

BOSTON SCIENTIFIC CORP  
Form DEF 14A  
March 24, 2015

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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:
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(4) Proposed maximum aggregate value of transaction:

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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 24, 2015

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 Tuesday, May 5, 2015, at 11:00 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 eleven nominees for director;
2. consider and vote upon an advisory vote to approve named executive officer compensation;
3. ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2015 fiscal year;
4. consider and vote upon a stockholder proposal described in this Proxy Statement, if properly presented at the Annual Meeting; 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, our named executive officer compensation and the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm and "AGAINST" the stockholder proposal described in this Proxy Statement. 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 24, 2015, we will mail to our stockholders of record at the close of business on Friday, March 13, 2015, 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, 2014 (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.

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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.

**Pete M. Nicholas**

*Chairman of the Board of Directors*

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Marlborough, Massachusetts  
March 24, 2015

The Annual Meeting of Stockholders of Boston Scientific Corporation (Annual Meeting) will be held on Tuesday, May 5, 2015, at 11:00 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 eleven nominees for director;
2. to consider and vote upon an advisory vote to approve named executive officer compensation;
3. to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2015 fiscal year;
4. to consider and vote upon a stockholder proposal described in the attached Proxy Statement, if properly presented at the Annual Meeting; 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 13, 2015, 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,

**Timothy A. Pratt**  
*Secretary*

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

**March 24, 2015**

## **PROXY STATEMENT**

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

#### **The Annual Meeting**

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The Annual Meeting of Stockholders of Boston Scientific Corporation (Annual Meeting) will be held on Tuesday, May 5, 2015, at 11:00 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 eleven nominees for director, consider and vote upon an advisory vote to approve named executive officer compensation, ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2015 fiscal year, and consider and vote upon a stockholder proposal described in this Proxy Statement, if properly presented at the Annual Meeting. Management will also report on our performance during fiscal year 2014 and will respond to appropriate 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 13, 2015, 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, 2014 (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 24, 2015, stockholders of record and beneficial owners of our common stock at the close of business on March 13, 2015, 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 24, 2015.

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

Beginning March 24, 2015, you can access the proxy materials and vote your shares online at *www.proxyvote.com*. The proxy materials are also available on our own website (*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 1-800-579-1639; (ii) sending an email to *sendmaterial@proxyvote.com*; or (iii) logging onto *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 13, 2015, 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 13, 2015, the record date, will constitute a quorum for purposes of holding and conducting business at the Annual Meeting. As of March 13, 2015, we had 1,339,180,800 shares of our common stock outstanding each entitled to one vote at the Annual Meeting meaning that 669,590,401 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 eleven nominees for director;
2. consider and vote upon an advisory vote to approve named executive officer compensation;
3. ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2015 fiscal year;



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4. consider and vote upon a stockholder proposal described in this Proxy Statement, if properly presented at the Annual Meeting; 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 eleven director nominees;
2. **FOR** our named executive officer compensation;
3. **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2015 fiscal year; and
4. **AGAINST** the stockholder proposal described in this Proxy Statement.

**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.**

**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 with respect to determining if a majority vote is obtained under our By-Laws and will have no effect on the

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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 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 with respect to determining if a majority vote is obtained under our By-Laws 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 stockholder proposal described in this Proxy Statement, 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 majority vote is obtained under our By-Laws 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 eleven 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 its reasoning either in a press release and/or an SEC filing.
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, our 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 with respect to determining if a majority vote is obtained and will have no effect on the determination of this proposal.
3.  
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 2015 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 with respect to determining if a majority vote is obtained and will have no effect on the determination of 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 approve

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the stockholder proposal described in this Proxy Statement. 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 your vote will not count as a share actually voted with respect to determining if a majority vote is obtained 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 13, 2015, 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 nominee, as of the close of business on Friday, March 13, 2015, 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.

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

The 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 advisory vote on our named executive officer compensation, and the stockholder proposal described in this Proxy Statement 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."

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Broker non-votes (shares held by brokers that do not have discretionary authority to vote on the matter and 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 non-routine proposals voted on at the Annual Meeting.

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

If you participate in our 401(k) Retirement Savings Plans, as amended and restated (401(k) Plans), 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) Plans how to vote any shares of our common stock held in our 401(k) Plans on your behalf. Shares of our common stock held in our 401(k) Plans must be voted on or before 11:59 p.m. Eastern Time on April 30, 2015. The trustee and fiduciaries of our 401(k) Plans 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" our named executive officer compensation, "FOR" the ratification of our independent registered public accounting firm, Ernst & Young LLP and "AGAINST" the stockholder proposal described in this Proxy Statement. 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.

**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 4, 2015); 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.

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**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.

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.

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**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 Secretary to schedule an appointment by calling (508) 683-4000 or writing to him 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 24, 2015, 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 Report 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**

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Our entire Board is elected annually by our stockholders and currently consists of eleven members. On March 3, 2015, we announced that our Board elected Charles J. Dockendorff and Stephen P. MacMillan to serve as directors, effective April 1, 2015 for a term expiring at this Annual Meeting.

John E. Abele, our co-founder, has served at the request of the Board as director emeritus since his retirement from the Board at the 2011 Annual Meeting of Stockholders so that the Board may continue to avail itself of his wisdom, judgment, and experience. Serving as director emeritus, Mr. Abele may attend Board and committee meetings and participate in discussion of matters that come before the Board or its committees, but he is not a director and is not entitled to vote upon any such matters.

On December 30, 2014, Pete M. Nicholas, the Chairman of our Board, in order to facilitate an orderly transition of his responsibilities, notified the Board that he expects to retire from the Board in 2017 and not stand for re-election at our annual meeting of stockholders in 2017.

Bruce L. Byrnes, a director of Boston Scientific since August 2009, and Uwe E. Reinhardt, a director of Boston Scientific since May 2002, will be retiring from our Board when their terms end at this Annual Meeting. We are deeply grateful for the enormous contributions that each of Mr. Byrnes and Dr. Reinhardt has made to our Company, our Board and our stockholders.

Eleven of our 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 2016 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, Kristina M. Johnson, Edward J. Ludwig, Stephen P. MacMillan, Michael F. Mahoney, Ernest Mario, N.J. Nicholas, Jr., Pete M. Nicholas, David J. Roux and John E. Sununu.

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**

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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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**Nelda J. Connors**

Nelda J. Connors, age 49, has been a director of Boston Scientific since December 2009. Ms. Connors is the founder, Chairwoman and Chief Executive Officer of Pine Grove Holdings, LLC, which invests in companies that offer original equipment, manufactured and remanufactured products, and aftermarket services. She served as President and Chief Executive Officer of Atkore International Inc. from December 2010 until June 2011. Atkore, formerly the Electrical and Metal Products division of Tyco International, became a privately-held company in December 2010. Ms. Connors served as President of this Tyco division from 2008 through 2010. Prior to joining Tyco, she served as Vice President at Eaton Corporation from 2002 to 2008, 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 twenty-five years has involved responsibilities in the U.S., Europe, and Asia. Ms. Connors is a Class B director of the Federal Reserve Bank of Chicago, a director of Blount International, Inc., Vesuvius plc and Echo Global Logistics, Inc., and, was previously a trustee for the Peggy Notebaert Nature Museum and the Museum of Contemporary Arts. She previously served on the Board of Atkore. Ms. Connors holds B.S. and M.S. degrees in mechanical engineering from the University of Dayton. Ms. Connors' qualifications to serve our Board include her executive leadership skills and her experience in the areas of operations and financial management, quality, engineering and business strategy, as well as her knowledge of public company matters resulting from her service on other public company boards.

**Charles J. Dockendorff**

Charles J. Dockendorff, age 60, will be a director of Boston Scientific, effective April 1, 2015. He was Executive Vice President and Chief Financial Officer of Covidien plc, a publicly traded medical device and supplies company, a position he held at Covidien 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 CFO 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. In addition, Mr. Dockendorff worked as an accountant for Arthur Young & Company (now Ernst & Young) and the General Motors Corporation. Mr. Dockendorff is a director of Haemonetics Corporation and Keysight Technologies, Inc. Mr. Dockendorff holds a bachelor's degree in accounting from the University of Massachusetts at Amherst and a M.S. in finance from Bentley College. 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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**Kristina M. Johnson, Ph.D.**

Kristina M. Johnson, Ph.D., age 57, has been a director of Boston Scientific since January 2011. She previously served as a director from April 2006 to May 2009. Dr. Johnson has served as the Chief Executive Officer of Enduring Hydro, LLC, an energy consulting firm, since January 2011. From May 2009 to October 2010, Dr. Johnson served as Under Secretary of Energy at the U.S. Department of Energy. Prior to this, Dr. Johnson was Provost and Senior Vice President of Academic Affairs at The Johns Hopkins University from 2007 to 2009 and Dean of the Pratt School of Engineering at Duke University from 1999 to 2007. Previously, she served as a professor in the Electrical and Computer Engineering Department, University of Colorado and as director of the National Science Foundation Engineering Research Center for Optoelectronics Computing Systems at the University of Colorado, Boulder. Dr. Johnson is a director of AES Corporation and Cisco Systems, Inc. She previously served on the boards of directors of AES Corporation from 2004 until 2009, Nortel Networks from 2006 to 2009 and Minerals Technologies from 2000 until 2009. Dr. Johnson was a Fulbright Faculty Scholar in the Department of Electrical Engineering at the University of Edinburgh, Scotland and a NATO Post-Doctoral Fellow at Trinity College, Dublin, Ireland. Dr. Johnson received B.S., M.S. and Ph.D. degrees in electrical engineering from Stanford University. Dr. Johnson's qualifications to serve on our Board include her expertise in science, technology, business, education and government as well as her leadership experience as Provost and Dean of nationally recognized academic institutions. In addition, Dr. Johnson's service on other public company boards contributes to her knowledge of public company matters.

**Edward J. Ludwig**

Edward J. Ludwig, age 63, has been a director of Boston Scientific since March 2014. 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. Mr. Ludwig serves as Lead Director on Aetna Inc.'s Board of Directors and chairs its Finance Committee and is a member of the Board of Directors of Xylem, Inc. Additionally, Mr. Ludwig serves as Vice Chair of the Board of Trustees of the Hackensack University Medical Center Network. Mr. Ludwig received a B.A. degree in economics and accounting from The College of the Holy Cross and a M.B.A. degree from Columbia University. Mr. Ludwig's qualifications to serve on our Board include his executive leadership experience, including 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.

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**Stephen P. MacMillan**

Stephen P. MacMillan, age 51, will be a director of Boston Scientific, effective April 1, 2015. He is currently the President and CEO of Hologic, Inc., a position he has held since December 2013. Prior to assuming his role with Hologic, Mr. MacMillan was the Chief Executive Officer of sBioMed, LLC, 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 and Gamble in 1985. Additionally, Mr. MacMillan currently serves on the board of directors of Alere Inc. and he served on the board of directors of Texas Instruments Inc. from 2008 to 2012. Mr. MacMillan received a Bachelor of Arts degree in Economics from Davidson College and is a graduate of Harvard Business School's Advanced Management Program. Mr. MacMillan's qualifications to serve on our Board include his executive leadership experience, including his service as a director and chief executive of public medical technology companies.

**Michael F. Mahoney**

Michael F. Mahoney, age 50, became our President, Chief Executive Officer and director in November 2012. He served as President of the Company from October 17, 2011 until assuming his current role. As President of the Company, he was specifically responsible for our Cardiac Rhythm Management and Endoscopy businesses, as well as certain corporate functions. 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 (GHX), a provider of supply chain solutions and services that brings together hospitals, manufacturers, distributors and GPOs. 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. Mr. Mahoney earned a B.B.A. in Finance from the University of Iowa and a M.B.A. from Wake Forest University. 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.

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**Ernest Mario, Ph.D.**

Ernest Mario, age 76, has been a director of Boston Scientific since October 2001. Since August 2007, Dr. Mario has served as the Chairman of Capnia, Inc., a pharmaceutical company. From August 2007 until February 2014, he also served as the Chief Executive Officer of Capnia, Inc. From April 2003 to August 2007, Dr. Mario was Chairman of Reliant Pharmaceuticals and also served as its Chief Executive Officer from 2003 to 2006. Prior to joining Reliant, he was the Chairman and Chief Executive Officer of IntraBiotics Pharmaceuticals, Inc., a biopharmaceutical company, and its predecessor, Apothogen, Inc., from January 2002 to April 2003. From 1993 to 1997, Dr. Mario served as Chairman and Chief Executive Officer of ALZA Corporation, a research based pharmaceutical company with leading drug delivery technologies, and Co-Chairman and Chief Executive Officer from 1997 to 2001. Prior to joining ALZA, Dr. Mario served as the Chief Executive of Glaxo Holdings plc from 1989 to 1993 and as Deputy Chairman and Chief Executive from 1992 to March 1993. Dr. Mario presently serves on the boards of directors of Celgene Corporation, TONIX Pharmaceuticals Holdings Corp., XenoPort, Inc., Chimerix, Inc., Capnia, Inc. and Kindred Biosciences, Inc. He previously served as a member of the board of directors of Maxygen, Inc. and Vivus, Inc. and was a Trustee of Duke University from 1988 to 2007 and Chairman of the Board of the Duke University Health System, which he chaired from its inception in 1996 until he retired in 2007. He is Chairman of the American Foundation for Pharmaceutical Education and serves as an advisor to The Ernest Mario School of Pharmacy at Rutgers University. Dr. Mario holds a B.S. in Pharmacy from Rutgers University, and a M.S. and a Ph.D. in Physical Sciences from the University of Rhode Island. He also holds honorary doctorates from Rutgers University and the University of Rhode Island. In 2007, Dr. Mario was awarded the Remington Honor Medal by the American Pharmacists Association, the pharmacy profession's highest honor. Dr. Mario's qualifications to serve our Board include his strong executive leadership experience and specifically his experience as an active Chief Executive Officer. In addition, Dr. Mario has successfully led several pharmaceutical companies over the last several decades. He has extensive experience in financial and operations management, risk oversight, quality and business strategy as a result of this experience, as well as his membership on public company boards.

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**N.J. Nicholas, Jr.**

N.J. Nicholas, Jr., age 75, has been a director of Boston Scientific since October 1994 and is a private investor. Previously, he served as President of Time Inc. from September 1986 to May 1990 and Co-Chief Executive Officer of Time Warner, Inc. from May 1990 until February 1992. Mr. N.J. Nicholas is a director of Time Warner Cable, Inc. and he previously served as a director of Xerox Corporation. He has also served as a member of the President's Advisory Committee for Trade Policy and Negotiations and the President's Commission on Environmental Quality. Mr. N.J. Nicholas is a member of the Council of Foreign Relations. He is also a member of the board of advisors of The Nicholas Institute for Environmental Policy Solutions at Duke University. Mr. N.J. Nicholas received an A.B. degree from Princeton University and an M.B.A. degree from Harvard Business School. He is the brother of Pete M. Nicholas, Chairman of the Board. Mr. N.J. Nicholas' qualifications to serve on our Board include his executive experience as President and Co-Chief Executive Officer of Time Inc. and Time Warner, Inc. He shares his extensive expertise in the areas of business strategy, risk oversight and financial management with our Board, which is further complemented by his active participation on public and private company boards.

**Pete M. Nicholas**

Pete M. Nicholas, age 73, our co-founder, has been Chairman of the Board since February 1995. He has been a director since 1979 and served as our Chief Executive Officer from 1979 to March 1999 and Co-Chairman of the Board from 1979 to 1995. Prior to joining Boston Scientific, he was corporate director of marketing and general manager of the Medical Products Division at Millipore Corporation, a medical device company, and served in various sales, marketing and general management positions at Eli Lilly and Company. He is also a Trustee Emeritus of the Board of Trustees of Duke University. Mr. Pete M. Nicholas is a Fellow of the American Academy of Arts and Sciences and Vice Chairman of the Trust for that organization. He also serves on several for profit and not-for-profit boards including CEOs for Fundamental Change in Education, Massachusetts High Technology Council, and the Boys and Girls Clubs of Boston. After college, Mr. Pete M. Nicholas served as an officer in the U.S. Navy, resigning his commission as lieutenant in 1966. Mr. Pete M. Nicholas received a B.A. degree from Duke University, and an M.B.A. degree from The Wharton School of the University of Pennsylvania. He is the brother of Mr. N.J. Nicholas, one of our directors. Mr. Pete M. Nicholas is uniquely qualified to serve our Board due to his institutional knowledge of our Company as its co-founder and former Chief Executive Officer. He has expertise in the areas of general executive management, business strategy and risk management and oversight, and is an active participant in the medical device community.

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**David J. Roux**

David J. Roux, age 58, has been a director of Boston Scientific since January 2014. Mr. Roux is a co-founder and Senior Director of Silver Lake, a private equity firm focused on technology investing. He was formerly Chairman and Chief Executive Officer of Liberate Technologies, Executive Vice President at Oracle Corporation and Senior Vice President at Lotus Development. Mr. Roux served as a member of the boards of directors of Avaya Inc. from December 2008 until December 2012, Avaya Holdings Corp. from January 2007 until December 2012, Serena Software, Inc. from March 2006 until March 2011 and Intelsat S.A. from May 2010 until January 2012. Mr. Roux holds an M.B.A. from Harvard Business School and an M. Phil. from King's College, Cambridge University. He is a graduate of Harvard College. Mr. Roux's qualifications to serve on the Board include his extensive experience regarding operations, management and business strategy, his financial expertise, and his background as an entrepreneur, executive and director.

**John E. Sununu**

John E. Sununu, age 50, has been a director of Boston Scientific since April 2009. From 2003 to 2009, Senator Sununu served as a U.S. Senator from New Hampshire. 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. He serves on the board of directors of Time Warner Cable, Inc. He holds B.S. and M.S. degrees in Mechanical Engineering from the Massachusetts Institute of Technology and an M.B.A. from Harvard Business School. Among other 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.

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

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## CORPORATE GOVERNANCE

### Overview

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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 "*Corporate Governance*" 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 (Internal Revenue 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

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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. In addition, in making independence determinations with respect to 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: Bruce L. Byrnes, Nelda J. Connors, Charles J. Dockendorff, Kristina M. Johnson, Edward J. Ludwig, Stephen P. MacMillan, Ernest Mario, N.J. Nicholas, Jr., Pete M. Nicholas, Uwe E. Reinhardt, David J. Roux and John E. Sununu.

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

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Company as well as other relevant facts and circumstances. The Board and the Nominating and 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.

In making its determinations regarding independence, the Board and the Nominating and Governance Committee approved an arrangement between the Company and Mr. Pete M. Nicholas with respect to the provision of office space to him in accord with his founder's benefits. This relationship was determined by the Board not to affect the Mr. Pete M. Nicholas' independence. For additional information regarding the arrangement between the Company and Mr. Pete M. Nicholas, please see the "*Related Party Transactions*" section below.

## **Director Nomination Process**

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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, age 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 traditional 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 Board members and our Chief Executive Officer. It also may, in its discretion, employ a third-party search firm to assist in identifying candidates for director.



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The Nominating and Governance Committee will also consider recommendations for Board membership submitted by our stockholders and other sources 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 Board members and our Chief Executive Officer.

The full Board is responsible for final approval of new director candidates, as well as the nomination of existing directors for reelection. 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 2016 Annual Meeting of Stockholders by our stockholders must be received by our Secretary at our principal executive offices on or before November 25, 2015. 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 Secretary at Boston Scientific Corporation, 300 Boston Scientific Way, Marlborough, Massachusetts 01752.

## **Code of Conduct**

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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 "*Corporate Governance*" 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 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).

## **Chief Executive Officer Succession**

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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 makes available to the Board, and meets with the Nominating and Governance Committee at least once per year to discuss, 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.

## **Board Leadership Structure**

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Our Corporate Governance Guidelines require that the offices of Chief Executive Officer and Chairperson of the Board be held by separate individuals, and that the Chairperson of the Board not be an executive of the Company. Our Chairman of the Board is Mr. Pete M. Nicholas, our co-founder and former Chief Executive Officer. Our Chief Executive Officer is Mr. Mahoney. Our Board believes that the separation of the critical roles of Chief Executive Officer and Chairperson of the Board best serves our Company at this time because it allows Mr. Mahoney to focus on his role as President and Chief

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Executive Officer and provide leadership over our day-to-day operations, while Mr. Pete M. Nicholas focuses on leadership of the Board.

## **Risk Oversight**

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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 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:

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.

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 Compliance and Quality Committee 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 Compliance and Quality Committee and the Audit Committee together receive an annual risk assessment from our global compliance group.

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. 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. Such reports may identify current risks

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impacting each committee's areas of responsibility to the extent such risks were addressed at the earlier meeting.

As previously discussed, our Corporate Governance Guidelines currently require that the offices of Chief Executive Officer and Chairperson of the Board be held by separate individuals, and that the Chairperson of the Board not be an executive of the Company. We believe that this leadership structure helps facilitate the Board's enterprise-wide risk oversight function. For example, our Chief Executive Officer, in his dual role as the member of management responsible for setting the overall strategic direction of our Company and as a member of the Board, is able to provide valuable insight to the Board concerning the risks facing our Company, while our Chairman leads the Board's risk oversight responsibilities.

## **Communications with the Board**

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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 via email 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.

## **Board and Committee Service Limitation**

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Without the approval of the Nominating and Governance Committee, no director may sit on more than four public company boards (including our Board) and our Chief Executive Officer may not sit on more than one public company board (in addition to our Board). No member of the Audit Committee may serve on the audit committee of more than three public companies, including our Company. All of our Board members have complied with these limitations or procedures.

## **Related Party Transactions**

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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 fiscal year 2014, 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).

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 he determines that an existing or proposed transaction constitutes a related party transaction under the

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policy, he 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 he considered under this policy, including those that he determined do not constitute a related party transaction. If the General Counsel has an interest in a potential related party transaction, he 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 "*Corporate Governance*" in the "*Investor Relations*" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com).

In December 2013, following approval by the Nominating and Governance Committee, the Company entered into an arrangement with Mr. Pete M. Nicholas to provide office space in accordance with his founders' benefits to assist him in the performance of his duties as Chairman and other services provided to the Company. This office space is provided to Mr. Pete M. Nicholas at a monthly invoiced amount of \$3,750 (for a total of \$45,000 per year), subject to renewal annually at the same rate, and to reimburse up to \$50,000 in aggregate amount of documented renovation expenses, including for the installation of secure telephone- and data-lines and/or such other protections required by the Company.

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## **MEETINGS AND BOARD COMMITTEES**

### **Board Meetings**

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The Board met six times in fiscal year 2014. In 2014, 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).

### **Executive Sessions**

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Directors who qualify as "non-management 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 2014, our independent directors met in executive session without non-independent directors five times. The Chairman of the Board presides at executive sessions of independent directors. In his absence, the Chairperson of the Nominating and Governance Committee presides at these executive sessions, and, in his absence, the Chairperson of the Audit Committee presides.

### **Director Attendance at Board, Board Committee and Annual Meetings**

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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, July, September/October and December. In addition, directors are expected to use reasonable efforts to attend Annual Meetings of Stockholders. At our 2014 Annual Meeting of Stockholders, eleven of our twelve directors at the time of such meeting were in attendance.

### **Committees of the Board of Directors**

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Our Board has standing Audit, Compensation, Nominating and Governance, Finance, and Compliance and Quality Committees. All of the members of the Audit Committee, Compensation Committee, Nominating and Governance Committee and Compliance and Quality 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.

Table of Contents**Board Committee Membership (as of March 1, 2015)**

| Name                | Audit Committee | Executive Compensation and Human Resources Committee | Nominating and Governance Committee | Finance Committee | Compliance and Quality Committee |
|---------------------|-----------------|--|-------------------------------------|-------------------|----------------------------------|
| Bruce L. Byrnes     |                 | *  | +                                   |                   |                                  |
| Nelda J. Connors    |                 |  |                                     | *                 | *                                |
| Kristina M. Johnson |                 | *  |                                     | *                 |                                  |
| Edward J. Ludwig    | *               | *  |                                     |                   |                                  |
| Michael F. Mahoney  |                 |  |                                     |                   |                                  |
| Ernest Mario        | *               | +  |                                     |                   |                                  |
| N.J. Nicholas, Jr.  |                 |  | *                                   | +                 |                                  |
| Pete M. Nicholas    |                 |  |                                     |                   |                                  |
| Uwe E. Reinhardt    | +               |  |                                     |                   | *                                |
| David J. Roux       |                 |  | *                                   | *                 |                                  |
| John E. Sununu      |                 |  | *                                   |                   | +                                |

\* Committee Member

+ Committee Chair

**Audit Committee**

Our Audit Committee met twelve times during fiscal year 2014, including two joint meetings with other committees of the Board. Our Audit Committee is comprised of Mr. Ludwig and Drs. Mario and Reinhardt, each of whom meet the independence requirements of the NYSE and the SEC. The Board has also determined that each of Mr. Ludwig and Drs. Mario and Reinhardt is an "audit committee financial expert" as that term is defined in the rules and regulations of the SEC.

The Audit Committee is governed by a written charter approved by our Board, which is subject to review on an annual basis. As outlined in its written charter (which is available under "*Corporate Governance*" in the "*Investor Relations*" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com)), the primary purpose of the Audit Committee is to provide oversight to our accounting and financial reporting processes and audits of our financial statements. The Audit Committee primarily provides assistance to our Board in the areas of corporate accounting, internal control, independent audit and reporting practices, and maintains, 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. The Audit Committee appoints our independent registered public accounting firm, evaluates its qualifications, independence and performance, and reviews its reports and other services. In addition, the Audit Committee pre-approves audit, audit-related and non-audit services performed for us by our independent registered public accounting firm and has the right to terminate our independent registered public accounting firm. Together with the Compliance and Quality Committee, the Audit Committee assists the Board in its oversight of legal and regulatory compliance. The Audit Committee has sole oversight over matters of financial compliance, including financial reporting, internal controls and financial risk exposure to the Company resulting from legal and regulatory compliance matters, and the Compliance and Quality Committee has primary oversight responsibilities as to all other areas of compliance. The Audit Committee Report can be found on page 101 of this Proxy Statement.

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## **Executive Compensation and Human Resources Committee**

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Our Executive Compensation and Human Resources Committee (the "Compensation Committee") met five times during fiscal year 2014. The Compensation Committee is, and has been during 2014, 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 Internal Revenue Code.

As outlined in its written charter (which is available under "*Corporate Governance*" in the "*Investor Relations*" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com)), the Compensation Committee has the authority, among other things, to:

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 make recommendations to the Board regarding all new employment, consulting, retirement, severance and change in control agreements, indemnification agreements and other arrangements proposed for our executive officers 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 who are not executive officers within predetermined guidelines. These grants are reviewed with the Compensation Committee at its next regularly scheduled meeting.

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, 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

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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. In May 2014, the Compensation Committee renewed the engagement of the independent compensation consultant Frederic W. Cook & Co., Inc. (Cook & Co.) to provide advisory services, including a market perspective on executive and director compensation matters. During 2014, Cook & Co. 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 trends as they related to our current compensation programs;

collected and analyzed market 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 developments regarding proxy disclosures and management proposals concerning executive pay.

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

In 2014, Cook & Co. 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 Cook & Co., the Compensation Committee determined that Cook & Co. is independent and there is no conflict of interest resulting from retaining Cook & Co. currently or during the year ended December 31, 2014. 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 Cook & Co. in May 2015.

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

## **Nominating and Governance Committee**

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The Nominating and Governance Committee met five times during fiscal year 2014. The Nominating and Governance Committee is comprised exclusively of non-employee directors, all of whom meet the independence requirements of the NYSE.

As outlined in its written charter (which is available under "*Corporate Governance*" in the "*Investor Relations*" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com)), the Nominating and Governance Committee has responsibility for recommending nominees for election and re-election to the Board, ensuring that Board nominees are qualified and consistent with our needs, monitoring significant developments in the law and practice of corporate governance for directors of public companies, recommending Board committee assignments, reviewing and recommending Board policies and procedures, reviewing political contributions made by the Company, monitoring compliance with our stock ownership guidelines and with our related party transactions and board service policies, and



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overseeing the Board and each committee of the Board in their annual performance self-evaluations. In addition, the Nominating and Governance Committee is responsible for recommending to the Board candidates for Chairperson and Chief Executive Officer and for reviewing and assessing a succession plan for the Chief Executive Officer. For additional 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*."

The Nominating and Governance Committee is 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; age; availability for service to us; and our anticipated needs.

## **Finance Committee**

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The Finance Committee met six times during fiscal year 2014, including one joint meeting with the Audit 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 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 (which is available under "*Corporate Governance*" in the "*Investor Relations*" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com)), 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 review periodically with management our strategic business objectives and the manner in which transactional activity can contribute to the achievement of those objectives, and to review with management on a regular basis contemplated strategic opportunities. The Finance Committee conducts periodic reviews of completed transactions for the purposes of assessing the degree of success achieved, testing the extent to which the projections and other assumptions relied upon in approving past transactions have borne out, identifying the factors differentiating more successful transactions from less successful ones and evaluating the strategic contributions resulting from these transactions. The Finance Committee is further charged with conducting 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.

## **Compliance and Quality Committee**

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The Compliance and Quality Committee met six times during fiscal year 2014, including one joint meeting with the Audit Committee. The primary role of the Compliance and Quality Committee is to oversee and evaluate our global compliance programs and practices and our quality compliance and quality assurance systems and initiatives. As outlined in its written charter (which is available under "*Corporate Governance*" in the "*Investor Relations*" section of our website at [www.bostonscientific.com](http://www.bostonscientific.com)), the Compliance and Quality Committee's role includes oversight of matters related to compliance with federal healthcare program requirements and other compliance obligations, the systems in place to maintain, and identify deviations from, our quality compliance and control standards, and our efforts to meet or exceed our compliance and quality assurance standards. The Compliance and Quality Committee reviews and discusses with senior management the adequacy and effectiveness of our

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global compliance program, including compliance monitoring, audits and investigations, and third-party reviews required under an agreement with the Department of Health and Human Services, and our compliance and quality assurance systems and initiatives. The Compliance and Quality Committee reviews periodic reports regarding any deviations from our standards and practices. The Compliance and Quality Committee also reviews correspondence from any external quality assurance inspectors, such as the Food and Drug Administration, or global compliance monitors, such as the Office of Inspector General of the Department of Health and Human Services, and discusses with senior management our responses to those communications. In addition, the Compliance and Quality Committee monitors, with senior management, training and education programs for our employees. The Compliance and Quality Committee's oversight responsibilities over global compliance programs and practices are shared with the Audit Committee in that the Audit Committee has sole oversight responsibility as to matters of financial compliance and the Compliance and Quality Committee has primary oversight responsibilities as to all other areas of compliance. These committees met jointly once during 2014. The Compliance and Quality Committee recommends to the Board any actions it deems necessary or appropriate to improve the effectiveness of our global compliance and quality control systems and initiatives.

### **Compensation Committee Interlocks and Insider Participation**

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The members of our Compensation Committee during 2014 were Messrs. Byrnes and Ludwig, Drs. Johnson and Mario and Ms. Bartlett. None of these Compensation Committee members is or has ever been an officer or employee of our Company. During 2014, 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 2014, 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

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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 appropriate level of compensation for 2014, the Compensation Committee relied on the consulting services of Cook & Co., as well as publicly available data describing director compensation in our peer group 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

##### *2014 Compensation*

In 2014, we compensated our non-employee directors (other than the Chairman of the Board) as described below:

an annual cash retainer of \$90,000 (increased from \$75,000 effective as of the beginning of the 2014 Board term, which commenced at the 2014 Annual Meeting of Stockholders);

an annual grant of equity with a value of \$175,000; and

an annual cash fee of \$20,000 for the chair of each of our Board committees.

