

THORATEC CORP
Form DEF 14A
March 24, 2015

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

SCHEDULE 14A

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 under §240.14a-12

Thoratec Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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-

March 24, 2015

Dear Shareholder:

You are cordially invited to attend the Thoratec Corporation 2015 Annual Meeting of Shareholders to be held on Tuesday, May 5, 2015 at 8:00 a.m., Pacific Daylight Time, at our executive offices located at 6101 Stoneridge Drive, Pleasanton, California 94588. Details regarding the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. You may vote in person at the meeting or by mail, by telephone or over the Internet. Your vote by written proxy, by telephone or over the Internet will ensure your representation at the Annual Meeting if you cannot attend in person. Please review the instructions on the proxy card regarding your voting options.

Thank you for your ongoing support of Thoratec Corporation.

Very truly yours,

NEIL F. DIMICK
Director and Chairman of the Board

Corporate Headquarters

Thoratec Corporation, 6035 Stoneridge Drive, Pleasanton, CA 94588
Tel 925-847-8600 Fax 925-847-8574 www.thoratec.com

THORATEC CORPORATION

**NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 5, 2015**

To the Shareholders of Thoratec Corporation:

NOTICE IS HEREBY GIVEN, that the 2015 Annual Meeting of Shareholders of Thoratec Corporation, a California corporation ("Thoratec" or the "Company"), will be held on Tuesday, May 5, 2015 at 8:00 a.m., Pacific Daylight Time, at our executive offices located at 6101 Stoneridge Drive, Pleasanton, California 94588 for the following purposes:

To elect eight directors to serve for the ensuing year or until their successors are elected and qualified;

To approve an amendment and restatement of the Thoratec Corporation Amended and Restated 2006 Incentive Stock Plan increasing the number of shares of common stock reserved for issuance thereunder and revising certain provisions thereunder;

To approve an amendment and restatement of the Thoratec Corporation 2002 Employee Stock Purchase Plan increasing the number of shares of common stock reserved for issuance thereunder and revising certain provisions thereunder;

To conduct an advisory vote to approve the compensation of the Company's Named Executive Officers;

To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company for its fiscal year ending January 2, 2016; and

To transact such other business as may properly come before the meeting or any adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only shareholders of record at the close of business on March 13, 2015 are entitled to notice of, to attend and to vote at the meeting and any adjournments thereof. All shareholders are cordially invited to attend the meeting in person. Any shareholder attending the meeting may vote in person even if such shareholder previously signed and returned a proxy. If you own shares through a broker, and you wish to attend and vote in person at the meeting, you must obtain from your broker a proxy issued in your name.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2015 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 5, 2015.

The Proxy Statement, the Proxy Card, and the Annual Report to Shareholders are available at <http://phx.corporate-ir.net/phoenix.zhtml?c=95989&p=proxy>.

For the Board of Directors,

DAVID A. LEHMAN

Senior Vice President, General Counsel and Secretary

Pleasanton, California
March 24, 2015

IMPORTANT: WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED POSTAGE PAID ENVELOPE OR VOTE BY TELEPHONE OR THROUGH THE INTERNET ACCORDING TO THE INSTRUCTIONS INCLUDED WITH THE PROXY CARD.

THORATEC CORPORATION

PROXY STATEMENT FOR 2015 ANNUAL MEETING OF SHAREHOLDERS

INFORMATION CONCERNING SOLICITATION AND VOTING

The Board of Directors of Thoratec Corporation, a California corporation ("Thoratec" or the "Company"), is furnishing this Proxy Statement to you in connection with our solicitation of proxies to be used at our 2015 Annual Meeting of Shareholders to be held on Tuesday, May 5, 2015 at 8:00 a.m., Pacific Daylight Time, or at any adjournments or postponements thereof (the "Annual Meeting"), for the purposes set forth in this Proxy Statement and in the accompanying Notice of 2015 Annual Meeting of Shareholders. The Annual Meeting will be held at our principal executive offices located at 6101 Stoneridge Drive, Pleasanton, California 94588. The telephone number at that address is (925) 847-8600.

We have elected to use the Internet as the primary means of providing our proxy materials for the Annual Meeting to shareholders. Consequently, we will send to most shareholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials, including this Proxy Statement and our Annual Report for the year ended January 3, 2015 (the "Annual Report"), and for voting by mail, by telephone, over the Internet or in person. All shareholders who do not receive the Notice of Internet Availability of Proxy Materials will receive a paper copy of the proxy materials by mail. The Notice of Internet Availability of Proxy Materials also provides information on how shareholders may obtain paper copies of our proxy materials free of charge, if they so choose. The electronic delivery of our proxy materials will significantly reduce our printing and mailing costs and the environmental impact of the proxy materials.

The date of this Proxy Statement is March 24, 2015. For those shareholders receiving paper copies of proxy materials, we intend to mail this Proxy Statement and the accompanying Proxy Card, Notice of 2015 Annual Meeting of Shareholders and Annual Report on or about March 24, 2015 to shareholders entitled to vote at the Annual Meeting. For those shareholders receiving a Notice of Internet Availability of Proxy Materials, we intend to mail the Notice of Internet Availability of Proxy Materials on or about March 24, 2015 to shareholders entitled to vote at the Annual Meeting.

Record Date and Shares Outstanding

Shareholders of record at the close of business on March 13, 2015 (the "Record Date"), are entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, 54,241,096 shares of the Company's common stock ("Common Stock") were outstanding. The Company's Common Stock is listed on the NASDAQ Global Select Market.

Voting

Every shareholder voting for the election of directors may exercise cumulative voting rights and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares held of record on the Record Date are entitled or, alternatively, distribute such shareholder's votes on the same principle among as many candidates as the shareholder may select, provided that votes cannot be cast for more than eight candidates. However, no shareholder will be entitled to cumulate votes for a candidate unless the candidate's name has been placed in nomination prior to the voting and the shareholder, or any other shareholder, has given notice at the meeting prior to the voting of the intention to cumulate votes. On all other matters, each share is entitled to one vote on each proposal that properly comes before the Annual Meeting.

Methods of Voting

You may vote by mail, by telephone, over the Internet or in person at the meeting.

Voting by Mail. To vote by mail, if you received or choose to receive the proxy card by mail, you may sign and return the proxy card in the prepaid and addressed envelope provided with the proxy card. By signing and returning the proxy card, you are authorizing individuals named on the proxy card (known as "proxies") to vote your shares at the meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the meeting, as it ensures your shares will be voted if you are unable to attend the meeting. If you received more than one proxy card, it is an indication that your shares are held in multiple accounts. Please sign and return all proxy cards to ensure that all of your shares are voted.

Voting by Telephone. To vote by telephone, please follow the instructions included with your proxy card or the Notice of Internet Availability of Proxy Materials. If you vote by telephone, you do not need to complete and mail your proxy card.

Voting over the Internet. To vote over the Internet, please follow the instructions included with your proxy card or the Notice of Internet Availability of Proxy Materials. If you vote over the Internet, you do not need to complete and mail your proxy card.

Voting in Person. If you plan to attend the meeting and vote in person, we will provide you with a ballot at the meeting. If your shares are registered directly in your name, that is, you hold a share certificate, you are considered the shareholder of record and you have the right to vote in person at the meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in street name. As a beneficial owner, if you wish to vote at the meeting, you will need to bring with you to the meeting a legal proxy from your broker or other nominee authorizing you to vote such shares. Contact your broker or other record holder of the shares for assistance if this applies to you.

Quorum; Abstentions; Broker Non-Votes

The presence in person or by proxy of a majority of the shares of Common Stock outstanding and entitled to vote on the Record Date is required for a quorum at the Annual Meeting. Both abstentions and broker non-votes are counted as present for purposes of determining the presence of a quorum, but broker non-votes will not be counted towards the tabulation of votes cast on proposals presented to shareholders.

"Broker non-votes" include shares for which a bank, broker or other nominee (i.e., record) holder has not received voting instructions from the beneficial owner and for which the nominee holder does not have discretionary power to vote on a particular matter. Under the rules that govern brokers who are record owners of shares that are held in brokerage accounts for the beneficial owners of the shares, brokers who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on routine matters but have no discretion to vote the uninstructed shares on non-routine matters. Therefore, broker non-votes may exist in connection with non-routine matters, while no broker non-votes are expected in connection with routine matters. The proposals to be voted on at the Annual Meeting include both routine matters, such as the ratification of our independent auditors, and non-routine matters, such as the election of directors, the approval of the proposal regarding an amendment and restatement of the Thoratec Corporation Amended and Restated 2006 Incentive Stock Plan, the approval of the proposal regarding an amendment and restatement of the Thoratec Corporation 2002 Employee Stock Purchase Plan, and the advisory vote to approve the compensation of our Named Executive Officers.

Vote Required

The election of directors at the Annual Meeting requires the affirmative vote of a plurality of the votes cast at the Annual Meeting.

Each other item to be voted on at the Annual Meeting requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

All votes will be tabulated by the inspector of elections appointed for the Annual Meeting. The inspector of elections will separately tabulate affirmative and negative votes, abstentions and broker non-votes. David A. Lehman, Senior Vice President, General Counsel and Secretary of the Company, has been appointed as the inspector of elections for the Annual Meeting.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to our Corporate Secretary a written notice of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. Your presence at the Annual Meeting will not in and of itself be sufficient to revoke your proxy.

Solicitation of Proxies

The cost of soliciting proxies in connection with this Proxy Statement has been or will be borne by us. In addition to solicitation by mail, we may request that banks, brokers and other custodians, nominees and fiduciaries send Proxy Statements to the beneficial owners of Common Stock. We may reimburse these banks, brokers and other custodians, nominees, fiduciaries and other persons representing beneficial owners of Common Stock for their expenses in forwarding solicitation material to such beneficial owners. Some of our directors, officers and other employees may, without additional compensation, solicit proxies personally, or by telephone, facsimile or e-mail. We have also engaged MacKenzie Partners, Inc., an outside proxy solicitor, to assist us in soliciting proxies in conjunction with the Annual Meeting. We estimate the cost of the outside proxy solicitation services will be approximately \$10,000.

Availability of Proxy Materials

This Proxy Statement, our Annual Report, and the form of Proxy Card are available on the Internet at <http://phx.corporate-ir.net/phoenix.zhtml?c=95989&p=proxy>. Each of these documents can be viewed online or printed and will remain available through the conclusion of the Annual Meeting.

Householding of Annual Disclosure Documents

The Securities and Exchange Commission (the "SEC") has approved a rule governing the delivery of annual disclosure documents. This rule allows us to send a single set of our Annual Report and Proxy Statement, or Notice of Internet Availability of Proxy Materials, as applicable, to any household at which two or more Thoratec shareholders reside if we believe that the shareholders are members of the same family. Some banks, brokers and other intermediaries may be participating in this practice of "householding" proxy statements, annual reports and notices of Internet availability of proxy materials. If you and others who share your mailing address own Common Stock in street name, meaning through bank or brokerage accounts, you may have received a notice that your household will receive only one annual report and proxy statement, or notice of Internet availability of proxy materials, as applicable, from each company whose stock is held in such accounts. Unless you responded that you did not want to participate in householding, a single copy of this Proxy Statement and the 2014 Annual Report, or Notice of Internet Availability of Proxy Materials, as applicable, have been sent to your address. This rule benefits both our shareholders and us. It reduces the volume of duplicate information received at

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a shareholder's house and helps reduce our expenses. Each shareholder that receives proxy materials by mail, however, will continue to receive individual proxy cards or voting instruction forms.

