total increases of their base salaries from 2017 to 2018.

The 2018 base salaries (rounded to the nearest thousand) for our NEOs, as well as the percentage increase from their 2017 base salaries for our current NEOs who were also NEOs in 2017, are set forth below.

| Name                 | 2017 Base Salary | 2018 Base Salary | % Increase |
|----------------------|------------------|------------------|------------|
| Michael F. Mahoney   | \$1,200,000      | \$1,240,000      | 3.3%       |
| Daniel J. Brennan    | \$600,000        | \$625,000        | 4.2%       |
| Kevin J. Ballinger   | \$550,000        | \$570,000        | 3.6%       |
| Joseph M. Fitzgerald | \$575,000        | \$650,000        | 13.0%      |
| David A. Pierce      |                  | \$545,000        |            |

**Short-Term Incentives**

Our Compensation Committee annually reviews the design of our Annual Bonus Plan to help ensure that the program continues to support our executive compensation philosophy and core compensation program objectives. In finalizing the design for 2018, our Compensation Committee retained substantially all of the provisions of our 2017 Annual Bonus Plan, which was designed to reinforce the concept of "pay for performance," align our short-term incentives with important financial and operational measures and the long-term interests of our stockholders, and to incentivize and reward individual performance.

*2018 Annual Bonus Plan Awards Paid to Our NEOs*

After funding the Total Bonus Pool, the actual amount of an executive's Annual Bonus Plan award is ultimately determined as follows:

$$\begin{array}{ccccccc} \text{Annual Base Salary} & & & & \text{Individual} & & \\ & \times & & \text{Participating Unit} & \text{Performance} & & \\ & & \times & \text{Performance Percentage} & \times & \text{Percentage} & = \text{Annual Bonus} \\ \text{Target Award Percentage} & & & & & & \text{Plan Award} \end{array}$$

*Total Bonus Pool Funded Based on Company Performance*

Under the 2018 Annual Bonus Plan, a single Company-wide Total Bonus Pool is funded by the Company's performance measured against important Company-level financial and operational performance metric targets, thereby reinforcing the importance of the Company's performance as a whole (which reflects the performance of our regions, businesses and functions). For 2018, our Compensation Committee selected adjusted EPS and Adjusted Net Sales as our Company-level financial metrics and set performance level targets as follows.



**Company-Level Financial Targets****Adjusted EPS(1)****\$1.35****Adjusted Net Sales(1)****\$9.560 billion**

(1)

Adjusted EPS and Adjusted Net Sales are non-GAAP financial measures. For a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures and insight into how these non-GAAP measures are considered by management, please see the Executive Compensation section titled "*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2018 Annual Bonus Plan*" and Annex A.

In February 2018, our Compensation Committee approved the Total Bonus Pool funding scale for the Company's 2018 performance measured against our 2018 Company-level performance metric targets for adjusted EPS and adjusted net sales set forth in the table below. Each metric has a 50% weighting.

| <b>Adjusted EPS</b><br><b>(As a Percent of Target)</b> | <b>Total Bonus</b><br><b>Pool Funding Range</b> |
|--|---|
| <90%   | 50%   |
| 90% to <98%  | 50% to 90%                                      |
| 98% to <102%   | 90% to 110%                                     |
| 102% to <104%  | 110% to 130%                                    |
| 104%+  | 130% to 150%                                    |

  

| <b>Adjusted Net Sales</b><br><b>(As a Percent to Plan)</b> | <b>Total Bonus</b><br><b>Pool Funding Range</b> |
|--|---|
| <97%   | 50%   |
| 97% to <99%  | 50% to 90%                                      |
| 99% to <101%   | 90% to 110%                                     |
| 101% to <102%  |   |