The equity granted to our non-employee directors are subject to forfeiture restrictions, and become free from restriction 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. The grants are also subject to the terms and conditions of our Long-Term Incentive Plans. The annual equity grants are generally made on the date of each Annual Meeting of Stockholders unless they are approved during a closed trading window, in which case such awards are made on the first trading day of the next open trading window period following approval. If a non-employee director is appointed to the Board on a date other than the Annual Meeting of Stockholders, however, 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.

##### *Cash Compensation*

Each non-employee director may elect to receive such retainers and fees in cash, payable on a quarterly basis. Each non-employee director, however, may elect to convert all or a portion of his or

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her cash compensation into one or more of three equity alternatives, each to vest on the date of the annual meeting of stockholders immediately following the date of grant: (i) restricted stock valued based on the closing price of our common stock on the date of grant (with shares of our common stock released from restriction upon vesting); (ii) stock options valued based on a Black Scholes valuation on the date of grant and exercisable for up to one year after a director's separation from Board Service; and/or (iii) 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 may 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*

Each non-employee director may elect to receive their annual equity award as one or more of the following three equity compensation alternatives, each to vest on the date of the annual meeting of stockholders immediately following the date of grant: (i) restricted stock valued based on the closing price of our common stock on the date of grant (with shares of our common stock released from restriction upon vesting); (ii) stock options valued based on a Black Scholes valuation on the date of grant and exercisable until the earlier of ten years from the date of grant or one year after a director's separation from Board service; and/or (iii) 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 additional compensation for serving on the Board or its committees.

**Chairman of the Board**

Our Chairman of the Board receives an annual cash retainer of \$210,000 and, in 2014, an annual grant of equity with a value of \$175,000. With respect to his annual cash retainer, Mr. Pete M. Nicholas, Chairman of the Board, is entitled to elect to convert it into, and, with respect to his annual equity compensation he is entitled to elect to receive, one or more of the three equity alternatives described under the section titled "Non-Employee Directors" above. Mr. Pete M. Nicholas also receives certain benefits under his founders retirement arrangements, including continued medical coverage under our benefit policies, so long as he remains a director or director emeritus of our Company. For additional information, please see the section titled "*Founders' Benefits*" below and the "Director Compensation" table and related footnotes.

**Director Emeritus**

Under our Corporate Governance Guidelines, each of our co-founders is eligible, at the Board's discretion, to become a director emeritus of the Company. In connection with his retirement from the Board in 2011, Mr. Abele agreed to serve as director emeritus at the request of the Board. Mr. Abele does not receive any compensation for his role as director emeritus. However, Mr. Abele receives certain benefits under his founders retirement arrangements, including continued medical coverage under our benefit policies, for as long as he remains a director or director emeritus of our Company.

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For additional information regarding Mr. Abele's founders' benefits, please see the section titled "*Founders' Benefits*" below.

**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**

With respect to compensation for the Board term beginning in 2013, non-employee directors could, by written election, defer receipt of all or a portion of the annual cash retainer, the annual cash committee chair fees and the equity grant under our Non-Employee Director Deferred Compensation Plan then in effect. Cash amounts deferred could be invested in common stock equivalent units or another investment option in which we credit the amount deferred plus accrued interest (compounded annually based upon the Moody's Composite Yield on Seasoned Corporate Bonds as reported for the month of September of each calendar year). Deferred cash amounts are payable only after a director's termination of Board service or on a Fixed Date Payout (as defined in the plan), and may be paid either as a lump sum or in installments as specified by the director at the time of election. With respect to deferred restricted equity, shares of common stock will be issued to the director in settlement thereof after a director's termination of Board service in accordance with the plan.

Beginning in 2014, 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 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 (each in accordance with the plan).

**Director Stock Ownership Guidelines**

Non-employee directors are required to hold a significant personal investment in the Company through their ownership of shares of our common stock. Our director stock ownership guidelines provide that each non-employee director should own shares with a value equal to at least three times the director annual cash retainer (currently \$90,000) within five years of his or her joining the Board. For purposes of satisfying this obligation, deferred stock units, restricted stock, stock equivalent units or restricted stock deferrals under our Non-Employee Director Deferred Compensation Plans may be included in the value of the shares held by a director. 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. All of our non-employee directors either currently meet our director stock ownership guidelines or we expect that they will meet the guidelines within five years of becoming a director. The Nominating and Governance Committee monitors compliance with these guidelines on an annual basis. For information regarding the stock ownership guidelines applicable to our Chief Executive

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Officer, please see the Compensation Discussion & Analysis section titled "Executive Stock Ownership Guidelines."

**Director Compensation Table**

The table below summarizes the compensation we paid to our non-employee directors for the fiscal year ended December 31, 2014.

| Name(1)                | Fees<br>Earned or<br>Paid in<br>Cash<br>(\$)(2) | Stock<br>Awards<br>(\$)(3) | Option<br>Awards<br>(\$)(4) | Change in<br>Pension<br>Value and<br>Non-Qualified<br>Deferred<br>Compensation<br>Earnings<br>(\$)(5) | All Other<br>Compensation<br>(\$)(6) | Total<br>(\$) |
|------------------------|---|----------------------------|-----------------------------|---|--------------------------------------|---------------|
| Katharine T. Bartlett* | \$32,500  | \$0                        | \$0                         | \$0   | \$0                                  | \$32,500      |
| Bruce L. Byrnes        | \$105,000                                       | \$174,991                  | \$0                         | \$0   | \$0                                  | \$279,991     |
| Nelda J. Connors       | \$85,000  | \$174,991                  | \$0                         | \$2,651   | \$0                                  | \$262,642     |
| Kristina M. Johnson    | \$85,000  | \$174,991                  | \$0                         | \$0   | \$0                                  | \$259,991     |
| Edward J. Ludwig       | \$72,500  | \$206,630                  | \$0                         | \$0   | \$0                                  | \$279,130     |
| Ernest Mario           | \$105,000                                       | \$174,991                  | \$0                         | \$0   | \$0                                  | \$279,991     |
| N.J. Nicholas, Jr.     | \$106,240                                       | \$174,991                  | \$0                         | \$0   | \$0                                  | \$281,231     |
| Pete M. Nicholas       | \$227,488                                       | \$174,991                  | \$0                         | \$0   | \$245,667                            | \$648,146     |
| Uwe E. Reinhardt       | \$105,000                                       | \$174,991                  | \$0                         | \$0   | \$0                                  | \$279,991     |
| David Roux             | \$85,000  | \$234,485                  | \$0                         | \$0   | \$0                                  | \$319,485     |
| John E. Sununu         | \$105,000                                       | \$174,991                  | \$0                         | \$0   | \$0                                  | \$279,991     |

\* Ms. Bartlett retired from our Board at our 2014 Annual Meeting on May 6, 2014, when her term ended.

- (1) Mr. Mahoney, a director and our President and Chief Executive Officer, is an employee of the Company and is not included in this table. Mr. Mahoney did not receive any compensation for his services as a director in 2014, and his compensation as an executive of the Company is discussed in the Compensation Discussion & Analysis and Executive Compensation sections
- (2) The annual cash retainer paid to Mr. Ludwig for his service as a director in 2014 was prorated to reflect his appointment to the Board on March 1, 2014. During 2014, Mr. Pete Nicholas' annual cash retainer was paid in the form of \$52,500 of cash and 11,877 shares of restricted stock. Mr. N.J. Nicholas, Jr. elected to defer his annual cash retainers for the Board terms that began at the annual meetings of stockholders in 2013 and 2014. Accordingly, during 2014, we issued to him 1,970.63 common stock equivalent units and 6,221 deferred stock units (reflecting an overpayment of approximately \$1,250). As a result of an administrative error in connection with our recent transition to new director compensation equity and deferral choices, during 2014, we erroneously paid Mr. Pete Nicholas a cash payment of \$17,500 and issued to Mr. N.J. Nicholas, Jr. deferred stock units with a value of approximately \$1,250. Accordingly, we will reduce their respective cash retainer payments for the first quarter of 2015 by such amounts.
- (3) Each non-employee director elected at our 2014 Annual Meeting of Stockholders was granted an equity award with a value of \$175,000. For each director that elected to receive restricted stock, the restricted stock vests upon the expiration of the director's current term of office. For each director that elected to receive deferred stock units, the deferred stock units vest upon the expiration of the director's current term of office 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.

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The unvested shares of restricted stock and deferred stock units awarded to our directors and outstanding at December 31, 2014, all of which will vest on May 5, 2015, the date of our Annual Meeting, are shown below:

| Name                  | Equity Award         | Grant Date       | Number of Shares/Units | Grant Date Fair Value | Vesting Date |
|-----------------------|----------------------|------------------|------------------------|-----------------------|--------------|
| Katherine T. Bartlett | *                    | *                | 0                      | \$0                   | *            |
| Bruce L. Byrnes       | Restricted Stock     | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| Nelda J. Connors      | Restricted Stock     | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| Kristina M. Johnson   | Restricted Stock     | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| Edward J. Ludwig      | Deferred Stock Units | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| Ernest Mario          | Restricted Stock     | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| N.J. Nicholas, Jr.    | Deferred Stock Units | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| Pete M. Nicholas      | Restricted Stock     | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| Uwe E. Reinhardt      | Restricted Stock     | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| David J. Roux         | Restricted Stock     | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |
| John E. Sununu        | Deferred Stock Units | October 31, 2014 | 13,177                 | \$174,991             | May 5, 2015  |

\* Not applicable

The stock award amount for each of Messrs. Ludwig and Roux includes a restricted stock award valued at \$31,639 and \$59,495, respectively, representing the annual equity award of \$175,000 for the 2013 Board term, prorated for the time period from the effective date of his appointment to the date of the 2014 annual meeting of stockholders.

(4) No stock options were granted to non-employee directors in 2014. The outstanding, unexercised stock options, pursuant to stock option awards previously granted to non-employee directors, at December 31, 2014 (all of which are fully vested), are shown below.

| Name               | Outstanding Vested Stock Options |
|--------------------|----------------------------------|
| Ernest Mario       | 2,000                            |
| N.J. Nicholas, Jr. | 2,000                            |
| Pete M. Nicholas   | 3,000                            |
| Uwe E. Reinhardt   | 2,000                            |

(5) The amounts in this column represent the "above-market" portion of 2014 earnings under the interest crediting investment option available under the 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 2014, the interest rate used under the plan was 4.95%, the Moody's rate in September 2013. 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 2014, 120% of the applicable federal long-term interest rate was 3.94%.

(6) The amount in this column represents all other compensation earned by the following non-employee director in fiscal year 2014:

| Name             | Annual Founders Benefits(a) | Medical Benefits(a) | Personal Use of Aircraft(b) | Total     |
|------------------|-----------------------------|---------------------|-----------------------------|-----------|
| Pete M. Nicholas | \$225,000                   | \$12,779            | \$7,888                     | \$245,667 |

(a) The amounts included in these columns represent 2014 payments to Mr. Pete M. Nicholas pursuant to his founder retirement arrangements described in the section titled "Founders' Benefits" below.

(b) This amount represents the incremental costs to the Company of limited personal use of our corporate aircraft. The reflected amount excludes \$25,026 of disallowed Company tax deductions attributable to Mr. Pete M. Nicholas for his personal use of the aircraft during the year. Mr. Pete M. Nicholas was taxed on the imputed income attributable to his personal use of the corporate aircraft and did not

receive tax assistance from the Company with respect to such amount. For information about how the Company calculates incremental cost, please see footnote 7(b) under the Executive Compensation section titled "*Summary Compensation Table*."

## Founders' Benefits

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In May 2005, Mr. Pete M. Nicholas, our co-founder and Chairman of the Board, and Mr. Abele, our co-founder and director emeritus, retired as employees of the Company. In connection with their retirement, the Board approved the following arrangements for Messrs. Pete M. Nicholas and Abele in May 2005:

Mr. Pete M. Nicholas receives an annual payment of \$225,000 for life, and medical coverage under our benefit policies for as long as he remains a director or "director emeritus," and continued provision of an office space and secretarial and administrative support to assist him in the performance of his duties as Chairman and other services he provides to the



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Company. During 2014, Mr. Pete M. Nicholas continued to have secretarial and administrative support to assist him in the performance of the services he provides to the Company. During 2014, Mr. Pete Nicholas continued to have the use of an office at our Natick headquarters until the summer following the relocation of our corporate headquarters to Marlborough in June 2014. In December 2013, the Company entered into an arrangement with Mr. Pete M. Nicholas to provide office space in accordance with his founders' benefits to assist him in the performance of his duties as Chairman and other services provided to the Company. For additional information regarding the arrangement between the Company and Mr. Pete M. Nicholas, please see the "Related Party Transactions" section above. Mr. Pete M. Nicholas also receives transportation services on an as-needed basis.

Mr. Abele receives an annual payment of \$150,000 for life, and medical coverage under our benefit policies for as long as he remains a director or "director emeritus," and continued provision of an office space and secretarial and administrative support to assist him in the performance of the services he provides to the Company, as may be required.

Table of Contents**EXECUTIVE OFFICERS****Our Executive Officers**

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As of March 1, 2015, our executive officers were as follows:

| <b>Name</b>            | <b>Age</b> | <b>Title</b>  |
|------------------------|------------|---|
| Michael F. Mahoney     | 50         | President and Chief Executive Officer   |
| Kevin J. Ballinger     | 42         | Senior Vice President and President, Interventional Cardiology                        |
| Supratim Bose          | 62         | Executive Vice President and President, Asia-Pacific, Middle East and Africa          |
| Daniel J. Brennan      | 49         | Executive Vice President and Chief Financial Officer                                  |
| Wendy Carruthers       | 46         | Senior Vice President, Human Resources  |
| Keith D. Dawkins, M.D. | 64         | Executive Vice President and Global Chief Medical Officer                             |
| Joseph M. Fitzgerald   | 51         | Executive Vice President and President, Rhythm Management                             |
| Jeffrey B. Mirviss     | 49         | Senior Vice President and President, Peripheral Interventions                         |
| Edward F. Mackey       | 52         | Executive Vice President, Operations  |
| Maulik Nanavaty        | 53         | Senior Vice President and President, Neuromodulation                                  |
| Michael P. Phalen      | 55         | Executive Vice President and President, MedSurg                                       |
| David A. Pierce        | 51         | Senior Vice President and President, Endoscopy  |
| Karen Prange           | 51         | Senior Vice President and President, Urology and Women's Health                       |
| Timothy A. Pratt       | 65         | Executive Vice President, Chief Administrative Officer, General Counsel and Secretary |
| John B. Sorenson       | 47         | Senior Vice President, Manufacturing and Supply Chain                                 |
| Eric Thépaut           | 53         | Senior Vice President and President, Europe   |

**Biographical Information About Our Executive Officers**

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

Kevin J. Ballinger has been our Senior Vice President and President, Interventional Cardiology since January 2013 and was our President, Interventional Cardiology from July 2011 to January 2013. In his current role, Mr. Ballinger is responsible for developing and bringing to market innovative solutions that diagnose and treat coronary artery disease and cardiac valve disorders. Mr. Ballinger has more than 18 years of interventional cardiology experience. Prior to serving as our President, Interventional Cardiology, he held a variety of engineering and general management positions within our Interventional Cardiology business unit, including Vice President and General Manager, Group Program Management Cardiology, Rhythm and Vascular from January 2010 to July 2011; Vice President of Research and Development, Peripheral Interventions from September 2008 to January 2010; and Vice President of Program Management, Cardiovascular from September 2006 to September 2008. Mr. Ballinger earned a B.S. in Mechanical Engineering from Michigan Technological University and an M.B.A. from the University of Minnesota.

Supratim Bose is our Executive Vice President and President, Asia-Pacific, Middle East and Africa, a position he has held since January 2013. Mr. Bose joined Boston Scientific in December 2011 as our Executive Vice President and President, Asia-Pacific and served in that role until he also assumed

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responsibility for the Company's Middle East and Africa units. Before joining Boston Scientific, Mr. Bose was Founder and Chief Executive Officer of Singapore-based Bose Consulting Group, which specialized in strategic management consulting services for the healthcare industry, from January 2010 to December 2011. He previously worked for nearly thirty years at Johnson & Johnson where he concluded his tenure as Company Group Chairman of its Medical Devices and Diagnostics business in 2009. Mr. Bose joined Johnson & Johnson Ltd. India in 1981, and held a variety of management positions of increasing responsibility. He earned a B.S. in Chemistry/Physics, a M.S. in Biophysics and a Masters in Management Studies from the Jammalal Bajaj Institute for Management Studies at the University of Bombay. He has served as a member of the board of directors at Quattro Vascular Pte. Ltd. and Trirème Medical, and as a member of the advisory board at Singapore Management University's Lee Kong Chian School of Business. He currently serves as a member of the board of directors of CareFusion Corporation, a role that he has held since May 2014.

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, Corporate Finance, Treasury, Corporate Tax, Corporate Analysis and Control, 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 of 2010. Since joining Boston Scientific in December 1996, Mr. Brennan held roles with increased responsibilities. For 2009, Mr. Brennan served as Vice President and Assistant Corporate Controller and from 2001 through 2008, he served as Vice President of Finance and Information Technology for Worldwide Financial & Strategic Planning (2008), Investor Relations (2006-2007), International Finance (2005-2006) and the Cardiovascular Division (2001-2005). In 1999, Mr. Brennan became Group Controller of the Non-Vascular Division after previously serving as Controller of the Meditech Vascular Division. 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.

Wendy Carruthers has been our Senior Vice President, Human Resources since December 2012 and served as the head of Human Resources on an interim basis from August 2012 to November 2012. In her current role, Ms. Carruthers oversees the Company's human resources activities globally, including Human Resources operations and services, total rewards, talent management, and diversity and inclusion. Prior to her current role, she served as our Vice President of Global Talent Management from January 2011 to November 2012, responsible for all aspects of global talent management including the design, development and implementation of global processes and systems to enable managers to identify, attract, leverage and develop people. Ms. Carruthers has been with Boston Scientific since 2004 and was previously Vice President of Human Resources for our Europe, Middle East and Africa (EMEA) region, based in Paris, from June 2007 to December 2010; our Vice President of Human Resources for Europe from January 2006 to June 2007; and our Director of Human Resources for Europe from March 2004 to December 2005. Prior to joining us, Ms. Carruthers was Vice President of Human Resources, Europe for global telecommunications company Cable & Wireless. She also previously worked in human resources for Diageo, a food and beverage company, and Tesco, a U.K. supermarket chain. 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.

Keith D. Dawkins, M.D. has been our Executive Vice President and Global Chief Medical Officer since January 2012. Prior to that, he was Senior Vice President and Chief Medical Officer of our Cardiology, Rhythm and Vascular Group. From 2008 until May 2010, he was our Senior Vice President and Associate Chief Medical Officer of our Cardiovascular business. Prior to joining Boston Scientific in 2008, Dr. Dawkins was a practicing interventional cardiologist for more than 20 years in England. He has earned a series of clinical, research and academic distinctions, including a Post-Doctoral Research

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Fellowship at Stanford University as a Fulbright Scholar. He served as President of the British Cardiovascular Intervention Society, and held numerous appointments on hospital, regional and national committees, including the National Institute for Health and Clinical Excellence. He has been an author on more than 600 academic publications and presentations on a variety of cardiac topics. Dr. Dawkins was educated at London University and Guys Hospital, earning a First Class Honors degree in Pathology. He trained in cardiology at Oxford and at the Brompton & St. George's Hospital in London.

Joseph M. Fitzgerald has been our Executive Vice President and President, Rhythm Management 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 our Peripheral Interventions business from June 2008 to February 2010 and President of Electrophysiology business from 2005 to 2008. Previously, he 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 from January 2001 to July 2005 and Vice President of U.S. Sales for the Neurovascular business from 1997 to January 2001. 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 has been our Executive Vice President, Operations since February 2015. Prior to joining Boston Scientific, from November 2012 to January 2015, Mr. Mackey was Worldwide President of DePuy Synthes Power Tools, a division of Johnson & Johnson, after having served, from June 2010, as Vice President of Integration for Johnson & Johnson's acquisition of Synthes. 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 in 2007, a position he held until 2010. Mr. Mackey holds a Bachelor's degree in Mechanical Engineering from Worcester Polytechnic Institute and an M.B.A from the University of Massachusetts.

Jeffrey B. Mirviss has been our Senior Vice President and President, Peripheral Interventions since January 2013 and was our President, Peripheral Interventions from July 2011 to January 2013. Mr. Mirviss has more than 23 years of experience in medical device and pharmaceutical general management, marketing and sales. Since joining us in 1997, Mr. Mirviss also served as our Vice President, Group Global Marketing, CRV from July 2009 to July 2011 and Vice President, Global Cardiology Marketing from December 2004 to July 2009. In addition to his positions at Boston Scientific, Mr. Mirviss has 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.

Maulik Nanavaty became our Senior Vice President and President, Neuromodulation in September 2011. Prior to his current role, Mr. Nanavaty was President of Boston Scientific Japan from December 2007 until September 2011. From January 2007 through November 2007, he served as Vice President and General Manager, Interventional Cardiology of Boston Scientific Japan. Mr. Nanavaty joined our Company in 2005 as Vice President, Corporate Strategy of Boston Scientific Japan and served in that capacity through December 2006. Prior to joining our Company, Mr. Nanavaty spent 16 years working in various executive positions at Baxter International, Inc. and Baxter Japan. Mr. Nanavaty is a member

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of the board of directors for the California Health Institute. Mr. Nanavaty earned a Ph.D. in Pharmaceutical Sciences from the University of Illinois and an M.B.A. from the University of Chicago.

Michael P. Phalen has been our Executive Vice President and President, MedSurg since January 2012. Prior to his current role, he served as Executive Vice President and President, International from January 2011. Mr. Phalen served as Senior Vice President and President of our Endoscopy business from 2010 to 2011 and Vice President and President of Endoscopy from 2001 to 2010. Mr. Phalen joined us in 1988 and has held a variety of management positions at the Company. Prior to becoming President of the Endoscopy business, he was Vice President, Business Unit Manager for Endoscopic Surgery and Vice President of Global Marketing for Endoscopy. Prior to these appointments, Mr. Phalen held positions as Director of Marketing, Group Product Manager, Regional Sales Manager, Product Manager and Territory Manager. Before joining us, he held management positions with MD Technology, Kendall Healthcare and Pennwalt Pharmaceuticals. He earned a B.S. in General Science from Villanova University and an M.B.A. from Fairleigh Dickinson University.

David A. Pierce has served as our Senior Vice President and President, Endoscopy since January 2011. Prior to his current role, Mr. Pierce served as Vice President, Marketing for the Company's Endoscopy Division from April 2006 until January 2011. From December 2004 until March 2006, Mr. Pierce was the Group Marketing Director in the Company's Endoscopy Division. He joined our Company in 1991 as a Territory Manager before assuming management-level positions of increasing responsibility. Before joining our Company, Mr. Pierce worked as a Senior Sales Representative for Airborne Express and served 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.

Karen Prange is our Senior Vice President and President, Urology and Women's Health, a position she has held since June 2012. Prior to her career with Boston Scientific, Ms. Prange spent 17 years with Johnson & Johnson in various medical device businesses, including as Vice President and General Manager, Micrus Endovascular LLC and Codman Neurovascular from September 2010 to June 2012; Vice President and General Manager, Codman Neurovascular from August 2008 to September 2010; and Vice President, Global Marketing for Codman from June 2006 to July 2008. Ms. Prange holds a B.S. in Business Administration with honors from the University of Florida.

Timothy A. Pratt is our Executive Vice President, Chief Administrative Officer, General Counsel and Secretary, a position he has held since February 2010. He is responsible for the worldwide management of our Legal functions, Global Compliance, Global Security, Government Affairs, Enterprise Strategy and Marketing, Health Economics and Reimbursement, Corporate Communications, and Aviation Services. Mr. Pratt joined Boston Scientific in May 2008 as our Executive Vice President, General Counsel and Secretary. Previously, Mr. Pratt worked for the law firm of Shook, Hardy & Bacon. He joined the firm in 1977 and became partner in 1981. He concentrated his practice in the defense of pharmaceutical and medical device litigation and toxic tort cases. Mr. Pratt serves as a director on the boards of the Lawyers for Civil Justice, DRI - The Voice of the Defense Bar, and the New England Legal Foundation. He is also active in the Federation of Defense and Corporate Counsel, where he serves on the board, executive committee and as their Chairman. Mr. Pratt has served as a member of the board of directors and executive committee of AdvaMed. Mr. Pratt earned a B.A. degree at Tarkio College and graduated Order of the Coif from Drake University Law School, where he served as editor-in-chief of the *Drake Law Review*. After graduating, Mr. Pratt was law clerk to Judge Floyd R. Gibson of the U.S. Court of Appeals for the Eighth Circuit.

John B. Sorenson is our Senior Vice President, Manufacturing and Supply Chain, a position he has held since February 2015. In this role, he is responsible for the global manufacturing and distribution of our products. Mr. Sorenson has more than 16 years of medical device manufacturing experience. Prior

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to his current role, he held a variety of Operations positions at Boston Scientific, supporting the Cardiac Rhythm Management, Neuromodulation, Interventional Cardiology, Peripheral Interventions and Structural Heart businesses. For six years prior to his current appointment, he served as Multi-Site Vice President, Operations. Before joining Boston Scientific, he was president and COO 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.

Eric Thépaut is our Senior Vice President and President, Europe, a position he has held since January 2015. Prior to his current role, Mr. Thépaut was Vice President Interventional Cardiology & Structural Heart, Europe, a position he held since 2012. He joined Boston Scientific Europe, in 1996, as a business finance manager and earned roles of increasing responsibility in marketing and finance, becoming Vice President, Finance, Europe, from 2002 to 2005, General Manager and Vice President, France, from 2005 to 2008, and General Manager and Vice President of the France Group, comprised of France, Benelux and Middle East North Africa, from 2009 to 2011. Before coming to Boston Scientific, Mr. Thépaut held management positions in treasury operations and auditing at Nestlé and financial planning & analysis at Apple Computer. Mr. Thépaut earned his M.B.A. at Paris Dauphine University.

**Named Executive Officers**

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Under applicable SEC rules, we are required to disclose certain compensation and other information regarding our Chief Executive Officer, our Chief Financial Officer, and our three other most highly-compensated executive officers (referred to as our named executive officers or NEOs). Our named executive officers for the year ended December 31, 2014, are:

|                      |   |
|----------------------|---|
| Michael F. Mahoney   | President and Chief Executive Officer   |
| Daniel J. Brennan    | Executive Vice President and Chief Financial Officer                                  |
| Kevin J. Ballinger   | Senior Vice President and President, Interventional Cardiology                        |
| Joseph M. Fitzgerald | Executive Vice President and President, Rhythm Management                             |
| Timothy A. Pratt     | Executive Vice President, Chief Administrative Officer, General Counsel and Secretary |
| Kenneth J. Pucel     | Former Executive Vice President, Global Operations, Quality and Technology            |

SEC rules require that we disclose the compensation of up to two additional individuals for whom compensation disclosure would have been required but for the fact that the individual was not serving as an executive officer at December 31, 2014. Accordingly, Mr. Pucel is discussed in that capacity. Mr. Pucel left the Company effective November 28, 2014.

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 1, 2015. As of March 1, 2015, there were 1,338,851,837 shares of our common stock outstanding.

| Name and Address  | Number of Shares<br>Beneficially Owned | Percent of Shares<br>Outstanding |
|---|--|----------------------------------|
| BlackRock, Inc.<br>40 East 52nd Street, New York, NY 10022  | 80,559,195(1)                          | 6.02%                            |
| FMR LLC/Edward C. Johnson 3d/Abigail P. Johnson<br>245 Summer Street, Boston, MA 02210                            | 198,973,477(2)                         | 14.86%                           |
| JPMorgan Chase & Co.<br>270 Park Ave., New York, NY 10017   | 76,902,926(3)                          | 5.74%                            |
| The Vanguard Group<br>100 Vanguard Blvd., Malvern, PA 19355   | 101,699,412(4)                         | 7.60%                            |
| Wellington Management Group LLP<br>c/o Wellington Management Company LLP<br>280 Congress Street, Boston, MA 02210 | 70,746,109(5)                          | 5.28%                            |

- (1) Based solely on an Amendment to Schedule 13G filed with the SEC on February 9, 2015, BlackRock, Inc. (BlackRock) reported aggregate beneficial ownership of 80,559,195 shares of Boston Scientific common stock as of December 31, 2014. BlackRock reported that it possessed sole voting power with respect to 68,813,070 shares and sole dispositive power with respect to 80,559,195 shares. BlackRock also reported that it did not possess shared voting or dispositive power over any shares beneficially owned.
- (2) Based solely on an Amendment to Schedule 13G jointly filed by FMR LLC, Edward C. Johnson 3d, and Abigail P. Johnson with the SEC on February 13, 2015, FMR LLC, Edward C. Johnson 3d, and Abigail P. Johnson each reported aggregate beneficial ownership of the same 198,973,477 shares of Boston Scientific common stock. FMR LLC reported sole voting power with respect to 4,012,624 shares of Boston Scientific common stock and each of FMR LLC, Edward C. Johnson 3d, and Abigail P. Johnson reported sole dispositive power with respect to the same 198,973,477 shares, in each case, as of December 31, 2014. FMR LLC, Edward C. Johnson 3d, and Abigail P. Johnson reported that the following subsidiaries of FMR LLC beneficially own shares of the Company: (i) Fidelity Management Trust Company, Inc.; (ii) Fidelity Management and Research Company; (iii) Pyramis Global Advisors Trust Company; (iv) Pyramis Global Advisors, LLC; and (v) Strategic Advisors Inc.
- (3) Based solely on a Schedule 13G filed with the SEC on January 23, 2015, JPMorgan Chase & Co. (JP Morgan) reported aggregate beneficial ownership of 76,902,926 shares of Boston Scientific common stock as of December 31, 2014. JPMorgan reported that it possessed sole voting power with respect to 68,739,753 shares, sole dispositive power with respect to 76,241,104 shares, shared voting power with respect to 638,559 shares, and shared dispositive power with respect to 661,822 shares.
- (4) Based solely on an Amendment to Schedule 13G filed with the SEC on February 11, 2015, The Vanguard Group (Vanguard) reported aggregate beneficial ownership of 101,699,412 shares of Boston Scientific common stock as of December 31, 2014. Vanguard reported that it possessed sole voting power with respect to 2,288,639 shares, sole dispositive power with respect to 99,577,965 shares and shared dispositive power with respect to 2,121,447 shares and that it did not possess shared voting power over any shares beneficially owned. Vanguard also reported that (i) Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 1,787,430 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 835,226 shares as a result of its serving as investment manager of Australian investment offerings.

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- (5) Based solely on a Schedule 13G filed with the SEC on February 12, 2015, Wellington Management Group LLP (Wellington) reported aggregate beneficial ownership of 70,746,109 shares of Boston Scientific common stock as of December 31, 2014. Wellington reported that it shared voting power with respect to 7,028,039 shares and shared dispositive power with respect to 70,746,109 shares. Wellington also reported that it did not possess sole voting power or sole dispositive power over any shares beneficially owned.

**Security Ownership of Directors and Executive Officers**

The following table shows, as of March 1, 2015, 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 will 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 |
|--|--|----------------------------------|
| Bruce L. Byrnes(1)   | 112,097                                | *                                |
| Nelda J. Connors(2)  | 90,746                                 | *                                |
| Charles J. Dockendorff(3)  | 0                                      | *                                |
| Kristina M. Johnson(4)   | 101,328                                | *                                |
| Edward J. Ludwig(5)  | 25,500                                 | *                                |
| Stephen P. MacMillan(6)  | 0                                      | *                                |
| Ernest Mario(7)  | 393,130                                | *                                |
| N.J. Nicholas, Jr.(8)  | 1,281,130                              | *                                |
| Pete M. Nicholas(9)  | 6,702,764                              | *                                |
| Uwe E. Reinhardt(10)   | 166,379                                | *                                |
| David J. Roux(11)  | 17,750                                 | *                                |
| John E. Sununu(12)   | 91,757                                 | *                                |
| Michael F. Mahoney(13)   | 2,177,576                              | *                                |
| Kevin J. Ballinger(14)   | 411,022                                | *                                |
| Daniel J. Brennan(15)  | 385,935                                | *                                |
| Joseph M. Fitzgerald(16)   | 688,363                                | *                                |
| Timothy A. Pratt(17)   | 1,211,837                              | *                                |
| Kenneth J. Pucel**(18)   | 1,048,550                              | *                                |
| All directors and executive officers as a group (26 persons)(19) | 16,401,381                             | 1.23%                            |

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

\*\* As of November 28, 2014, the date Mr. Pucel's employment with the Company terminated.