If your household has previously received a single set of disclosure documents, but you would prefer to receive your own copy this year or in future years, you should contact your bank, broker or other nominee record holder. We will also deliver a separate copy of our Annual Report, Proxy Statement or Notice of Internet Availability of Proxy Materials to any shareholder upon either written request to Thoratec Corporation, 6035 Stoneridge Drive, Pleasanton, California 94588, Attention: Corporate Secretary, or upon oral request by calling (925) 847-8600. Similarly, if you share an address with another Thoratec shareholder and together both of you wish to receive only a single set of our annual disclosure documents, please follow the same instructions. In addition, copies of our SEC filings and certain other submissions are made available free of charge on the Investors page of our website at www.thoratec.com as soon as practicable after electronically filing or furnishing these documents with the SEC.

BOARD OF DIRECTORS STRUCTURE AND COMPENSATION

Structure and Committees

The current members of our Board of Directors (the "Board") are D. Keith Grossman, J. Daniel Cole, Steven H. Collis, Neil F. Dimick, William A. Hawkins, III, Paul A. LaViolette, Martha H. Marsh and Todd C. Schermerhorn. Mr. Dimick serves as Chairman of the Board. Daniel M. Mulvena was a member of the Board until the 2014 Annual Meeting of Shareholders, at which time he did not stand for re-election. Gerhard F. Burbach was our President and Chief Executive Officer and a member of the Board until September 22, 2014, at which time he resigned from Thoratec and his position on the Board. The Board held a total of thirteen meetings during our 2014 fiscal year, which ended on January 3, 2015. During the 2014 fiscal year, the Board had an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee, each of which held the number of meetings described below. Each director attended at least 75% of the aggregate number of meetings of the Board and the committees on which he or she served. While the Company encourages all members of the Board to attend the annual meetings of shareholders, there is no formal policy as to their attendance at annual meetings. All sitting members of the Board attended the 2014 Annual Meeting of Shareholders, other than Mr. Mulvena who did not stand for reelection at the 2014 Annual Meeting of Shareholders.

The Board has determined that each of the current directors standing for re-election is an independent director, as defined by The Nasdaq Stock Market, Inc. ("NASDAQ") corporate governance listing standards and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except for D. Keith Grossman, who serves as our President and Chief Executive Officer. The Board annually evaluates the independence of its members. A director will not qualify as independent unless the Board affirmatively determines that the director has no material relationship with the Company. In making its determination, the Board considers business and other applicable relationships in accordance with the director independence standards of NASDAQ and the Exchange Act, as currently in effect. The Board has also determined that all members of the Board's committees are independent of the Company and its subsidiaries under the director independence standards of NASDAQ and the Exchange Act, including the additional independence standards for audit committee and compensation committee members in the case of the committee members. In addition, our independent directors meet in regularly scheduled executive sessions throughout the year.

Board Leadership Structure

The Board does not have a policy on whether the same person should serve as both the chief executive officer and chairman of the board or, if the roles are separate, whether the chairman should be selected from the non-employee directors or should be an employee. The Board believes that it should have the flexibility to make these determinations at any given point in time in the way that it believes best to provide appropriate leadership for the Company at that time. Over its history, the Company has had both a combined chairman and chief executive officer (1976 to 1994) and a separate non-employee chairman and chief executive officer (1995 to present). The Board believes that its current leadership structure, with Mr. Dimick serving as Chairman of the Board and Mr. Grossman serving as Chief Executive Officer, is in the best interest of shareholders at this time. The current structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board.

Board Role in Risk Oversight

The Board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational,

financial, legal, regulatory and strategic risks. The full Board (or the appropriate committee, in the case of risks that are under the purview of a particular committee) receives these reports from the executive responsible for the appropriate subject area within the organization to enable it to understand our risk identification, risk management and risk mitigation strategies and activities. When a committee receives the report, the chairperson of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

The Compensation Committee oversees risk management as it relates to our compensation plans, policies and practices in connection with structuring our executive and non-executive compensation programs. The Compensation Committee retained Radford, an Aon Hewitt Company ("Radford"), an independent compensation consultant, to prepare an analysis regarding whether our compensation plans, policies and practices create risks that are reasonably likely to have a material adverse effect on Thoratec. Radford was engaged by, reported to, and was accountable to the Compensation Committee. The Compensation Committee, relying in part on the Radford analysis, reviewed the elements of our compensation programs and believes that risks arising from our compensation plans, policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company. In addition, the Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks.

This Proxy Statement, including the preceding paragraph, contains "forward-looking statements" (as defined in the Private Securities Litigation Reform Act of 1995). These statements are based on our current expectations and involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding actions to be taken by us. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements contained in this Proxy Statement should be considered in light of the many uncertainties that affect our business and specifically those factors discussed from time to time in our public reports filed with the SEC, such as those discussed under the heading, "Risk Factors," in our most recent annual report on Form 10-K, and as may be updated in subsequent SEC filings.

Audit Committee

Our Audit Committee met nine times during fiscal 2014. The current members of this committee are Messrs. Dimick and Schermerhorn and Ms. Marsh, with Mr. Schermerhorn serving as Chairman. Mr. Cole served as a member of this committee until the 2014 Annual Meeting of Shareholders, at which time Ms. Marsh joined this committee. This committee operates under a written charter adopted by our Board. The Audit Committee reviews and reassesses the charter at least annually, and the charter was last amended in August 2013. The Audit Committee charter is available on the Investors page of our website at www.thoratec.com.

The Board has determined that two members of the Audit Committee, Messrs. Dimick and Schermerhorn, are "audit committee financial experts," as that term is defined under Section 407 of the Sarbanes-Oxley Act of 2002 and the rules promulgated by the SEC in furtherance of Section 407. As described above, Messrs. Dimick and Schermerhorn and Ms. Marsh are independent directors. The purposes of our Audit Committee include:

Overseeing our accounting and financial reporting process;

Overseeing the audits of our financial statements;

Overseeing our relationship with our independent auditors; and

Overseeing our system of internal controls.

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In discharging its duties, our Audit Committee, among its other duties:

Recommends to the Board the selection of the independent auditors and their compensation, evaluates the independent auditors and, where appropriate, recommends the replacement of the independent auditors;

Meets with management and the independent auditors to review and discuss the annual financial statements and the report of the independent auditors thereon and, to the extent that management or the independent auditors bring any such matters to the attention of the Audit Committee, to discuss significant issues encountered in the course of the audit work, if any, such as restrictions on the scope of activities or access to required information;

Meets with management and the independent auditors to review and discuss the quarterly financial statements and review quarterly earnings press releases;

Reviews significant changes to our accounting principles and practices proposed by the independent auditors or management;

Meets quarterly with management and the independent auditors to review and discuss reports on the adequacy and effectiveness of our internal controls;

Discusses with management the Company's policies with respect to financial risk assessment and financial risk management, the Company's significant financial risk exposures, other risk exposures the review of which the Board has delegated to the Audit Committee, and the actions management has taken to manage such exposures;

Establishes and oversees a procedure for receipt, retention and treatment of any complaints received by the Company about its accounting, internal accounting controls or auditing matters and for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and

Reviews and approves all related party transactions, as defined in the Company's related party transaction policy, as discussed below under the heading "Certain Transactions."

See "Report of the Audit Committee of the Board of Directors" below for more information.

Compensation Committee

Our Compensation Committee met eight times during fiscal 2014. The current members of the Compensation Committee are Messrs. Collis, Hawkins, and LaViolette, with Mr. LaViolette serving as Chairman. Mr. Mulvena served as a member of this committee until the 2014 Annual Meeting of Shareholders. The Compensation Committee operates under a written charter adopted by our Board, which was most recently amended in March 2014. The Compensation Committee charter is available on the Investors page of our website at www.thoratec.com. As described above, all members of the Compensation Committee are independent directors, including under NASDAQ Rule 5605(d)(2)(A). In addition, all Compensation Committee members are "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), to allow the Company a tax deduction for certain employee compensation exceeding \$1,000,000 for an individual. All Compensation Committee members are also "non-employee directors" within the meaning of Exchange Act Rule 16b-3 to exempt certain option grants and similar transactions from the short-swing profits prohibition of Section 16 of the Exchange Act. Our Compensation Committee:

Reviews compensation and benefits for our employees generally and for our senior executives specifically, determines whether to approve and/or modify the chief executive officer's recommendations for compensation of senior executives other than the chief executive officer

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and makes recommendations to the full Board regarding compensation of the chief executive officer; and

Has authority to grant equity-based awards under the Thoratec Corporation Amended and Restated 2006 Incentive Stock Plan (the "2006 Plan") to officers, other than the chief executive officer, employees and consultants.

Among the Compensation Committee's duties and responsibilities set forth in its charter, the Compensation Committee has direct responsibility for and authority to:

Review and approve corporate goals and objectives relevant to chief executive officer compensation, evaluate the chief executive officer's performance in light of those goals and objectives, and recommend the chief executive officer's compensation to the Board based on this evaluation;

Develop, review and approve compensation policies and practices applicable to the Company's officers who are deemed to be "executive officers" of the Company for SEC reporting purposes, including the criteria upon which executive compensation is based, the specific relationship of corporate performance to executive compensation and the composition of benefits;

Make recommendations to the Board with respect to the Company's incentive compensation and equity-based compensation plans;

Review the compensation and benefits offered to non-employee directors and recommend changes to the Board as appropriate;

Review whether the Company's compensation policies and practices encourage unnecessary or excessive risk taking, and evaluate whether the financial incentives and risks relating to such policies and practices are appropriate; and

Administer and evaluate the Company's incentive, equity-based and other executive compensation programs, including approving guidelines, making grants and awards and establishing annual award levels for employee stock options, units, restricted shares and other incentive and equity-based awards under such programs, interpreting and promulgating rules relating to the plans, modifying or canceling grants or awards, designating eligible participants and imposing limitations and conditions on grants or awards.

As set forth in the Compensation Committee's charter, the Compensation Committee has the authority to delegate such of its authority and responsibilities as the Compensation Committee deems proper to members of the Compensation Committee or a subcommittee.

For each executive officer other than the chief executive officer, the chief executive officer makes recommendations to the Compensation Committee for annual adjustments to compensation levels and short-term and long-term incentive compensation components, based upon his assessment of each executive officer's performance, retention risks, potential within the organization and the results of market studies, as described in the "Compensation Discussion and Analysis" section of this Proxy Statement. The Compensation Committee reviews with the chief executive officer these assessments and recommendations and determines whether or not to approve and/or modify his recommendations.

Consistent with prior years, the Compensation Committee retained Radford, an independent compensation consultant. The Compensation Committee requested Radford to prepare competitive market studies as to, and advise the Compensation Committee on, both executive and director compensation, including base salary or fees, cash incentive compensation, and long-term equity incentive compensation for 2014. Radford was engaged by, reported to, and was accountable to the Compensation Committee, and Radford was not allowed to conduct any other work for Thoratec without the authorization of the Compensation Committee. In 2014, Thoratec subscribed to Radford's

survey database for industry-based global compensation and benefits information. In accordance with applicable SEC and NASDAQ rules, the Compensation Committee has undertaken an evaluation of Radford's independence, including a review of these engagements, and determined that Radford does not have any business or personal relationship with Thoratec, its subsidiaries, its executives or members the Compensation Committee that raises any conflicts of interest with its selection as an independent compensation consultant to the Compensation Committee.

See the discussion in the "Compensation Discussion and Analysis" section of this Proxy Statement, including the Competitive Market Analysis section, for a full discussion regarding processes and procedures for the determination of executive compensation.

Compensation Committee Interlocks and Insider Participation

During fiscal 2014, none of our executive officers served on the board of directors or compensation committee of another company that had an executive officer serve on our Board or our Compensation Committee. In addition, none of the members of our Compensation Committee was an officer or employee of Thoratec or any of its subsidiaries during fiscal 2014 or was formerly an officer of Thoratec or any of its subsidiaries at any time in the past.

Corporate Governance and Nominating Committee

Our Corporate Governance and Nominating Committee met six times during fiscal 2014. The current members of this committee are Messrs. Cole, Collis and Dimick, with Mr. Collis serving as Chairman. This committee operates under a written charter adopted by our Board, which was last amended in May 2007. The Corporate Governance and Nominating Committee charter is available on the Investors page of our website at www.thoratec.com. The purposes of the Corporate Governance and Nominating Committee are to:

Identify and approve individuals qualified to serve as members of the Board;

Select director nominees for the next annual meeting of shareholders;

Review laws, rules and regulations regarding corporate governance and make appropriate recommendations to the Board;
and

Provide oversight with respect to corporate governance and ethical conduct.

Board Compensation

Directors who are employed by Thoratec do not receive additional compensation for serving on the Board or its committees. The following table sets forth the compensation earned by Thoratec's non-employee directors for their service on the Board in 2014.

2014 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (1)(2) (\$)	Total (\$)
J. Daniel Cole	60,000	175,004	235,004
Steven H. Collis	67,500	175,004	242,504
Neil F. Dimick	117,500	175,004	292,504
William A. Hawkins	57,500	175,004	232,504
Paul A. LaViolette.	65,000	175,004	240,004
Martha H. Marsh	45,000	250,028	295,028
Daniel M. Mulvena(3)	28,750	0	28,750
Todd C. Schermerhorn	70,000	175,004	245,004

- (1) Stock awards consisted of an automatic annual grant of 5,505 restricted stock units made on May 21, 2014 to each non-employee director other than Ms. Marsh and Mr. Mulvena, and, in the case of Ms. Marsh, an initial grant of 7,865 restricted stock units made on May 21, 2014. Amounts shown do not reflect compensation actually received by the director. Instead, the amounts shown reflect the grant date fair value of the restricted stock units computed in accordance with FASB ASC Topic 718. The assumptions made in the valuation of such restricted stock units are set forth under Note 9 of the Notes to Consolidated Financial Statements in Thoratec's Annual Report on Form 10-K for the year ended January 3, 2015.
- (2) As of January 3, 2015, none of the non-employee directors held outstanding options, and Messrs. Cole, Collis, Dimick, and LaViolette each held 9,567 restricted stock units, and Messrs. Hawkins and Schermerhorn and Ms. Marsh held 10,156, 11,559 and 7,865 restricted stock units, respectively. As of January 3, 2015, Mr. Mulvena did not hold any outstanding options or restricted stock units.
- (3) Mr. Mulvena did not stand for re-election at the 2014 Annual Meeting of Shareholders, and as such did not receive a grant of restricted stock units in 2014. In recognition of Mr. Mulvena's long-standing service on the Board, the Board accelerated vesting with respect to 12,381 restricted stock units.

Narrative Disclosure to Director Compensation Table

Pursuant to our non-employee director compensation program, all non-employee directors receive a \$50,000 annual retainer. Each member of the Audit Committee, other than the Chairperson, receives an additional \$10,000 annual retainer. Each member of the Compensation Committee, other than the Chairperson, receives an additional \$7,500 annual retainer. Each member of the Corporate Governance and Nominating Committee, other than the Chairperson, receives an additional \$5,000 annual retainer. In addition to the annual Board retainer, the Chairperson of the Board receives a \$50,000 annual retainer. In lieu of the annual Audit Committee retainer, the Chairperson of the Audit Committee receives an additional \$20,000 annual retainer; in lieu of the annual Compensation Committee retainer, the Chairperson of the Compensation Committee receives an additional \$15,000 annual retainer; and in lieu of the Corporate Governance and Nominating Committee retainer, the Chairperson of the Corporate Governance and Nominating Committee receives an additional \$10,000 annual retainer. All retainers are paid in cash on a quarterly basis in arrears.

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Non-employee directors are eligible to participate in the 2006 Plan. The 2006 Plan provides that in addition to any other discretionary awards that non-employee directors may be granted, non-employee directors will automatically be granted restricted stock units, as follows:

Initial grant of restricted stock units for that number of units calculated by dividing \$250,000 by the per share closing trading price of our Common Stock on the date of grant ("Initial Grant") upon commencing service on the Board. Such units will vest in four equal annual installments beginning on the first anniversary of the grant date, subject to continued service.

Annual grant of restricted stock units for that number of units calculated by dividing \$175,000 by the per share closing trading price of our Common Stock on the date of grant ("Annual Grant"). Prior to the grants made in the 2013 fiscal year, such units vested in four equal annual installments beginning on the first anniversary of the grant date, subject to continued service. Effective as of the 2013 fiscal year, such units fully vest on the first anniversary of the grant date, subject to continued service. The Annual Grant is granted immediately following the annual meeting of the Company's shareholders to each non-employee director provided they have served on the Board for at least three months prior to the date of the annual meeting.

The Initial Grant and Annual Grants are made at no cost to the non-employee directors. Each of the non-employee directors who served on the Board in 2014, other than Ms. Marsh and Mr. Mulvena, received an Annual Grant of 5,505 restricted stock units on May 21, 2014. Ms. Marsh received an Initial Grant of 7,865 restricted stock units on May 21, 2014.

Board Equity Ownership Guidelines

In 2010, the Board adopted equity ownership guidelines that provide that, effective as of the 2011 fiscal year, the Board is subject to guidelines whereby (i) the aggregate value of the total shares of Company stock held by each member of the Board shall be at least five (5) times the annual base cash compensation for members of the Board, (ii) all members of the Board will have five (5) years from January 1, 2011 to become compliant with the equity ownership guidelines, and (iii) newly elected or appointed members of the Board will have five (5) years from the effective date they join the Board to become compliant with the equity ownership guidelines.

CODE OF ETHICS AND CORPORATE GOVERNANCE

We have adopted a Code of Ethics that applies to all of our directors, officers and employees, and which meets the requirements of Item 406 of Regulation S-K of the Exchange Act. Our Code of Ethics is available on the Investors page on our website at www.thoratec.com, under "Investors Corporate Governance." The code covers topics including, but not limited to, potential conflicts of interest, compliance with applicable governmental laws, rules and regulations and the reporting of violations of the code. Any amendments to the Code of Ethics will be posted on our website. The Board has the sole authority to approve any waiver of the Code of Ethics relating to the activities of any of our senior financial officers, other executive officers and directors. Any waiver of the Code of Ethics for these individuals will be disclosed promptly on Form 8-K or any other means approved by applicable SEC rules and NASDAQ listing standards.

We have also adopted Corporate Governance Guidelines that provide guidelines for the conduct and operation of the Board, including the composition and selection of members of the Board, role of the Board, orientation and education of directors, conduct of Board meetings, structure and conduct of Board committees, and Board interaction with management, advisors, investors and shareholders. Our Corporate Governance Guidelines are available on the Investors page on our website at www.thoratec.com, under "Investors Corporate Governance."

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For information on our corporate governance practices in addition to our Code of Ethics and Corporate Governance Guidelines, including the Company's Compliance Program, the charters approved by the Board for the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee, and the Audit Committee Complaint Procedures, please visit the Investors page on our website at www.thoratec.com, under "Investors Corporate Governance."

DIRECTOR NOMINATIONS

Criteria for Nomination to the Board

The Corporate Governance and Nominating Committee considers the appropriate balance of experience, skills and personal characteristics required of Board members, and seeks to ensure that at least a majority of the directors are independent under the rules of NASDAQ, that members of the Company's Compensation Committee meet the additional standards for independence under NASDAQ rules, and that members of the Company's Audit Committee meet the additional standards for independence and financial literacy and other requirements under NASDAQ and SEC rules. While the Corporate Governance and Nominating Committee has not established specific minimum qualifications for director candidates, nominees for director are selected on the basis of their depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, willingness to devote adequate time to Board duties, the interplay of the candidate's experience and skills with those of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

Shareholder Recommendations for Director Candidates

The Corporate Governance and Nominating Committee will consider written recommendations for director candidates from shareholders. Any such recommendations should be submitted to the Corporate Governance and Nominating Committee, c/o the Corporate Secretary of the Company, and should include the following information: (a) all information relating to the candidate that is required to be disclosed pursuant to Regulation 14A under the Exchange Act (including the person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) the name(s) and address(es) of the shareholder(s) making the recommendation and the number of shares of Common Stock that are owned beneficially and of record by the shareholder(s); and (c) appropriate biographical information and a statement as to the qualifications of the candidate.

Alternatively, shareholders intending to appear at an annual meeting of shareholders in order to nominate a candidate for election by the shareholders at the meeting (in cases where the Board does not intend to nominate the candidate or where the Corporate Governance and Nominating Committee was not requested to consider the candidate) must comply with the procedures in Sections 4(e) and (f) of the Company's By-Laws. Shareholders can obtain a copy of the Company's By-Laws, without charge, by writing to our Corporate Secretary. Under the Company's By-Laws, and as described under "Deadline for Receipt of Shareholder Proposals" below, written notice of a nomination must be received by our Corporate Secretary no earlier than January 6, 2016 and no later than February 5, 2016 in order to be considered at the 2016 annual meeting of shareholders.

Process for Identifying and Evaluating Director Candidates

The process for identifying and evaluating candidates for the Board is initiated by identifying a slate of candidates who meet the criteria for selection as nominees and have the specific qualities or skills being sought based on input from members of the Board and, if the Corporate Governance and Nominating Committee deems appropriate, a third-party search firm. These candidates are evaluated by the Corporate Governance and Nominating Committee by reviewing the candidates' biographical information and qualifications and by checking the candidates' references. Qualified nominees are

interviewed by at least one member of the Corporate Governance and Nominating Committee. All members of the Board are given the opportunity to meet with candidates recommended by the Corporate Governance and Nominating Committee, and based on input from such interviews and the information obtained by the Corporate Governance and Nominating Committee, the Corporate Governance and Nominating Committee evaluates which of the prospective candidates are qualified to serve as directors and whether the Corporate Governance and Nominating Committee should recommend to the Board that the Board nominate, or elect to fill a vacancy with, these final prospective candidates. Candidates recommended by the Corporate Governance and Nominating Committee are presented to the Board for selection as nominees to be presented for election by the shareholders or to fill a vacancy.

The Corporate Governance and Nominating Committee evaluates shareholder-recommended candidates using the same process and the same criteria it uses to evaluate candidates from other sources.

Board Nominees for the Annual Meeting

Ms. Marsh and Messrs. Grossman, Cole, Collis, Dimick, Hawkins, LaViolette, and Schermerhorn, who are all current members of the Board, are the directors standing for re-election at the Annual Meeting.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders may communicate directly with the Board by sending a certified or registered letter to any individual director, group of directors or Board committee c/o the Corporate Secretary of the Company, at the Company's main business address set forth above or by sending an email to any of the same individuals or groups at board@thoratec.com. The Corporate Secretary will review the correspondence and forward it to the individual director, group of directors or committee of the Board to whom the communication is directed, as applicable, if the communication is relevant to Thoratec's business and financial operations, policies or corporate philosophy. Communications that are threatening, illegal or similarly inappropriate, and advertisements, solicitations for periodical or other subscriptions, and other similar communications generally will not be forwarded to any director or group of directors.

PROPOSAL ONE

ELECTION OF DIRECTORS

Nominees

A board of eight directors is to be elected at the Annual Meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the eight nominees named below, each of whom is presently serving as director. If additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them in accordance with cumulative voting to elect as many of the nominees listed below as possible. In such event, the proxy holders will determine the specific nominees for whom such votes will be cumulated. The term of office for each person elected as a director will continue until the next annual meeting of shareholders or until the successor to such person has been elected and qualified. We do not expect that any nominee will be unable or will decline to serve as a director.