(1) Mr. Byrnes' beneficial ownership includes 13,177 shares of restricted stock as to which Mr. Byrnes has sole voting but not investment power.

(2) Ms. Connors' beneficial ownership includes 13,177 shares of restricted stock as to which Ms. Connors has sole voting but not investment power and 77,569 shares of restricted stock deferred pursuant to our Non-Employee Director Deferred Compensation Plan as to which Ms. Connors has neither



voting nor investment power until such shares are distributed in accordance with the plan.

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- (3) Mr. Dockendorff will receive an initial equity award on May 1, 2015.
- (4) Dr. Johnson's beneficial ownership includes 13,177 shares of restricted stock as to which Dr. Johnson has sole voting but not investment power and 85,027 shares of restricted stock deferred pursuant to our Non-Employee Director Deferred Compensation Plan as to which Dr. Johnson has neither voting nor investment power until such shares are distributed in accordance with the plan. It excludes 9,815 common stock equivalents which Dr. Johnson received under our Non-Employee Director Deferred Compensation Plan in connection with her deferral of certain director cash retainer amounts.
- (5) Mr. Ludwig's beneficial ownership excludes 13,177 deferred stock units deferred pursuant to our 2014 Non-Employee Director Deferred Compensation Plan the underlying shares of which Mr. Ludwig has neither voting nor investment power until such shares are distributed in accordance with the plan.
- (6) Mr. MacMillan will receive an initial equity award on May 1, 2015.
- (7) Dr. Mario's beneficial ownership includes 13,177 shares of restricted stock as to which Dr. Mario has sole voting but not investment power, 130,098 shares of restricted stock deferred pursuant to our Non-Employee Director Deferred Compensation Plan as to which Dr. Mario has neither voting nor investment power until such shares are distributed in accordance with the plan and 2,000 shares of common stock subject to exercisable stock options. It excludes 17,593 common stock equivalents which Dr. Mario received under our Non-Employee Director Deferred Compensation Plan in connection with his deferral of certain director cash retainer amounts.
- (8) Mr. N.J. Nicholas' beneficial ownership includes 106,475 shares of common stock held by Mr. N.J. Nicholas, as sole trustee of a revocable trust, and 8,000 shares of common stock held in a trust of which Mr. N.J. Nicholas is co-trustee, his child is a beneficiary and co-trustee and to which Mr. N.J. Nicholas disclaims beneficial ownership. It also includes 834,361 shares of common stock held by Ms. Ruth L. Nicholas and Mr. N.J. Nicholas, as sole trustees of an irrevocable trust for the benefit of Mr. Pete M. Nicholas' children and spouse, as to which Mr. N.J. Nicholas disclaims beneficial ownership and which shares are pledged as security and held in collateral accounts predating, and "grandfathered" under, the Company's Prohibition on Hedging and Pledging Policy described in the Compensation Discussion & Analysis section titled "*Prohibition on Pledging and Hedging the Economic Value of our Common Stock.*" 225,000 shares held in IRA accounts, 1,900 shares held in a charitable trust of which Mr. N.J. Nicholas is a trustee and to which he disclaims beneficial ownership, 83,996 shares of restricted stock deferred and 19,398 deferred stock units deferred pursuant to our Non-Employee Director Deferred Compensation Plans as to which Mr. N.J. Nicholas has neither voting nor investment power until such shares are distributed in accordance with the plan and 2,000 shares of common stock subject to exercisable stock options. It excludes 152,000 shares held by Mr. Pete M. Nicholas, Llewellyn Nicholas and Anastasios Parafestas, as Trustees of five irrevocable trusts for the benefit of Mr. N.J. Nicholas' children as to which Mr. N.J. Nicholas disclaims beneficial ownership and 66,826 common stock equivalents which Mr. N.J. Nicholas received pursuant to our Non-Employee Director Compensation Plan in connection with his deferral of certain director cash retainer amounts.
- (9) Mr. Pete M. Nicholas' beneficial ownership includes 21,803 shares of restricted stock as to which Mr. Pete M. Nicholas has sole voting but not investment power and 3,000 shares of common stock subject to exercisable stock options. It also includes 1,918,854 shares owned jointly with his spouse and 3,085,215 shares of common stock held by Promerica L.P., a family limited partnership of which Mr. Pete M. Nicholas is general partner and as to which he is deemed to have beneficial ownership. All shares owned by Mr. Pete M. Nicholas jointly with his spouse and all shares held by Promerica L.P., as well as 1,390,042 of the shares held directly by Mr. Pete M. Nicholas, are pledged as security and held in collateral accounts predating, and "grandfathered" under, the Company's Prohibition on Hedging and Pledging Policy described in the Compensation Discussion & Analysis section titled "*Prohibition on Pledging and Hedging the Economic Value of our Common Stock.*" Mr. Pete M. Nicholas' beneficial ownership includes an aggregate of 152,000 shares held by Mr. Pete M. Nicholas, Llewellyn Nicholas and Anastasios Parafestas, as trustees of five irrevocable trusts for the benefit of Mr. N.J. Nicholas' children as to which Mr. Pete M. Nicholas disclaims beneficial ownership. Mr. Pete M. Nicholas' beneficial ownership excludes 834,361 shares of common stock held by Ms. Ruth L. Nicholas and Mr. N.J. Nicholas, as sole trustees of an irrevocable trust for the benefit of Mr. Pete M. Nicholas' children and spouse, as to which Mr. Pete M. Nicholas disclaims beneficial ownership and which shares are pledged as security and held in collateral accounts.
- (10) Dr. Reinhardt's beneficial ownership includes 13,177 shares of restricted stock as to which Dr. Reinhardt has sole voting but not investment power, 2,000 shares of common stock subject to exercisable stock options, and 5,000 shares of stock held by Dr. Reinhardt's spouse as to which he disclaims beneficial ownership.

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- (11) Mr. Roux's beneficial ownership includes 13,177 shares of restricted stock as to which Mr. Roux has sole voting but not investment power.
- (12) Senator Sununu's beneficial ownership includes 68,580 shares of restricted stock deferred and 13,177 deferred stock units deferred pursuant our Non-Employee Director Deferred Compensation Plans as to which Senator Sununu has neither voting nor investment power until such shares are distributed in accordance with the plan.
- (13) Mr. Mahoney's beneficial ownership includes 922,993 shares of common stock subject to stock options exercisable within 60 days of March 1, 2015.
- (14) Mr. Ballinger's beneficial ownership includes 348,009 shares of common stock subject to stock options exercisable within 60 days of March 1, 2015.
- (15) Mr. Brennan's beneficial ownership includes 272,289 shares of common stock subject to stock options exercisable within 60 days of March 1, 2015.
- (16) Mr. Fitzgerald's beneficial ownership includes 491,218 shares of common stock subject to stock options exercisable within 60 days of March 1, 2015.
- (17) Mr. Pratt's beneficial ownership includes 888,944 shares of common stock subject to stock options exercisable within 60 days of March 1, 2015.
- (18) Mr. Pucel's beneficial ownership includes 920,033 shares of common stock subject to stock options exercisable within 60 days of March 1, 2015.
- (19) This amount includes an aggregate of 4,594,486 shares of common stock subject to stock options exercisable within 60 days of March 1, 2015, and 71,324 shares held in the 401(k) Plan accounts of our executive officers. Please refer to footnotes one through 18 above for additional details regarding the holdings of our directors, our director nominees and our NEOs. This amount does not include Mr. Pucel, who was no longer an executive officer of the Company as of November 28, 2014 and Messrs. Dockendorff and MacMillan, who were not directors as of March 1, 2015.

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

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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 reports of their ownership of our common stock and any changes in that ownership with the SEC. Specific due dates for these reports have been established and we are required to report any failure to file by these dates during fiscal year 2013. To our knowledge, all of these filing requirements were timely satisfied by our directors, executive officers and 10% stockholders except that (1) on February 20, 2014, a Form 4 was filed on behalf of John E. Sununu reporting a transaction that took place on February 14, 2014 and (2) on February 26, 2015, an amendment to a Form 4 filed on February 26, 2014 was filed on behalf of Timothy A. Pratt to correct the number of shares that were reported as withheld for taxes in a transaction on February 24, 2014. 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.

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## COMPENSATION DISCUSSION & ANALYSIS

This discussion and analysis describes material elements of our 2014 compensation program for our NEOs.

### Executive Summary

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#### Company Strategic Imperatives and Select Business Results Linked to 2014 Executive Compensation

During 2014, we continued to focus on the five strategic imperatives we launched in 2013 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.

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

With respect to our performance in 2014 relative to the financial performance metrics used in our short- and long-term incentive programs, we:

Generated GAAP (as defined below) net sales of \$7.380 billion and net sales on a constant currency basis excluding \$37 million of sales from businesses acquired in 2014 (SFX net sales) of \$7.429 billion.

With the inclusion of intangible asset impairment charges, acquisition- and divestiture-related net credits, restructuring- and litigation-related charges, discrete tax items and amortization expense (after tax) of \$1.248 billion, or \$0.93 per share, we reported a GAAP net loss of \$119 million, or \$0.09 per share. Excluding these net charges, we generated adjusted net income of \$1.129 billion, or \$0.84 per share (adjusted EPS).

Generated strong GAAP cash flow from operating activities of \$1.269 billion and adjusted free cash flow of \$1.259 billion.

Used approximately \$125 million of cash generated from operating activities to repurchase approximately 10 million shares of our common stock to return value to our stockholders.

SFX net sales, adjusted net income, 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 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.



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**Pay for Performance**

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

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

The following chart shows the value of the primary elements of total direct compensation (TDC), consisting of base salary and annual short- and long-term incentives, for our Chief Executive Officer in 2014 (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, 2014. These values were calculated using the 2014 base salary, annual equity incentives, and Annual Bonus Plan award amounts for Mr. Mahoney as set forth in the footnotes to the chart below.

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Amounts in the "Target" column consist of the following:

the annual equity awards granted on February 24, 2014, with (a) stock options valued using the Black-Scholes valuation model described in the footnotes to the Executive Compensation section titled "*Summary Compensation Table*" 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);

the target 2014 Annual Bonus Plan award; and

the annual base salary approved in February 2014.

Amounts in the "Summary Compensation Table" column consist of the following:

the annual equity awards granted on February 24, 2014, with the value of each award determined in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 718, as described in the footnotes to the Executive Compensation section titled "*Summary Compensation Table*";

the actual 2014 Annual Bonus Plan award; and

the annual base salary paid in 2014.

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Amounts in the "Realizable" column consist of the following:

the annual equity awards granted on February 24, 2014, with (a) stock options valued at their intrinsic value (number of options awarded multiplied by the closing price of our common stock on December 31, 2014 less the exercise price of such options), (b) service-based DSUs valued using the number of units awarded multiplied by the closing price of our common stock on December 31, 2014, (c) Total Shareholder Return (TSR) performance-based DSUs valued at threshold due to the Company's 11.4% TSR performance in 2014 (minimum number of units multiplied by the closing price of our common stock on December 31, 2014), and (d) the free cash flow (FCF) performance-based DSUs valued using 101.8% of the target FCF performance-based DSUs (the actual percentage of target units earned under the program) multiplied by the closing price of our common stock on December 31, 2014;

the actual 2014 Annual Bonus Plan award; and

the annual base salary paid in 2014.

The significant difference in value of the long-term incentive compensation portion of our Chief Executive Officer'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:

the 2014 TSR performance-based DSUs being valued at 40% of target as a result of the 11.4% TSR performance in 2014 relative to that of the other companies in the S&P Healthcare Index in light of our rank being 44<sup>th</sup> out of 50 for the 2014 performance period; and

the grant date value of the stock options determined based on accounting principles standing significantly higher than the intrinsic value of such stock options.

We believe this demonstrates the alignment of our executives' pay with Company performance and the long-term interests of our stockholders, providing "pay for performance."

*A Significant Portion of our NEOs' 2014 Target TDC is At-Risk, Performance-Based Compensation*

Our Compensation Committee ties a significant portion of the primary elements of our executives' target TDC to at-risk, performance-based incentive opportunities. For 2014, 83% of the target value of the primary elements of TDC for our NEOs as a group (including our CEO) consisted of at-risk, performance-based incentive compensation, which was comprised of the following:

14% Short-Term Cash Incentive Awards, with:

- Ø Funding of the Total Bonus Pool tied to Company performance measured against adjusted EPS and SFX net sales performance targets.
- Ø Allocation of the Total Bonus Pool, as funded, based on regional, business and functional performance measured against their respective financial and/or operational performance targets.
- Ø Actual payout adjusted based on each individual's performance.

69% Long-Term Equity Incentive Awards, with mix of opportunity comprised of:

Ø



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25% target Company performance-based deferred stock units (DSUs), a percentage of which is earned based on the total shareholder return (TSR) of our common stock relative to that of the other companies in the S&P 500 Healthcare Index over a three-year performance period.

Ø

25% target performance-based DSUs, a percentage of which is earned based on our adjusted free cash flow (FCF) measured against our target performance over a one-year

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performance period and subject to service-based vesting over a three-year period (inclusive of the performance period).

Ø

25% stock options, with ultimate value tied to the performance of our stock price.

Ø

25% service-based DSUs, with ultimate value tied to the performance of our stock price.

The percentages above were calculated using the 2014 base salary, target equity values and target Annual Bonus Plan award amounts for our NEOs set forth in the footnote to the charts below. Allocation of the target value of the primary elements of TDC for our Chief Executive Officer and for our other NEOs as a group in 2014 was as follows:

- 
- (1) The charts reflect the value of the primary elements of 2014 TDC opportunity as considered by the Compensation Committee as follows: (i) the annual equity awards granted to our CEO/other NEOs on February 24, 2014, with stock options valued per the Black-Scholes valuation model described in the footnotes to the Executive Compensation section titled "*Summary 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 award; and (iii) the annual base salary approved in February 2014.

We believe our emphasis on at-risk, performance-based incentive compensation consisting of our Annual Bonus Plan awards and long-term equity awards aligns our executives 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 key aspects of executive compensation best practices serve as the foundation for our compensation program:

ü

Use a mix of short- and long-term incentive compensation, with an emphasis on long-term compensation.

ü

Use a mix of fixed and variable compensation, with an emphasis on variable, at-risk performance-based compensation.

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- ü Require a "double-trigger" (both a change in control and termination without cause or for good reason) for cash payments and accelerated vesting of equity awards where the surviving or acquiring entity substitutes or assumes outstanding equity awards.
- ü Do not provide income tax gross-ups (except on relocation benefits).
- ü Do not provide any excise tax gross-ups on severance or other payments in connection with a change in control.
- ü Maintain stock ownership guidelines for our executives and directors.
- ü Have a policy for the recovery, commonly referred to as a "claw-back," of all or a portion of certain incentive compensation awards under certain circumstances.
- ü Use internal pay equity analysis.
- ü Use peer group company comparative analysis.
- ü Engage an independent compensation consultant reporting directly to the Compensation Committee.
- ü Perform risk assessment of incentive compensation policies and programs.
- ü Do not pay dividend equivalents paid on unvested performance-based DSUs or service-based DSUs.
- ü Do not permit repricing of underwater stock options without stockholder approval.
- ü Prohibit pledging or hedging of the economic value of our common stock by our executives and directors.<sup>1</sup>

**Say on Pay**

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At our 2014 Annual Meeting of Stockholders, we asked our stockholders to vote, on an advisory basis, on the 2013 compensation of our then named executive officers as disclosed in our 2014 Proxy Statement, commonly referred to as a "say-on-pay" advisory vote. Our stockholders approved the compensation of our then-named executive officers with approximately 89% of the votes cast voting in favor of the proposal. In connection with its review of our compensation program against our executive compensation philosophy and business objectives, our Compensation Committee took into consideration the modifications it had already made in prior years 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 feedback the Company received on the matter from its stockholders in prior years. As a result, our Compensation Committee concluded that it would retain our compensation program's emphasis on at-risk, performance-based incentive compensation.

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<sup>1</sup> Hedging and pledging arrangements of any of our directors that were in existence prior to January 1, 2011 are exempt from the policy.

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## **How We Determine Executive Compensation**

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### **Executive Compensation Philosophy and Objectives**

Our executive compensation philosophy is to provide appropriate competitive compensation opportunities to our executives with actual pay outcomes 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:

Attract, retain, and engage top talent.

Reinforce our culture of quality.

Align management's interests with the long-term interests of our stockholders.

Incentivize achievement of key Company, business and individual targets/objectives to support our business strategy.

Appropriately manage compensation risk in light of our business strategy.

Our Compensation Committee evaluates executive compensation best practices and makes modifications to our compensation program that it determines are appropriate to support our executive compensation philosophy.

### **Competitive Market Analysis**

Our Compensation Committee considers executive compensation comparative data of our peer group companies in order to facilitate an understanding of trends and comparative practices in executive compensation generally, as well as with respect to the specific levels and mix of target compensation opportunities provided to our executives and program design in the market within which we compete for top talent. The companies in our peer group (i) are in two Global Industry Classification Standard (GICS) Industry Groups, which include companies generally focused on a comparable industry (customer base and product offerings) such as pharmaceuticals, biotechnology & life sciences and healthcare equipment & services companies, and (ii) generally have a comparable size (0.5x to 2x) in relation to one or both of our revenue and market capitalization. Additional characteristics of our peer group companies may include being listed in three or more of our comparable companies' peer groups and being in our GICS Sub-Industry (healthcare equipment).

Our Compensation Committee reviews the composition and appropriateness of our peer group companies for executive compensation comparative purposes annually. Following a review in February 2014, our Compensation Committee made no changes to our 2013 peer group companies for 2014 executive compensation comparative purposes. Our 2014 peer group companies are listed below. At the time of review, our revenue for 2013 was within a reasonable range of the median revenue of our

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peer group companies for the prior four quarters and our market capitalization as of December 31, 2013 was within a reasonable range of the median market capitalization of our peer group companies.

|                               |                      |                                |
|-------------------------------|----------------------|--------------------------------|
| Allergan, Inc.                | C.R. Bard            | St. Jude Medical, Inc.         |
| Baxter International Inc.     | Edwards Lifesciences | Stryker Corporation            |
| Becton, Dickinson and Company | Hospira, Inc.        | Thermo Fisher Scientific, Inc. |
| CareFusion Corp               | Medtronic, Inc.      | Zimmer Holdings, Inc.          |
| Covidien Ltd.                 |                      |                                |

For 2014, general industry survey data was also used for executive compensation comparative purposes for positions where sufficient peer group proxy data was not available. When making its determinations, the Compensation Committee was not aware of the constituent companies used in the general industry survey.

**Internal Pay Equity and Other Considerations**

Our Compensation Committee considers the primary elements of each executive's TDC opportunity compared to that of our other executives as well as the economic and retentive value of prior equity awards received by our executives in determining their current and future compensation.

**Risk Considerations**

Our Compensation Committee considers whether our executive compensation program is appropriately aligned with business risk by examining the potential effects that elements of our executive compensation program may have on such business risk. This includes, among other things, the mix of fixed and variable compensation; the mix of short- and long-term compensation; the mix of long-term equity incentives; mix of performance metrics, weighting, measurement, and payout timing; discretion and caps on short-term incentives; award size, vesting schedules and performance and other terms of long-term equity incentives; and other incentive opportunities and their features. Our Compensation Committee also considers mitigating design elements, including among other things, our recovery of short-term incentive awards policy and other recovery and forfeiture provisions relating to incentive compensation awards and other benefits, executive stock ownership guidelines, and hedging/pledging prohibition. For more details on these policies and guidelines, please see "*Recovery of Incentive Compensation Awards Policy and Provisions*," "*Executive Stock Ownership Guidelines*" and "*Prohibition on Pledging and Hedging the Economic Value of our Common Stock*". For more information about our assessment of compensation policies and practices as they relate to our risk management, please see "*Risk Assessment of our Compensation Programs*".

**Performance Considerations**

We utilize a performance, development and coaching (PDC) process to help guide individual development and performance discussions and assess annual performance. With respect to each of our executives that report directly to him, our Chief Executive Officer undertakes their annual PDC reviews, assesses their performance results and makes related compensation recommendations for them to our Compensation Committee for its consideration. Our Compensation Committee confirms our Chief Executive Officer's performance objectives and oversees the evaluation of our Chief Executive Officer's performance in relation to those objectives. For 2014, the overall performance of our executives, including our NEOs was rated on a 3-point scale designed to support a culture of high performance and accountability with clear expectations. This scale consisted of "outstanding," "successful" and "improvement required." These performance achievement indicators, among the other considerations reviewed in this discussion and analysis, influence our executives' base salary, the individual

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component of their Annual Bonus Plan award and, as an indication of future performance potential, their long-term equity incentive awards.

**Chief Executive Officer and Compensation Committee Judgment**

The application of Chief Executive Officer 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, Company and individual performance and other considerations (such as budgets, costs to the Company, our quality objectives, changes in executive roles or responsibilities and current economic conditions) 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 Bonus Pool funding percentage (to not less than 50% of the target) based on its assessment of the Company's progress toward achievement of our quality objectives.

**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 their responsibilities, our Compensation Committee engages an independent compensation consultant, Frederic W. Cook & Co. (Cook & Co.), which serves at the direction and under the supervision of our Compensation Committee. For further information about our Compensation Committee and its composition, processes and responsibilities and about the services provided by Cook & Co., please see the Meetings and Board Committees section titled "*Executive Compensation and Human Resources Committee*." Cook & Co. and certain members of management support our Compensation Committee with respect to the following, among other things:

**Frederic W. Cook & Co.**

(independent compensation consultant)

Expertise-based advice, research and analytical services, including peer group composition and 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*

(in consultation with our Chief Executive Officer and other executives, as appropriate)

Expertise-based advice, research and analytical services, including trends and comparative practices in executive compensation and program design.

Commentary and/or recommendations as to the foregoing.

Participation in Compensation Committee meetings.

**Chief Executive Officer and other Executives**

Individual executive PDC performance reviews for direct reports.

Through our Chief Executive Officer, performance assessment for executives (other than the Chief Executive Officer) and recommendations as to payments and adjustments.

Participation in Compensation Committee meetings.

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**Elements of 2014 Executive Compensation**

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**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. For 2014, only 17% of the target value of the primary elements of TDC for our NEOs as a group (including our CEO) consisted of fixed compensation in the form of base salary, while variable, at-risk performance-based compensation accounted for the remaining 83% of their primary elements of TDC. The percentages were calculated using the 2014 base salary, target equity values and target Annual Bonus Plan award amounts for our NEOs set forth in the footnotes to the charts below.

Allocation of the target value of the primary elements of TDC between fixed and at-risk, performance-based compensation for our Chief Executive Officer and for our other NEOs as a group in 2014 was as follows:

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The charts reflect the value of the primary elements of 2014 TDC between fixed and variable, at-risk performance-based compensation opportunity as considered by the Compensation Committee as follows:

- (1) The "At-Risk Compensation" portion of the charts reflect: (i) the annual equity awards granted to our NEOs on February 24, 2014, with stock options valued per the Black-Scholes valuation model described in the footnotes to the Executive Compensation section titled "*Summary 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); and (ii) the target Annual Bonus Plan award.
- (2) The "Fixed Compensation" portion of the charts reflects the annual base salary approved in February 2014.



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The key features and objectives of the primary elements of our NEOs' 2014 TDC are summarized in the table below.

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

While our Compensation Committee considers the median market position relative to our peer group companies for comparable positions, individual target opportunities may vary based on our Compensation Committee's consideration of other factors, including those discussed under "How We Determine Executive Compensation." The target value of the primary elements of the TDC for our NEOs as a group for 2014 was below the market median. The primary elements of NEO TDC paid for 2014 is discussed below and reported in the Executive Compensation section titled "Summary Compensation Table" under the Salary, Stock Awards, Option Awards and Non-Equity Incentive Plan Compensation columns.

**Base Salary**

In setting base salaries for our executives, our Compensation Committee generally considers their market position relative to our peer group companies' executives with comparable positions and scope of responsibilities, our annual merit-increase budget, our performance for the prior year, the executive's experience and scope of responsibilities, internal pay equity relative to other executives and the executive's performance for the prior year as determined under that year's PDC process. The overall performance of our executives, including our NEOs, under the PDC for the prior year was rated on a 3-point scale designed to support a culture of high performance and accountability with clear expectations. This scale consisted of "outstanding," "successful" and "improvement required."

*2014 NEO Base Salaries*

In determining the 2014 base salaries of our NEOs (other than our Chief Executive Officer and Chief Financial 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

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ratings for the prior year with Messrs. Ballinger, Fitzgerald and Pratt successfully meeting the high expectations of each of them for 2013 and Mr. Pucel delivering outstanding performance for 2013. In addition, the Compensation Committee also considered Mr. Fitzgerald's promotion to Executive Vice President and President, Rhythm Management in determining his 2014 base salary. In determining the 2014 base salary of Mr. Mahoney, our Compensation Committee considered the general factors discussed above, including his overall performance successfully meeting the high expectations of him for 2013 as our President and Chief Executive Officer.

The 2014 base salaries (rounded to the nearest thousand) of our NEOs (other than Mr. Brennan) as well as the percentage increase from their 2013 base salaries are set forth below:

| Name                 | 2013 Base Salary | 2014 Base Salary | % Increase |
|----------------------|------------------|------------------|------------|
| Michael F. Mahoney   | \$900,000        | \$925,000        | 2.8%       |
| Kevin J. Ballinger   | \$380,000        | \$395,000        | 3.9%       |
| Joseph M. Fitzgerald | \$420,000        | \$460,000        | 9.5%       |
| Timothy A. Pratt     | \$612,000        | \$630,000        | 2.9%       |
| Kenneth J. Pucel(1)  | \$520,000        | \$545,000        | 4.8%       |

(1) Mr. Pucel left the Company effective November 28, 2014.  
*Chief Financial Officer Base Salary*

Daniel J. Brennan. In October 2013, our Board appointed Mr. Brennan as our Executive Vice President and Chief Financial Officer effective January 1, 2014 with an annual base salary of \$450,000 pursuant to his offer letter. In setting Mr. Brennan's 2014 salary, our Compensation Committee considered preliminary target TDC recommendations by Cook & Co., external Chief Financial Officer compensation comparators of our peer group companies, internal pay equity relative to our other executives and Mr. Brennan's experience and existing compensation package.

**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 2014, our Compensation Committee retained the provisions of our 2013 Annual Bonus Plan, which was designed to reinforce the concept of "pay for performance," further align our short-term incentives with important financial and operational measures and the long-term interests of our stockholders, and to incent and reward individual performance.

Table of Contents*Total Bonus Pool Funded Based on Company Performance*

Under the 2014 Annual Bonus Plan, a single Company-wide Total Bonus Pool is funded by the Company's performance measured against important Company-level financial 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 2014, our Compensation Committee:

Selected adjusted EPS and SFX net sales as our Company-level financial performance metrics, which measures were used to set important Company financial and operational performance goals for the year.

Set Company performance level targets for those metrics at \$0.77 and \$7.358 billion, respectively, to coincide with our Board approved 2014 operating plan and within the Company's guidance range for 2014 announced in February 2014.

For a description of how we calculate these non-GAAP financial measures as well as a reconciliation of these 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 2014 Annual Bonus Plan*" and Annex A, respectively.

The Total Bonus Pool funding scale for the Company's 2014 performance measured against our 2014 Company-level performance metric targets for adjusted EPS and SFX net sales is set forth in the table below. Each metric has a 50% weighting.

| <b>Adjusted EPS and SFX Net Sales<br/>(As a Percent of Plan)</b> | <b>Total Bonus Pool<br/>Funding Range</b> |
|--|---|
| <90%   | 50%                                       |
| 90% to <95%  | 50% to 60%                                |
| 95% to <97%  | 65% to 85%                                |
| 97% to <103%   | 90% to 110%                               |
| 103% to <105%  | 110% to 130%                              |
| 105% to 110%+  | 130% to 150%                              |

However, in order to reinforce the importance of "top line" growth to the Company, Total Bonus Pool funding is capped at 90% in the event that the Company's SFX net sales are below 97% of target. In addition, our Compensation Committee has the discretion to decrease the Total Bonus Pool funding percentage (to not less than 50% of the target) based on its assessment of the Company's performance relative to our quality objectives. For 2014, our quality objectives related to our quality culture, training, audits, reporting, product performance, compliance environment and quality systems operations. Our Compensation Committee considers quality objectives to be appropriate in emphasizing our commitment to continually improving and sustaining our quality systems, our quality compliance and product performance, thereby enhancing stockholder value.

For 2014, based on our adjusted EPS of \$0.84 per share and SFX net sales of \$7.429 billion, we achieved 109.1% of the target level for adjusted EPS (in the range of 105% to 110%+ of plan) and 100.9% of the target level for SFX net sales (in the range of 97% to <103% of plan). Accordingly, the funding range for our 2014 Total Bonus Pool was between 110% and 130%. In accordance with the terms of the plan and after taking into consideration the Company's overall 2014 performance, our Chief Executive Officer recommended, and our Compensation Committee approved, funding the 2014 Total Bonus Pool at 120%, which is the midpoint of the funding range. Our performance of quality objectives had no impact on the 2014 Total Bonus Pool funding.

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*Funded Total Bonus Pool Allocated to Participating Units*

Under the 2014 Annual Bonus Plan, the Total Bonus Pool, as funded, is allocated by the Compensation Committee to each participating regional, business, and functional unit based on our Chief Executive Officer's recommendations in light of that participating unit's performance measured against its operational and/or financial performance metric targets (and other factors the Compensation Committee deems appropriate), thereby incentivizing and rewarding each participating unit's performance contributions. For 2014:

Mr. Ballinger, who leads Interventional Cardiology, received his Annual Bonus Plan award from the allocation of the funded Total Bonus Pool to his funding unit based on Interventional Cardiology's performance measured against SFX net sales, adjusted operating income and constant currency growth compared to market targets coinciding with the business's operating plan for the year. Due to its overall performance measured against these performance metrics, the performance percentage for Interventional Cardiology was 140%.

Mr. Fitzgerald, who leads Rhythm Management, received his Annual Bonus Plan award from the allocation of the funded Total Bonus Pool to his funding unit based on Rhythm Management's performance measured against SFX net sales, adjusted operating income and constant currency growth compared to market targets coinciding with the business's operating plan for the year. Due to its overall performance measured against these performance metrics, the performance percentage for Rhythm Management was 120%.

Our other NEOs (other than Mr. Pucel), who support our corporate functions, received their Annual Bonus Plan award from the allocation of the funded Total Bonus Pool to their respective funding units at the Total Bonus Pool funding level taking into account their respective performance. Accordingly, the performance percentage for the corporate funding units was 115%. Mr. Pucel, who left the Company effective November 28, 2014, was not eligible to receive an Annual Bonus Plan award.