The following table provides information concerning our director nominees:

Name of Nominee	Age	Position with Our Company	Director Since
Neil F. Dimick	65	Director and Chairman of the Board	2003
D. Keith Grossman	54	Director, President and Chief Executive Officer	1996
J. Daniel Cole	68	Director	1997
Steven H. Collis	53	Director	2008
William A. Hawkins, III	61	Director	2012
Paul A. LaViolette	57	Director	2009
Martha H. Marsh	66	Director	2014
Todd C. Schermerhorn	54	Director	2013

The principal occupations, positions and directorships for at least the past five years of our director nominees, as well as certain information regarding their individual experience, qualifications, attributes and skills that led our Corporate Governance and Nominating Committee and Board to conclude that they should serve on the Board, are described below. In addition to the information presented below, we also believe that all of our director nominees possess high degrees of integrity and honesty and adhere to the highest ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to the Company and our Board. There are no family relationships among any of our directors or executive officers.

Neil F. Dimick became a director of our Company in October 2003. In May 2007, Mr. Dimick became Chairman of the Board. Mr. Dimick was Executive Vice President and Chief Financial Officer of AmerisourceBergen Corporation, a pharmaceutical services company, from August 2001 to May 2002, and served as Senior Executive Vice President and Chief Financial Officer and a director of Bergen Brunswig Corporation, a predecessor to AmerisourceBergen, and was a member of that board's finance, investment and retirement committees for more than five years prior to its merger with AmeriSource Health in 2001. Mr. Dimick also spent eighteen years with the audit firm Deloitte & Touche LLP, where he was an audit partner and national director of the firm's real estate division. Mr. Dimick currently serves as a member of the boards of directors of Alliance Imaging, Inc., Mylan Laboratories, Inc., Resources Connection, Inc. and WebMD Corporation. The Board has nominated Mr. Dimick to serve as a director because of his extensive experience serving on public company boards and board committees, as well as his leadership positions with both a major auditing firm and a pharmaceutical distribution company, resulting in a wealth of knowledge on financial, commercial and industry related matters.

D. Keith Grossman became our President and Chief Executive Officer in September 2014. Mr. Grossman has served as a director of our Company since February 1996. From December 2011

until its sale to Bayer Healthcare in September 2013, Mr. Grossman served as President and Chief Executive Officer and a director of Conceptus, Inc., a women's health medical device company. From September 2007 to December 2011, Mr. Grossman served as a Managing Director with TPG (Texas Pacific Group), a private equity firm, in their healthcare investment team. From January 1996 until January 2006, Mr. Grossman served as our President and Chief Executive Officer. Prior to joining us, Mr. Grossman was a Division President of Major Pharmaceuticals, Inc., a pharmaceutical distributor, from June 1992 to September 1995, at which time it was sold. From July 1988 to June 1992, Mr. Grossman served as the Vice President of Sales and Marketing for Calcitek, Inc., a manufacturer of implantable medical devices and a division of Sulzermedica (formerly Intermedics, Inc.). Prior to 1988, Mr. Grossman held various other sales and marketing management positions within the McGaw Laboratories Division of American Hospital Supply Corporation. Mr. Grossman serves as a member of the board of directors of ZELTIQ Aesthetics, Inc. and has served as a member of the board of directors of Intuitive Surgical, Inc. within the last five years. The Board has nominated Mr. Grossman to serve as a director because of his extensive medical technology industry experience, current and past board positions on both public and private medical technology companies, and related operational, leadership, and market knowledge, including his recent position as the CEO of a publicly listed medical device company, together with his unique perspective on the Company's operations due to his current position as our President and Chief Executive Officer and ten years as our CEO formerly, as well as his eighteen years of experience as a member of our Board.

J. Daniel Cole became a director of our Company in June 1997. Since March 1997, Mr. Cole has been a general partner of the Spray Venture Fund of Boston. Mr. Cole has also been a venture partner at Oxford Bioscience Partners since 2009. Mr. Cole was President and Chief Operating Officer of SciMed Life Systems Corporation, an interventional cardiology products company, from March 1993 to March 1995, and Senior Vice President and Group President of the vascular business of Boston Scientific Corporation, a worldwide developer, manufacturer and marketer of medical devices that are used in a broad range of interventional medical specialties, from March 1995 to March 1997. He also held a number of senior executive positions at Baxter Healthcare Corporation from April 1982 to January 1993, including President of its Edwards Less Invasive Surgery Division and its Critical Care Division. Mr. Cole also serves as a member of the boards of directors of several private companies. The Board has nominated Mr. Cole to serve as a director because of his extensive industry knowledge and experience, including operational, leadership and board experience from his executive positions at major medical technology companies, venture capital partnership positions, and memberships on the boards of various private medical technology companies. Mr. Cole is also particularly qualified because of his deep knowledge of Thoratec and its market due to his nearly nineteen years of service on our Board.

Steven H. Collis became a director of our Company in January 2008. Mr. Collis is currently President and Chief Executive Officer and a member of the board of directors of AmerisourceBergen Corporation, a pharmaceutical services corporation. From November 2010 until June 2011, Mr. Collis served as President and Chief Operating Officer, responsible for all AmerisourceBergen business units, and prior to November 2010 was Executive Vice President of AmerisourceBergen and President of its AmerisourceBergen Drug Company (ABDC). Mr. Collis joined Bergen Brunswig Corporation, a predecessor to AmerisourceBergen, in 1994 as general manager of Alternate Site Distributors, and was named President of its Specialty Group in 1999. He was previously a principal and general manager of Sterling Medical, a national provider and distributor of medical disposable supplies, health management services and continuous quality management programs to the home healthcare market. The Board has nominated Mr. Collis to serve as a director because of the insight, experience and strategic perspective he brings to the Board from his long-term experience in the healthcare industry. Mr. Collis has served in leadership capacities at several healthcare companies, including his current role as the President and Chief Executive Officer and member of the board at one of the world's largest pharmaceutical services companies.

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William A. Hawkins, III became a director of our Company on January 1, 2012. Since October 2011, Mr. Hawkins has served as President and Chief Executive Officer of Immucor, Inc., a manufacturer of automated instrument-reagent systems for the blood transfusion industry, and as a Senior Advisor to TPG Capital. From 2001 to 2011, Mr. Hawkins held a number of senior executive positions at Medtronic, Inc., a medical device manufacturer, including the role of Chairman and Chief Executive Officer. Prior to Medtronic, Mr. Hawkins was the Chief Executive Officer of Novoste Corporation and held leadership positions at American Home Products, Eli Lilly, Johnson & Johnson, and Guidant. Additionally, he has served on a number of corporate and non-profit boards of directors. The Board has nominated Mr. Hawkins to serve as a director because of his leadership roles in the healthcare industry for over three decades, bringing industry knowledge, strategic insight, and depth of experience to the Board, spanning from technology innovation to market development to broader healthcare policy.

Paul A. LaViolette became a director of our Company in May 2009. Mr. LaViolette is Managing Partner & Chief Operating Officer of SV Life Sciences, a venture capital adviser and manager in the life sciences sector, where he was a general partner from January 2011 until December 2013 and a venture partner from December 2008 until December 2010. Mr. LaViolette was Chief Operating Officer of Boston Scientific Corporation, a worldwide developer, manufacturer and marketer of medical devices that are used in a broad range of interventional medical specialties, from 2004 until 2008 and joined Boston Scientific in January 1994. Prior to becoming its Chief Operating Officer, Mr. LaViolette held positions with Boston Scientific as Senior Vice President and Group President, Cardiovascular for Boston Scientific's Scimed, EPT and Target businesses, President of Scimed, Senior Vice President and Group President-Nonvascular Businesses, and President, Boston Scientific International, and Vice President-International. Prior to joining Boston Scientific, he was employed by C.R. Bard, Inc. in various capacities, including President, U.S.C.I. Division, President, U.S.C.I. Angioplasty Division, Vice President and General Manager, U.S.C.I. Angioplasty Division, and Vice President U.S.C.I. Division. Mr. LaViolette serves as a member of the boards of directors of Baxano Surgical, Inc., TransEnterix, Inc. and several private medical technology companies, and formerly served as a member of the board of directors of Conceptus, Inc. The Board has nominated Mr. LaViolette to serve as a director because of his operational, leadership and strategic knowledge and experience from serving in executive positions for major medical technology companies and currently as a venture capitalist focused on life sciences companies. He also has significant health policy experience due to his past participation as a board member and committee chair for the Advanced Medical Technology Association and his current participation as a board member of the Medical Device Manufacturers Association.

Martha H. Marsh became a director of our Company in 2014. Ms. Marsh retired in 2010 as President & Chief Executive Officer of Stanford Hospital & Clinics, a position she had held since 2002. She also served as the Chief Executive Officer of the University of California Davis Medical Center from 1999 to 2002. After beginning her career at Arthur Andersen in 1975, she has served the healthcare industry for more than thirty years in a variety of leadership positions, including as Senior Vice President for Professional Services and Managed Care at the University of Pennsylvania Health System. Ms. Marsh also served on a variety of healthcare boards and committees. She currently serves on the boards of AMN Healthcare Services, Inc. and Owens & Minor Inc. The Board has nominated Ms. Marsh to serve as a director because of her extensive background in and knowledge of the healthcare industry and specifically the healthcare provider marketplace with which we conduct our business. Having served in the lead management position of some of the most prestigious healthcare systems in the United States, she brings unique perspectives on the requirements of and challenges faced by the healthcare provider industry as well as a deep understanding of the entire healthcare marketplace in the United States. Her broad-based background in accounting, finance, operations and management in the context of the healthcare industry brings a multi-disciplinary and highly relevant point of view to our Board in assessing issues and challenges within the healthcare marketplace.

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Todd C. Schermerhorn became a director of our Company in May 2013. Mr. Schermerhorn served as Senior Vice President and Chief Financial Officer of C.R. Bard, Inc. from 2003 until his retirement in August 2012. Mr. Schermerhorn joined Bard in 1985 as a cost analyst and has held various financial positions including Controller of the Vascular Systems Division and Vice President and Controller of the USCI division. In 1996, Mr. Schermerhorn was promoted to Vice President and Group Controller for Bard's Global Cardiology Unit. He was promoted to Vice President and Treasurer in 1998. Mr. Schermerhorn serves as a member of the board of directors of Spectranetics Corporation. The Board has nominated Mr. Schermerhorn to serve as a director because of his experience as a chief financial officer at a large market cap, publicly-held and leading medical device manufacturer, his ability to contribute to our Audit Committee as an SEC "financial expert" and his extensive experience in various capacities within the financial organization of a public company.

Required Vote; Recommendation of the Board

The election of directors at the Annual Meeting requires the affirmative vote of a plurality of the votes cast at the Annual Meeting. The eight nominees receiving the highest number of affirmative votes of the shares present or represented and entitled to vote shall be elected as directors. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum for the transaction of business, but have no further legal effect under California law. Unless marked to the contrary, proxies received will be voted **FOR** the eight nominees as the proxy holders determine in order to elect as many of the eight nominees as possible, whether or not by cumulative voting.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" ELECTION TO THE BOARD
OF EACH OF THE DIRECTOR NOMINEES PROPOSED ABOVE.**

PROPOSAL TWO

APPROVAL OF AMENDED AND RESTATED 2006 INCENTIVE STOCK PLAN

The 2006 Plan was originally approved by the Board on April 19, 2006, which approval and adoption was conditioned on the approval of the shareholders, and approved by the shareholders on May 25, 2006. Amendments to the 2006 Plan were subsequently unanimously approved by the Board on April 7, 2008, March 2, 2010, March 8, 2012 and March 13, 2014 and approved by the shareholders on May 20, 2008, May 19, 2010, May 23, 2012 and May 21, 2014 respectively, and unanimously approved by the Board on March 14, 2015. We are seeking approval from our shareholders of an amended and restated 2006 Plan (the "Restated Plan") providing for an increase in the total number of shares available for issuance under the 2006 Plan. The Restated Plan is intended to amend and restate in its entirety the 2006 Plan. The Board has adopted, subject to shareholder approval, the Restated Plan for the benefit of members of the Board, employees, and consultants.

The Restated Plan is substantially similar to the current 2006 Plan, except that pursuant to the Restated Plan: (i) the total number of shares of Common Stock available for issuance under the 2006 Plan is increased by 1,400,000 shares to a total of 15,750,000 shares; (ii) the maximum number of shares of Common Stock that may be subject to one or more awards granted to any one participant during any calendar year is 1,000,000 and the maximum amount that may be paid in cash to any one participant during any calendar year period will be \$5,000,000; (iii) performance criteria on which pre-established, objective performance goals may be based are specified; (iv) shares tendered or withheld to satisfy tax withholding on an award, other than an option or stock appreciation right, that may be settled in stock (such awards, "Full Value Awards") may again be available for awards under the Restated Plan; (v) we may grant other stock-based and cash-based awards; and (vi) awards granted under the Restated Plan will be subject to the provisions of any claw-back obligation imposed by applicable law or any policy implemented by the Company, to the extent set forth in such policy and/or the applicable award agreement.

The 2006 Plan currently provides for an aggregate of 14,350,000 shares to be issued under the 2006 Plan. As of March 16, 2015, 1,182,184 shares of Common Stock remained available for issuance under the 2006 Plan. The proposed increase in the total number of shares of Common Stock available for issuance under the Restated Plan represents approximately 2.6% of Thoratec's outstanding Common Stock as of March 16, 2015. The purpose of this increase is to secure an adequate number of shares for future awards for the next several years.

Reasons for the Restated Plan

Share Increase

In its determination to approve the Restated Plan, our Board considered advice from Radford, the compensation consultant to the Compensation Committee, and an analysis of certain metrics relating to the Restated Plan. Specifically, the Board considered that:

For fiscal years 2012-2014, our three-year adjusted average net burn rate was 4.1% of the fully diluted Common Stock outstanding.

If we do not increase the shares available for issuance under the Restated Plan, then based on historical usage rates of shares, we would expect to exhaust the share limit under the Restated Plan by March 2016, at which time we would lose an important compensation tool aligned with stockholder interests to attract, motivate and retain highly qualified talent.

At the end of fiscal year 2014, our end of year overhang rate, calculated by dividing (i) the number of shares subject to equity awards outstanding at the end of the fiscal year plus the number of shares remaining available for issuance under our incentive plans by (ii) the number

of our shares outstanding at the end of the fiscal year, was 13.3%. If approved, the issuance of the additional shares to be reserved under the Restated Plan would dilute the holdings of stockholders by an additional 2.6% on a fully diluted basis, based on the number of shares of our Common Stock outstanding as of January 3, 2015. Accordingly, if the Restated Plan is approved, we expect our overhang at the time of the 2015 annual meeting will be approximately 15.9%, which we believe is reasonable.

The Board and the Company believe that approving the Restated Plan, including the increase in authorized shares under the Restated Plan, is necessary to continue to provide us with a flexible range of equity award opportunities to attract, retain and motivate the best available talent for the successful conduct of the Company's business in responding to changing circumstances over time and will serve to align the interests of directors, management and employees with those of our public shareholders.

If this Proposal Two is approved, a maximum of 15,750,000 shares of Common Stock will be reserved for issuance under the Restated Plan. The Board believes this number represents reasonable potential equity dilution and provides a significant incentive for officers, employees, non-employee directors and consultants to increase the value of the Company for all shareholders.

Section 162(m)

In addition to the above, we are asking stockholders to approve the Restated Plan to satisfy the stockholder approval requirements of Section 162(m) of the Code ("Section 162(m)").

In general, Section 162(m) places a limit on the deductibility for federal income tax purposes of the compensation paid to our chief executive officer or any of our three other most highly compensated executive officers (other than our chief financial officer). Under Section 162(m), compensation paid to such persons in excess of \$1 million in a taxable year generally is not deductible. However, compensation that qualifies as "performance-based" under Section 162(m) does not count against the \$1 million deduction limitation. One of the requirements of "performance-based" compensation for purposes of Section 162(m) is that the material terms of the plan under which compensation may be paid be disclosed to and approved by our public stockholders. For purposes of Section 162(m), the material terms include (i) the employees eligible to receive compensation, (ii) a description of the business criteria on which the performance goals may be based and (iii) the maximum amount of compensation that can be paid to an employee under the performance goals. Accordingly, the 2006 Plan has been amended such that the Restated Plan enumerates the business criteria on which the performance goals may be based and implements annual share and cash limits on awards granted under the Restated Plan. Each of these aspects of the Restated Plan is discussed below, and stockholder approval of this Proposal Two will be deemed to constitute approval of the material terms of the Restated Plan for purposes of the stockholder approval requirements of Section 162(m).

Stockholder approval of the material terms of the performance goals of the Restated Plan is only one of several requirements under Section 162(m) that must be satisfied for amounts realized under the Restated Plan to qualify for the "performance-based" compensation exemption under Section 162(m), and submission for stockholder approval of the material terms of the performance goals of the Restated Plan should not be viewed as a guarantee that we will be able to deduct all compensation under the Restated Plan. Nothing in this proposal precludes us or the Compensation Committee from making any payment or granting awards that do not qualify for tax deductibility under Section 162(m).

Shareholder Approval

The Restated Plan was unanimously approved by the Board on March 14, 2015. Unless it is approved by our shareholders, the Restated Plan will not become effective and the 2006 Plan will remain in effect in its current form. If the Restated Plan is approved by our shareholders, then it will

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become effective immediately following the Annual Meeting. The full text of the Restated Plan is included as Appendix A to this Proxy Statement. Below is a summary of certain key provisions of the Restated Plan. The summary is qualified in its entirety by reference to the full text of the Restated Plan.

Shareholder approval of the proposed Restated Plan, as described above, is a critical component of Thoratec's equity compensation policies. The Restated Plan will provide us the ability to continue to use restricted stock units, stock options and performance share units for equity compensation. We believe that a mix of options, restricted stock units and performance share units enhances retention of the key technical and business leaders who are critical to our success and growth.

Key Terms

The following is a summary of the key provisions of the Restated Plan.

Eligible Participants:	Employees, officers, directors, and consultants of the Company
Shares Authorized:	15,750,000 shares of Common Stock
Share Counting	Each share issued after May 19, 2010 as a restricted stock bonus, restricted stock unit, phantom stock unit, performance share bonus, or performance share unit counts against the number of shares available under the Restated Plan as one and seven tenths (1.7) shares. If any award granted under the Restated Plan expires, is cancelled or otherwise terminates without having been exercised or redeemed in full, is reacquired by Thoratec prior to vesting, or is repurchased at cost by Thoratec prior to vesting, then the shares of Common Stock underlying the award will be added back to the share reserve to the extent they originally counted against the reserve. In addition, shares tendered or withheld to satisfy the tax withholding obligation on an award, other than a stock option or stock appreciation right, that may be settled in stock will be added back to the reserve.
Award Limits	The maximum number of shares of Common Stock that may be subject to one or more awards granted to any one participant during any calendar year is 1,000,000 and the maximum amount that may be paid in cash to any one participant during any calendar year period will be \$5,000,000.
Permitted Award Types:	Stock options; restricted stock bonuses; restricted stock purchase rights; restricted stock units; SARs; "stapled" stock option/SARs (each component of such award is exercised to the same degree upon exercise); phantom stock units (payable in cash, stock or a combination); performance share bonuses; performance share units; and other stock-based or cash-based awards.
Vesting:	Options subject to the determination of the Restated Plan administrator (the "Administrator"), provided if vesting is based on service with Thoratec, the option will not fully vest in less than 3 years and if based on performance criteria, the option will not fully vest in less than 1 year.

Restricted stock bonuses 1/4 per year for 4 years, unless otherwise determined by the Administrator, provided if vesting is based on service with Thoratec, the bonus will not fully vest in less than 3 years and if based on performance criteria, the bonus will not fully vest in less than 1 year.

Restricted stock units 1/4 per year for 4 years, unless otherwise determined by the Administrator, provided if vesting is based on service with Thoratec, the bonus will not fully vest in less than 3 years and if based on performance criteria, the bonus will not fully vest in less than 1 year.

Restricted stock bonuses and restricted stock units granted in recognition of an employee's long-term continuous service may vest fully in periods shorter than those described above or may be fully vested upon grant ("Accelerated Vesting Restricted Stock Bonuses") and ("Accelerated Vesting Restricted Stock Units"). No more than an aggregate of five percent (5%) of the initial share reserve and any increase in the share reserve may be granted under Accelerated Vesting Restricted Stock Bonuses and Accelerated Vesting Restricted Stock Units.

All other award types permitted by the Restated Plan vesting is subject to the determination of the Administrator.

Description of the Restated Plan

Eligibility. Employees, officers, directors and consultants are eligible to receive awards under the Restated Plan. As of March 16, 2015, we had approximately 982 employees, officers, directors and consultants who were eligible to receive awards under the Restated Plan, of which five were executive officers, seven were consultants and seven were non-employee directors.

Types of Awards. The types of awards that are available for grant under the Restated Plan (described in detail below) are:

incentive stock options;

non-qualified stock options;

restricted stock bonuses;

restricted stock purchase rights;

stock appreciation rights;

phantom stock units;

restricted stock units;

performance share bonuses;

performance share units; and

other cash-based and stock-based awards.

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Share Reserve. The maximum aggregate number of shares of Common Stock that may be issued pursuant to stock awards under the Restated Plan, will not exceed Fifteen Million, Seven Hundred Fifty Thousand (15,750,000) shares. Each share issued after May 19, 2010, including shares approved by the Restated Plan, as a restricted stock bonus, restricted stock unit, phantom stock unit, performance

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share bonus, or performance share unit counts against the number of shares available under the Restated Plan as one and seven tenths (1.7) shares. Each share issued as a stock option, restricted stock purchase right or stock appreciation right counts against the shares available under the Restated Plan on a share-for-share basis. No more than an aggregate of five percent (5%) of the initial share reserve authorized at the time of the adoption of the Restated Plan and five percent (5%) of any increase in the share reserve as may be approved by the shareholders of the Company from time to time may be granted under Accelerated Vesting Restricted Stock Bonuses and Accelerated Vesting Restricted Stock Units. If any award granted under the Restated Plan:

expires, is cancelled or otherwise terminates without having been exercised or redeemed in full;

is reacquired by Thoratec prior to vesting; or

is repurchased at cost by Thoratec prior to vesting,

then the shares of Common Stock underlying the award will revert or be added to the share reserve and become available for issuance under the Restated Plan. In addition, shares tendered or withheld to satisfy tax withholding on Full Value Awards may again become available for issuance under the Restated Plan. For shares that revert or are added to the share reserve as provided above, the share reserve shall be increased by (i) one and seven tenths (1.7) shares for each share of Common Stock underlying a Full Value Awards and (ii) one (1) share for each share of Common Stock underlying a stock option, restricted stock purchase right or stock appreciation right.

Section 162(m) Limit. Section 162(m) of the Code permits performance-based compensation meeting the requirements established by the Internal Revenue Service ("IRS") to be excluded from the limitation on deductibility of compensation in excess of \$1 million paid to certain specified senior executives. So that awards granted under the Restated Plan may qualify as performance-based compensation for purposes of Section 162(m), under the Restated Plan, the maximum number of shares of Common Stock that may be subject to one or more awards granted to any one participant during any calendar year is 1,000,000 and the maximum amount that may be paid in cash to any one participant during any calendar year period will be \$5,000,000.

Adjustments. The number of shares issued or reserved pursuant to the Restated Plan, the share limits on grants of options and/or stock appreciation rights to a given participant, and the number of shares and exercise or base price for outstanding awards, is subject to adjustment on account of mergers, consolidations, reorganizations, recapitalizations, reincorporations, stock splits, spinoffs, stock dividends, extraordinary dividends and distributions, liquidating dividends, combinations or exchanges of shares, changes in corporate structure or other transactions in which we do not receive any consideration.