The Company does not disclose the specific targets for business, regional and functional participating units' performance metrics as they are highly confidential. Disclosing such confidential information would provide competitors and third parties with insight into the Company's internal planning processes that may allow them to predict certain of our business-, region- or function-specific financial or operational strategies, which could cause us competitive harm. Business and regional unit targets related to SFX net sales, adjusted operating income and constant currency growth compared to market are established in support of Company-wide targets such as sales, operating income, earnings per share and growth. These are based on a range of factors, including growth outlooks for our product portfolio, the competitive environment, our internal budgets, external market economic conditions and market expectations. For example, growth rates implicit in targets for any one business or regional unit may be above or below the growth rates targeted for the entire Company, due to faster or slower growth in relevant markets or smaller or larger market shares. These considerations result in business and regional unit targets that are intended to coincide with Company-wide targets in their level of difficulty to achieve and probability for success. Performance targets are set at a level that the Company believes is aggressive enough to inspire top performance but reasonable enough to be achievable through the efficient and diligent execution of their operating plans.

*Individual Target Incentive Award Opportunity*

Each incentive award opportunity under the Annual Bonus Plan is expressed as a percentage of annual base salary based on the scope of the executive's responsibilities. For 2014, our Compensation



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Our NEOs had certain performance objectives intended to support our strategic imperatives, as applicable to their roles, including (i) with respect to our NEOs who support corporate functions, those aimed at driving Company-level financial performance objectives, and (ii) with respect to our NEOs who support regions and businesses, those aimed at supporting regional- and business-level financial and operational performance objectives. The individual performance objectives discussed below do not represent objective performance goals that must be achieved but rather factors that may be considered by the Compensation Committee and management in determining each NEO's individual performance percentage. Further, no single factor is determinative or required to be considered.

For 2014, Mr. Mahoney's individual performance objectives also included those aimed at driving regional, business, and functional performance objectives as well as those aimed at building diversity, driving employee engagement and developing our people. Mr. Mahoney's individual performance percentage was 110% due primarily to his overall performance successfully meeting the high expectations of him for 2014 as our President and Chief Executive Officer, with notable performance achieving Company level financial performance, strengthening execution and improving results within our core businesses, implementing sales optimization initiatives and helping to strengthen Company culture and drive employee development and engagement. Accordingly, his 2014 Annual Bonus Plan award was 127% of his target award.

For 2014, Mr. Brennan's individual performance objectives also included driving the achievement of financial goals, risk management and those aimed at evaluating potential strategic transactions and strengthening investor relations capabilities and the culture within Finance. Mr. Brennan's individual performance percentage was 115% due primarily to his overall outstanding performance for 2014, with notable performance driving the Company's disciplined focus on financial performance, providing leadership on strategic projects and strengthening investor relations capabilities. Accordingly, his 2014 Annual Bonus Plan award was 132% of his target award.

For 2014, Mr. Ballinger's individual performance objectives also included implementing pricing programs, optimizing sales force capabilities and achieving product development and key milestones and effectively executing product launches. Mr. Ballinger's individual performance percentage was 125% due primarily to his overall outstanding performance for 2014, with notable performance exceeding both revenue and operating income targets as well as very successfully delivering on key product launches. Accordingly, his 2014 Annual Bonus Plan award was 175% of his target award.

For 2014, Mr. Fitzgerald's individual performance objectives also included achieving cost-savings and optimization goals and those related to research & development and clinical goals. Mr. Fitzgerald's individual performance percentage was 110% due primarily to his overall performance successfully meeting the high expectations of him for 2014, with notable performance driving revenue and operating income growth, leading the integration of the electrophysiology business of C.R. Bard Inc. and executing on the global sales strategy for the Company's subcutaneous implantable cardioverter defibrillator, the S-ICD® System. Accordingly, his 2014 Annual Bonus Plan award was 132% of his target award.

For 2014, Mr. Pratt's individual performance objectives also included driving functional unit performance objectives over which he had responsibility, including cost savings and optimization initiatives, developing the culture within the functional units over which he had responsibility and those aimed at legal risk management and mitigation, social media and corporate communications and the strategic planning process; as well as objectives aimed at connecting with the customers, government officials and business and regional leaders. Mr. Pratt's individual performance percentage was 100% due primarily to his overall performance successfully meeting the high expectations of him for 2014, with notable performance managing litigation risks, strengthening employee engagement in

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Legal and providing broad leadership across the Company. Accordingly, his 2014 Annual Bonus Plan award was 115% of his target award.

Mr. Pucel left the Company effective November 28, 2014 and, as a result, was not eligible to receive a 2014 Annual Bonus Plan award.

**Long-Term Incentives**

Our Compensation Committee annually reviews the design of our Long-Term Incentive Program (LTI Program) to help ensure that the program continues to support our executive compensation philosophy and core compensation program objectives. In setting the design for 2014, our Compensation Committee retained the mix of equity award opportunities for our executives under our 2013 LTI Program that were designed to further reinforce "pay for performance" and align the interests of our executives and their compensation with important Company financial measures and the long-term interests of our stockholders.

In addition to aligning executive compensation with our business strategy and the long-term interests of our stockholders, the key features and objectives of each type of equity vehicle included in the mix of equity awards comprising our NEOs' 2014 long-term equity incentive compensation are summarized in the table below.

| <b>Equity Vehicle and<br/>Percentage of Aggregate<br/>LTI Program Target<br/>Values</b> | <b>Key Features</b>  | <b>Objectives</b>                          |  |                          |      |                 |      |                 |      |                 |     |                       |    |   |
|---|--|--|--|--------------------------|------|-----------------|------|-----------------|------|-----------------|-----|-----------------------|----|---|
| <b>TSR performance-based<br/>DSUs (25%)*</b>  | <p>TSR performance-based DSUs represent an opportunity to receive shares of our common stock based on our TSR measured against that of the other companies in the S&amp;P 500 Healthcare Index (of which a significant portion of our peer group companies are a part) over a three-year performance period.</p> <p>For the 2014 Total Shareholder Return Performance Share Program (TSR PSP), the number of target TSR performance-based DSUs as to which the performance criteria could be satisfied would be within a range of 0% to 200% of the target units awarded as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><b>TSR Performance<br/>Percentile Rank</b></th> <th style="text-align: center;"><b>TSR<br/>Performance-Based<br/>DSUs as a Percent of<br/>Target</b></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">90th Percentile or above</td> <td style="text-align: center;">200%</td> </tr> <tr> <td style="text-align: center;">80th Percentile</td> <td style="text-align: center;">150%</td> </tr> <tr> <td style="text-align: center;">50th Percentile</td> <td style="text-align: center;">100%</td> </tr> <tr> <td style="text-align: center;">30th Percentile</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">Below 30th Percentile</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table> | <b>TSR Performance<br/>Percentile Rank</b> | <b>TSR<br/>Performance-Based<br/>DSUs as a Percent of<br/>Target</b> | 90th Percentile or above | 200% | 80th Percentile | 150% | 50th Percentile | 100% | 30th Percentile | 40% | Below 30th Percentile | 0% | <p>Reinforce "pay for performance" by directly linking number of shares earned under the award to our TSR relative to that of industry-related companies.</p> |
| <b>TSR Performance<br/>Percentile Rank</b>  | <b>TSR<br/>Performance-Based<br/>DSUs as a Percent of<br/>Target</b>   |  |  |                          |      |                 |      |                 |      |                 |     |                       |    |   |
| 90th Percentile or above  | 200%   |  |  |                          |      |                 |      |                 |      |                 |     |                       |    |   |
| 80th Percentile   | 150%   |  |  |                          |      |                 |      |                 |      |                 |     |                       |    |   |
| 50th Percentile   | 100%   |  |  |                          |      |                 |      |                 |      |                 |     |                       |    |   |
| 30th Percentile   | 40%  |  |  |                          |      |                 |      |                 |      |                 |     |                       |    |   |
| Below 30th Percentile   | 0%   |  |  |                          |      |                 |      |                 |      |                 |     |                       |    |   |
|   | <p>If the threshold level of performance is achieved, the number of TSR performance-based DSUs would be calculated linearly in accordance with the chart above.</p> <p>These awards typically vest upon satisfaction of both the performance criteria and the service criteria at the end of the three-year performance period.</p>  |  |  |                          |      |                 |      |                 |      |                 |     |                       |    |   |

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| Equity Vehicle and<br>Percentage of Aggregate<br>LTI Program Target<br>Values | Key Features  | Objectives   |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
|---|---|--|---|---------------|------|------|------|------|------|-----|-----|-----|-----|---------------|----|--|
| <b>FCF performance-based<br/>DSUs (25%)*</b>                                  | <p>FCF performance-based DSUs represent an opportunity to receive shares of our common stock based on our adjusted free cash flow over a one-year performance period measured against our target performance for the same period; under the 2014 Free Cash Flow Performance Share Program (FCF PSP), our Compensation Committee set the target adjusted free cash flow at \$1.250 billion to coincide with our Board approved 2014 internal cash flow plan.</p> <p>For the 2014 FCF PSP, the number of target FCF performance-based DSUs as to which the performance criteria under the program was satisfied would be within a range of 0% to 150% of the target units awarded as follows:</p> <table border="1" data-bbox="555 743 1066 1052"> <thead> <tr> <th data-bbox="555 772 721 877">FCF Performance<br/>Percentile<br/>Compared to<br/>Plan</th> <th data-bbox="874 743 1066 877">FCF<br/>Performance-Based<br/>DSUs<br/>as a Percent of<br/>Target</th> </tr> </thead> <tbody> <tr> <td data-bbox="564 884 711 909">125% or above</td> <td data-bbox="938 884 999 909">150%</td> </tr> <tr> <td data-bbox="608 915 668 940">110%</td> <td data-bbox="938 915 999 940">120%</td> </tr> <tr> <td data-bbox="608 947 668 972">100%</td> <td data-bbox="938 947 999 972">100%</td> </tr> <tr> <td data-bbox="608 978 668 1003">90%</td> <td data-bbox="938 978 999 1003">80%</td> </tr> <tr> <td data-bbox="608 1010 668 1035">50%</td> <td data-bbox="938 1010 999 1035">25%</td> </tr> <tr> <td data-bbox="564 1041 711 1066">Less than 50%</td> <td data-bbox="938 1041 999 1066">0%</td> </tr> </tbody> </table> <p>If the threshold level of performance is achieved, the number of FCF performance-based DSUs would be calculated linearly in accordance with the chart above.</p> <p>These awards typically vest upon satisfaction of both the performance criteria after the end of the one-year performance period and the service criteria after the end of a three-year period (inclusive of the performance period).</p> | FCF Performance<br>Percentile<br>Compared to<br>Plan   | FCF<br>Performance-Based<br>DSUs<br>as a Percent of<br>Target | 125% or above | 150% | 110% | 120% | 100% | 100% | 90% | 80% | 50% | 25% | Less than 50% | 0% | <p>Align executive compensation opportunity with an important Company financial measure in our internal financial plan.</p> <p>Reinforce "pay for performance" by directly linking the number of shares earned under the award to our adjusted free cash flow performance measured against our target performance.</p> |
| FCF Performance<br>Percentile<br>Compared to<br>Plan                          | FCF<br>Performance-Based<br>DSUs<br>as a Percent of<br>Target   |  |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
| 125% or above   | 150%  |  |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
| 110%  | 120%  |  |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
| 100%  | 100%  |  |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
| 90%   | 80%   |  |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
| 50%   | 25%   |  |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
| Less than 50%   | 0%  |  |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
| <b>Stock options (25%)*</b>   | <p>Stock options represent the right to purchase shares of our common stock at an exercise price equal to the closing price of our common stock on the date of grant.</p>   | <p>Reinforce "pay for performance" by linking the ultimate value of the award to the performance of our stock price.</p> |   |               |      |      |      |      |      |     |     |     |     |               |    |  |
| <b>Service-based DSUs (25%)*</b>  | <p>These awards typically vest in four equal annual installments.</p> <p>Service-based DSUs represent the opportunity to receive shares of our common stock based on the performance of future service.</p>   | <p>Reinforce "pay for performance" by linking the ultimate value of the award to the performance of our stock price.</p> |   |               |      |      |      |      |      |     |     |     |     |               |    |  |



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Percentage of Aggregate  
LTI Program Target****Values****Key Features****Objectives**

These awards typically vest in five equal annual installments.

Retain top talent and promote executive long-term share owner perspective in a share-efficient manner.

\* We do not pay dividends on stock options, unvested Company performance-based DSUs or service-based DSUs. For further discussion of the performance share programs for our Company performance-based DSUs and the equity awards granted pursuant to our Long-Term Incentive Plans (LTIPs) and a description of how we calculate adjusted free cash flow, please see the Executive Compensation sections titled "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Total Shareholder Return Performance Share Program," "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Free Cash Flow Performance Share Program" and "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2011 Long-Term Incentive Plan," respectively.

*2014 Long-Term Incentive Awards for Our NEOs*

In setting long-term incentive award opportunities for our executives, our Compensation Committee generally considers their market position relative to our peer group companies' executives with comparable positions and scope of responsibilities, and their experience and scope of responsibilities.

In determining the 2014 long-term equity incentive award amounts for our NEOs, our Compensation Committee also considered the recommendations of the Chief Executive Officer in light of the general factors discussed above, including as an indication of future performance potential, the executive's performance for the prior year determined under our that year's PDC process. The overall performance of our executives, including our NEOs (other than our Chief Executive Officer) under the PDC for the prior year was also rated on the 3-point scale consisting of "outstanding," "successful" and "improvement required." In February 2014, our Compensation Committee approved the grant of long-term equity incentive awards to our NEOs in the following amounts based on the target value of annual equity awards for our NEOs considered by the Compensation Committee (see discussion of such target annual equity award values below):

| Name                 | Target FCF        | Target TSR        | Stock      | Service-Based |
|----------------------|-------------------|-------------------|------------|---------------|
|                      | Performance-Based | Performance-Based |            |               |
|                      | DSUs(1)(2)        | DSUs(1)           | Options(1) | DSUs(1)       |
| Michael F. Mahoney   | 145,259           | 145,259           | 346,083    | 145,259       |
| Daniel J. Brennan    | 28,669            | 28,669            | 68,306     | 28,669        |
| Kevin J. Ballinger   | 14,334            | 14,334            | 34,153     | 14,334        |
| Joseph M. Fitzgerald | 23,891            | 23,891            | 56,921     | 23,891        |
| Timothy A. Pratt     | 22,935            | 22,935            | 54,644     | 22,935        |
| Kenneth J. Pucel     | 32,492            | 32,492            | 77,413     | 32,492        |

(1) 2014 Company performance-based DSUs, stock options and service-based DSUs were granted as of February 24, 2014; stock options have an exercise price of \$13.08 per share (the closing price of our common stock on the date of grant).

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- (2) As a result of our adjusted free cash flow performance percentile for the one-year performance period ending December 31, 2014 achieving 100.9% relative to target performance, 101.8% of the 2014 target FCF performance-based DSUs listed in this column met the performance criteria. The number of shares of our common stock to be delivered or otherwise made available to our NEOs after satisfaction of individual service criteria is discussed below under the section titled "*Company Performance-Based DSUs Results for Performance Periods Ending December 31, 2014.*"

The target value of long-term equity incentive awards for our NEOs considered by our Compensation Committee in February 2014 were as follows: (i) \$7.60 million for Mr. Mahoney; (ii) \$1.50 million for Mr. Brennan; (iii) \$0.75 million for Mr. Ballinger, (iv) \$1.25 million for Mr. Fitzgerald; (v) \$1.20 million for Mr. Pratt; and (vi) \$1.70 million for Mr. Pucel. The target equity award values were then allocated in accordance with our LTI Program to 25% TSR performance-based DSUs, 25% FCF performance-based DSUs, 25% service-based DSUs and 25% stock options. Both service-based DSUs and Company performance-based DSUs were valued using the number of units and target units awarded multiplied by the closing price of our common stock on the date of grant and stock options were valued using the Black-Scholes valuation model described in the footnotes to the Executive Compensation section titled "*Summary Compensation Table.*"

*Company Performance-Based DSUs Results for Performance Periods Ending December 31, 2014*

In February 2015, our Compensation Committee determined the number of target performance-based DSUs as to which the performance criteria have been satisfied under our 2012 TSR PSP and our 2014 FCF PSP.

Under the 2012 TSR PSP, our TSR performance percentile rank was 81.6 relative to that of the other companies in the S&P 500 Healthcare Industry Index over the three-year performance period ending December 31, 2014. Accordingly, our Compensation Committee determined that pursuant to the terms of the program, 158.0% of the target awards had satisfied the performance criteria thereunder. As a result, the following number of shares of our common stock were delivered to our NEOs (other than Mr. Pucel) in settlement of the 2012 target units awarded to them: (i) 452,865 shares for Mr. Mahoney; (ii) 20,442 shares for Mr. Brennan, (iii) 25,159 shares for Mr. Ballinger, (iv) 47,174 shares for Mr. Fitzgerald and (v) 75,478 shares for Mr. Pratt. Mr. Pucel was not eligible to receive shares of our common stock under the 2012 TSR PSP due to the termination of his employment prior to the end of the performance period.

Under the 2014 FCF PSP, our adjusted free cash flow performance percentile over the one-year performance period ending December 31, 2014 was 100.9% relative to target performance. Accordingly, our Compensation Committee determined that pursuant to the terms of the program, 101.8% of the target awards had satisfied the performance criteria thereunder. As a result and so long as the individual service criteria is also satisfied, the following number of shares of our common stock will be delivered to our NEOs (other than Mr. Pucel) no later than January 15, 2017 in settlement of the 2014 target units awarded to them: (i) 147,873 shares for Mr. Mahoney; (ii) 29,185 shares for Mr. Brennan; (iii) 14,592 shares for Mr. Ballinger; (iv) 24,321 shares for Mr. Fitzgerald; and (v) 23,347 shares for Mr. Pratt. Mr. Pucel was not eligible to receive shares of our common stock under the 2014 FCF PSP due to the termination of his employment prior to the end of the performance period.

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**Primary Elements of Indirect Executive Compensation**

We also compensate our executives, including our NEOs, using indirect compensation, namely in the form of benefits and limited perquisites. Generally, our benefits and perquisites are targeted to be competitive relative to our peer group companies. The primary elements of and objectives for our NEOs' 2014 indirect compensation are summarized below.

*General Employee Benefits*

We provide employee benefits to eligible employees, including our NEOs, to promote personal health and well-being and to provide certain financial security and protection upon retirement or in the event of death, disability or illness. As U.S.-based employees, our NEOs are eligible to receive employee benefits under our U.S. employee benefits program, which consists of the following key elements that are generally the same as those provided to our other U.S. salaried employees: (i) health and welfare benefits based primarily on a preferred provider model with executives sharing approximately 20% of the cost; (ii) Company-paid term life insurance policies that provide a benefit equal to base salary, with a minimum benefit of \$50,000 and a maximum benefit of up to \$1 million, payable upon death; and (iii) a qualified 401(k) retirement plan with a Company match of 6% of eligible salary up to \$260,000 in 2014 resulting in a maximum possible match of \$15,600. In October 2013, our Board of Directors, upon recommendation of our Compensation Committee, approved an annual executive level physical examination program effective for 2014 that is designed to encourage the proactive management of executive health. In making its recommendation, the Compensation Committee considered the overall cost of the program (estimated to be less than \$10,000 per participant), that more than 60% of our peer group companies offered some form of benefit related to executive level annual physical examinations, and the importance of good health to an executive's ability to focus on the short and long-term needs of the Company. Company-paid term life insurance premium amounts (and related imputed income), Company matches of 401(k) plan contributions for our NEOs, Company-paid executive level annual physical examination costs, and certain other reimbursements in 2014 are reported in the footnotes to the Executive Compensation section titled "*Summary Compensation Table*."

*Deferred Compensation Programs*

We maintain a Deferred Bonus Plan for certain of our management, including our NEOs, in order to provide them with the opportunity to defer up to 75% of their annual award under our Annual Bonus Plan until the earlier of termination of employment or an elected distribution date. In 2014, Messrs. Mahoney, Ballinger and Fitzgerald deferred 35%, 75% and 50%, respectively, of their 2014 Annual Bonus Plan award, which were paid in 2015, under the Deferred Bonus Plan. For additional discussion of the Deferred Bonus Plan, please see the narrative to the Executive Compensation section titled "*Nonqualified Deferred Compensation*."

*Global Relocation Programs*

We provide tiered relocation benefits under our global relocation program to eligible employees, including our NEOs, whom we request to move in connection with their current position or a promotion and for eligible new hires we require to move in connection with accepting a position with us. Our objectives in providing global relocation benefits are to attract and redeploy top talent. We provide "tax gross-ups" on applicable relocation benefits provided under our global relocation program as we believe that this benefit is integral to the Company's ability to attract and retain employees whose skill or knowledge enhance the Company's competitive position. The U.S. executive tier of the program covers reasonable expenses associated with the move and certain relocation services to

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minimize the inconvenience and cost of moving, including as applicable, lump sum payments for temporary living, home search and miscellaneous expenses; new home search assistance; departure area home sales assistance; reimbursement of duplicative housing costs; moving household goods; reimbursement of final trip expenses to the new area; spousal/partner career assistance; and cost of living allowance for increases of at least eight percent in the cost of living from the previous residence location, paid as taxable income over four years in decreasing percentages. Under our global relocation program, participants are generally required to sign a reimbursement agreement that requires them to pay back expenses incurred by the Company for their relocation in the event that they voluntarily terminate their employment or are terminated for "cause" at a rate of 100% for termination within one year of the date on which payments were first made and 50% for termination within two years of the date on which payments were first made.

*Personal Use of Aircraft*

Pursuant to Mr. Mahoney's offer letter, he is permitted reasonable personal use of our corporate aircraft up to \$100,000 per annum in aggregate incremental cost to the Company. Our other executives are permitted limited personal use of our corporate aircraft with prior approval. These executives are personally taxable on their personal use of our corporate aircraft and we do not provide our executives with income tax gross-up payments. The aggregate incremental cost to the Company (and disallowed tax deductions of the Company) for our NEOs' personal use of our corporate aircraft in 2014 is included in the footnotes to the Executive Compensation section titled "*Summary Compensation Table*."

## **Our Post-Employment and Change in Control Arrangements**

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### **Primary Elements of Post-Employment and Change in Control Arrangements**

We provide post-employment and change in control payments and benefits to our executives under certain circumstances. We believe that offering our executives these payments and benefits facilitates the operation of our business, allows them to better focus their time, attention and capabilities on our business, and assists the Company in recruiting and retaining key executives. The primary elements of and objectives for our NEOs' 2014 post-employment and change in control agreements are summarized below.

*Executive Retirement Plan*

Our executives are eligible to participate in our Executive Retirement Plan. The objective of our Executive Retirement Plan is to provide a clear and consistent approach to managing retirement-eligible executive departures with a standard, mutually understood separation and post-employment relationship. The Executive Retirement Plan provides retiring executives with a lump sum benefit of 2.5 months of salary for each completed year of service, up to a maximum of 36 months' pay. The amount is payable in the first payroll period after the last day of the six-month period following retirement. Receipt of payment is conditioned upon the retiring executive entering into an agreement with the Company that includes a release of claims and customary non-disclosure, non-competition, non-solicitation and non-disparagement clauses in favor of the Company. To be eligible for benefits under the Executive Retirement Plan, an executive's age plus his or her years of service with the Company must total at least 65 years (provided that the executive is at least 55 years old and has been with the Company for at least five years). For further discussion of our Executive Retirement Plan, please see the narrative to the Executive Compensation section titled "*Pension Benefits*."

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*Severance Plans*

We maintain severance plans for eligible employees, including certain of our NEOs, under which participants are entitled to receive certain severance payments, subsidized COBRA health benefits and dental benefits for specified periods of time based on position level and classification and completed years of service to the Company and to receive outplacement services in the event of certain involuntary terminations. The payment of severance benefits under the plans is subject to the Company's receipt of a release of claims. Executives, including certain of our NEOs, who are eligible to receive payments under our Executive Retirement Plan or a Change in Control Agreement are not eligible to receive payments and benefits under our severance plans. For further discussion of our severance plans, please see the Executive Compensation section titled "*Potential Payments Upon Termination or Change in Control Severance Plans.*"

*Change in Control Agreements*

We provide Change in Control Agreements to our executives, including our NEOs, and other key employees. The possibility of a change in control and the uncertainty that it may raise among our executives as to their continued employment after or in connection with a change in control may result in their departure or distraction. Our objective in providing Change in Control Agreements is to retain and encourage the continued attention and dedication of our executives during a potentially critical time, even if they fear that their position will be eliminated after or in connection with the change in control. Our Change in Control Agreements require both a change in control and termination without cause or resignation for good reason within two years after the change in control event, commonly referred to as a "double-trigger," for cash payments to be made under the agreement and vesting to be accelerated under the agreement for equity awards where the surviving or acquiring entity substitutes or assumes outstanding equity awards. Our Change in Control Agreements include a release of claims as well as customary non-disclosure and non-solicitation clauses in favor of the Company. Executives, including our NEOs, who are eligible to receive payments under our Change in Control Agreements are not eligible to receive payments and benefits under our Executive Retirement Plan or our severance plans. For further discussion of our Change in Control Agreements, please see the Executive Compensation section titled "*Potential Payments Upon Termination or Change in Control Change in Control Agreements.*" Potential payments to our NEOs under our Change in Control Agreements are included in the tables in the Executive Compensation section titled "*Potential Payments Upon Termination or Change in Control.*"

For a discussion of our other plans and arrangements under which a change in control and/or termination of employment triggers payments or benefits, please see the Executive Compensation section titled "*Potential Payments Upon Termination or Change in Control.*" Potential payments to our NEOs in 2014 under such plans or arrangements are included in the tables in the Executive Compensation section titled "*Potential Payments Upon Termination or Change in Control.*"

## **Recovery of Incentive Compensation Awards Policy and Provisions**

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In February 2007, our Compensation Committee adopted a policy regarding the recovery or adjustment of short-term incentive awards paid to an executive after the policy was adopted in the event relevant Company performance measures are restated in a manner that would have reduced the size of a previously granted award. In such an event, and to the extent permitted by applicable law, the Company would seek to recover the amount of the short-term incentive award paid to such executive that was in excess of the amount that would have been awarded based on the restated financial results, subject to and in accordance with the terms of the policy. Our Compensation

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Committee monitors regulatory developments with respect to applicable executive compensation recovery policies required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and it expects to consider such changes to the Company's current recovery policy as are necessary to comply with final rules (and related guidance, if any) to be issued by the SEC in accordance with such act.

In May 2013, our Compensation Committee adopted a policy regarding the recovery of certain short-and long-term incentive compensation awards paid or granted to an executive after the policy was adopted in the event of executive misconduct or gross dereliction of duty that resulted in a material violation of Company policy and caused significant harm to the Company. In such an event, and to the extent permitted by applicable law, the Company may seek reimbursement of all or a portion of cash incentive compensation awards paid within a certain time period and/or recovery of all or a portion of equity incentive awards granted to such executive over which the Company retains control, subject to and in accordance with the terms of the policy.

For a discussion of other recovery and forfeiture provisions relating to incentive compensation awards and other benefits provided to our executives, please see the section titled "*Global Relocation Program*" above, and the Executive Compensation sections titled "*Pension Benefits*" and "*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table*."

## **Executive Stock Ownership Guidelines**

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Our executives are required to have a significant personal investment in the Company through their ownership of shares of our common stock. The Board has adopted minimum stock ownership guidelines for executives, including our NEOs, in the following amounts:

Chief Executive Officer: 240,000 shares

Executive Vice Presidents: 75,000 shares

Senior Vice Presidents: 20,000 shares

Each executive is expected to attain his or her ownership target within five years after such individual becomes an executive. All of our executives either currently meet our executive stock ownership guidelines or we expect that they will meet them within five years after becoming an executive. The Nominating and Governance Committee monitors compliance with these guidelines on an annual basis.

## **Prohibition on Pledging and Hedging the Economic Value of our Common Stock**

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Our executives, including our NEOs, and our directors are prohibited from speculating in the Company's securities, engaging in transactions designed to "hedge" the value of our common stock, and pledging their common stock as collateral for a loan. Hedging and pledging arrangements of any directors that were in existence prior to January 1, 2011 are exempt from the policy. Executives and directors appointed after December 31, 2010 must unwind pre-existing hedging or pledging arrangements within nine months of their election or appointment. Pre-existing hedging or pledging arrangements of such executives and directors will be disclosed at the time of their election or appointment in the Company's related Form 8-K.

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## **No Tax Gross-Ups (other than for Relocation Benefits)**

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In 2009, the Company eliminated tax gross-ups for its executives except for relocation benefits, which the Compensation Committee retained because the benefit generally applies to all employees eligible to receive relocation benefits, including our executives, and the Compensation Committee believes it is integral to the Company's ability to attract and redeploy employees whose skill or knowledge enhance the Company's competitive position.

During 2014, Mr. Ballinger was erroneously paid a tax gross-up related to the cost of travel for a guest to accompany him to a business-related meeting. In 2015, Mr. Ballinger reimbursed the Company for the erroneous tax gross-up payment. Please see footnote 7(e) to the Executive Compensation section titled "*Summary Compensation Table*" for further information regarding the tax gross-up paid to Mr. Ballinger.

## **Our Equity Award Grant Policy and Practices**

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Under our Equity Award Grant Policy, grants of equity awards to our executives are approved and effective as follows:

Annual equity awards (if any) for our employees, including our executives, are generally approved by our Compensation Committee at a regularly scheduled meeting. Such awards are effective on the date of approval.

New hire, promotion, retention and other special or ad hoc awards for our executive officers are generally approved by our Compensation Committee. New hire or promotion awards for executive officers are effective on the first trading day of the month following both the date of hire or promotion and the date approval. Retention and other special or ad hoc awards for our executive officers are effective on the first trading day of the month following approval.

Stock options are granted with an exercise price equal to the closing price of our common stock on the date of grant.

## **Tax and Accounting Considerations**

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Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to a company's chief executive officer and the three other most highly compensated executive officers, other than the chief financial officer, employed by the company at the end of the year. Qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. Although we have plans that are intended to permit the award of deductible compensation under Section 162(m) of the Internal Revenue Code, our Compensation Committee does not necessarily limit executive compensation to the amount deductible thereunder.

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718, which requires the Company to recognize compensation expense for share-based payments (including stock options and other forms of equity compensation). FASB ASC Topic 718 is taken into account by the Compensation Committee in determining to use a portfolio approach to equity grants, awarding both stock options and DSUs.

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## **RISK ASSESSMENT OF OUR COMPENSATION PROGRAMS**

With the assistance of the senior members of our Global Compensation and Benefits organization, certain senior executive officers and the Compensation Committee's independent compensation consultant, Cook & Co., in December 2014 the Compensation Committee reviewed a risk assessment of our compensation programs and policies to determine if the provisions and operations of our programs create undesired or unintentional risk of a material nature.

Our risk assessment included two work streams – one focused on reviewing areas of enterprise risk and the other focused on identifying compensation design risk. Our enterprise risk analysis examined the types and magnitudes of risks our business areas present to the Company. Our compensation design risk analysis examined the potential risks in the design of our performance-based incentive compensation arrangements. As part of this assessment, we analyzed the mix of fixed and variable compensation; the mix of short- and long-term compensation; the mix of long-term equity incentives; performance metric mix, weighting, measurement, and payout timing, discretion and caps on short-term incentives; award size, vesting schedules and performance and other terms of long-term equity incentives; and other incentive opportunities and their features. We also analyzed our recovery of incentive awards policy, executive stock ownership guidelines and hedging and pledging prohibitions. Finally, we evaluated on a combined basis the results of the enterprise and compensation risk assessments, on a business-area-by-business-area basis.

As a result of our analysis, the Compensation Committee believes that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

## **COMPENSATION COMMITTEE REPORT**

The Executive Compensation and Human Resources Committee of the Board of Directors (the Compensation Committee) of Boston Scientific has reviewed and discussed the Compensation Discussion & Analysis contained in this Proxy Statement with management and, based on such review and discussions, the Compensation Committee approved the inclusion of the Compensation Discussion & Analysis in this Proxy Statement and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for filing with the SEC.