Administration of the Restated Plan. As authorized by the Restated Plan, our Board has delegated administration of the Restated Plan to the Compensation Committee, which acts as the Administrator. Unless otherwise determined by the Board, the Administrator will consist solely of two or more Board members who are "outside directors" for purposes of Section 162(m) of the Code and Non-Employee Directors (as defined in Rule 16b-3(b)(3) of the Exchange Act). The Board or the Administrator may delegate to a committee of one or more Board members or one or more Company officers the authority to grant or amend awards under the Restated Plan to participants other than (i) senior Company executives who are subject to Section 16 of the Exchange Act, (ii) employees who are "covered employees" within the meaning of Section 162(m) of Code, and (iii) Company officers or directors to whom the authority to grant or amend awards under the Restated Plan has been delegated. The Compensation Committee has the authority to perform the following actions, among others:

designate participants in the Restated Plan;

determine the type(s), number, terms and conditions of awards, as well as the timing and manner of grant, subject to the terms of the Restated Plan;

interpret the Restated Plan and establish, adopt or revise any rules and regulations to administer the Restated Plan; and

make all other decisions and determinations that may be required under the Restated Plan.

Options. The Restated Plan provides that options must have an exercise price that is at least equal to 100% of the fair market value of our Common Stock on the date the option is granted. To the extent permitted in his or her option agreement and to the extent permitted by law, an option holder may exercise an option by payment of the exercise price in a number of different ways, including: (1) in cash or by check; (2) pursuant to a "same day sale" program; (3) by the surrender of shares of Common Stock already owned by the option holder; (4) by reduction of the number of shares of Common Stock otherwise issuable upon exercise of the option; (5) by reduction of our liability to the option holder; or (6) by some combination of the above. The vesting of options will generally be determined by the Administrator; provided, that if the vesting of an option is based on the option holder's continuous service, such option will not fully vest in less than three years and if based on performance criteria, such option will not fully vest in less than one year. Subject to the provisions of the Restated Plan regarding grants of incentive stock options to ten percent shareholders of the Company, no option will be exercisable after the expiration of ten (10) years from the date it was granted; incentive stock options granted to ten percent shareholders of the Company may not be exercisable after the expiration of five (5) years from the date they were granted.

Restricted Stock Bonuses and Performance Share Bonuses. Restricted stock bonuses and performance share bonuses are grants of Common Stock not requiring any monetary consideration, but subject to restrictions, as determined by the Administrator. Generally, unless the participant's award agreement provides otherwise, the participant may not sell, transfer, or otherwise dispose of the shares issued in the participant's name at the time of grant until those conditions are met. The vesting of restricted stock bonus awards will generally be based on the participant's continuous service; the vesting of performance share bonus awards will be based on the achievement of certain performance criteria, as determined by the Administrator. If the vesting of a restricted stock bonus award is based on the participant's continuous service, such restricted stock bonus will not fully vest in less than three years and if based on performance criteria, such restricted stock bonus will not fully vest in less than one year. A performance share bonus award will not fully vest in less than one year. In the event a participant's continuous service terminates or a participant fails to meet performance criteria, all unvested shares as of the date of termination will be reacquired by us at no cost to us.

Awards to Non-Employee Directors. The Restated Plan provides that the Board may grant stock awards to non-employee directors pursuant to a written non-discretionary formula established by the Compensation Committee, which will set forth the type of stock award(s) to be granted to non-employee directors, the number of shares of Common Stock to be subject to such awards, and the conditions on which such awards shall be granted, become exercisable and/or payable and expire.

Restricted Stock Purchase Rights. Restricted stock purchase rights entitle a participant to purchase shares of Common Stock that are subject to conditions determined by the Administrator. The purchase price will be determined by the Administrator but will be at least 100% of the fair market value of our Common Stock on the date of such award. Generally, unless the participant's award agreement provides otherwise, the participant may not sell, transfer, or otherwise dispose of the shares issued in the participant's name at the time of grant until those restrictive conditions are met. The vesting of restricted stock purchase rights will be determined by the Administrator for each grant. In the event a participant's continuous service terminates, we may repurchase all unvested shares as of the date of

termination at the same price paid to us by the participant. No restricted stock purchase right will be exercisable after the expiration of ten (10) years from the date it was granted.

Stock Appreciation Rights. The Administrator may grant stock appreciation rights independently of or in connection with an option grant. The base price per share of a stock appreciation right will be at least 100% of the fair market value of our Common Stock on the date of grant. Each stock appreciation right will entitle a participant upon redemption to an amount no more than (a) the excess of (1) the fair market value on the redemption date of one share of Common Stock over (2) the base price, times (b) the number of shares of Common Stock covered by the stock appreciation right being redeemed. To the extent a stock appreciation right is granted concurrently with an option grant, the redemption of the stock appreciation right will proportionately reduce the number of shares of Common Stock subject to the concurrently granted option. Payment will be made in shares of Common Stock or in cash, or a combination of both, as determined by the Administrator. No stock appreciation right will be exercisable after the expiration of ten (10) years from the date it was granted.

Phantom Stock Units. A phantom stock unit is the right to receive the value of one share of Common Stock, redeemable upon terms and conditions set by the Administrator. Distributions upon redemption of phantom stock units may be in shares of Common Stock valued at fair market value on the date of redemption or in cash, or a combination of both, as determined by the Administrator.

Restricted Stock Units and Performance Share Units. The Administrator may award restricted stock units or performance share units, both of which entitle the participant to receive the value of one share of Common Stock per unit no earlier than the time the unit vests, with delivery of such value (distributed in shares of Common Stock or in cash) as soon as administratively practicable following vesting, unless the Administrator provides for an election to defer the value of vested units in the award agreement and the participant makes such an election prior to the vesting of any such units. For restricted stock units, vesting will generally be based on the participant's continuous service; for performance share units, vesting will be based on the achievement of certain performance criteria, as determined by the Administrator. If the vesting of a restricted stock unit is based on the participant's continuous service, such restricted stock unit will not fully vest in less than three years and if based on performance criteria, such restricted stock unit will not fully vest in less than one year. A performance share unit will not fully vest in less than one year. In the event a participant's continuous service terminates or a participant fails to meet performance criteria, the unvested portion of the participant's restricted stock units and performance share units will expire as of the date of termination.

Other Stock-Based or Cash-Based Awards. Other stock-based or cash-based awards are awards other than those enumerated in this summary that entitle the holder thereof to receive shares or cash immediately or in the future, subject to terms and conditions determined by the Administrator. Other stock-based or cash-based awards may be linked to any one or more of the performance criteria listed below or other specific performance criteria determined by the Administrator. Other stock-based or cash-based awards under the Restated Plan will be settled in cash or shares of common stock, or in a combination of both, as determined by the Administrator, and may be provided as part of a bonus, deferred bonus, deferred compensation or other arrangement as/or as payment in lieu of compensation to which the holder is otherwise entitled.

Performance Awards. Performance awards include any of the awards that are granted subject to vesting and/or payment based on the attainment of specified performance goals. The plan administrator will determine whether performance awards are intended to qualify as "performance-based" compensation ("QPBC") within the meaning of Section 162(m), in which case the applicable performance criteria will be selected from the list below in accordance with the requirements of Section 162(m). The plan administrator may (but is not required to) seek to structure awards under the Restated Plan in accordance with the QPBC exemption.

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For purposes of the Restated Plan, one or more of the following performance criteria will be used in setting performance goals applicable to QPBC, and may be used in setting performance goals applicable to other performance awards: (i) net earnings or losses (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue or sales or revenue growth; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or income (either before or after taxes); (vi) adjusted operating earnings or income (either before or after taxes) (vii) cash flow (including, but not limited to, operating cash flow and free cash flow); (viii) return on assets; (ix) return on capital (or invested capital) and cost of capital; (x) return on stockholders' equity; (xi) total stockholder return; (xii) return on sales; (xiii) gross or net profit or operating margin; (xiv) costs, reductions in costs and cost control measures; (xv) expenses; (xvi) working capital; (xvii) earnings or loss per share; (xviii) adjusted earnings or loss per share; (xix) price per share or dividends per share (or appreciation in and/or maintenance of such price or dividends); (xx) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product); (xxi) implementation or completion of critical projects; (xxii) market share; and (xxiii) economic value, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices. The Restated Plan also permits the Administrator to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals for QPBC awards.

Transferability. Unless otherwise determined by the Administrator or provided for in a written agreement setting forth the terms of an award, awards granted under the Restated Plan are not transferable other than by will or by the laws of descent and distribution.

Change of Control. If a change of control of Thoratec occurs, then the awards issued under the Restated Plan may be subject to continuation, substitution, exchange for payment or termination. In the event of a change of control of Thoratec, if the successor corporation refuses to assume or substitute for an award, the Administrator may provide a cash amount in exchange for the cancellation of such award equal to the product of (x) the excess, if any, of the fair market value per share of Common Stock at such time over the exercise or redemption price, if any, *times* (y) the total number of shares then subject to such award; continue the awards; or notify such participants holding an award that they must exercise or redeem any portion of such award (including, at the discretion of the Board, any unvested portion of such award) at or prior to the closing of the transaction by which the change of control occurs and that the awards shall terminate if not so exercised or redeemed at or prior to the closing of the transaction by which the change of control occurs. With respect to any other awards outstanding under the Restated Plan, such awards shall terminate if not exercised or redeemed prior to the closing of the transaction by which the change of control occurs.

Acceleration of Vesting. The Administrator may accelerate exercisability or vesting of any award granted under the Restated Plan upon a change of control of Thoratec, or upon the death, disability or termination of service of the participant.

No Repricing Without Shareholder Approval. Without shareholder approval, the Administrator does not have the authority to effect an amendment of any outstanding options or SAR to reduce its price per share or the cancellation of any outstanding options or SAR and the grant in substitution therefore of new awards or cash when the price per share exceeds the fair market value of the underlying Common Stock. Subject to adjustment of awards as described below, the Administrator does have the authority, without the approval of the shareholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace an award with the grant of an award having a price per share that is greater than or equal to the price per share of the original award.

Clawback Provisions. All awards granted under the Restated Plan will be subject to the provisions of any claw-back obligation imposed by applicable law or any policy implemented by the Company, including without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, to the extent set forth in such claw-back policy and/or the applicable award agreement.

Amendment or Termination. The Board may amend, suspend or terminate the Restated Plan in any respect at any time, subject to shareholder approval if such approval is required by applicable law or stock exchange rules. However, no amendment to the Restated Plan may materially impair any of the rights of a participant under any awards previously granted, without his or her written consent. In no event may an incentive stock option be granted under the Plan after March 14, 2025.

Share Price. On March 16, 2015, the closing price of our Common Stock on NASDAQ was \$41.10 per share.

Certain Federal Income Tax Consequences

The Company believes that, based on the laws as in effect on the date of this Proxy Statement, the following are the principal federal income tax consequences to participants and the Company of options, stock appreciation rights and other types of stock awards granted under the Restated Plan. This summary is not a complete analysis of all potential tax consequences relevant to participants and the Company and does not describe tax consequences based on particular circumstances. State, local and foreign tax laws are not discussed.

When a non-qualified stock option is granted with an exercise price at least equal to the fair market value of the Common Stock, there are no income tax consequences for the option holder or the Company at the time of grant. When a non-qualified stock option is exercised, in general, the option holder recognizes taxable income equal to the excess of the fair market value of the underlying Common Stock on the date of exercise over the aggregate exercise price, known as the "spread." The Company is entitled to a corresponding tax deduction equal to the taxable income recognized by the option holder for the taxable year that ends with or within the year in which the option holder recognized taxable income on the spread.

When an incentive stock option is granted with an exercise price at least equal to the fair market value of the Common Stock, as required by law, there are no income tax consequences for the option holder or the Company at the time of grant. Generally, the option holder will not incur ordinary income tax, and the Company will not receive a deduction, when the option holder exercises the incentive stock option. However, the option holder may become subject to the alternative minimum tax upon exercise, depending upon the individual's tax situation.

If the option holder disposes of the underlying Common Stock after the option holder has held the Common Stock for at least two years after the incentive stock option was granted and at least one year after the incentive stock option was exercised, the amount the option holder receives upon the disposition over the exercise price is treated as long-term capital gain for the option holder. In that case, the Company is not entitled to a deduction. If the option holder makes a "disqualifying disposition" of the underlying Common Stock by disposing of the Common Stock before it has been held for at least two years after the date the incentive stock option was granted and one year after the date the incentive stock option was exercised, the option holder recognizes compensation income in that tax year equal to the excess of (1) the fair market value of the underlying Common Stock on the date the incentive stock option was exercised or, if less, the amount received on the disposition, over (2) the option price. The Company is then entitled to a deduction equal to the compensation recognized by the option holder for the taxable year that ends with or within the taxable year in which the option holder recognized the compensation.

When a stock appreciation right is granted with an exercise price at least equal to the fair market value of the Company's Common Stock, there are no income tax consequences for the participant or the Company at the date of grant. When a stock appreciation right is redeemed, in general, the participant recognizes taxable income equal to the cash and/or the fair market value of the shares received upon redemption in an amount equal to the spread. The Company is entitled to a deduction equal to the taxable income recognized by the participant.

When a restricted stock bonus award is granted or when shares are purchased pursuant to a restricted stock purchase right, if the shares under the award are unvested and subject to the Company's unvested share reacquisition right upon termination of employment prior to full vesting of those shares, the recipient will not generally recognize any taxable income at the time of the award. As and when the shares vest and the Company's unvested share reacquisition right lapses, the recipient will have to report as ordinary income an amount equal to the fair market value of the shares on the date such shares vest less any amount paid for the award. Notwithstanding the foregoing, if the recipient receives unvested shares subject to the Company's unvested share reacquisition right, the recipient may elect under Section 83(b) of the Code to recognize income at the time of the award. In each case, the Company will be entitled to a deduction equal to the taxable income recognized by the recipient for the taxable year that ends with or within the taxable year in which the recipient recognized the income.

When a restricted stock unit award is granted, a participant will generally not recognize taxable income at the time of the grant. When an award is paid (assuming the award is settled at the time that the award vests), the participant will recognize ordinary income. In the event of an award that is settled in shares of the Company's Common Stock at a time following the vesting date, income tax may be deferred beyond vesting and until shares are actually delivered to the participant if deferred in compliance with the timing of distributions and other requirements under Section 409A of the Code. The Company will be entitled to a deduction at the time the participant recognizes income.

The current federal income tax consequences of other grants authorized under the Restated Plan generally follow certain basic patterns: performance share bonuses, performance share units, phantom stock units and other stock-based and cash-based awards are generally subject to tax at the time of payment. Compensation otherwise effectively deferred is taxed when paid (other than employment taxes which are generally paid at the time such compensation is deferred or vested). In each of the foregoing cases, the Company will generally have a corresponding deduction at the time the participant recognizes income, subject to Section 162(m) with respect to covered employees.

New Plan Benefits

Except with respect to Initial Grants and Annual Grants to non-executive directors, which for the fiscal year ending January 2, 2016 are shown in the table below, the number of awards that our named executive officers, directors, other executive officers and other employees may receive under the Restated Plan will be determined in the discretion of the Administrator in the future, and the Administrator has not made any determination to make future grants to any persons under the Restated Plan as of the date of this Proxy Statement. Therefore, other than as disclosed in the table

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below with respect to non-executive directors, it is not possible to determine the benefits that will be received in the future by participants in the Restated Plan.

Name	Dollar Value (\$)
D. Keith Grossman	
Taylor C. Harris	
Niamh Pellegrini	
David A. Lehman	
Vasant Padmanabhan	
Gerhard F. Burbach	
Executive Group	
Non-Executive Director Group	1,225,000(1)
Non-Executive Officer Employee Group	

(1) Immediately following each annual meeting of the Company's shareholders, each continuing non-employee director will receive a restricted stock unit grant consisting of that number of shares of the Company's Common Stock calculated by dividing \$175,000 by the closing trading price of the Company's Common Stock on the date of grant.

Equity Award Grants Under the Equity Plan

The following table sets forth summary information concerning the number of shares of our Common Stock subject to awards made under the 2006 Plan since the 2006 Plan's inception through March 16, 2015.

Name	Stock Option Grants (#)	Weighted Average Exercise Price (\$)	Restricted Stock Awards (#)	Restricted Stock Units (#)	Performance Share Units (#)
D. Keith Grossman			15,000	200,735	231,530
Taylor C. Harris	88,754	34.39		68,077	13,787
Niamh Pellegrini	74,627	25.78		40,700	5,614
David A. Lehman	191,916	28.32	18,967	78,793	10,286
Vasant Padmanabhan	49,817	33.36		33,853	6,737
Gerhard F. Burbach	767,053	29.09	84,444	289,972	20,823
All current executive officers as a group (5 persons)	1,172,167	29.34	118,411	712,130	288,777
All current non-employee directors as a group (7 persons)			42,000	174,936	
Neil F. Dimick			15,000	31,827	
J. Daniel Cole			15,000	31,827	
Steven H. Collis			12,000	31,827	
William A. Hawkins, III				24,185	
Paul A. LaViolette				33,827	
Martha H. Marsh				7,865	
Todd C. Schermerhorn				13,578	
Each associate of any such directors, executive officers or nominees					
Each other person who received or is to receive 5 percent of such options, warrants or rights					
All employees, including all current officers who are not executive officers, as a group(1)	3,560,963	27.88	950,526	3,878,233	83,194

(1) Includes former employees; excludes former directors.

Required Vote; Recommendation of the Board

The affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting will be required to approve the Restated Plan. Abstentions will be treated as being present and entitled to vote on the proposal and, therefore, will have the effect of votes against the proposal. Broker non-votes will be treated as not being entitled to vote on the proposal and, therefore, are not counted for purposes of determining whether the proposal has been approved. Unless marked to the contrary, proxies received will be voted **FOR** approval of the Restated Plan. Should such approval not be obtained, then the Restated Plan will not become effective and the 2006 Plan will continue in its current form.

**THE BOARD UNANIMOUSLY RECOMMENDS
A VOTE "FOR" APPROVAL OF THE
THORATEC CORPORATION AMENDED AND RESTATED 2006 INCENTIVE STOCK PLAN**

PROPOSAL THREE

APPROVAL OF AMENDED AND RESTATED 2002 EMPLOYEE STOCK PURCHASE PLAN

Shareholders are being asked to approve the amendment and restatement of the Company's 2002 Employee Stock Purchase Plan (the "Restated ESPP"), providing for an increase in the total number of shares available for issuance under the 2002 ESPP. The Restated ESPP is intended to amend and restate in its entirety the 2002 ESPP.

The Restated ESPP is substantially similar to the current 2002 ESPP, except that pursuant to the Restated ESPP, the total number of shares of Thoratec Common Stock available for issuance under the 2002 ESPP is increased by 800,000 shares to a total of 2,550,000 shares. On November 7, 2014, the Board approved the Restated ESPP to take effect May 16, 2015, subject to approval of the Restated ESPP by shareholders.

Based on our historical rates of participation in the 2002 ESPP, we estimate that the current reserve under the ESPP would be exhausted by April 2016. With the proposed share increase under the Restated ESPP, we expect that we will secure a sufficient number of shares for awards under the plan through November 2019.

The purpose of the Restated ESPP is to provide our employees the continued opportunity to purchase our common stock through accumulated payroll deductions. The Restated ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code. The Restated ESPP is an important component of the benefits package that we offer to our employees. We believe that it is a key factor in retaining existing employees, recruiting and retaining new employees and aligning and increasing the interest of all employees in the success of the Company. If approved, the Restated ESPP will go into effect for periods commencing on and after May 16, 2015.

The 2002 ESPP was originally adopted by our Board on May 2, 2002 and approved by our shareholders on May 31, 2002 and amended by our Board on March 3, 2010. If the Restated ESPP is not approved, the 2002 ESPP will continue pursuant to its terms.

Summary of the Restated ESPP

A summary of the principal features of the Restated ESPP is set forth below and qualified by reference to the full text of the Restated ESPP, which is attached to this Proxy Statement as Appendix B.

Administration. The Restated ESPP is administered by a committee comprised of "non-employee director" (as such term is defined in Rule 16b-3 promulgated under the Exchange Act) members of the Compensation Committee, which has broad authority to construe the Restated ESPP and to make determinations with respect to the terms and conditions of each offering period under the Restated ESPP, awards, designated subsidiaries and other matters pertaining to plan administration.

Common Stock Reserved for Issuance under the Restated ESPP. The maximum number of shares of Common Stock available for sale under the Restated ESPP will be increased by 800,000 shares to a total of 2,550,000 shares. The Common Stock made available for sale under the Restated ESPP may be authorized but unissued shares, treasury shares or reacquired shares reserved for issuance under the Restated ESPP.

Participating Subsidiaries and Sub-plans. The plan administrator may designate certain of our subsidiaries as participating subsidiaries in the Restated ESPP and may change these designations from time to time. The following subsidiaries have been designated to participate in the Restated ESPP: Continuum Services, Inc. The plan administrator may also adopt sub-plans applicable to particular

designated subsidiaries or locations, and these sub-plans may be designed to be outside the scope of Section 423 of the Code.

Eligible Employees. Our employees and those of our designated participating subsidiaries are generally eligible to participate in the Restated ESPP, though employees who own 5% or more of the total combined voting power or value of all classes of our stock or the stock of one of our subsidiaries are not allowed to participate in the Restated ESPP. Under applicable tax rules, the plan administrator may also exclude certain categories of employees from participation in the Restated ESPP. As of March 16, 2015, approximately 881 employees of our company or our designated participating subsidiary were eligible to participate in the Restated ESPP.

Participation. Under the terms of the Restated ESPP, eligible employees may generally elect to contribute and apply to the purchase of shares of Common Stock between 1% and 15% of their base pay during an offering period. Purchase rights granted under the Restated ESPP are exercisable on specified exercise dates only through funds accumulated by an employee through payroll deductions made during the applicable offering period, and any such funds that are not used to purchase shares will be returned to the employee. Participants may not accrue the right to purchase stock under the Restated ESPP (or any other tax-qualified stock purchase plan) with a fair market value exceeding \$25,000 in any calendar year. In addition, no individual participant may purchase more than 2,500 shares of Common Stock during any offering period. Participation in the Restated ESPP is voluntary.

Offering Periods. Under the Restated ESPP, employees are offered the right to purchase discounted shares of Common Stock during offering periods designated by the plan administrator. Each offering period will be a six-month period commencing on each May 16 and November 16 following the effective date of the Restated ESPP. We expect that the initial offering period will commence on May 16, 2015.

Share Purchases. Shares are purchased on the applicable exercise date(s), as designated by the plan administrator for each offering period. The purchase price will be 85% of the fair market value of our Common Stock on either the grant date or the exercise date, whichever is lower. The grant date is the first trading day of an offering period. On March 16, 2015, the closing price of our Common Stock on NASDAQ was \$41.10 per share.

Unless a participant has previously canceled his or her participation in the Restated ESPP, an amount equal to the amount credited to his or her ESPP account will be used to purchase the maximum number of whole shares of Common Stock that can be purchased based on the amount credited to such participant's account on the exercise date, subject to individual and aggregate share limitations under the applicable offering period established by the plan administrator. No fractional shares will be issued.