*This Compensation Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Boston Scientific filing with the SEC, except to the extent that Boston Scientific specifically incorporates this Report by reference into another Boston Scientific filing.*

### THE COMPENSATION COMMITTEE

Ernest Mario, *Chairman*  
Bruce L. Byrnes  
Kristina M. Johnson  
Edward J. Ludwig



Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

The table below summarizes the total compensation for each of our named executive officers for the fiscal years ended December 31, 2014, 2013 and 2012. For a narrative description of material factors helpful to understand the information disclosed in the table below for 2014, please see the Compensation Discussion & Analysis and the narrative to this table.

| Name and Principal Position   | Year | Salary<br>(\$)(1) | Bonus<br>(\$)(2) | Stock Awards<br>(\$)(3) | Option Awards<br>(\$)(4) | Non-Equity Incentive Plan Compensation<br>(\$)(5) | Change in Pension Value and Nonqualified Deferred Compensation Earnings<br>(\$)(6) | All Other Compensation<br>(\$)(7) | Total<br>(\$) |
|---|------|-------------------|------------------|-------------------------|--------------------------|---|--|-----------------------------------|---------------|
| Michael F. Mahoney<br>President and Chief Executive Officer   | 2014 | \$921,302         | \$0              | \$6,044,228             | \$1,899,718              | \$1,404,150                                       | \$198,620  | \$59,866                          | \$10,527,884  |
|   | 2013 | \$900,000         | \$0              | \$6,647,490             | \$1,874,997              | \$1,242,000                                       | \$132,399  | \$54,544                          | \$10,851,430  |
|   | 2012 | \$900,000         | \$750,000        | \$5,867,193             | \$1,732,439              | \$1,026,000                                       | \$145,729  | \$362,421                         | \$10,783,782  |
| Daniel J. Brennan*<br>Executive Vice President and Chief Financial Officer                                | 2014 | \$450,000         | \$0              | \$1,192,917             | \$374,945                | \$416,588   | \$1,107,712  | \$16,478                          | \$3,558,640   |
| Kevin J. Ballinger*<br>Senior Vice President and President, Interventional Cardiology                     | 2014 | \$392,781         | \$0              | \$596,438               | \$187,473                | \$414,750   | \$141,967  | \$203,900                         | \$1,937,309   |
| Joseph M. Fitzgerald*<br>Executive Vice President and President, Rhythm Management                        | 2014 | \$454,082         | \$0              | \$994,105               | \$312,451                | \$425,040   | \$189,420  | \$16,881                          | \$2,391,979   |
| Timothy A. Pratt<br>Executive Vice President, Chief Administrative Officer, General Counsel and Secretary | 2014 | \$627,337         | \$0              | \$954,325               | \$299,952                | \$579,600   | \$152,513  | \$19,183                          | \$2,632,910   |
|   | 2013 | \$612,000         | \$0              | \$1,107,893             | \$312,499                | \$563,040   | \$134,221  | \$18,922                          | \$2,748,575   |
|   | 2012 | \$612,000         | \$0              | \$1,052,874             | \$288,739                | \$465,120   | \$147,386  | \$18,724                          | \$2,584,843   |
| Kenneth J. Pucel**<br>Former Executive Vice President, Global Operations, Quality and Technology          | 2014 | \$492,027         | \$0              | \$1,351,992             | \$424,935                | \$0   | \$0  | \$67,781                          | \$2,336,735   |
|   | 2013 | \$517,740         | \$0              | \$1,240,858             | \$349,999                | \$481,390   | \$0  | \$14,416                          | \$2,604,403   |
|   | 2012 | \$505,000         | \$0              | \$1,052,874             | \$288,739                | \$369,408   | \$132,157  | \$14,004                          | \$2,362,182   |

\* Messrs. Brennan, Ballinger and Fitzgerald were not NEOs during 2012 or 2013. In accordance with SEC rules, we are reporting data only for the fiscal year in which Messrs. Brennan, Ballinger and Fitzgerald were NEOs.

\*\* Mr. Pucel left the Company effective November 28, 2014 in order to pursue another opportunity.

(1) Base salaries for our executive officers are generally effective for one year starting in late February of each year. The amounts in this column for 2014 reflect an amount calculated by prorating 2013 salaries from January 1, 2014 through February 2014 and 2014 salaries for the remainder of the year. These figures differ from those in the Compensation Discussion & Analysis, which lists amounts approved by the Compensation Committee in February 2014.

(2) Amounts in this column reflect cash bonuses paid to our NEOs other than pursuant to our 2014 Annual Bonus Plan. Cash bonuses paid to our NEOs pursuant to our 2014 Annual Bonus Plan are reflected in the "Non-Equity Incentive Plan Compensation" column.

- (3) The amounts included in the "Stock Awards" column represent the aggregate grant date fair value of all service-based and Company performance-based DSUs granted in 2014, 2013 and 2012 under our Long-Term Incentive Plan (LTIP). These values have been determined in accordance with FASB ASC Topic 718.

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The attainment of the Company performance-based DSUs awarded to our NEOs in 2014 is based on either (i) the Total Shareholder Return (TSR) of our common stock relative to the TSR of the common stock of the other companies in the S&P 500 Healthcare Index over a three-year performance and service period, or (ii) our adjusted free cash flow over a one-year performance period measured against our internal financial plan for the same period, subject to the satisfaction of the individual service criteria over a three-year period (inclusive of the performance period). For additional information with respect to these Company performance-based DSUs, including the vesting thereof, please see the sections titled "2014 Total Shareholder Return Performance Share Program" and "2014 Free Cash Flow Performance Share Program" in the narrative to this table.

We determined the grant date fair value of the 2014 TSR performance-based DSUs using a Monte Carlo simulation methodology, utilizing the following key assumptions:

|                               |         |
|-------------------------------|---------|
| Stock price on date of grant  | \$13.08 |
| Risk-free rate                | 0.66%   |
| Measurement period (in years) | 3       |

The TSR performance metric for the 2014 TSR performance-based DSUs is a market condition as defined under FASB ASC Topic 718. Since these awards do not have performance conditions as defined under FASB ASC Topic 718, such awards have no maximum grant date fair values that differ from the fair values presented in this Summary Compensation Table.

The grant date fair value of the 2014 FCF performance-based DSUs was determined based on management's evaluation of the Company's 2014 internal financial plan for adjusted free cash flow, assuming target achievement of the adjusted free cash flow performance criteria and utilizing the closing market price of shares of our common stock on the date of grant. The fair values of the 2014 target FCF performance-based DSUs at the grant date assuming achievement of the highest level of performance (as required to be disclosed by the SEC), which assumes actual adjusted free cash flow for 2014 at or above 125% of the Company's 2014 internal financial plan, are as follows: \$2,849,982 for Mr. Mahoney's award, \$562,486 for Mr. Brennan's award, \$281,233 for Mr. Ballinger's award, \$468,741 for Mr. Fitzgerald's award, \$449,985 for Mr. Pratt's award and \$637,493 for Mr. Pucel's award.

We value service-based DSUs based on the closing market price of shares of our common stock on the date of grant. The 2012 awards for Messrs. Pratt and Pucel each include 11,943 service-based DSUs granted to those of our executives, including such NEOs, who participated in our historic executive allowance program at its termination effective December 31, 2011, and who signed an acknowledgment of its termination. Because the program was frozen for new participants at the time Mr. Mahoney joined the Company, he was not eligible for this grant.

For more information regarding the stock awards we granted in 2014, please see the Grants of Plan-Based Awards table. For a more detailed description of the assumptions used in determining grant date fair values of DSUs granted in 2014, please see *Note M - Stock Ownership Plans* to our 2014 consolidated financial statements included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2014.

- (4) The amounts included in the "Option Awards" column represent the aggregate grant date fair value of all stock options granted during 2014, 2013 and 2012 under our LTIP. These values have been determined in accordance with FASB ASC Topic 718. For a description of the assumptions used for purposes of determining grant date fair value of stock options granted in 2014, please see *Note M - Stock Ownership Plans* to our 2014 consolidated financial statements included in Item 8 of our Annual Report filed on Form 10-K for the year ended December 31, 2014. For more information regarding the stock option awards we granted in 2014, please see the Grants of Plan-Based Awards table.
- (5) Amounts in the "Non-Equity Incentive Plan Compensation" column represent payments made under our Annual Bonus Plan to our NEOs prior to March 15 in the year following the fiscal year to which the payment relates. Our NEOs' Annual Bonus Plan awards were made as cash payments.

For further information regarding the 2014 Annual Bonus Plan awards, please see the Compensation Discussion & Analysis section titled "*Short-Term Incentives*" and the narrative to this table.

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- (6) The amounts shown in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column reflect the change in the actuarial present value of the accumulated benefit under our Executive Retirement Plan for each pension plan measurement date used for financial statement reporting purposes with respect to the Company's audited financial statements fiscal as compared to the prior pension plan measurement date.

Mr. Brennan became eligible to participate in the Executive Retirement plan as of January 1, 2014. As such, the amount disclosed for him in this column reflects the full present value of the accumulated benefit under the plan.

During 2013, total pension value for Mr. Pucel decreased by \$6,442. In accordance with SEC rules, any negative amounts have been reported as \$0 in this table. Additionally, upon Mr. Pucel's departure from the Company effective November 28, 2014, Mr. Pucel became no longer eligible to participate in our Executive Retirement Plan. Because Mr. Pucel had not met the retirement criteria prescribed by this plan, he did not receive any benefits pursuant to this plan.

Please see the narrative and footnotes to the Pension Benefits table for more information regarding the accrued benefits for each NEO under this plan. No amount is included with respect to nonqualified deferred compensation earnings because there were no above-market or preferential earnings on nonqualified deferred compensation.

- (7) The amounts shown for 2014 in the "All Other Compensation" column are comprised of the following components:

| Name                 | Match<br>(401(k) Plan)<br>(a) | Personal<br>Use of<br>Aircraft<br>(b) | Term<br>Life<br>Insurance<br>(c) | Relocation-<br>Related<br>Payments<br>(d) | Certain<br>Other<br>Payments<br>(e) | Total All<br>Other<br>Compensation |
|----------------------|-------------------------------|---------------------------------------|----------------------------------|---|-------------------------------------|------------------------------------|
| Michael F. Mahoney   | \$15,600                      | \$42,366                              | \$1,900                          | \$0                                       | \$0                                 | \$59,866                           |
| Daniel J. Brennan    | \$15,600                      | \$0                                   | \$878                            | \$0                                       | \$0                                 | \$16,478                           |
| Kevin J. Ballinger   | \$14,623                      | \$0                                   | \$554                            | \$175,364                                 | \$13,358                            | \$203,900                          |
| Joseph M. Fitzgerald | \$15,600                      | \$0                                   | \$1,281                          | \$0                                       | \$0                                 | \$16,881                           |
| Timothy A. Pratt     | \$14,377                      | \$0                                   | \$4,806                          | \$0                                       | \$0                                 | \$19,183                           |
| Kenneth J. Pucel     | \$13,475                      | \$0                                   | \$1,030                          | \$0                                       | \$53,276                            | \$67,781                           |

- (a) The amounts shown in this column represent matching contributions made by the Company for each NEO under our 401(k) Retirement Savings Plan. All individual and matching contributions to the 401(k) Retirement Savings Plan are fully vested upon contribution.
- (b) Pursuant to Mr. Mahoney's offer letter, he is permitted reasonable personal use of our corporate aircraft up to \$100,000 per annum in aggregate incremental cost to the Company, but is not entitled to reimbursement from the Company for any taxes resulting from imputed income attributable to his personal use of the corporate aircraft. The amount reflected in the "Personal Use of Corporate Aircraft" column represents the aggregate incremental costs to us for Mr. Mahoney's personal use of our corporate aircraft, as well as any incremental costs associated with persons accompanying Mr. Mahoney on business travel. 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 the executive during the year, including the "dead head" costs of flying the aircraft to and from locations for personal use. Our corporate aircraft are used predominately for business travel. Therefore, we do not include the fixed operating costs, such as pilot salary, general taxes and insurance, in the incremental cost calculation. Incremental cost does not include amounts attributable to the NEO for increased income taxes we incurred in 2014 as a result of disallowed deductions related to personal use under Internal Revenue Service rules. For 2014, the reflected amount excludes \$202,807 of disallowed corporate income tax deductions attributable to Mr. Mahoney's personal use of the aircraft during the year. Mr. Mahoney was taxed on the imputed income attributable to his personal use of the corporate aircraft and did not receive tax assistance from the Company with respect to this amount.
- (c) Amounts in the "Term Life Insurance" column consist of premiums and the imputed income for Company-paid term life insurance attributable to our NEOs. For Messrs. Mahoney, Brennan, Ballinger, Fitzgerald, Pratt and Pucel, the premium paid was \$332, \$162, \$142, \$164, \$226, and \$179, respectively.
- (d) Mr. Ballinger temporarily relocated to Japan for several weeks during 2014 to support a critical product launch. The amounts shown represent (i) relocation-related expenses in the amount of \$115,887 and (ii) associated tax gross ups for taxable relocation amounts in the amount of \$59,477. For more information about our global relocation program, please see "Global Relocation Programs" in the Compensation Discussion & Analysis section.
- (e) The amount for Mr. Ballinger includes the cost of travel for Mr. Ballinger's guest of \$8,206 to accompany him to a business-related meeting, the associated tax gross-up of \$4,152, and a \$1,000 gift card issued to him as a participant in a Company sales meeting. In 2015, Mr. Ballinger reimbursed the Company for the tax gross-up payment, which was erroneously made.

The amount for Mr. Pucel represents the amount paid to him for accrued, unused vacation at the time of his departure.



Table of Contents**Grants of Plan Based Awards**

The table below presents information regarding awards under the Company's 2014 Annual Bonus Plan and 2011 Long-Term Incentive Plan, including those pursuant to the Company's 2014 Performance Share Programs, during the fiscal year ended December 31, 2014. For a description of material factors helpful for an understanding of the information in the table below, please see the Compensation Discussion & Analysis and the narrative to this table.

| Name                        | Grant Date   | Compensation Committee Approval Date (if different than Grant Date) | Estimated Future Payouts under Non-Equity Incentive Plan Awards(1) |             |              | Estimated Future Payouts under Equity Incentive Plan Awards(2) |            |             | All Other Stock Awards: Number of Shares of Stock or Units (#)(3) | All Other Option Awards: Number of Securities Underlying Options (#)(3) | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date Fair Value of Stock and Option Awards (\$)(4) |
|-----------------------------|--------------|---|--|-------------|--------------|--|------------|-------------|---|---|---|--|
|                             |              |   | Threshold (\$)   | Target (\$) | Maximum (\$) | Threshold (#)  | Target (#) | Maximum (#) |   |   |   |  |
| <b>Michael F. Mahoney</b>   |              |   | \$0  | \$1,110,000 | \$3,250,000  |  |            |             |   |   |   |  |
|                             | 2/24/2014(5) |   |  |             |              | 58,103   | 145,259    | 290,518     |   |   | \$2,244,252                                     |  |
|                             | 2/24/2014(6) |   |  |             |              | 36,314   | 145,259    | 217,888     |   |   | \$1,899,988                                     |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             | 145,259   |   | \$1,899,988                                     |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             |   | 346,083   | \$13.08   | \$1,899,719  |
| <b>Daniel J. Brennan</b>    |              |   | \$0  | \$315,000   | \$945,000    |  |            |             |   |   |   |  |
|                             | 2/24/2014(5) |   |  |             |              | 11,467   | 28,669     | 57,338      |   |   | \$442,936                                       |  |
|                             | 2/24/2014(6) |   |  |             |              | 7,167  | 28,669     | 43,003      |   |   | \$374,991                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             | 28,669  |   | \$374,991                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             |   | 68,306  | \$13.08   | \$374,945  |
| <b>Kevin J. Ballinger</b>   |              |   | \$0  | \$237,000   | \$711,000    |  |            |             |   |   |   |  |
|                             | 2/24/2014(5) |   |  |             |              | 5,733  | 14,334     | 28,668      |   |   | \$221,460                                       |  |
|                             | 2/24/2014(6) |   |  |             |              | 3,583  | 14,334     | 21,501      |   |   | \$187,489                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             | 14,334  |   | \$187,489                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             |   | 34,153  | \$13.08   | \$187,473  |
| <b>Joseph M. Fitzgerald</b> |              |   | \$0  | \$322,000   | \$966,000    |  |            |             |   |   |   |  |
|                             | 2/24/2014(5) |   |  |             |              | 9,556  | 23,891     | 47,782      |   |   | \$369,116                                       |  |
|                             | 2/24/2014(6) |   |  |             |              | 5,972  | 23,891     | 35,836      |   |   | \$312,494                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             | 23,891  |   | \$312,494                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             |   | 56,921  | \$13.08   | \$312,451  |
| <b>Timothy A. Pratt</b>     |              |   | \$0  | \$504,000   | \$1,512,000  |  |            |             |   |   |   |  |
|                             | 2/24/2014(5) |   |  |             |              | 9,174  | 22,935     | 45,870      |   |   | \$354,346                                       |  |
|                             | 2/24/2014(6) |   |  |             |              | 5,733  | 22,935     | 34,402      |   |   | \$299,990                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             | 22,935  |   | \$299,990                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             |   | 54,644  | \$13.08   | \$299,952  |
| <b>Kenneth J. Pucel</b>     |              |   | \$0  | \$381,500   | \$1,144,500  |  |            |             |   |   |   |  |
|                             | 2/24/2014(5) |   |  |             |              | 12,996   | 32,492     | 64,984      |   |   | \$502,001                                       |  |
|                             | 2/24/2014(6) |   |  |             |              | 8,123  | 32,492     | 48,738      |   |   | \$424,995                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             | 32,492  |   | \$424,995                                       |  |
|                             | 2/24/2014(7) |   |  |             |              |  |            |             |   | 77,413  | \$13.08   | \$424,935  |

(1) The amounts in these columns reflect target and maximum payouts under the 2014 Annual Bonus Plan. There is no threshold-level payout under the 2014 Annual Bonus Plan. The maximum possible payout under the 2014 Annual Bonus Plan is 300% of the target payout, representing the product of (i) a maximum of 150% of the target payout based on Company performance metrics and (ii) a maximum of 200% of the target payout based on individual performance objectives. Under the 2014 Annual Bonus Plan, bonuses to executives covered by Internal Revenue Code Section 162(m) are capped at \$3.25 million. The actual amount earned by each NEO under the 2014 Annual Bonus Plan is reported under the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table. For additional information about our 2014 Annual Bonus Plan and a discussion of how these amounts are determined, please see the Compensation Discussion & Analysis section titled "Short-Term Incentives" and the section titled "2014 Annual Bonus Plan" in the narrative to this table.

(2) The amounts in these columns reflect threshold, target and maximum share issuance under our 2014 TSR PSP and 2014 FCF PSP. The target

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performance-based DSUs awarded under these programs were granted to our NEOs in February 2014 as part of our annual review process and were awarded under our 2011 LTIP. For additional details regarding the awards to our NEOs pursuant to our 2014 TSR PSP and our 2014 FCF PSP, please see footnotes 5 and 6 to this Grants of Plan-Based Awards table, respectively.

- (3) The amounts in these columns reflect the number of service-based DSUs and stock options granted to our NEOs under our 2011 LTIP during 2014.

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- (4) The amounts in this column have been determined in accordance with FASB ASC Topic 718. See footnotes 3 and 4 to the Summary Compensation Table for a description of the assumptions used in determining the grant date fair value of these awards.
- (5) These awards were granted pursuant to our 2014 TSR PSP. The threshold award level represents the minimum share issuance for each award that a participant may receive based on performance, which is 40% of the target TSR performance-based DSUs awarded under the program. The maximum share issuance for each award is 200% of the target TSR performance-based DSUs awarded under the 2014 TSR PSP. For additional information about our 2014 TSR PSP and a discussion of how these amounts are determined, please see the section titled "*2014 Total Shareholder Return Performance Share Program*" in the narrative to this table.
- (6) These awards were granted pursuant to our 2014 FCF PSP. The threshold award level represents the minimum share issuance for each award that a participant may receive based on performance, which is 25% of the target FCF performance-based DSUs awarded under the program. The maximum share issuance for each award is 150% of the target FCF performance-based DSUs awarded under the 2014 FCF PSP. For additional information about our 2014 FCF PSP and a discussion of how these amounts are determined, please see the section titled "*2014 Free Cash Flow Performance Share Program*" in the narrative to this table.
- (7) These awards were granted as part of our annual review process and awarded under our 2011 LTIP.



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## Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

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The following provides information about the terms of our 2014 Annual Bonus Plan, 2014 Performance Share Programs and our Long-Term Incentive Plan, pursuant to which our NEOs were awarded short- and long-term incentive compensation, as applicable and detailed in the tables above. For additional information regarding the application of these plans and programs to our NEOs in 2014, please see the Compensation Discussion & Analysis.

### 2014 Annual Bonus Plan

Our 2014 Annual Bonus Plan is administered by our Compensation Committee and was established under our 2011 LTIP. The plan year for our 2014 Annual Bonus Plan ran from January 1, 2014 to December 31, 2014. Generally all U.S. salaried employees not eligible for commissions under sales compensation plans and certain international and expatriate/inpatriate employees selected for participation are eligible to participate in our 2014 Annual Bonus Plan, provided they have at least two full months of service during the plan year. Participants generally must be employed with us on the date payments are made in order to receive awards under the plan. However, in the event of death or retirement or certain involuntary terminations without cause, in each case, as described in the 2014 Annual Bonus Plan, participants may receive their performance incentive awards for the year on a prorated basis based on the percentage of the year the participant was employed by us and eligible to participate. Participants who have at least two months of eligibility but less than a full year similarly may receive awards under the 2014 Annual Bonus Plan on a prorated basis.

#### *Target Incentive Award Opportunity*

Each participant is provided with a target incentive award opportunity under the 2014 Annual Bonus Plan expressed as a percentage of his or her base salary. For a discussion of the 2014 target incentive award opportunities for our NEOs, please see the Compensation Discussion & Analysis sections titled "*Individual Target Incentive Award Opportunity*" and "*2014 Annual Bonus Plan Awards Paid to Our NEOs*."

#### *Company Performance Funds Total Bonus Pool*

Company Performance Metrics and Weighting. Under the 2014 Annual Bonus Plan, after year-end a single Company-wide annual bonus pool (Total Bonus Pool) is funded based on the Company's performance measured against important Company-level financial performance metric targets. For 2014, our Compensation Committee selected adjusted EPS and standard foreign exchange (SFX) net sales as our Company-level performance metrics. Each metric has a 50% weighting.

Company Metrics Defined. For purposes of our 2014 Annual Bonus Plan: (i) adjusted EPS equals adjusted net income (loss) divided by weighted average diluted shares outstanding for the performance year (adjusted net income equals GAAP net income (loss) excluding intangible asset impairment charges, acquisition- and divestiture-related net credits, restructuring- and litigation-related charges, discrete tax items, and amortization expense, which are either non-operational or which we do not believe are indicative of the on-going performance of our operating segments); and (ii) SFX net sales is calculated at an assumed standard constant currency basis that excludes the impact of changes in foreign currency rates, which are highly variable and difficult to predict and, for 2014, excludes \$37 million of sales from businesses acquired in 2014, which was not contemplated in our Board approved internal financial and operating plans for 2014.

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For a discussion of the Company level targets under the 2014 Annual Bonus Plan, funding of the Total Bonus Pool and the individual performance component of the 2014 Annual Bonus Plan, please see the Compensation Discussion & Analysis section titled "*Short-Term Incentives*."

*Recovery of Annual Bonus Plan Award*

Our 2014 Annual Bonus Plan provides that, to the extent permitted by applicable law, our Board will seek reimbursement of incentive compensation paid to any executive officer under the plan in the event of a restatement of our financial results that reduced a previously granted award's size or payment. Under such circumstances, and to the extent permitted by applicable law, we would seek to recover the amount of the 2014 Annual Bonus Plan award paid to such executive that was in excess of the amount that would have been paid based on the restated financial results. Additionally, our 2014 Annual Bonus Plan provides that, to the extent permitted by applicable law, our Board may seek reimbursement of incentive compensation paid to an executive under the plan in the event of executive misconduct or gross dereliction of duty that resulted in a material violation of Company policy and caused significant harm to the Company. In such an event, and to the extent permitted by applicable law, the Board may seek reimbursement of all or a portion of cash incentive compensation awards paid within a certain time period under the plan.

**2014 Total Shareholder Return Performance Share Program**

Our 2014 TSR PSP is administered, and the target TSR performance-based DSUs awarded pursuant to our 2014 TSR PSP are granted, under our 2011 LTIP. The TSR performance-based DSUs vest upon the satisfaction of both the Company performance criteria and individual service criteria under the 2014 TSR PSP, other than in the event of certain qualifying terminations discussed below. Our executives, including our NEOs, are eligible to participate in the 2014 TSR PSP, which is administered by our Compensation Committee. For a discussion of the TSR performance-based DSUs awarded to our NEOs in 2014, please see the Compensation Discussion & Analysis section titled "*2014 Long-Term Incentive Awards for our NEOs*."

*Company Performance Criteria*

For a discussion of the Company performance criteria under the 2014 TSR PSP please see the Compensation Discussion & Analysis section titled "*Long-Term Incentives*."

Calculation of TSR and Percentile Performance. The TSR for the Company and each other company in the S&P 500 Healthcare Index for each annual performance cycle is determined based on the following formula:

$$(\text{Change in Stock Price} + \text{Dividends Paid}) / \text{Beginning Stock Price}$$

The change in stock price is determined by subtracting the beginning stock price (the daily average closing price of one share of common stock for the two calendar months prior to the beginning of each performance cycle) from the ending stock price (the daily average closing price of one share of common stock for the last two calendar months of the performance cycle). The dividends paid are the total of all cash dividends paid on one share of common stock during the applicable performance cycle.

Following the end of the three-year performance period, the total TSR for the Company and each other company in the S&P 500 Healthcare Index is determined by adding the results calculated for each of the three performance cycles and dividing the sum by three.

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Following the calculation of the TSR for the three-year performance period for our Company and each of the other companies in the S&P 500 Healthcare Index, the companies will be ranked in order of maximum to minimum average TSRs for the full three-year performance period. Our percentile performance will be determined by (i) dividing (a) our ranking versus that of the other companies in the S&P 500 Healthcare Index minus one, by (b) the total number of companies in the S&P 500 Healthcare Index minus one, and (ii) subtracting the result from one.

*Individual Service Criteria*

Generally under the 2014 TSR PSP, except with respect to termination of employment due to retirement, death or disability, or in connection with a change in control, in each case, as described in the 2014 TSR PSP and/or the 2011 LTIP, (i) no TSR performance-based DSUs will vest prior to the end of the three-year performance period (December 31, 2016), (ii) a participant must be employed with us on December 31, 2016 to be eligible to receive shares of our common stock in respect of his or her TSR performance-based DSUs as to which the performance criteria under the program have been satisfied, and (iii) all TSR performance-based DSUs of a participant not employed by the Company on December 31, 2016 will be forfeited.

For information regarding potential payments upon certain terminations of employment or in connection with a change in control, please see "*Potential Payments Upon Termination or Change in Control.*"

**2014 Free Cash Flow Performance Share Program**

Our 2014 FCF PSP is administered, and the target FCF performance-based DSUs awarded pursuant to our 2014 FCF PSP are granted, under our 2011 LTIP. The 2014 grants of FCF performance-based DSUs vest upon the satisfaction of both the one-year Company performance criteria and the three-year individual service criteria (inclusive of the performance period) under the 2014 FCF PSP, other than in the event of certain qualifying terminations discussed below. Our executives, including our NEOs, were eligible to participate under the 2014 FCF PSP, which is administered by our Compensation Committee. For a discussion of the 2014 FCF performance-based DSUs awarded to our NEOs and the Company's achievement of the Company performance criteria under the program, please see the Compensation Discussion & Analysis section titled "*2014 Long-Term Incentive Awards for our NEOs.*"

*Company Performance Criteria*

For a discussion of the Company performance criteria under the 2014 FCF PSP please see the Compensation Discussion & Analysis section titled "*Long-Term Incentives.*"

*Individual Service Criteria*

Generally under the 2014 FCF PSP, except with respect to termination of employment due to retirement, death or disability, or in connection with a change in control, in each case, as described in the 2014 FCF PSP and/or the 2011 LTIP, (i) no FCF performance-based DSUs will vest prior to the end of the three-year service period (December 31, 2016), (ii) a participant must be employed with us on December 31, 2016 to be eligible to receive shares of our common stock in respect of his or her FCF performance-based DSUs as to which the performance criteria under the program have been satisfied, and (iii) all FCF performance-based DSUs of a participant not employed by the Company on December 31, 2016 will be forfeited.

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For information regarding potential payments upon certain terminations of employment or in connection with a change in control, please see "*Potential Payments Upon Termination or Change in Control.*"

**2011 Long-Term Incentive Plan**

The purpose of the broad-based equity incentive award opportunities available for grant under our 2011 LTIP is to attract, retain, engage and focus key employees and other eligible participants on achieving long-term stockholder value by rewarding them for the increased performance of our common stock underlying such awards. Our 2011 LTIP is administered by our Compensation Committee and provides for the grant of restricted or unrestricted common stock, deferred stock units, options to acquire our common stock, stock appreciation rights (SARs), performance awards and other stock and non-stock awards (collectively, Awards). Our 2011 LTIP prohibits repricing or replacement of options or SARs and the issuance of in-the-money options or SARs, and includes limitations on the amounts of grants and payments to any individual within a given fiscal year as well as certain other customary limitations. Employees, directors and other individuals who provide services to us and our affiliates who, in the opinion of the Compensation Committee, are in a position to make a significant contribution to our success or that of our affiliates are eligible for Awards under our 2011 LTIP. Our 2011 LTIP became effective on June 1, 2011, following its approval at our 2011 Annual Meeting of Stockholders, and will terminate on March 1, 2021 (unless terminated sooner by our Board), and no further Awards may be granted following that date.

*Certain Separations from Service*

Generally under the 2011 LTIP, except with respect to termination of employment due to retirement, death or disability, or in connection with a change in control, in each case, as described therein or as otherwise provided for in the applicable award agreement, all equity awards terminate to the extent not vested immediately prior to the cessation of employment, and to the extent vested but not exercised at such time, remain exercisable for the lesser of one year or until the expiration of the stated term of the award. Further, in the event of a termination for "cause" (defined as conviction of, or a failure to contest prosecution for, a felony, or misconduct or dishonesty that is harmful to our business or reputation), or as a result of reasons that cast such discredit on the individual as to justify immediate termination of the award, in each case, as determined in the Compensation Committee's sole discretion, all outstanding equity awards (including unexercised stock options, whether vested or unvested) terminate immediately upon notice of such termination.

For a discussion of our plans and arrangements under which a change in control and/or termination of employment triggers payments or benefits, including our LTIP, please see the narrative to the tables appearing in "*Potential Payments Upon Termination or Change in Control.*" Potential payments to our NEOs in 2014 under such plans or arrangements are included in the tables appearing in "*Potential Payments Upon Termination or Change in Control.*"

*2014 Equity Awards*

With respect to our executives, including our NEOs as applicable, our Compensation Committee set the mix of equity award opportunities under our 2014 Long-Term Incentive Program at 25% target TSR performance-based DSUs, 25% target FCF performance-based DSUs, 25% stock options and 25% service-based DSUs. For a discussion of the 2014 equity awards made to our NEOs, please see the Compensation Discussion & Analysis section titled "*Long-Term Incentives.*"

Table of Contents**Outstanding Equity Awards at Fiscal Year End**

The following table provides information with respect to outstanding unexercised non-qualified stock options and unvested DSUs for each NEO as of December 31, 2014.

| Name               | Grant Date | Option Awards   |   |                            |                        | Stock Awards   |   |   | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested         |
|--------------------|------------|---|---|----------------------------|------------------------|--|---|---|---|
|                    |            | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(2) | Market Value of Shares or Units of Stock that Have Not Vested (\$)(3) | Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(3) |
| Michael F. Mahoney | 02/27/2012 | 337,470   | 337,471   | \$6.280                    | 02/27/2022             |  |   |   |   |
|                    | 02/28/2013 | 165,134   | 495,402   | \$7.390                    | 02/28/2023             |  |   |   |   |
|                    | 02/24/2014 | 0   | 346,083   | \$13.080                   | 02/24/2024             |  |   |   |   |
|                    | 11/01/2011 |   |   |                            |                        | 683,339(4)   | \$9,054,242   |   |   |
|                    | 02/27/2012 |   |   |                            |                        | 171,975  | \$2,278,669   |   |   |
|                    | 02/27/2012 |   |   |                            |                        | 452,865(6)   | \$6,000,461   |   |   |
|                    | 02/27/2012 |   |   |                            |                        | 372,611(7)   | \$4,937,096   |   |   |
|                    | 02/28/2013 |   |   |                            |                        | 202,977  | \$2,689,445   |   |   |
|                    | 02/28/2013 |   |   |                            |                        | 257,273(8)   | \$3,408,867   |   |   |
|                    | 02/24/2014 |   |   |                            |                        | 147,873(9)   | \$1,959,317   |   |   |
|                    | 02/24/2014 |   |   |                            |                        | 145,259  | \$1,924,682   |   |   |
|                    | 02/28/2013 |   |   |                            |                        |  |   | 507,442(10)   | \$6,723,607   |
|                    | 02/24/2014 |   |   |                            |                        |  |   | 58,104 (11)   | \$769,878   |
| Daniel J. Brennan  | 05/08/2006 | 8,800   | 0   | \$21.930                   | 05/08/2016             |  |   |   |   |
|                    | 02/24/2009 | 40,214  | 0   | \$8.300                    | 02/24/2019             |  |   |   |   |
|                    | 02/16/2010 | 102,308   | 0   | \$7.410                    | 02/16/2020             |  |   |   |   |
|                    | 02/28/2011 | 46,584  | 15,528  | \$7.160                    | 02/28/2021             |  |   |   |   |
|                    | 02/27/2012 | 15,232  | 15,234  | \$6.280                    | 02/27/2022             |  |   |   |   |
|                    | 02/28/2013 | 9,465   | 28,395  | \$7.390                    | 02/28/2023             |  |   |   |   |
|                    | 02/24/2014 | 0   | 68,306  | \$13.080                   | 02/24/2024             |  |   |   |   |
|                    | 02/16/2010 |   |   |                            |                        | 4,486  | \$59,440  |   |   |
|                    | 02/28/2011 |   |   |                            |                        | 5,585  | \$74,001  |   |   |
|                    | 02/27/2012 |   |   |                            |                        | 2,389(5)   | \$31,654  |   |   |
|                    | 02/27/2012 |   |   |                            |                        | 7,764  | \$102,873   |   |   |
|                    | 02/27/2012 |   |   |                            |                        | 20,442(6)  | \$270,857   |   |   |
|                    | 02/27/2012 |   |   |                            |                        | 16,819(7)  | \$222,852   |   |   |
|                    | 02/28/2013 |   |   |                            |                        | 10,825   | \$143,431   |   |   |
|                    | 02/28/2013 |   |   |                            |                        | 13,720(8)  | \$181,790   |   |   |
|                    | 02/24/2014 |   |   |                            |                        | 29,185(9)  | \$386,701   |   |   |
|                    | 02/24/2014 |   |   |                            |                        | 28,669   | \$379,864   |   |   |
| 02/28/2013         |            |   |   |                            |                        |  | 27,062(10)  | \$358,572   |   |
| 02/24/2014         |            |   |   |                            |                        |  | 11,468(11)  | \$151,951   |   |

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| Name                 | Grant Date | Option Awards   |   |                            |                        | Stock Awards   |   |  | Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Rights That Have Not Vested         |
|----------------------|------------|---|---|----------------------------|------------------------|--|---|--|--|
|                      |            | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(2) | Market Value of Shares or Units of Stock that Have Not Vested (\$)(3) | Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Rights That Have Not Vested (\$)(3) |
| Kevin J. Ballinger   | 10/31/2006 | 17,100  | 0   | \$15.91000                 | 10/31/2016             |  |   |  |  |
|                      | 10/28/2008 | 36,630  | 0   | \$7.71000                  | 10/28/2018             |  |   |  |  |
|                      | 02/24/2009 | 35,000  | 0   | \$8.30000                  | 02/24/2019             |  |   |  |  |
|                      | 02/16/2010 | 23,077  | 0   | \$7.41000                  | 02/16/2020             |  |   |  |  |
|                      | 10/25/2010 | 100,000   | 0   | \$6.31000                  | 10/25/2020             |  |   |  |  |
|                      | 02/28/2011 | 46,584  | 15,528  | \$7.16000                  | 02/28/2021             |  |   |  |  |
|                      | 02/27/2012 | 18,748  | 18,749  | \$6.28000                  | 02/27/2022             |  |   |  |  |
|                      | 02/28/2013 | 18,715  | 56,145  | \$7.39000                  | 02/28/2023             |  |   |  |  |
|                      | 02/24/2014 | 0   | 34,153  | \$13.08000                 | 02/24/2024             |  |   |  |  |
|                      | 02/16/2010 |   |   |                            |                        | 11,471   | \$151,991   |  |  |
|                      | 02/28/2011 |   |   |                            |                        | 11,173   | \$148,042   |  |  |
|                      | 02/27/2012 |   |   |                            |                        | 9,555(5)   | \$126,604   |  |  |
|                      | 02/27/2012 |   |   |                            |                        | 25,159(6)  | \$333,357   |  |  |
|                      | 02/27/2012 |   |   |                            |                        | 20,701(7)  | \$274,288   |  |  |
|                      | 02/28/2013 |   |   |                            |                        | 23,004   | \$304,803   |  |  |
|                      | 02/28/2013 |   |   |                            |                        | 29,157(8)  | \$386,330   |  |  |
|                      | 02/24/2014 |   |   |                            |                        | 14,592(9)  | \$193,344   |  |  |
|                      | 02/24/2014 |   |   |                            |                        | 14,334   | \$189,926   |  |  |
|                      | 02/28/2013 |   |   |                            |                        |  |   | 57,510(10)   | \$762,008  |
| 02/24/2014           |            |   |   |                            |                        |  | 5,734(11)   | \$75,976   |  |
| Joseph M. Fitzgerald | 10/25/2005 | 20,850  | 0   | \$24.350                   | 10/25/2015             |  |   |  |  |
|                      | 01/03/2006 | 8,982   | 0   | \$24.460                   | 01/03/2016             |  |   |  |  |
|                      | 02/28/2006 | 40,000  | 0   | \$24.420                   | 02/28/2016             |  |   |  |  |
|                      | 02/12/2008 | 85,227  | 0   | \$12.520                   | 02/12/2018             |  |   |  |  |
|                      | 02/24/2009 | 44,236  | 0   | \$8.300                    | 02/24/2019             |  |   |  |  |
|                      | 02/16/2010 | 107,692   | 0   | \$7.410                    | 02/16/2020             |  |   |  |  |
|                      | 02/28/2011 | 58,230  | 19,410  | \$7.160                    | 02/28/2021             |  |   |  |  |
|                      | 02/27/2012 | 35,152  | 35,154  | \$6.280                    | 02/27/2022             |  |   |  |  |
|                      | 02/28/2013 | 19,816  | 59,448  | \$7.390                    | 02/28/2023             |  |   |  |  |
|                      | 02/24/2014 | 0   | 56,921  | \$13.080                   | 02/24/2024             |  |   |  |  |
|                      | 02/16/2010 |   |   |                            |                        | 4,723  | \$62,580  |  |  |
|                      | 02/28/2011 |   |   |                            |                        | 6,983  | \$92,525  |  |  |
|                      | 02/27/2012 |   |   |                            |                        | 3,981(5)   | \$52,748  |  |  |
|                      | 02/27/2012 |   |   |                            |                        | 17,915   | \$237,374   |  |  |
|                      | 02/27/2012 |   |   |                            |                        | 47,174(6)  | \$625,056   |  |  |
|                      | 02/27/2012 |   |   |                            |                        | 38,814(7)  | \$514,286   |  |  |
|                      | 02/28/2013 |   |   |                            |                        | 24,357   | \$322,730   |  |  |
|                      | 02/28/2013 |   |   |                            |                        | 30,872(8)  | \$409,054   |  |  |
|                      | 02/24/2014 |   |   |                            |                        | 24,321(9)  | \$322,253   |  |  |
| 02/24/2014           |            |   |   |                            | 23,891                 | \$316,556  |   |  |  |
| 02/28/2013           |            |   |   |                            |                        |  | 60,892(10)  | \$806,819  |  |
| 02/24/2014           |            |   |   |                            |                        |  | 9,556(11)   | \$126,617  |  |

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| Name             | Grant Date | Option Awards   |   |                            |                        | Stock Awards   |   | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested         |
|------------------|------------|---|---|----------------------------|------------------------|--|---|---|
|                  |            | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(2) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(3) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(3) |
| Timothy A. Pratt | 05/01/2008 | 205,761   | 0   | \$13.560                   | 05/01/2018             |  |   |   |
|                  | 02/24/2009 | 100,536   | 0   | \$8.300                    | 02/24/2019             |  |   |   |
|                  | 02/16/2010 | 192,308   | 0   | \$7.410                    | 02/16/2020             |  |   |   |
|                  | 02/26/2010 | 4,348   | 0   | \$7.740                    | 02/26/2020             |  |   |   |
|                  | 02/28/2011 | 174,689   | 58,230  | \$7.160                    | 02/28/2021             |  |   |   |
|                  | 02/27/2012 | 56,244  | 56,246  | \$6.280                    | 02/27/2022             |  |   |   |
|                  | 02/28/2013 | 27,522  | 82,567  | \$7.390                    | 02/28/2023             |  |   |   |
|                  | 02/24/2014 | 0   | 54,644  | \$13.080                   | 02/24/2024             |  |   |   |
|                  | 02/16/2010 |   |   |                            |                        | 8,435  | \$111,764   |   |
|                  | 02/16/2010 |   |   |                            |                        | 20,000   | \$265,000   |   |
|                  | 02/28/2011 |   |   |                            |                        | 20,950   | \$277,588   |   |
|                  | 02/27/2012 |   |   |                            |                        | 3,981(5)   | \$52,748  |   |
|                  | 02/27/2012 |   |   |                            |                        | 28,663   | \$379,785   |   |
|                  | 02/27/2012 |   |   |                            |                        | 75,478(6)  | \$1,000,084   |   |
|                  | 02/27/2012 |   |   |                            |                        | 62,102(7)  | \$822,852   |   |
|                  | 02/28/2013 |   |   |                            |                        | 33,829   | \$448,234   |   |
|                  | 02/28/2013 |   |   |                            |                        | 42,878(8)  | \$568,134   |   |
|                  | 02/24/2014 |   |   |                            |                        | 23,347(9)  | \$309,348   |   |
|                  | 02/24/2014 |   |   |                            |                        | 22,935   | \$303,889   |   |
|                  | 02/28/2013 |   |   |                            |                        |  |   | 84,572(10) \$1,120,579  |
|                  | 02/24/2014 |   |   |                            |                        |  |   | 9,174(11) \$121,556   |
| Kenneth J. Pucel | 01/03/2005 | 20,000  | 0   | \$34.290                   | 01/03/2015             |  |   |   |
|                  | 07/01/2005 | 100,000   | 0   | \$26.890                   | 07/01/2015             |  |   |   |
|                  | 10/31/2006 | 75,000  | 0   | \$15.910                   | 11/28/2015             |  |   |   |
|                  | 02/12/2008 | 204,545   | 0   | \$12.520                   | 11/28/2015             |  |   |   |
|                  | 02/24/2009 | 100,536   | 0   | \$8.300                    | 11/28/2015             |  |   |   |
|                  | 02/16/2010 | 153,846   | 0   | \$7.410                    | 11/28/2015             |  |   |   |
|                  | 02/26/2010 | 4,348   | 0   | \$7.740                    | 11/28/2015             |  |   |   |
|                  | 02/28/2011 | 174,689   | 0   | \$7.160                    | 11/28/2015             |  |   |   |
|                  | 02/27/2012 | 56,244  | 0   | \$6.280                    | 11/28/2015             |  |   |   |
|                  | 02/28/2013 | 30,825  | 0   | \$7.390                    | 11/28/2015             |  |   |   |

- (1) All stock options are non-qualified stock options and vest in four equal annual installments beginning on the first anniversary of the date of grant.
- (2) Unless otherwise noted, all service-based DSUs vest in five equal annual installments beginning on the first anniversary of the date of grant.
- (3) Unless otherwise noted, the amounts reflected in this column are based on the closing price of our common stock on December 31, 2014, which was \$13.25.
- (4) This amount represents the unvested portion of the new hire inducement grant of service-based DSUs that were awarded to Mr. Mahoney in November 2011 in connection with his joining the Company as our President and pursuant to the terms of his offer letter. Such service-based DSUs were structured and intended in large part to compensate Mr. Mahoney for the unvested short- and long-term incentive compensation he forfeited upon separating from his previous employer, taking into consideration his transition period from our President to our President and Chief Executive Officer.

- (5) This amount represents the unvested portion of the service-based DSUs that were granted as consideration for the termination of our historic executive allowance program. Such award vests in three equal annual installments beginning on the first anniversary of the date of grant.

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- (6) In February 2012, our NEOs were awarded target TSR performance-based DSUs under our 2012 TSR Performance Share Program (2012 TSR PSP). Our total shareholder return performance percentile relative to that of the other companies in the S&P 500 Healthcare Index over the three annual performance cycles comprising the three-year period ended December 31, 2014 was 81.6%. Accordingly, in February 2015 the Compensation Committee determined that pursuant to the terms of the 2012 TSR PSP, 158.0% of the target TSR performance-based DSUs had satisfied the performance criteria under the program. Amounts for these awards represent the number of shares of our common stock that were delivered or otherwise made available to our NEOs on February 23, 2015 in settlement of the target units awarded to them in 2012.
- (7) In February 2012, our NEOs were awarded target FCF performance-based DSUs under our 2012 FCF PSP. The common stock associated with these awards was delivered to our NEOs in settlement of these awards in January 2015.
- (8) In February 2013, our NEOs were awarded FCF performance-based DSUs under our 2013 FCF PSP. Amounts for these awards represent the number of shares of our common stock that will be delivered or otherwise made available to our NEOs no later than January 15, 2016 in settlement of the units awarded to them in 2013 so long as the individual service criteria is also satisfied. As of December 31, 2014, such units were unearned and remained subject to forfeiture under the terms of the 2013 FCF PSP.
- (9) In February 2014, our NEOs were awarded target FCF performance-based DSUs under our 2014 FCF PSP. Our adjusted free cash flow performance percentile over the one-year performance period ended December 31, 2014 was 100.9% relative to target performance for the same period. Accordingly, in February 2015 the Compensation Committee determined that pursuant to the terms of the 2014 FCF PSP, 101.8% of the target FCF performance-based DSUs had satisfied the performance criteria under the program. Amounts for these awards represent the number of shares of our common stock that will be delivered or otherwise made available to our NEOs no later than January 15, 2017 in settlement of the units awarded to them in 2014 so long as the individual service criteria is also satisfied. As of December 31, 2014, such units were unearned and remained subject to forfeiture under the terms of the 2014 FCF PSP.
- (10) In February 2013, our NEOs were awarded target TSR performance-based DSUs under our 2013 TSR PSP. The threshold award level represents the minimum share issuance for each award, which is 40% of the target TSR performance-based DSUs awarded under the program. The maximum share issuance for each award is 200% of the target TSR performance-based DSUs awarded under the 2013 TSR PSP. In accordance with the SEC rules, the number of performance-based DSUs shown represents the number of units that may be earned as of December 31, 2014 based on maximum performance. The SEC rules require that the maximum number of units be disclosed because the number of units that would have been earned based on actual results under the performance conditions for the two year period from January 1, 2013 through December 31, 2014 (instead of through the end of the performance period on December 31, 2015) was at the maximum level of performance.
- (11) In February 2014, our NEOs were awarded target TSR performance-based DSUs under our 2014 TSR PSP. The threshold award level represents the minimum share issuance for each award, which is 40% of the target TSR performance-based DSUs awarded under the program. The maximum share issuance for each award is 200% of the target TSR performance-based DSUs awarded under the 2014 TSR PSP. In accordance with the SEC rules, the number of performance-based DSUs shown represents the number of units that may be earned as of December 31, 2014 based on threshold performance. The SEC rules require that the threshold number of units be disclosed because the number of units that would have been earned based on actual results under the performance conditions for the one year period from January 1, 2014 through December 31, 2014 (instead of through the end of the performance period on December 31, 2016) was below the threshold level of performance under the program.

Table of Contents**Options Exercised and Stock Vested**

The following table sets forth information regarding stock options that were exercised and DSUs that vested for our NEOs during the fiscal year ended December 31, 2014:

| Name                 | Option Awards                                  |                                    | Stock Awards                                  |                                   |
|----------------------|--|------------------------------------|---|-----------------------------------|
|                      | Number of Shares<br>Acquired on<br>Exercise(#) | Value Realized on<br>Exercise\$(1) | Number of Shares<br>Acquired on<br>Vesting(#) | Value Realized on<br>Vesting\$(2) |
| Michael F. Mahoney   | 0  | \$0                                | 449,738                                       | \$5,964,533                       |
| Daniel J. Brennan    | 0  | \$0                                | 39,398  | \$517,518                         |
| Kevin J. Ballinger   | 0  | \$0                                | 29,139  | \$384,589                         |
| Joseph M. Fitzgerald | 0  | \$0                                | 51,608  | \$678,453                         |
| Timothy A. Pratt     | 0  | \$0                                | 142,002                                       | \$1,866,998                       |
| Kenneth J. Pucel     | 0  | \$0                                | 121,330                                       | \$1,591,857                       |

(1) The amounts shown in this column represent the number of shares acquired on exercise multiplied by the difference between the option exercise price and the market price at exercise.

(2) The amounts reflected in this column represent the number of shares vested multiplied by the closing price of our common stock on the vesting date.

**Pension Benefits**

All of our executive officers, including our NEOs (other than Mr. Pucel, see discussion below), are eligible to participate in our Executive Retirement Plan. The Executive Retirement Plan is intended to provide a clear and consistent approach to managing retirement-eligible executive departures with a standard, mutually understood separation and post-employment relationship. The plan provides retiring executives with a lump sum benefit of 2.5 months of salary for each year of service, up to a maximum of 36 months' pay. The lump sum payments are made in the first payroll period after the last day of the six-month period following retirement. Receipt of payment is conditioned upon the retiring employee entering into a separation agreement with us that includes a release of claims and customary non-disclosure, non-competition, non-solicitation and non-disparagement clauses in favor of the Company. The plan provides that in the event the executive breaches the non-competition or non-solicitation provision of his or her separation agreement, the executive must, in addition to any other court-ordered relief, repay to the Company all amounts paid under the plan.

To receive benefits under the plan, upon his or her retirement an executive's age plus his or her years of service with us must total at least 65 years (provided that the executive is at least 55 years old and has been employed by us for at least five years). For purposes of the plan, "retirement" means any separation from service (as defined in the plan) other than a termination for "cause" (defined as conviction of, or your failure to contest prosecution for, a felony, or misconduct or dishonesty that is harmful to our business or reputation). In addition, if an executive dies and is otherwise eligible for benefits under the plan on the date of his or her death, benefits under the plan will be paid within 60 days of the executive's death. Mr. Pucel transitioned out of his role Executive Vice President, Global Operations, Quality and Technology of the Company effective November 28, 2014, at which time he was no longer eligible to participate in our Executive Retirement Plan.

On October 28, 2014, upon the recommendation of the Compensation Committee, the Board approved the amendment and restatement of the Boston Scientific Corporation Executive Retirement Plan effective November 1, 2014 (as amended and restated, the "ERP"). The amendments reflected in the ERP, among other things, create an additional participant eligibility classification for employees that

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are "Grandfathered Individuals." Under the ERP, an employee is a Grandfathered Individual if (i) he or she has completed at least 10 continuous years of service with the Company prior to retiring, (ii) immediately prior to retiring he or she is serving in a "Special Assignment," which is a regular position of employment with the Company that he or she assumed, at the written request of the Chief Executive Officer or his or her designee, immediately after serving for a period of at least five consecutive years as a member of the Company's executive committee and/or in a division president position not on the executive committee, and (iii) the Compensation Committee approved the inclusion of the employee in an eligibility classification as a Grandfathered Individual in connection with his or her acceptance of the Special Assignment.

Notwithstanding this amendment, the ERP continues to require that in order for a participant to receive benefits under the Plan, among other things, upon his or her retirement the participant's age plus his or her years of service with the Company must total at least 65 years (provided that the executive is at least 55 years old and has been employed by the Company for at least five years). If a Grandfathered Individual satisfies the requirements to receive benefits under the Plan, he or she will receive a lump sum benefit payable in the first payroll period after the last day of the six-month period following his or her retirement. In the case of a Grandfathered Individual that served as a member of the Company's executive committee during the entire five-year period immediately prior to assuming the Special Assignment, the lump sum benefit will be equal to 2.5 months of salary for each year of service, up to a maximum of 36 months' pay. For a Grandfathered Individual that did not serve as a member of the Company's executive committee during the entire five-year period immediately prior to assuming the Special Assignment, the lump sum benefit will be equal to 1.5 months of salary for each year of service, up to a maximum of 24 months' pay. The base salary used for purposes of calculating the lump sum benefit will be the greater of the Grandfathered Individual's base salary immediately prior to retirement or his or her base salary immediately prior to assuming the Special Assignment.

For retirement-eligible NEOs (Mr. Pratt), the present value of accrued benefits is calculated as the value of their lump sum benefit under the plan based on the NEO's base salary, age and number of years of credited service as of December 31, 2014. For NEOs who were not eligible for retirement (Messrs. Mahoney, Brennan, Ballinger, Fitzgerald and Pucel), the present value of accrued benefits is calculated based on the respective NEO's base salary, age and number of years of credited service as of December 31, 2014, discounted to December 31, 2014 from the earliest retirement eligibility date, using a discount rate of 3.50% per annum. This valuation methodology is consistent with the methodology we use for financial statement accounting purposes except that executives are assumed to remain employed by us until their earliest retirement age under the plan (or their age on December 31, if eligible for retirement at that date). For financial statement accounting purposes, the valuation considers the probability that the executives will achieve retirement age. For a more detailed description of the assumptions used in valuing accrued benefits under the plan, please see *Note A Significant Accounting Policies* to our 2014 consolidated financial statements included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2014.

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The table below shows the present value of accumulated benefits payable to each of our NEOs, including the numbers of years of service credited to each NEO, under our Executive Retirement Plan as of December 31, 2014.

| Name                 | Plan Name                     | Number of Years<br>Credited Service<br>(#)(1) | Present Value of<br>Accumulated Benefit<br>\$(2) | Payments<br>During Last<br>Fiscal Year (\$) |
|----------------------|-------------------------------|---|--|---|
| Michael F. Mahoney   | BSC Executive Retirement Plan | 3.20  | \$502,004  | \$0   |
| Daniel J. Brennan    | BSC Executive Retirement Plan | 18.06   | \$1,107,712                                      | \$0   |
| Kevin J. Ballinger   | BSC Executive Retirement Plan | 19.07   | \$761,614  | \$0   |
| Joseph M. Fitzgerald | BSC Executive Retirement Plan | 24.21   | \$1,228,939                                      | \$0   |
| Timothy A. Pratt     | BSC Executive Retirement Plan | 6.67  | \$875,438  | \$0   |
| Kenneth J. Pucel(3)  | BSC Executive Retirement Plan | 0   | \$0  | \$0   |

- (1) The numbers of years of credited service reflect the NEO's actual years of service as of December 31, 2014. We do not credit additional years of service under the plan. Rather, the plan provides that the number of years of credited service is calculated through the NEO's last day worked. Partially completed years of service are prorated based on calendar days and calculated to the second decimal point.
- (2) Amounts are computed as of December 31, 2014, the same pension plan measurement date used for financial statement reporting purposes for our audited financial statement for the year ended December 31, 2013.
- (3) When he left his role as Executive Vice President, Global Operations, Quality and Technology, effective November 28, 2014, Mr. Pucel became ineligible to participate in our Executive Retirement Plan.

### **Nonqualified Deferred Compensation**

In May 2010, our Board approved the Boston Scientific Corporation Deferred Bonus Plan (the Deferred Bonus Plan). The Deferred Bonus Plan provides certain of our management, including our NEOs, an opportunity to defer a portion of their annual award under our Annual Bonus Plan. The Deferred Bonus Plan provides participants the opportunity to defer up to 75% of their annual award under our Annual Bonus Plan until the earlier of (i) termination of employment or (ii) an elected distribution date, such election to be made by June 30th of each year. Investment choices under the plan are generally the same as those under our 401(k) Retirement Savings Plan, except that, among other things, participants may not elect to invest in the BSC Stock Fund. Distributions under the plan are in either lump sum payments or annual installments over a period of two to five years, as specified by the participant. Under the Deferred Bonus Plan, Mr. Fitzgerald elected to defer 50% of his 2013 Annual Bonus Plan Award in 2014 and Mr. Pucel elected to defer 75% of his 2013 Annual Bonus Plan award in 2014.

In September 2004, we committed to fund a special one-time contribution to our 401(k) Retirement Savings Plan for the benefit of our employees. In June 2005, we adopted a 401(k) Excess Benefit Plan, a non-qualified deferred compensation plan designed to provide specific supplemental benefits to those employees who would have exceeded the 2004 Internal Revenue Code contribution limits if the special contribution had been made to their 401(k) plan accounts. Accordingly, the historic 401(k) Excess Benefit Plan was established to accept the "overflow" contributions on behalf of participating employees, including certain of our NEOs. Investment choices under the historic 401(k) Excess Benefit Plan are generally the same as those under our 401(k) Retirement Savings Plan, except that, among other things, executive officers may not elect to invest in the BSC Stock Fund. The investment elections are made by each participant and may be changed daily. Generally, a lump sum cash payment of their respective account balances under the plan is made to participants determined to be "specified employees," including certain of our NEOs, commencing no earlier than six months and one day following their "separation from service."

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The table below shows the aggregate earnings and balances for each of our NEOs under our historic 401(k) Excess Benefit Plan as of December 31, 2014.

| Name                  | Plan Name                  | Executive Contributions in Last Fiscal Year (\$) | Registrant Contributions in Last Fiscal Year (\$) | Aggregate Earnings in Last Fiscal Year (\$)(1) | Aggregate Withdrawals/Distributions (\$) | Aggregate Balance at Last Fiscal Year End (\$)(1) |
|-----------------------|----------------------------|--|---|--|--|---|
| Michael F. Mahoney(2) | 401(k) Excess Benefit Plan | \$0  | \$0   | \$0  | \$0                                      | \$0   |
| Daniel J. Brennan     | 401(k) Excess Benefit Plan | \$0  | \$0   | \$3,378  | \$0                                      | \$37,528  |
| Kevin J. Ballinger    | 401(k) Excess Benefit Plan | \$0  | \$0   | \$1,580  | \$0                                      | \$29,004  |
| Joseph M. Fitzgerald  | 401(k) Excess Benefit Plan | \$0  | \$0   | \$3,775  | \$0                                      | \$47,744  |
| Timothy A. Pratt(2)   | 401(k) Excess Benefit Plan | \$0  | \$0   | \$0  | \$0                                      | \$0   |
| Kenneth J. Pucel      | 401(k) Excess Benefit Plan | \$0  | \$0   | \$(195)  | \$0                                      | \$31,444  |

(1) No portion of the amounts in this column is included in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column for 2014, 2013 or 2012 in the Executive Compensation section titled "Summary Compensation Table," as the earnings were neither above-market nor preferential.

(2) Neither of Messrs. Mahoney or Pratt was employed by us when the one-time 401(k) contribution was made to our historic 401(k) Excess Benefit Plan. The investment choices under the historic 401(k) Excess Benefit Plan and their annual rates of return for the year ended December 31, 2014 are contained in the following table.

| Name of Investment Option                                   | 2014 Rate of Return |
|---|---------------------|
| Vanguard Growth Index Fund Institutional Shares             | 13.62%              |
| Vanguard Prime Money Market Fund                            | 0.01%               |
| Vanguard Windsor II Fund Investor Shares                    | 11.16%              |
| Vanguard International Growth Fund Investor Shares          | (5.63)%             |
| Vanguard Total Bond Market Index Fund Institutional Shares  | 5.91%               |
| Vanguard Mid-Cap Growth Fund                                | 10.86%              |
| Vanguard Wellington Fund Admiral Shares                     | 9.90%               |
| Vanguard Institutional Index Fund Institutional Plus Shares | 13.68%              |
| T. Rowe Price Small Cap Stock Fund Advisor Class            | 6.60%               |

### Potential Payments Upon Termination or Change In Control

#### Executive Retirement Plan

All of our executives, including our NEOs, are eligible to participate in our Executive Retirement Plan. The Executive Retirement Plan is intended to provide a clear and consistent approach to managing executive departures with a standard mutually-understood separation and post-employment relationship. The benefits payable to our executives upon "retirement" under the Executive Retirement Plan, as well as the present value of amounts accrued thereunder as of December 31, 2014, are reflected in the table and the related footnotes and narrative to the section titled "Pension Benefits." In addition, changes in the present value of the benefits under the Executive Retirement Plan from December 31, 2013 to December 31, 2014 are reflected in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table. For further discussion of our Executive Retirement Plan, please see the narrative to the table appearing in the section titled "Pension Benefits."

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**Change in Control Agreements**

We provide Change in Control Agreements to our executives, including our NEOs, and other key employees. On November 28, 2014, in connection with Mr. Pucel's departure from the Company, Mr. Pucel's Change in Control Agreement terminated, with no payments made to Mr. Pucel.

Our Change in Control Agreements are limited to a three-year term and provide that if both a change in control occurs during the term of the agreement and the executive's employment is terminated either by us without "Cause" or by the executive for "Good Reason" (each as described below) during the two-year period following the change in control, then the executive would be entitled to receive a lump sum payment of three times the sum of (i) the executive's base salary and (ii) assumed target incentive bonus (or prior year's bonus, if higher). Additionally, an executive would be entitled to receive a prorated target incentive bonus for the year in which his or her termination occurred, continuation of health, life insurance and other welfare benefits for up to three years, and reimbursement for up to \$100,000 in legal fees and expenses incurred by an executive in disputing termination or enforcing rights under his or her Change in Control Agreement. Our Change in Control Agreements further provide that all equity granted to executives require both a change in control and a termination without Cause or resignation by the executive for Good Reason within two years after the change in control in order to accelerate vesting; provided, however, that if the surviving or acquiring entity in a change in control transaction does not provide for the substitution or assumption of outstanding equity awards, such outstanding awards will immediately become fully vested.

The Change in Control Agreements do not include an excise tax "gross-up" but rather require a reduction in the amount of the severance payments if the reduction would result in a greater after-tax amount. In exchange for the benefits afforded under our Change in Control Agreements, our executives agree to certain non-disclosure restrictions, a two-year non-solicitation obligation and to execute a release in favor of the Company. Executives, including our NEOs, who are eligible to receive payments under our Change in Control Agreements are not also eligible to receive payments and benefits under our Executive Retirement Plan or Severance Plan For Exempt Employees (the Severance Plan).