A participant may cancel his or her payroll deduction authorization and elect to withdraw from the Restated ESPP by delivering electronic notice of such election to the Company. Following such election, all of the funds then credited to his or her ESPP account will be paid to the participant. A participant who ceases contributions to the Restated ESPP during any offering period shall not be permitted to resume contributions to the Restated ESPP during the same offering period.

Termination of Eligibility and Transferability. If a participant ceases to be an eligible employee for any reason during an offering period, he or she will be deemed to have elected to withdraw from the Restated ESPP and any amounts credited to the participant's ESPP account will be returned to the participant. Purchase rights granted under the Restated ESPP are not transferable and are exercisable only by the participant.

Adjustments. In the event of any stock dividend, stock split, combination or reclassification of shares or any other increase or decrease in the number of shares of Common Stock effected without

receipt of consideration, the plan administrator has broad discretion to equitably adjust the number of shares authorized for issuance and awards under the Restated ESPP to prevent the dilution or enlargement of benefits under outstanding awards as a result of such transaction.

In the event of a proposed liquidation or dissolution of the Company, the offering period then in progress will be shortened by setting a new exercise date to occur prior to the consummation of the proposed liquidation or dissolution and will terminate immediately prior to such consummation.

In the event of a proposed merger or asset sale, each outstanding purchase right will be assumed or substituted by the successor corporation. In the event that the successor corporation refuses to assume or substitute the purchase rights, any offering periods then in progress will be shortened by setting a new exercise date to occur prior to the date of the proposed sale or merger.

Insufficient Shares. If the total number of shares of Common Stock which are to be purchased under outstanding purchase rights on any particular date exceed the number of shares then available for issuance under the Restated ESPP, the plan administrator will make a pro rata allocation of the available shares on a uniform and equitable basis, and unless additional shares are authorized under the Restated ESPP, no further offering periods will take place. In this event, excess payroll deductions will be refunded to participants.

Amendment or Termination of the Restated ESPP. The Board has the right to amend, suspend or terminate the Restated ESPP at any time and from time to time to the extent that it deems advisable. However, absent the approval of the holders of a majority of the combined voting power of our outstanding Common Stock within 12 months before or after action by the Board, the Board may not amend the Restated ESPP to increase the maximum number of shares that may be purchased under the Restated ESPP or change the designation or class of eligible employees. Further, without the approval of the holders of a majority of the combined voting power of our outstanding Common Stock, the Restated ESPP may not be amended in any manner that would cause the Restated ESPP to no longer be an "employee stock purchase plan" within the meaning of Code Section 423. The plan administrator may also modify or amend the Restated ESPP, to the extent permitted by Section 423 of the Code, to reduce or eliminate any unfavorable financial accounting consequences that may result from the ongoing operation of the Restated ESPP. Unless earlier terminated, the Restated ESPP will terminate on the tenth anniversary of the date of its initial approval by shareholders.

U.S. Federal Income Tax Consequences

The following is a general summary under current law of the material federal income tax consequences to an employee who participates in the Restated ESPP. This summary deals with the general federal income tax principles that apply and is provided only for general information. Some kinds of taxes, such as state, local and foreign income taxes and federal employment taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of federal income taxation that may be relevant in light of a participant's personal circumstances. This summarized tax information is not tax advice and a participant should rely on the advice of his or her legal and tax advisors.

The Restated ESPP, and the right of participants to make purchases thereunder, is intended to qualify for special tax treatment under the provisions of Section 423 of the Code. Under the applicable Code provisions, no income will be taxable to a participant until the sale or other disposition of the shares purchased under the Restated ESPP. Upon such sale or disposition, the participant will generally be subject to tax in an amount that depends upon the length of time such shares are held by the participant prior to disposing of them. If the shares are sold or disposed of more than two years from the first day of the offering period during which the shares were purchased and one year from the date of purchase, or if the participant dies while holding the shares, the participant (or his or her estate) will

recognize ordinary income measured as the lesser of (1) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price or (2) the excess of the fair market value of the shares on the date the Company granted the purchase right over the purchase price paid for the shares, determined assuming that the purchase right was exercised on the date granted. Any additional gain will be treated as a capital gain.

If the shares are sold or otherwise disposed of before the expiration of the holding periods described above, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on how long the shares were held following the date they were purchased by the participant prior to disposing of them.

We are entitled to a deduction to the extent of ordinary income recognized upon a sale or disposition of shares prior to the expiration of the holding periods described above.

New Plan Benefits

Because the number of shares that may be purchased under the Restated ESPP will depend on each employee's voluntary election to participate and on the fair market value of our Common Stock at various future dates, the actual number of shares that may be purchased by any individual cannot be determined in advance.

Required Vote; Recommendation of the Board

The affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting will be required to approve the Restated ESPP. Abstentions will be treated as being present and entitled to vote on the proposal and, therefore, will have the effect of votes against the proposal. Broker non-votes will be treated as not being entitled to vote on the proposal and, therefore, are not counted for purposes of determining whether the proposal has been approved. Unless marked to the contrary, proxies received will be voted **FOR** approval of the Restated ESPP.

**THE BOARD UNANIMOUSLY RECOMMENDS
A VOTE "FOR" APPROVAL OF THE
THORATEC CORPORATION AMENDED AND RESTATED
2002 EMPLOYEE STOCK PURCHASE PLAN**

PROPOSAL FOUR

**ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS
("SAY-ON-PAY VOTE")**

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") enables our shareholders to vote to approve, on an advisory, non-binding basis, the compensation of our Named Executive Officers as disclosed in this Proxy Statement in accordance with Section 14A of the Exchange Act and the related SEC rules. We hold such votes every year; thus, following the vote at the Annual Meeting, the next such vote will be held at our 2016 Annual Meeting of Shareholders.

Summary

We are asking our shareholders to provide advisory approval of the compensation of our Named Executive Officers, as such compensation is described in the "Compensation Discussion and Analysis" section, the tabular disclosure regarding such compensation and the accompanying narrative disclosure set forth in this Proxy Statement, beginning on page 39. Our compensation program for our Named Executive Officers is designed to attract, motivate and retain qualified executives with substantive experience in the development, invention, regulatory approval, manufacture, marketing and sale of medical devices. The following is a summary of some of the underlying principles of our Named Executive Officer compensation program. We urge our shareholders to review the "Compensation Discussion and Analysis" section of this Proxy Statement and executive compensation tables that follow for more information.

We pay for performance by rewarding and differentiating among executives based on both overall company performance and individual performance. In addition to the annual variable cash incentive compensation, which is tied to both Company financial goals and individual performance goals, the Compensation Committee considers annual adjustments to compensation levels and short-term and long-term incentive compensation components based on each Named Executive Officer's performance, among other factors.

We believe that our Named Executive Officer compensation program is aligned with our strategic business goals consistent with our corporate values. One element of our compensation program is annual variable cash incentive compensation that provides incentives for our Named Executive Officers to achieve the goals that we believe are most important to the near- and long-term success of the Company, as measured against specific performance criteria tied to both Company financial goals and individual performance goals.

In addition, our long-term equity incentives, consisting of stock options, restricted stock units and performance share units, are designed to provide the Named Executive Officers with an equity stake in the Company so as to align the Named Executive Officers' interests with those of our shareholders. Stock options provide an opportunity for the Company to reward its Named Executive Officers if our share price increases and vest over a period of four years, which incentivizes long-term performance and retention. Awards of restricted stock units align the interests of Named Executive Officers with the interests of shareholders through awards that are directly tied to stock ownership, increase the reward to the Named Executive Officers when our stock price increases, and serve as a retention tool for the Named Executive Officers. Performance share units align our Named Executive Officers with the achievement of specific, longer-term financial objectives that enhance stockholder value. Stock options, restricted stock units and performance share units all link our Named Executive Officers' pay to shareholder value, while each serves as a different compensation tool.

Another key principle of our Named Executive Officer compensation program is that total direct compensation should be competitive to, and generally in line with, that provided by our peers. To that

end, consistent with prior years, in 2014 the Compensation Committee retained Radford, an independent compensation consultant, to prepare competitive market studies and to assist the Compensation Committee with assessing the competitiveness of the Named Executive Officers' total direct compensation as compared to executives with comparable experience in similar positions and job-related responsibilities at companies in the medical technology industry of comparable size and, to the extent possible, geographic location.

Required Vote; Recommendation

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board. The affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting will be required to approve, on an advisory, non-binding basis, the compensation of the Company's Named Executive Officers. Abstentions will be treated as being present and entitled to vote on the proposal and, therefore, will have the effect of votes against the proposal. Broker non-votes will be treated as not being entitled to vote on the proposal and, therefore, are not counted for purposes of determining whether the proposal has been approved. Unless marked to the contrary, proxies received will be voted **FOR** approval, on an advisory, non-binding basis, of the compensation of the Company's Named Executive Officers.

Our Board believes that the information provided above and within the "Compensation Discussion and Analysis" and compensation tables included in this Proxy Statement demonstrates that our Named Executive Officer compensation program was designed appropriately and is working to ensure that management's interests are aligned with our shareholders' interests and support long-term value creation.

The following resolution will be submitted for a shareholder vote at the annual meeting:

RESOLVED, that the shareholders of Thoratec Corporation approve, on an advisory basis, the compensation of Thoratec's Named Executive Officers, as disclosed in the "Compensation Discussion and Analysis," compensation tables and narrative discussion set forth in this Proxy Statement.

**THE BOARD UNANIMOUSLY RECOMMENDS
A VOTE "FOR" THE ADVISORY (NON-BINDING) VOTE APPROVING THE
COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**

PROPOSAL FIVE

RATIFICATION OF INDEPENDENT AUDITORS

In accordance with its charter, the Audit Committee has selected Deloitte & Touche LLP ("Deloitte & Touche"), independent auditors, to audit the Company's consolidated financial statements for fiscal 2015. The Board is asking shareholders to ratify the appointment of Deloitte & Touche as the Company's independent auditors for the fiscal year ending January 2, 2016.

Deloitte & Touche has served as our independent auditors since our inception. In accordance with standing policy, Deloitte & Touche periodically changes the personnel who work on our audit. In addition to performing the audit of our consolidated financial statements, Deloitte & Touche provided various other audit-related services and non-audit services during fiscal years 2014 and 2013. Representatives of Deloitte & Touche are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they wish to do so. Additionally, they will be available to respond to appropriate shareholder questions.

Shareholder ratification of the selection of Deloitte & Touche as the Company's independent auditors is not required by the Company's By-Laws or applicable law. However, the Audit Committee is submitting the selection of Deloitte & Touche to the shareholders for ratification as a matter of good corporate practice. In the event the shareholders fail to ratify the appointment, the Audit Committee may reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent accounting firm at any time during the year if the Audit Committee determines that such a change would be in the Company's and its shareholders' best interests.

Required Vote; Recommendation of the Board

The affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting will be required to ratify the selection of Deloitte & Touche as the Company's independent auditors for the fiscal year ending January 2, 2016. Abstentions will be treated as being present and entitled to vote on the proposal and, therefore, will have the effect of votes against the proposal. Brokers who do not receive voting instructions from their clients on the proposal have the discretion to vote these uninstructed shares. Unless marked to the contrary, proxies received will be voted **FOR** ratification of the selection of Deloitte & Touche.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE AS THE COMPANY'S INDEPENDENT AUDITORS.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS¹

The Audit Committee of the Board serves as the representative of the Board for general oversight of the Company's financial accounting and reporting process, system of internal control and audit process.

Management has primary responsibility for preparing the Company's financial statements and for the Company's financial reporting process. The Company's independent auditors, Deloitte & Touche LLP, are responsible for expressing an opinion on the conformity of the Company's audited financial statements to accounting principles generally accepted in the United States of America.