For purposes of our Change in Control Agreements, "Cause" generally means willfully engaging in criminal or fraudulent acts or gross misconduct that is demonstrably and materially injurious to us. "Good Reason" generally means, among other things, assignment of duties inconsistent with the executive's status as an executive or an adverse alteration of the executive's duties; a reduction in annual base salary or bonus or failure to increase salary at a rate commensurate with that of other key executives; an adverse change in long-term incentive opportunities; failure by the Company to continue to provide comparable benefits or continue in effect, or continue the executive's participation in, any compensation plan in which the executive participates; the relocation of the executive's principal place of work more than 50 miles; or failure by the Company to obtain a satisfactory agreement from any successor entity to agree to perform the Change in Control Agreement.

**Long-Term Incentive Plan**

Our employees, including our NEOs, are eligible to receive equity awards under our LTIP. Equity awards granted to our executives under our LTIP require both a change in control and a subsequent termination without Cause or for Good Reason pursuant to the terms of our Change in Control Agreements for accelerated vesting where the surviving or acquiring entity assumes outstanding awards.

Further, beginning in July 2010, the terms of all annual equity awards granted to our employees, including our NEOs, provide that in the event that the employee's employment terminates due to

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disability or retirement (each as defined in the LTIP) prior to the first anniversary of the equity award grant date, the unvested equity award will immediately lapse and be forfeited, and in the event of a termination due to death prior to the first anniversary of the equity award grant date, a prorated portion of such awards will vest based on the percent of the year completed prior to death. In the event of a termination due to disability, retirement or death after the first anniversary of the equity award grant date, all unvested equity awards will vest in full.

Our 2011 LTIP is more fully described under the section titled "*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2011 Long-Term Incentive Plan.*"

**2014 TSR Performance Share Program**

Our 2014 TSR PSP covers our executives, including our NEOs, and is administered by our Compensation Committee. Generally under the 2014 TSR PSP, except as set forth below with respect to termination of employment due to retirement, death or disability, or in connection with a change in control, in each case, as described in the 2014 TSR PSP and/or 2011 LTIP, (i) no TSR performance-based DSUs will vest prior to the end of the three-year performance period (December 31, 2016), (ii) a participant must be employed with us on December 31, 2016 to be eligible to receive shares of our common stock in respect of his or her TSR performance-based DSUs as to which the performance criteria under the program have been satisfied, and (iii) all TSR performance-based DSUs of a participant not employed by the Company on December 31, 2016 will be forfeited.

If a participant's employment terminates due to retirement, death or disability after the end of the first annual performance cycle (December 31, 2014) but prior to the end of the three-year performance period, shares of our common stock will be issued in respect of the TSR performance-based DSUs as to which the performance criteria under the program have been satisfied on a prorated basis using (i) the first performance cycle percentile performance funding amount where the triggering event occurred during the second performance cycle, or (ii) the average of the first and second performance cycle percentile performance funding amounts where the triggering event occurred during the third performance cycle. Pursuant to the terms of our Change in Control Agreements, the TSR performance-based DSUs awarded to our executives require both a change in control and a subsequent termination without Cause or for Good Reason for accelerated vesting where the surviving or acquiring entity assumes outstanding awards. Provided, however, that such awards will forfeit in their entirety in the event of a change of control that occurs prior to the end of the first annual performance cycle (December 31, 2014).

Our 2014 TSR PSP is more fully described under the section titled "*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Total Shareholder Return Performance Share Program.*"

**2014 FCF Performance Share Program**

Our 2014 FCF PSP covers our executives, including our NEOs, and is administered by our Compensation Committee. Generally under the 2014 FCF PSP, except as set forth below with respect to termination of employment due to retirement, death or disability, or in connection with a change in control, in each case, as described in the 2014 FCF PSP and/or 2011 LTIP, (i) no FCF performance-based DSUs will vest prior to the end of the three-year service period (December 31, 2016), (ii) a participant must be employed with us on December 31, 2016 to be eligible to receive shares of our common stock in respect of his or her FCF performance-based DSUs as to which the performance criteria under the program have been satisfied, and (iii) all FCF performance-based DSUs of a participant not employed by the Company on December 31, 2016 will be forfeited.

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If a participant's employment terminates due to retirement, death or disability after the end of the performance period (December 31, 2014) but prior to the end of the three-year service period (December 31, 2016), shares of our common stock will be issued in respect of the FCF performance-based DSUs as to which the performance criteria under the program have been satisfied on a prorated basis. Pursuant to the terms of our Change in Control Agreements, the FCF performance-based DSUs awarded to our executives require both a change in control and a subsequent termination without Cause or for Good Reason for accelerated vesting where the surviving or acquiring entity assumes outstanding awards. Provided, however, that such awards will forfeit in their entirety in the event of a change of control that occurs prior to the end of the performance period (December 31, 2014).

Our 2014 FCF PSP is more fully described under the section titled "*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Free Cash Flow Performance Share Program.*"

**2014 Annual Bonus Plan**

Our 2014 Annual Bonus Plan is generally available to all U.S. salaried personnel not eligible for commissions under sales compensation plans, including our NEOs, and certain international and expatriate/inpatriate employees working in positions designated by the Company as eligible to participate in the plan. To be eligible to receive their incentive award, participants generally must be employed by us on the date payments are made under the 2014 Annual Bonus Plan. However, in the event of death, retirement or certain involuntary terminations without cause, in each case, as described in the 2014 Annual Bonus Plan, participants may receive their performance incentive awards for the year on a prorated basis based on the percentage of the year the participant was employed by us and eligible to participate (subject to certain minimum months of service requirements). Grants of performance incentive awards to our NEOs under our 2014 Annual Bonus Plan are reflected in the Summary Compensation Table in the "Non-Equity Incentive Compensation" column, and our 2014 Annual Bonus Plan is more fully described under the section titled "*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Annual Bonus Plan*", as well as the Compensation Discussion & Analysis section titled "*Short-Term Incentives.*"

**Severance Plans**

We maintain severance plans for eligible employees, including certain of our NEOs, under which participants are entitled to receive certain payments and benefits for specified periods of time. Such benefits are only available in the event of certain involuntary terminations either (i) due to an anticipated facility relocation or closing or a reduction of staffing levels where the employee has not refused a similar position with us, or (ii) resulting from a sale, merger or reorganization of our Company where the employee is not provided an opportunity to be employed in a similar position with the acquiring or resulting entity. Executives, including our NEOs, who are eligible to receive payments under our Executive Retirement Plan are not also eligible to receive payments and benefits under our severance plans. In addition, executives who receive severance payments under a Change in Control Agreement are not eligible to receive payments and benefits under our severance plans.

The Severance Plan provides that director level and above exempt employees, including certain of our NEOs, are eligible for (i) two weeks of payments for each completed year of service to the Company, based on the weekly rate of the employee's salary in effect on the date of his termination, with a minimum benefit of 26 weeks and a maximum benefit of 52 weeks, (ii) one month of subsidized health and dental coverage for each completed year of service to the Company with a minimum benefit of six months and a maximum benefit of 12 months, and (iii) outplacement services, in each case, in the event of certain involuntary terminations described above.



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Under the Severance Plan, the payment of severance benefits is subject to the Company's receipt of a release of claims. In addition, the maximum severance payment available under the plan is limited to twice the Internal Revenue Code dollar limitation in effect for qualified plans for the calendar year immediately preceding the calendar year in which the termination occurs.

The following tables show potential payments to Messrs. Mahoney, Brennan, Ballinger, Fitzgerald, and Pratt under existing agreements, plans or other arrangements, for various scenarios involving a change in control or termination of employment, in each case assuming the termination was effective before the end of the day on December 31, 2014 and, where applicable, using the closing market price of our common stock of \$13.25 per share on such date. In each case, amounts in these tables do not include amounts payable, if any, to our NEOs pursuant to our Executive Retirement Plan, which are described in the table and accompanying narrative and footnotes in the section titled "*Pension Benefits*." Mr. Pucel was no longer employed by us as of December 31, 2014. He did not receive any severance benefits resulting from his termination of employment.

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| <b>Payments Due Upon Termination:</b>           | <b>Termination for Cause(1)</b> | <b>Voluntary Termination(2)</b> | <b>Involuntary Termination Without Cause(3)</b> | <b>Change in Control(4)</b> | <b>Termination Following Change in Control(4)</b> | <b>Disability</b>   | <b>Death</b>        | <b>Retirement</b> |
|---|---------------------------------|---------------------------------|---|-----------------------------|---|---------------------|---------------------|-------------------|
| <b>Cash Severance</b>                           |                                 |                                 |   |                             |   |                     |                     |                   |
| Base Salary                                     | \$0                             | \$0                             | \$462,500                                       | \$0                         | \$2,775,000                                       | \$0                 | \$0                 | \$0               |
| Bonus   | \$0                             | \$0                             | \$0   | \$0                         | \$3,726,000                                       | \$0                 | \$0                 | \$0               |
| Pro-rata Target Bonus(5)                        | \$0                             | \$0                             | \$1,110,000                                     | \$0                         | \$1,110,000                                       | \$0                 | \$1,110,000         | \$0               |
| <b>Total Cash Severance</b>                     | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$1,572,500</b>                              | <b>\$0</b>                  | <b>\$7,611,000</b>                                | <b>\$0</b>          | <b>\$1,110,000</b>  | <b>\$0</b>        |
| <b>Benefits</b>                                 |                                 |                                 |   |                             |   |                     |                     |                   |
| Health and Welfare Benefits(6)                  | \$0                             | \$0                             | \$7,815   | \$0                         | \$53,461  | \$0                 | \$0                 | \$0               |
| Post-Termination Life Insurance                 | \$0                             | \$0                             | \$0   | \$0                         | \$996   | \$0                 | \$0                 | \$0               |
| Executive Retirement Plan(7)                    | \$0                             | \$0                             | \$0   | \$0                         | \$0   | \$0                 | \$0                 | \$0               |
| Other Benefits(8)                               | \$0                             | \$0                             | \$2,000   | \$0                         | \$0   | \$0                 | \$0                 | \$0               |
| <b>Total Benefits</b>                           | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$9,815</b>                                  | <b>\$0</b>                  | <b>\$54,457</b>                                   | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>        |
| <b>280G or Other Tax Adjustment</b>             | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$0</b>  | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>        |
| <b>Long Term Incentives</b>                     |                                 |                                 |   |                             |   |                     |                     |                   |
| Value of Accelerated Stock Options(9)           | \$0                             | \$0                             | \$0   | \$0                         | \$5,314,063                                       | \$5,255,229         | \$5,309,160         | \$0               |
| Value of Accelerated Deferred Stock Units(10)   | \$0                             | \$0                             | \$9,054,242                                     | \$0                         | \$36,370,941                                      | \$33,309,970        | \$35,074,262        | \$0               |
| <b>Total Value of Accelerated Equity Grants</b> | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$9,054,242</b>                              | <b>\$0</b>                  | <b>\$41,685,004</b>                               | <b>\$38,565,199</b> | <b>\$40,383,422</b> | <b>\$0</b>        |
| <b>Total Value: All Benefits</b>                | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$10,636,557</b>                             | <b>\$0</b>                  | <b>\$49,350,461</b>                               | <b>\$38,565,199</b> | <b>\$41,493,422</b> | <b>\$0</b>        |

Table of Contents**Daniel J. Brennan**

| <b>Payments Due Upon Termination:</b>           | <b>Termination for Cause(1)</b> | <b>Voluntary Termination(2)</b> | <b>Involuntary Termination Without Cause(3)</b> | <b>Change in Control(4)</b> | <b>Termination Following Change in Control(4)</b> | <b>Disability</b>  | <b>Death</b>       | <b>Retirement</b> |
|---|---------------------------------|---------------------------------|---|-----------------------------|---|--------------------|--------------------|-------------------|
| <b>Cash Severance</b>                           |                                 |                                 |   |                             |   |                    |                    |                   |
| Base Salary                                     | \$0                             | \$0                             | \$311,538                                       | \$0                         | \$1,350,000                                       | \$0                | \$0                | \$0               |
| Bonus   | \$0                             | \$0                             | \$0   | \$0                         | \$945,000   | \$0                | \$0                | \$0               |
| Pro-rata Target Bonus(5)                        | \$0                             | \$0                             | \$315,000                                       | \$0                         | \$315,000   | \$0                | \$315,000          | \$0               |
| <b>Total Cash Severance</b>                     | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$626,538</b>                                | <b>\$0</b>                  | <b>\$2,610,000</b>                                | <b>\$0</b>         | <b>\$315,000</b>   | <b>\$0</b>        |
| <b>Benefits</b>                                 |                                 |                                 |   |                             |   |                    |                    |                   |
| Health and Welfare Benefits(6)                  | \$0                             | \$0                             | \$15,630  | \$0                         | \$53,291  | \$0                | \$0                | \$0               |
| Post-Termination Life Insurance                 | \$0                             | \$0                             | \$0   | \$0                         | \$487   | \$0                | \$0                | \$0               |
| Executive Retirement Plan(7)                    | \$0                             | \$0                             | \$0   | \$0                         | \$0   | \$0                | \$0                | \$0               |
| Other Benefit(8)                                | \$0                             | \$0                             | \$2,000   | \$0                         | \$0   | \$0                | \$0                | \$0               |
| <b>Total Benefits</b>                           | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$17,630</b>                                 | <b>\$0</b>                  | <b>\$53,778</b>                                   | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>        |
| <b>280G or Other Tax Adjustment</b>             | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$0</b>  | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>        |
| <b>Long Term Incentives</b>                     |                                 |                                 |   |                             |   |                    |                    |                   |
| Value of Accelerated Stock Options(9)           | \$0                             | \$0                             | \$0   | \$0                         | \$378,753   | \$367,141          | \$377,786          | \$0               |
| Value of Accelerated Deferred Stock Units(10)   | \$0                             | \$0                             | \$0   | \$0                         | \$1,777,810                                       | \$1,337,349        | \$1,685,558        | \$0               |
| <b>Total Value of Accelerated Equity Grants</b> | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$2,156,563</b>                                | <b>\$1,704,490</b> | <b>\$2,063,344</b> | <b>\$0</b>        |
| <b>Total Value: All Benefits</b>                | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$644,168</b>                                | <b>\$0</b>                  | <b>\$4,820,341</b>                                | <b>\$1,704,490</b> | <b>\$2,378,344</b> | <b>\$0</b>        |

Table of Contents**Kevin J. Ballinger**

| <b>Payments Due Upon Termination:</b>           | <b>Termination for Cause(1)</b> | <b>Voluntary Termination(2)</b> | <b>Involuntary Termination Without Cause(3)</b> | <b>Change in Control(4)</b> | <b>Termination Following Change in Control(4)</b> | <b>Disability</b>  | <b>Death</b>       | <b>Retirement</b> |
|---|---------------------------------|---------------------------------|---|-----------------------------|---|--------------------|--------------------|-------------------|
| <b>Cash Severance</b>                           |                                 |                                 |   |                             |   |                    |                    |                   |
| Base Salary                                     | \$0                             | \$0                             | \$288,654                                       | \$0                         | \$1,185,000                                       | \$0                | \$0                | \$0               |
| Bonus   | \$0                             | \$0                             | \$0   | \$0                         | \$711,000   | \$0                | \$0                | \$0               |
| Pro-rata Target Bonus(5)                        | \$0                             | \$0                             | \$237,000                                       | \$0                         | \$237,000   | \$0                | \$237,000          | \$0               |
| <b>Total Cash Severance</b>                     | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$525,654</b>                                | <b>\$0</b>                  | <b>\$2,133,000</b>                                | <b>\$0</b>         | <b>\$237,000</b>   | <b>\$0</b>        |
| <b>Benefits</b>                                 |                                 |                                 |   |                             |   |                    |                    |                   |
| Health and Welfare Benefits(6)                  | \$0                             | \$0                             | \$12,435  | \$0                         | \$42,695  | \$0                | \$0                | \$0               |
| Post-Termination Life Insurance                 | \$0                             | \$0                             | \$0   | \$0                         | \$425   | \$0                | \$0                | \$0               |
| Executive Retirement Plan(7)                    | \$0                             | \$0                             | \$0   | \$0                         | \$0   | \$0                | \$0                | \$0               |
| Other Benefits(8)                               | \$0                             | \$0                             | \$2,000   | \$0                         | \$0   | \$0                | \$0                | \$0               |
| <b>Total Benefits</b>                           | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$14,435</b>                                 | <b>\$0</b>                  | <b>\$43,120</b>                                   | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>        |
| <b>280G or Other Tax Adjustment</b>             | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$0</b>  | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>        |
| <b>Long Term Incentives</b>                     |                                 |                                 |   |                             |   |                    |                    |                   |
| Value of Accelerated Stock Options(9)           | \$0                             | \$0                             | \$0   | \$0                         | \$560,062   | \$554,256          | \$559,578          | \$0               |
| Value of Accelerated Deferred Stock Units(10)   | \$0                             | \$0                             | \$0   | \$0                         | \$2,511,975                                       | \$2,193,273        | \$2,367,371        | \$0               |
| <b>Total Value of Accelerated Equity Grants</b> | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$3,072,037</b>                                | <b>\$2,747,529</b> | <b>\$2,926,949</b> | <b>\$0</b>        |
| <b>Total Value: All Benefits</b>                | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$540,089</b>                                | <b>\$0</b>                  | <b>\$5,248,157</b>                                | <b>\$2,747,529</b> | <b>\$3,163,949</b> | <b>\$0</b>        |

Table of Contents**Joseph M. Fitzgerald**

| <b>Payments Due Upon Termination:</b>           | <b>Termination for Cause(1)</b> | <b>Voluntary Termination(2)</b> | <b>Involuntary Termination Without Cause(3)</b> | <b>Change in Control(4)</b> | <b>Termination Following Change in Control(4)</b> | <b>Disability</b>  | <b>Death</b>       | <b>Retirement</b> |
|---|---------------------------------|---------------------------------|---|-----------------------------|---|--------------------|--------------------|-------------------|
| <b>Cash Severance</b>                           |                                 |                                 |   |                             |   |                    |                    |                   |
| Base Salary                                     | \$0                             | \$0                             | \$424,615                                       | \$0                         | \$1,380,000                                       | \$0                | \$0                | \$0               |
| Bonus   | \$0                             | \$0                             | \$0   | \$0                         | \$966,000   | \$0                | \$0                | \$0               |
| Pro-rata Target Bonus(5)                        | \$0                             | \$0                             | \$322,000                                       | \$0                         | \$322,000   | \$0                | \$322,000          | \$0               |
| <b>Total Cash Severance</b>                     | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$746,615</b>                                | <b>\$0</b>                  | <b>\$2,668,000</b>                                | <b>\$0</b>         | <b>\$322,000</b>   | <b>\$0</b>        |
| <b>Benefits</b>                                 |                                 |                                 |   |                             |   |                    |                    |                   |
| Health and Welfare Benefits(6)                  | \$0                             | \$0                             | \$12,449  | \$0                         | \$42,763  | \$0                | \$0                | \$0               |
| Post-Termination Life Insurance                 | \$0                             | \$0                             | \$0   | \$0                         | \$491   | \$0                | \$0                | \$0               |
| Executive Retirement Plan(7)                    | \$0                             | \$0                             | \$0   | \$0                         | \$0   | \$0                | \$0                | \$0               |
| Other Benefits(8)                               | \$0                             | \$0                             | \$2,000   | \$0                         | \$0   | \$0                | \$0                | \$0               |
| <b>Total Benefits</b>                           | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$14,449</b>                                 | <b>\$0</b>                  | <b>\$43,254</b>                                   | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>        |
| <b>280G or Other Tax Adjustment</b>             | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$0</b>  | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>        |
| <b>Long Term Incentives</b>                     |                                 |                                 |   |                             |   |                    |                    |                   |
| Value of Accelerated Stock Options(9)           | \$0                             | \$0                             | \$0   | \$0                         | \$721,272   | \$711,596          | \$720,466          | \$0               |
| Value of Accelerated Deferred Stock Units(10)   | \$0                             | \$0                             | \$0   | \$0                         | \$3,336,942                                       | \$2,884,035        | \$3,174,211        | \$0               |
| <b>Total Value of Accelerated Equity Grants</b> | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$4,058,214</b>                                | <b>\$3,595,631</b> | <b>\$3,894,677</b> | <b>\$0</b>        |
| <b>Total Value: All Benefits</b>                | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$761,064</b>                                | <b>\$0</b>                  | <b>\$6,769,468</b>                                | <b>\$3,595,631</b> | <b>\$4,216,677</b> | <b>\$0</b>        |

Table of Contents**Timothy A. Pratt**

| <b>Payments Due Upon Termination:</b>           | <b>Termination for Cause(1)</b> | <b>Voluntary Termination(2)</b> | <b>Involuntary Termination Without Cause(3)</b> | <b>Change in Control(4)</b> | <b>Termination Following Change in Control(4)</b> | <b>Disability</b>  | <b>Death</b>       | <b>Retirement</b>  |
|---|---------------------------------|---------------------------------|---|-----------------------------|---|--------------------|--------------------|--------------------|
| <b>Cash Severance</b>                           |                                 |                                 |   |                             |   |                    |                    |                    |
| Base Salary                                     | \$0                             | \$0                             | \$0   | \$0                         | \$1,890,000                                       | \$0                | \$0                | \$0                |
| Bonus   | \$0                             | \$0                             | \$0   | \$0                         | \$1,689,120                                       | \$0                | \$0                | \$0                |
| Pro-rata Target Bonus(5)                        | \$0                             | \$0                             | \$504,000                                       | \$0                         | \$504,000   | \$0                | \$504,000          | \$504,000          |
| <b>Total Cash Severance</b>                     | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$504,000</b>                                | <b>\$0</b>                  | <b>\$4,083,120</b>                                | <b>\$0</b>         | <b>\$504,000</b>   | <b>\$504,000</b>   |
| <b>Benefits</b>                                 |                                 |                                 |   |                             |   |                    |                    |                    |
| Health and Welfare Benefits(6)                  | \$0                             | \$0                             | \$0   | \$0                         | \$49,204  | \$0                | \$0                | \$0                |
| Post-Termination Life Insurance                 | \$0                             | \$0                             | \$0   | \$0                         | \$678   | \$0                | \$0                | \$0                |
| Executive Retirement Plan(7)                    | \$0                             | \$875,438                       | \$875,438                                       | \$0                         | \$0   | \$875,438          | \$875,438          | \$875,438          |
| Other Benefits(8)                               | \$0                             | \$0                             | \$0   | \$0                         | \$0   | \$0                | \$0                | \$0                |
| <b>Total Benefits</b>                           | <b>\$0</b>                      | <b>\$875,438</b>                | <b>\$875,438</b>                                | <b>\$0</b>                  | <b>\$49,882</b>                                   | <b>\$875,438</b>   | <b>\$875,438</b>   | <b>\$875,438</b>   |
| <b>280G or Other Tax Adjustment</b>             | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$0</b>  | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         |
| <b>Long Term Incentives</b>                     |                                 |                                 |   |                             |   |                    |                    |                    |
| Value of Accelerated Stock Options(9)           | \$0                             | \$0                             | \$0   | \$0                         | \$1,239,787                                       | \$1,230,498        | \$1,239,013        | \$1,230,498        |
| Value of Accelerated Deferred Stock Units(10)   | \$0                             | \$0                             | \$0   | \$0                         | \$5,242,976                                       | \$4,749,710        | \$5,028,275        | \$4,749,710        |
| <b>Total Value of Accelerated Equity Grants</b> | <b>\$0</b>                      | <b>\$0</b>                      | <b>\$0</b>                                      | <b>\$0</b>                  | <b>\$6,482,763</b>                                | <b>\$5,980,208</b> | <b>\$6,267,288</b> | <b>\$5,980,208</b> |
| <b>Total Value: All Benefits</b>                | <b>\$0</b>                      | <b>\$875,438</b>                | <b>\$1,379,438</b>                              | <b>\$0</b>                  | <b>\$10,615,765</b>                               | <b>\$6,855,646</b> | <b>\$7,646,726</b> | <b>\$7,359,646</b> |

(1) Employees, including NEOs, are not entitled to any benefits upon termination for cause. All unvested equity awards, as well as all vested but unexercised stock options, are forfeited as of the date of termination. For a definition of cause, please see the section titled "Change in Control Agreements" in the narrative to these tables.

(2) Other than for Mr. Pratt who was retirement eligible, no benefits were payable upon voluntary termination by our NEOs as of December 31, 2014.

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(3) Amounts in this column represent benefits payable upon involuntary termination by the Company on December 31, 2014 (other than termination for cause or in connection with a change in control). Amounts for Messrs. Mahoney, Brennan, Ballinger and Fitzgerald represent benefits payable pursuant to our 2014 Annual Bonus Plan and the Severance Plan only in the event of certain involuntary terminations under the plans where each is not otherwise offered similar employment within the Company. Amounts for Mr. Pratt represent benefits payable pursuant to our 2014 Annual Bonus Plan and Executive Retirement Plan. Because Mr. Pratt is eligible to receive benefits under the Executive Retirement Plan, he is not eligible for any payments of benefits under the Severance Plan. In addition, pursuant to the terms of his 2011 offer letter, amounts for Mr. Mahoney also include the accelerated vesting of the DSUs granted to him on November 1, 2011 in connection with his joining the Company as our President that remain outstanding, as described more fully in footnote 8 below.

(4) All equity awards granted to our executives require both a change in control and subsequent termination (without cause or by the executive for good reason) in order to accelerate vesting; provided, however, that if the surviving or acquiring entity in a change in control transaction does not provide for the substitution or assumption of outstanding equity awards, such outstanding awards will immediately become fully vested. Amounts in this column assume that the surviving or acquiring entity in a change in control transaction provides for the substitution or assumption of outstanding equity awards.

Amounts in the "Termination Following a Change in Control" column represent benefits payable under our Change in Control Agreements following termination without "Cause" or resignation by the executive for "Good Reason" on December 31, 2014 in connection with, and within two years of, a change in control of the Company. For a further description of our Change in Control Agreements, please see the section titled "*Change in Control Agreements*" in the narrative to these tables.

(5) Amounts in the "Pro-rata Target Bonus" row represent the assumed on-plan bonus under our 2014 Annual Bonus Plan, which is equal to the incentive target amount under the plan, for each of our NEOs.

Under the 2014 Annual Bonus Plan, participants generally must be employed by us on the date payments are made in order to be eligible for their incentive award. However, in the event of death, retirement or certain involuntary terminations without cause, participants generally may receive their performance incentive awards for the year on a prorated basis based on the percentage of the year the participant was employed by us and eligible to participate (subject to certain minimum months of service requirements). For a further description of our 2014 Annual Bonus Plan, please see the "*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table - 2014 Annual Bonus Plan*", as well as the Compensation Discussion & Analysis section titled "*Short-Term Incentives*."

(6) In determining the value of health and welfare benefits, we use the assumptions used for financial reporting purposes under GAAP.

(7) Amounts in the "Executive Retirement Plan" row represent amounts earned under our Executive Retirement Plan, provided the NEO is eligible for benefits under the plan. In order to be eligible for benefits under the plan, the sum of an executive officer's age and years of service must equal 65, provided that the executive is at least 55 years old and has completed at least five years of service with us. Mr. Pratt is the only NEO that is eligible for benefits under the plan.

(8) Amounts in the "Other Benefits" row represent payment of outplacement services under the Severance Plan.

(9) Amounts in the "Value of Accelerated Stock Options" row represent the number of shares underlying in-the-money unvested stock options held by each NEO, multiplied by the difference between that option's exercise price and \$13.25 (the closing price of our common stock on December 31, 2014). As of December 31, 2014, none of our NEOs held any unvested stock options not in-the-money.

(10) Amounts in the "Value of Accelerated Deferred Stock Units" row represent the value of the number of each NEO's service-based DSUs, the vesting of which would have accelerated as of December 31, 2014, calculated by multiplying the number of accelerated DSUs by \$13.25 (the closing price of our common stock on December 31, 2014). Pursuant to the terms of his 2011 offer letter, if Mr. Mahoney's employment is involuntarily terminated by us (except for cause or a material act of misconduct after notice and a cure period, or as a result of death or disability) any of the new hire inducement grant of service-based DSUs he received on November 1, 2011 in connection with his joining the Company as our President that remain outstanding will immediately vest. Such service-based DSUs were structured and intended in large part to compensate Mr. Mahoney for the unvested short- and long-term incentive compensation he forfeited upon separating from his previous employer, taking into consideration his transition period from our President to our President and Chief Executive Officer. The value of the acceleration of such DSUs is reflected in the "Involuntary Termination Without Cause" column.

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In February 2012, 2013 and 2014, our NEOs were awarded target TSR performance-based DSUs under our 2012, 2013 and 2014 TSR PSPs, respectively, the attainment of which is based on the TSR of our common stock relative to the TSR of the common stock of the other companies in the S&P 500 Healthcare Index over a three-year performance and service period. If a participant's employment terminates due to termination without Cause or for Good Reason following a change in control, retirement, death or disability, in each case, after the end of the first annual performance period but prior to the end of the three-year performance period, shares of our common stock will be issued in respect of the TSR performance-based DSUs as to which the performance criteria under the program have been satisfied on a prorated basis based on the number of months worked during the three-year service period, rounded to the nearest whole month (i) using the first performance cycle percentile performance funding amount where the triggering event occurs during the second annual performance period or (ii) using the average of the first and second performance cycle percentile performance funding amounts where the triggering event occurs during the third annual performance period. If a NEO's employment was terminated without Cause or for Good Reason following a change in control or was terminated due to retirement, death or disability, in each case, occurring on December 31, 2014, the awards under our 2012 and 2013 TSR PSPs would accelerate because (i) the Company's TSR performance during the two year period ended December 31, 2013 was at the maximum level of performance under the TSR PSPs and (ii) the Company's TSR performance during the year ended December 31, 2013 was at the maximum level of performance under the TSR PSPs. None of the awards under our 2014 TSR PSPs would accelerate because the 2014 performance period, which ran through the end of the day on December 31, 2014, would not have been completed. For a discussion of the actual performance under our 2012, 2013 and 2014 TSR PSPs, please see the footnotes to the table appearing in "*Outstanding Equity Awards At Fiscal Year End.*"

In February 2012, our NEOs were awarded target FCF performance-based DSUs under our 2012 FCF PSP. Our adjusted free cash flow performance percentile over the one-year performance period ended December 31, 2012 was 115% relative to our 2012 internal financial plan. Accordingly, in February 2013 the Compensation Committee determined that pursuant to the terms of the 2012 FCF PSP, 130% of the target FCF performance-based DSUs had satisfied the performance criteria under the program. As of December 31, 2013, such units were subject to the satisfaction of the individual service criteria over the three-year period ending on December 31, 2014. If a participant's employment terminates due to retirement, death or disability after the end of the performance period (December 31, 2012) but prior to the end of the three-year service period (December 31, 2014), shares of our common stock will be issued in respect of the FCF performance-based DSUs as to which the performance criteria under the program have been satisfied on a prorated basis based on the number of months worked during the three-year service period, rounded to the nearest whole month. Additionally, pursuant to the terms of our Change in Control Agreements, the vesting of FCF performance-based DSUs awarded to our executives will be fully accelerated in the event of both a change in control and a subsequent termination without Cause or for Good Reason.

In February 2013, our NEOs were awarded FCF performance-based DSUs under our 2013 FCF PSP. As of December 31, 2014, such units were subject to the satisfaction of the individual service criteria over the three-year period ending on December 31, 2015. If a participant's employment terminates due to retirement, death or disability after the end of the performance period (December 31, 2013) but prior to the end of the three-year service period (December 31, 2015), shares of our common stock will be issued in respect of the FCF performance-based DSUs as to which the performance criteria under the program have been satisfied on a prorated basis based on the number of months worked during the three-year service period, rounded to the nearest whole month. Additionally, pursuant to the terms of our Change in Control Agreements, the vesting of FCF performance-based DSUs awarded to our executives will be fully accelerated in the event of both a change in control and a subsequent termination without Cause or for Good Reason.

In February 2014, our NEOs were awarded target FCF performance-based DSUs under our 2014 FCF PSP, the attainment of which is based on our adjusted free cash flow over a one-year performance period ending on December 31, 2014 measured against our target performance for the same period, subject to the satisfaction of the individual service criteria over a three-year period (inclusive of the performance period). If a NEO's employment was terminated without Cause or for Good Reason following a change in control or was terminated due to retirement, death or disability, in each case, occurring on December 31, 2014, none of the awards under our 2014 FCF PSP would accelerate because the performance condition for these FCF performance-based DSUs would not have been satisfied because the performance period, which ran through the end of the day on December 31, 2014, would not have been completed. For a discussion of the actual performance under our 2014 FCF PSP, please see footnote 6 to the table appearing in "*Outstanding Equity Awards At Fiscal Year End.*"



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## **PROPOSAL 2: ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as the provisions of Section 14A of the Exchange Act, require that we provide our stockholders with the opportunity to vote to approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the compensation disclosure rules of the SEC. Our Board has determined to provide our stockholders this opportunity on an annual basis.

As described in the Compensation Discussion & Analysis, our executive compensation philosophy is to provide appropriate competitive compensation opportunities to our executives with actual pay outcomes heavily influenced by the achievement of Company performance targets and individual performance objectives (in other words, "pay for performance") in support of our business strategy and creation of long-term stockholder value.

### **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 key aspects of executive compensation best practices serve as the foundation for our compensation program:

- ü Use a mix of short- and long-term incentive compensation, with an emphasis on long-term compensation.
- ü Use a mix of fixed and variable compensation, with an emphasis on variable, at-risk performance-based compensation.
- ü Require a "double-trigger" (both a change in control and termination without cause or for good reason) for cash payments and accelerated vesting of equity awards where the surviving or acquiring entity substitutes or assumes outstanding equity awards.
- ü Do not provide income tax gross-ups (except on relocation benefits).
- ü Do not provide any excise tax gross-ups on severance or other payments in connection with a change in control.
- ü Maintain stock ownership guidelines for our executives and directors.
- ü Have a policy for the recovery, commonly referred to as a "claw-back," of all or a portion of certain incentive compensation awards under certain circumstances.
- ü Use internal pay equity analysis.
- ü Use peer group company comparative analysis.
- ü Engage an independent compensation consultant reporting directly to the Compensation Committee.
- ü Perform risk assessment of incentive compensation policies and programs.



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- ii Do not pay dividend equivalents paid on unvested performance-based DSUs or service-based DSUs.
- ii Do not permit repricing of underwater stock options without stockholder approval.
- ii Prohibit pledging or hedging of the economic value of our common stock by our executives and directors.<sup>1</sup>

**Pay for Performance**

We believe our emphasis on at-risk, performance-based incentive compensation consisting of our Annual Bonus Plan awards and long-term equity awards aligns our executives 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."

*A Significant Portion of our NEOs' 2014 Target TDC is At-Risk, Performance-Based Compensation*

Our Compensation Committee ties a significant portion of the primary elements of our executives' target TDC to at-risk, performance-based incentive opportunities. For 2014, 83% of the target value of the primary elements of TDC for our NEOs as a group (including our CEO) consisted of at-risk, performance-based incentive compensation, which was comprised of the following:

14% Short-Term Cash Incentive Awards, with:

- Ø Funding of the Total Bonus Pool tied to Company performance measured against adjusted EPS and SFX net sales performance targets.
- Ø Allocation of the Total Bonus Pool, as funded, based on regional, business and functional performance measured against their respective financial and/or operational performance targets.
- Ø Actual payout adjusted based on each individual's performance.

69% Long-Term Equity Incentive Awards, with mix of opportunity comprised of:

- Ø 25% target Company performance-based deferred stock units (DSUs), a percentage of which is earned based on the total shareholder return (TSR) of our common stock relative to that of the other companies in the S&P 500 Healthcare Index over a three-year performance period.
- Ø 25% target performance-based DSUs, a percentage of which is earned based on our adjusted free cash flow (FCF) measured against our target performance over a one-year performance period and subject to service-based vesting over a three-year period (inclusive of the performance period).
- Ø 25% stock options, with ultimate value tied to the performance of our stock price.
- Ø 25% service-based DSUs, with ultimate value tied to the performance of our stock price.

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<sup>1</sup> Hedging and pledging arrangements of any of our directors that were in existence prior to January 1, 2011 are exempt from the policy.

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The percentages above were calculated using the 2014 base salary, target equity values and target Annual Bonus Plan award amounts for our NEOs set forth in the footnote to the charts below. Allocation of the target value of the primary elements of TDC for our Chief Executive Officer and for our other NEOs as a group in 2014 was as follows:

- 
- (1) The chart reflects the value of the primary elements of 2014 TDC opportunity as considered by the Compensation Committee as follows: (i) the annual equity awards granted to our NEOs on February 24, 2014, with stock options valued per the Black-Scholes valuation model described in the footnotes to the Executive Compensation section titled "*Summary Compensation Table*" on 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 award; and (iii) the annual base salary approved in February 2014.

For further discussion of the allocation of the target value of the primary elements of TDC for our Chief Executive Officer and for our other NEOs as a group in 2014, please see the Compensation Discussion & Analysis section titled "*Pay for Performance*."

Accordingly, we ask our stockholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion & Analysis, compensation tables and narrative discussion."

While the vote is advisory in nature, which means that it is non-binding on us, our Compensation Committee values the opinions of our stockholders and will take into consideration the outcome of the vote when considering future executive compensation arrangements. We intend to hold the next advisory vote to approve the compensation of our named executive officers at our 2016 Annual Meeting of Stockholders.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO ITEM 402 OF REGULATION S-K.**

Table of Contents**EQUITY COMPENSATION PLANS**

The following table summarizes information as of December 31, 2014 relating to our equity compensation plans pursuant to which grants of stock options, deferred stock units, restricted stock grants or other rights to acquire shares may be granted from time to time.

| <b>Plan Category</b>  | <b>Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)</b> | <b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)</b> | <b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b> |
|---|--|--|--|
| Equity compensation plans approved by security holders(1)     | 71,098,992   | \$11.37(2)   | 94,444,251(3)  |
| Equity compensation plans not approved by security holders(4) |  | \$   |  |
| <b>Total</b>  | <b>71,098,992</b>  | <b>\$11.37(2)</b>  | <b>94,444,251(3)</b>   |

- (1) Amounts in columns (a), (b) and (c) include outstanding options under our 2000, 2003 and 2011 LTIPs. Our 2000 LTIP expired on February 28, 2010, and our 2003 LTIP expired on June 1, 2011; however, awards made under these plans still remain outstanding. The amount in column (a) also includes 31,591,420 shares awarded under our 2000, 2003 and 2011 LTIPs in the form of service-based DSUs, Company performance-based DSUs and restricted stock. Of such amount, approximately 4,577,014 shares are issuable upon settlement of outstanding Company performance-based DSUs. Shares underlying the 2012, 2013 and 2014 TSR performance-based DSUs are earned over a three-year performance and service period. 2012 TSR performance-based DSUs have been included based on actual performance. The 2013 performance-based DSUs have been included assuming maximum achievement of the Company performance criteria and achievement of the individual service criteria of the program (200% of the target units awarded). The SEC rules require that the number of shares underlying the maximum number of units be included in column (a) because the Company's TSR performance during the two-year period from January 1, 2013 through December 31, 2014 under the 2013 TSR PSP was at the maximum level of performance under the program. The 2014 TSR performance-based DSUs have been included assuming threshold achievement of the Company performance criteria and achievement of the individual service criteria of the programs (40% of the target units awarded). The SEC rules require that the number of shares underlying the threshold number of units be included in column (a) because the Company's TSR performance during the one-year period from January 1, 2014 through December 31, 2014 under the 2014 TSR PSP was below the threshold level of performance under the programs. Shares underlying the 2012, 2013 and 2014 FCF performance-based DSUs have been included at 130.0%, 101.4% and 101.8% of target, respectively, the actual number of units for which the performance criteria under the program have been satisfied. Such units remain subject to the individual service criteria under the program. The amount in column (a) also includes 339,778 stock options, in aggregate amount, outstanding under acquired company incentive plans. No further stock options may be granted under the assumed plans.
- (2) This number reflects the exclusion of 31,591,420 shares in the form of service-based DSUs, Company performance-based DSUs and restricted stock granted pursuant to our equity plans included in column (a). These awards allow for the distribution of shares to the grant recipient upon vesting and do not have an associated exercise price. Accordingly, these awards are not reflected in the weighted-average exercise price.
- (3) This number reflects, as of December 31, 2014, the 74,453,154 shares available for issuance under our 2011 LTIP and 19,991,097 shares available for purchase by our employees under our GESOP, which are not available for grant in any other form.
- (4) We have acquired a number of companies over the past several years. From time to time, we have assumed the acquired company's incentive plan(s), including the outstanding stock options and warrants, if any, granted under those plan(s). No further stock options may be granted under the assumed plans beyond those assumed in connection with the acquisitions. Assumed stock options that terminate prior to expiration are not available for re-grant. As of December 31, 2014, the aggregate number of stock options outstanding under the assumed plans totaled 339,778. The weighted average exercise price of these outstanding stock options is \$20.46.

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## AUDIT COMMITTEE REPORT

The Audit Committee oversees our Company's financial reporting process on behalf of the Board of Directors and has other responsibilities as set forth in the Audit Committee charter, which is available on our website at [www.bostonscientific.com](http://www.bostonscientific.com) under the "Investor Relations" section. Management has the primary responsibility for our Company's financial statements and reporting process, including the systems of internal controls. Ernst & Young LLP (Ernst & Young), our independent registered public accounting firm for fiscal year 2014, is responsible for expressing an opinion on the conformity of our Company's audited financial statements with generally accepted accounting principles and on our Company's internal control over financial reporting.

In fulfilling its oversight responsibilities, the Audit Committee reviewed with management and Ernst & Young the audited financial statements included in the Boston Scientific Annual Report on Form 10-K for the year ended December 31, 2014, including a discussion about the quality, not just the acceptability, of our Company's accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements, and Ernst & Young's evaluation of the Company's internal control over financial reporting.

The Audit Committee also discussed with Ernst & Young the matters that are required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*. Ernst & Young has also provided the Audit Committee the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with Ernst & Young that firm's independence. The Audit Committee has concluded that Ernst & Young's provision of audit and non-audit services to the Company and its affiliates is compatible with Ernst & Young's independence.

The Audit Committee further discussed with the Company's internal auditors and Ernst & Young the overall scope and plans for their respective audits. The Audit Committee meets at least quarterly with the internal auditors and Ernst & Young, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

Based on the reviews and discussions referred to above, the Audit Committee approved the inclusion of the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2014, which has been filed with the Securities and Exchange Commission. The Audit Committee has also approved the selection of Ernst & Young as the Company's independent registered public accounting firm for fiscal year 2015.

*This Audit Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Boston Scientific filing with the SEC, except to the extent that Boston Scientific specifically incorporates this Report by reference into another Boston Scientific filing.*

THE AUDIT COMMITTEE  
Uwe E. Reinhardt, *Chairman*  
Edward J. Ludwig  
Ernest Mario

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## **PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has appointed Ernst & Young LLP as our independent registered public accounting firm for the 2015 fiscal year. The Audit Committee is directly responsible for the appointment, retention, compensation and oversight of the work of our independent registered public accounting firm (including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. In making its determination regarding whether to appoint or retain a particular independent registered public accounting firm, the Audit Committee takes into account the views of management and our internal auditors, and will take into account the vote of our stockholders with respect to the ratification of the selection of our independent registered public accounting firm.

Representatives of Ernst & Young LLP are expected to attend the Annual Meeting and respond to appropriate questions and, if they desire, make a statement.

### **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE 2015 FISCAL YEAR.**

#### **Principal Accountant Fees**

The following table presents the aggregate fees billed for professional services rendered by Ernst & Young LLP for the fiscal years ended December 31, 2013 and December 31, 2014.

| <b>Type of Fees</b>   | <b>2013</b>        | <b>2014</b>         |
|-----------------------|--------------------|---------------------|
| Audit Fees(1)         | \$7,687,000        | \$12,696,000        |
| Audit-Related Fees(2) | 355,000            | 1,750,000           |
| Tax Fees(3)           | 340,000            | 527,000             |
| All Other Fees(4)     | 2,000              |                     |
| <b>Total</b>          | <b>\$8,384,000</b> | <b>\$14,973,000</b> |

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- (1) Audit fees are fees for professional services rendered in connection with the audit of our consolidated financial statements (including an assessment of our internal control over financial reporting) included in Item 8 of our Annual Reports filed on Form 10-K, reviews of our condensed consolidated financial statements included in our Quarterly Reports filed on Form 10-Q, statutory filings and registration statements. Certain audit fees were incurred in connection with our 2013 and 2014 goodwill and other intangible asset impairment charges, acquisitions, system implementations and other accounting matters.
- (2) Audit-related fees are fees for services related to employee benefit plan audits, accounting consultation, and compliance with regulatory requirements.
- (3) Tax fees are for services related to tax compliance, tax planning, and tax advice. These services included international corporate tax return compliance, annual domestic tax return compliance for employee benefit plans, foreign country tax planning with respect to global stock option and employee stock purchase programs and stock programs, assistance filing advanced pricing agreements with tax authorities, assistance related to foreign tax authority transfer pricing inquiries, and domestic tax technical advice.
- (4) All other fees are fees for other assurance services not related to the audit and an online accounting research tool.

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**Audit Committee's Pre-Approval Policy**

It is the Audit Committee's policy to approve in advance the types and amounts of audit, audit-related, tax and any other services to be provided by our independent registered public accounting firm. In situations where it is not possible to obtain full Audit Committee approval, the Audit Committee has delegated authority to the Chairman of the Audit Committee to grant pre-approval of auditing, audit-related, tax and all other services. Any pre-approved decisions by the Chairman are required to be reviewed with the Audit Committee at its next scheduled meeting. The Audit Committee approved all of Ernst & Young LLP's services for 2013 and 2014 and, in doing so, considered whether the provision of such services is compatible with maintaining independence.



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## PROPOSAL 4: STOCKHOLDER PROPOSAL

The People for the Ethical Treatment of Animals (PETA), beneficial holder of 190 shares of common stock of Boston Scientific, has given formal notice that it intends to introduce the following resolution at the Annual Meeting and has furnished the following statements in support of its proposal:

### Accountability in Animal Use

**RESOLVED**, to promote accountability for animals used in experiments, the Board should issue an annual report to shareholders detailing clear plans to maximize the use of nonanimal testing methods and promote transparency in animal use for experiments in-house and at external laboratories.

#### *Supporting Statements:*

Companies that conduct experiments on animals acknowledge that public sensitivities associated with doing so leave the companies vulnerable to public relations disasters and falling stock value when reports of abuse or neglect of animals surface. To protect shareholders' investments, it is important that our Company have a clear plan to maximize the use of nonanimal testing methods and to provide transparency in animal use.

In 2013, a subsidiary of our Company held or used 220 dogs, 34 sheep, and 258 pigs in experiments and procedures. These figures do not include animals used in Boston Scientific experiments at external laboratories nor the vast numbers of animals not legally required to be counted.

One of the dogs used in these experiments may have experienced unrelieved pain and suffering due to a software malfunction of an implanted cardiac defibrillator that delivered electrical shocks to the unsupervised, possibly conscious dog in his cage. This experiment was only approved for fully anesthetized animals because its use on conscious animals is known to cause suffering. This example highlights the importance of maximizing the use of nonanimal testing methods.

It is also imperative that our Company promote transparency in its use of animals, including providing information on the types of animals used, housing conditions, and environmental enrichment provided. For example, our Company should ensure that the animals' social and behavioral needs are met both in-house and at external testing laboratories it uses. Scientific studies have shown that the stress resulting from a barren living environment and a lack of socialization with others of their species further skews results of the experiments conducted on animals and causes additional problems in interpreting the results of such experiments.<sup>1</sup> Different guidelines exist to improve transparency. These guidelines are endorsed by a variety of entities, including scientific journals and funding bodies,<sup>2</sup> and are followed by numerous companies.

However, the reporting on animal use in experiments supported by our Company and in papers authored by our Company is woefully inadequate. For example, several recent studies<sup>3</sup> report that "mongrel dogs" or "adult dogs" were used, but the reports do not provide further information about the animals. This lack of information causes concern that some of the dogs may have been former animal companions obtained from animal shelters or from individuals advertising dogs "free to good home."<sup>4</sup>

These examples highlight the need for the Company to report its strategy to maximize the use of nonanimal testing methods and to promote transparency in its use of animals. Shareholders cannot monitor what goes on behind the closed doors of the animal testing laboratories, so the Company must.

We urge shareholders to vote FOR this proposal.

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<sup>1</sup> [http://www.forschung3r.ch/en/publications/bu\\_16.html](http://www.forschung3r.ch/en/publications/bu_16.html);

<http://www.ip.usp.br/portal/images/stories/cepa!T oo%20stressed%2 Owork. pdf>

<sup>2</sup> <http://www.nc3rs.org.uk/arrive-animal-research-reporting-vivo-experiments>

<sup>3</sup> <http://www.ncbi.nlm.nih.gov/pubmed/25060026>; <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3894688/>;

<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3789654/>

<sup>4</sup> [http://grants.nih.gov/grants/olaw/Random\\_Source\\_Dog\\_and\\_Cat\\_Report.pdf](http://grants.nih.gov/grants/olaw/Random_Source_Dog_and_Cat_Report.pdf)

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**Boston Scientific Corporation's Statement in Opposition to the Stockholder Proposal**

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While we appreciate and share the proponent's concerns about the care and welfare of laboratory animals and the importance of striving to maximize non-animal testing where appropriate, our Board of Directors believes that the preparation of an additional annual report to stockholders as requested by the proponent is unnecessary in light of the reasons set forth below and not in the best interests of the Company and its stockholders.

We are committed to the humane care and treatment of laboratory animals, the responsible use of animals in medical research and the use of alternatives to animal testing whenever such methods are feasible, scientifically valid and appropriate. We do not condone the mistreatment or neglect of laboratory animals, and take very seriously our ethical and scientific obligation to ensure the humane use, care and treatment of laboratory animals.

Our mission is to transform lives through innovative solutions that improve the health of patients around the world. In the course of developing medical products and therapies in support of our mission, we are required to evaluate and support the safety of our devices prior to human clinical trials and use. At times, to ensure we meet our obligations of safety in new products and therapies, animal testing is utilized and serves an important component of our research and development efforts. For example, for innovative medical devices the U.S. Food and Drug Administration may require evidence from preclinical/animal testing to ensure the rights, safety and welfare of human subjects prior to commencing human clinical trials.

Consistent with our commitment, the Company's principles for our use, care and treatment of laboratory animals, among other things:

Address concepts consistent with the "3Rs" of animal research

*Replace* the use of animals with other methods where feasible, scientifically valid and appropriate;

*Reduce* the number of animals used where feasible, scientifically valid and appropriate; and

*Refine* procedures to minimize impact to animals consistent with sound scientific practices.

Call for the use, care and treatment of laboratory animals by us and third party laboratories we use for our animal testing meet or exceed applicable legal and regulatory requirements, guidelines and standards. For example where applicable:

- o Accreditation by the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC), a private nonprofit organization that promotes the humane treatment of animals in science.<sup>1</sup>
- o Registration with the United States Department of Agriculture (USDA) for animals covered by the Animal Welfare Act.
- o Review of the third party laboratories we use for animal testing to assess compliance with our principles for quality of work and adherence to regulatory requirements.

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<sup>1</sup> AAALAC accreditation rules and standards can be found on the AAALAC website. The accreditation is a voluntary process that includes a review of our and our third party laboratories' animal care and use programs, including employee training, animal environment, housing and management, veterinary medical care and physical plant operations.

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Call for employees involved in the use and care of laboratory animals to be appropriately qualified and to receive in-service training, including with respect to the proper and humane care and use of laboratory animals.

Our principles for our use, care and treatment of laboratory animals reflect our commitment to the humane care and treatment of laboratory animals, the responsible use of animals in medical research and the use of alternatives to animal testing whenever such methods are feasible, scientifically valid and appropriate. Accordingly, our Board of Directors believes that an additional annual report to stockholders as requested by the proponent is unnecessary, burdensome and not in the best interests of the Company or its stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT  
YOU VOTE "AGAINST" THIS STOCKHOLDER PROPOSAL.**

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## **STOCKHOLDER PROPOSALS AND COMPANY INFORMATION**

### **Stockholder Proposals**

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In accordance with Rule 14a-8 under the Exchange Act and the advance notice provisions of our By-Laws, stockholder proposals and director nominations for the 2016 Annual Meeting of Stockholders must be received by our Secretary at our principal executive office on or before November 25, 2015. Any proposals or nominees received after this date will be considered untimely under Rule 14a-8 under the Exchange Act and the advanced notice provisions of our By-Laws. Should you wish to submit a proposal or director nomination, have it addressed to our Secretary at Boston Scientific Corporation, 300 Boston Scientific Way, Marlborough, Massachusetts 01752. In order to be considered for inclusion in next year's Proxy Statement, proposals must also satisfy the other procedures set forth in Rule 14a-8 under the Exchange Act. Proposals that are submitted outside of Rule 14a-8, as well as director nominees, must also satisfy the procedures set forth in the advance notice provision of our By-Laws.

### **Annual Report to Stockholders and Form 10-K**

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Our 2014 Annual Report to Stockholders, including financial statements for the fiscal year ended December 31, 2014, accompanies this Proxy Statement. The Annual Report is also available on our website at [www.bostonscientific.com](http://www.bostonscientific.com) under the "Investor Relations" section. Copies of our 2014 Annual Report on Form 10-K, which is on file with the SEC, are available to any stockholder free of charge who submits a request in writing to Investor Relations, Boston Scientific Corporation, 300 Boston Scientific Way, Marlborough, Massachusetts 01752, or by calling (508) 683-5670. Copies of any exhibits to the Form 10-K are also available upon written request and payment of a fee covering our reasonable expenses in furnishing the exhibits.

### **Householding of Proxy Materials**

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Applicable rules permit us and brokerage firms to send one Notice or Proxy Statement and Annual Report to multiple stockholders who share the same address unless we have received instructions to the contrary from one or more of the stockholders. This practice is known as householding. If you hold your shares through a broker, you may have consented to reducing the number of copies of materials delivered to your address. In the event that you wish to revoke a householding consent you previously provided to a broker, you must contact that broker to revoke your consent. If you (i) are eligible for householding and you currently receive multiple copies of either our Notice or Proxy Statement and our Annual Report but you wish to receive only one copy of each of these documents for your household or (ii) you currently receive only one set of these documents due to householding and wish to revoke your consent for future mailings, please contact Broadridge Financial Solutions, Inc. by mail at Householding Department, Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, New York 11717 or by telephone at 1-800-542-1061.

If you are currently subject to householding and wish to receive a separate Proxy Statement or Annual Report, you may find these materials on our website at [www.bostonscientific.com](http://www.bostonscientific.com) under the "Investor Relations" section. You may also request printed copies of our Notice or Proxy Statement and Annual Report free of charge by contacting Investor Relations, Boston Scientific Corporation, 300 Boston Scientific Way, Marlborough, Massachusetts 01752, or by calling 508-683-5670. We will deliver promptly, upon written or oral request, a separate copy of the Notice, Proxy Statement or Annual Report to a stockholder at a shared address to which a single copy of the documents was delivered.

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## **OTHER INFORMATION**

### **Other Matters That May Come Before the Annual Meeting**

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We do not know of any other matters that may be presented for consideration at the Annual Meeting. If any other business is properly presented for consideration before the Annual Meeting, the persons named as proxies on the enclosed proxy card, or proxy voting instruction form, will vote as they deem in the best interests of the Company.

### **Solicitation of Proxies at the Annual Meeting**

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We will pay the costs of this solicitation. Our directors, officers or other employees may solicit proxies on behalf of the Board primarily by mail and via the Internet, but additional solicitations may be made in person, by electronic delivery, telephone, facsimile or other medium. No additional compensation will be paid to our directors, officers or other employees in connection with this solicitation. We may enlist the assistance of brokerage houses, fiduciaries, custodians and other third parties in soliciting proxies. We will, upon request, reimburse brokerage firms and other third parties for their reasonable expenses incurred for forwarding solicitation material to beneficial holders of our common stock. We have also retained Alliance Advisors, a proxy solicitation firm, to assist in the solicitation of proxies, as need be, for a fee of approximately \$10,500, plus reimbursement of expenses. All solicitation expenses, including costs of preparing, assembling and mailing proxy materials, will be borne by us.

### **Websites**

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Information on or connected to our website (or the website of any third party) referenced in this Proxy Statement is in addition to and not a part of or incorporated by reference into this Proxy Statement. Such additional information speaks as of the date thereof and is not intended to be confirmed or updated by reference herein. Boston Scientific disclaims any liability or responsibility for or endorsement of the information on or connected to the website of a third party.

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**Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures Used as  
Performance Metrics Under Certain of Our Short- and Long-Term Incentive Compensation Plans and Programs**

The following is a reconciliation of cash provided by operating activities prepared in accordance with generally accepted accounting principles in the United States (GAAP) to adjusted free cash flow as used in our 2014 Free Cash Flow Performance Share Program (2014 FCF PSP):

| <b>in millions</b>                           | <b>2014</b>    |
|--|----------------|
| <b>Cash Provided by Operating Activities</b> | <b>\$1,269</b> |
| Purchases of property, plant and equipment   | (259)          |
| <b>Free Cash Flow</b>                        | <b>\$1,010</b> |
| <i>Adjustments:</i>                          |                |
| Add: Acquisition-related contingent payments | 103            |
| Add: Restructuring payments                  | 112            |
| Add: Tax related items                       | (72)           |
| Add: Legal settlements                       | 57             |
| Add: Other                                   | 49             |
| <b>Adjusted Free Cash Flow</b>               | <b>\$1,259</b> |

The following is a reconciliation of net sales prepared in accordance with GAAP to net sales on an assumed standard constant currency basis excluding for 2014 sales from businesses acquired by the Company in 2014 (SFX net sales) as used in our 2014 Annual Bonus Plan:

| <b>in millions</b>                                       | <b>As Reported<br/>Currency<br/>Basis</b> | <b>2014 Sales<br/>Less:<br/>Impact of<br/>Foreign<br/>Currency</b> | <b>Assumed<br/>Standard<br/>Constant<br/>Currency<br/>Basis</b> |
|--|---|--|---|
| Interventional Cardiology                                | <b>\$2,057</b>                            | <b>\$(35)</b>  | <b>\$2,092</b>  |
| Cardiac Rhythm Management                                | 1,912                                     | (10)   | 1,922   |
| Endoscopy  | 1,323                                     | (20)   | 1,343   |
| Peripheral Interventions                                 | 850                                       | (11)   | 861   |
| Urology/Women's Health                                   | 535                                       | (7)  | 542   |
| Neuromodulation  | 472                                       | (2)  | 474   |
| Electrophysiology  | 227                                       | (1)  | 228   |
| <b>Subtotal Core Businesses</b>                          | <b>\$7,376</b>                            | <b>\$(86)</b>  | <b>\$7,462</b>  |
| Divested Businesses                                      | 4   |  | 4   |
| <b>Worldwide Net Sales</b>                               | <b>\$7,380</b>                            | <b>\$(86)</b>  | <b>\$7,466</b>  |
| Less: Revenue of Acquired Business (constant currency)   |   |  | 37  |
| <b>SFX Net Sales (less revenue of acquired business)</b> |   |  | <b>\$7,429</b>  |

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The following is a reconciliation of net income (loss) and earnings (loss) per share prepared in accordance with GAAP to adjusted net income and adjusted earnings per share (adjusted EPS) as used in our 2014 Annual Bonus Plan:

| in millions, except per share data                        | 2014                    |   |
|---|-------------------------|---|
|   | Net<br>Income<br>(Loss) | Earnings<br>(Loss)<br>Per<br>Diluted<br>Share |
| <b>GAAP net (loss) income/net (loss) income per share</b> | <b>\$(119)</b>          | <b>\$(0.09)</b>                               |
| <b>Non-GAAP adjustments:</b>                              |                         |   |
| Intangible asset impairment charges                       | 165                     | 0.12  |
| Acquisition- and divestiture-related net charges          | (34)                    | (0.03)  |
| Restructuring-related charges                             | 90                      | 0.07  |
| Litigation-related charges                                | 659                     | 0.49  |
| Amortization expense                                      | 385                     | 0.29  |
| Discrete tax items  | (17)                    | (0.01)  |
| <b>Adjusted net income/adjusted earnings per share</b>    | <b>\$1,129</b>          | <b>\$0.84</b>                                 |

\* Assumes dilution of 23.7 million shares for the year ended December 31, 2014 for all or a portion of these non-GAAP adjustments.

**Use of Non-GAAP Financial Measures**

To supplement our consolidated financial statements presented on a GAAP basis, we disclose certain non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP. Management uses non-GAAP financial measures to evaluate performance period over period, to analyze the underlying trends in our business, to assess its performance relative to its competitors, to assess its performance relative to our internal financial and operating plans, to execute our capital allocation strategy and/or to establish operational goals and forecasts that are used in allocating resources. In addition, management uses non-GAAP financial measures to further its understanding of the performance of our operating segments.

To describe the relationship between pay and performance, we disclose certain non-GAAP financial measures used as performance metrics under certain of our short- and long-term incentive compensation plans and programs, including SFX net sales, adjusted net income, adjusted EPS and adjusted free cash flow. These non-GAAP financial measures are not prepared in accordance with GAAP.

Adjusted free cash flow as used in our 2014 FCF PSP excludes certain cash items included in cash flow from operating activities (the most-directly comparable GAAP financial measure) and includes certain cash items not included in cash flow from operating activities as these items are highly variable period to period, difficult to predict and/or we believe are not indicative of on-going cash flow from operating activities. Accordingly, management excluded/included these cash items for purposes of reviewing our cash flow performance in calculating this non-GAAP financial measure under our 2014 FCF PSP to facilitate an evaluation of our cash flow performance relative to our internal financial plan in accordance with the program.

SFX net sales as used in our 2014 Annual Bonus Plan excludes (i) the impact of changes in foreign currency exchange rates included in our net sales (the most directly comparable GAAP financial



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measure) as the impact of changes in foreign currency exchange rates is highly variable period to period and difficult to predict and (ii) the impact of constant currency revenue from businesses acquired by the Company in 2014 as the acquisitions were not contemplated when our Board approved the internal financial and operating plans for 2014. Accordingly, management excluded the impact of changes in foreign currency exchange rates, through the use of a standard assumed constant currency rate, and the constant currency revenue from the acquired businesses for purposes of reviewing our sales performance in calculating this non-GAAP financial measure under our 2014 Annual Bonus Plan to facilitate an evaluation of our performance relative to our operating plan in accordance with the Annual Bonus Plan.

Adjusted net income and adjusted EPS exclude certain items included in net income (loss) and earnings (loss) per share (the most-directly comparable GAAP financial measures) as these items are highly variable period to period, difficult to predict, non-operational and/or we believe are not indicative of on-going performance. These amounts are excluded by management in assessing our operating performance, as well as from our operating segments' measures of profit and loss used for making operating decisions and assessing performance. Accordingly, management excluded these items for purposes of reviewing our performance in calculating this non-GAAP financial measure under our 2014 Annual Bonus Plan to facilitate an evaluation of our performance relative to our internal financial plan in accordance with the Annual Bonus Plan.

We believe that presenting the non-GAAP financial measures that are used as performance metrics under certain of our short- and long-term incentive compensation plans and programs, in addition to the corresponding GAAP financial measures, provides investors greater transparency to information relevant to the relationship between pay and performance and allows investors to see our results "through the eyes" of management.











