

INSULET CORP  
Form DEF 14A  
April 01, 2016  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant    Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**Insulet Corporation**

*(Name of Registrant as Specified in its Charter)*

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

**Payment of Filing Fee (Check the appropriate box):**

**No fee required.**

**Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.**

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

**Fee paid previously with preliminary materials.**

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

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

Insulet Corporation  
Notice of Annual Meeting  
of Stockholders

Wednesday, May 11, 2016 | 8:30 a.m., Eastern Time

Dear Stockholders:

Since joining Insulet a little over 18 months ago, I have been impressed with the elegance and benefits of the OmniPod technology and the vast market potential for our products in diabetes and drug delivery. Even more impressive are the dedicated OmniPod users who provide us with their insight and valuable feedback and inspire our entire organization to continually improve our products, training and service.

To realize Insulet's potential and to support our commitment to improving lives through better drug delivery, during 2015 we focused on significantly elevating our commercial performance and building the capabilities necessary to support our growth objectives. We executed our strategic plan and established a strong company culture driven by high standards, accountability, and a passion for the well-being of our customers.

Specifically, in 2015 we:

**Recruited a highly-talented and experienced executive team**

We believe exceptional performance starts with great leadership and functional excellence. Over the past year we put in place a group of experienced and proven executives, and with recent appointments, have completed the build-out of the entire senior leadership team.

**Developed a winning strategy**

We have established a roadmap to leverage our unique technology with product innovation, refocused our commercial operations, launched international expansion and implemented an action plan to strengthen our global supply chain and manufacturing operations. We are energized and excited about the plan for our long-term sustainable growth with a clear pathway to profitability.

**Launched new standards for quality and operating excellence**

We know that stockholder value is determined by product quality, patient experience and strong support from health care providers. We have established greater alignment and new standards of operating excellence across all functions

in the organization.

We made significant progress with revenue of \$324 million in 2015, representing 12% year-over-year growth, driven by robust performance in U.S. and International diabetes products and drug delivery. New patient starts on our OmniPod System, a strong predictor of our future success, reached record highs. Our drug delivery business is growing and developing rapidly with two commercial and six development agreements in place.

In the U.S., the increased adoption of our OmniPod technology was driven by significantly improved sales and marketing execution, better patient support, and increased physician utilization. In 2015, we expanded our domestic sales force by 40% to increase reach and frequency of interactions with physicians and improve the effectiveness of sales management.

The pediatric population is a particular focus for Insulet. We encourage early adoption of our technology and customer data demonstrates that OmniPod drives very strong patient loyalty. Our U.S. pediatric new patient starts also reached record highs in 2015.

Internationally we expanded into several new European countries and grew in our existing markets. We established a direct commercial operation in Canada in July in an effort to improve the customer experience and provide improved financial results. We are excited by the early success and momentum in this market.

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During 2015 we made significant progress expanding the clinical data demonstrating the improved outcomes for users. We believe the OmniPod System is the most innovative and differentiated insulin delivery system available to help people living with diabetes improve their quality of life.

Looking ahead, our entire organization is excited about our product development plans and the future evolution of our unique technology within both the diabetes and drug delivery markets. We are very pleased with our progress and believe we are just beginning to capitalize on the opportunity before us.

We hope you share our excitement about our enormous market opportunities and the bright future of our business. On behalf of Insulet's employees, management and members of the Board of Directors, we thank you for your support.

Sincerely,

Patrick J. Sullivan  
*President, Chief Executive Officer and Director*  
April 1, 2016

**600 Technology Park Drive, Suite 200  
Billerica, Massachusetts 01821**

**Notice of Annual Meeting of Stockholders**

**Wednesday, May 11, 2016**

**8:30 a.m., Eastern Time**

*Hilton Boston Logan Airport, One Hotel Drive, Boston, MA 02128*

**To the Stockholders of Insulet Corporation:**

The Annual Meeting of Stockholders of Insulet Corporation, a Delaware corporation (the “Company” or “Insulet”), will be held at 8:30 a.m., Eastern Time, on Wednesday, May 11, 2016, at the Hilton Boston Logan Airport, One Hotel Drive, Boston, MA 02128 (the “Annual Meeting”), for the following purposes:

1. to elect three Class III Directors nominated by the Board of Directors, each to serve for a three-year term and until his or her successor has been duly elected and qualified or until his or her earlier resignation or removal;
2. to approve, on a non-binding, advisory basis, the compensation of certain executive officers as more fully described in the accompanying Proxy Statement;
3. to ratify the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2016; and,
4. to consider and vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Only stockholders of record at the close of business on March 18, 2016 are entitled to notice of, and to vote at, the Annual Meeting and at any adjournments or postponements thereof. Stockholders who plan to attend the Annual Meeting must present valid photo identification. Stockholders of record will be verified against an official list available at the registration area. If your shares are held in the name of a bank, broker or other holder of record, please also bring to the Annual Meeting your bank or brokerage statement evidencing your beneficial ownership of Insulet stock to gain admission to the meeting. We reserve the right to deny admittance to anyone who cannot show valid identification or sufficient proof of share ownership as of March 18, 2016. In the event there are not sufficient shares to be voted in favor of any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

Under U.S. Securities and Exchange Commission rules, the Company is providing access to the proxy materials for the Annual Meeting to stockholders via the Internet. Accordingly, you can access the proxy materials and vote at <http://investor.insulet.com/annual-proxy.cfm>. Instructions for accessing the proxy materials and voting are described below and in the stockholder meeting notice that you received in the mail. Please review the proxy materials prior to voting.

**Billerica, Massachusetts**  
**April 1, 2016**

By Order of the Board of Directors,

**DAVID COLLERAN**  
*Senior Vice President, Secretary and General Counsel*

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 11, 2016: This Proxy Statement and the 10-K are available at <http://investor.insulet.com/annual-proxy.cfm>.**

**>YOUR VOTE IS IMPORTANT.**

**Whether or not you plan to attend the Annual Meeting, if you are a stockholder of record, please vote in one of the following three ways:** (1) if you have received a proxy card via mail as a registered stockholder, by completing, signing and dating the proxy card and returning it in the postage-prepaid envelope provided, (2) by completing your proxy using the toll-free telephone number listed on the proxy card, or (3) by completing your proxy on the Internet at the address listed on the proxy card. It is important that your shares be voted whether or not you attend the meeting in person. Votes made by phone or on the Internet must be received by 11:59 p.m., Eastern Time, on May 10, 2016.

**If your shares of common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares of common stock voted.**

If you attend the Annual Meeting, you may vote in person, even if you have previously returned your proxy card or completed your proxy by phone or on the Internet.



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## Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are supplied to help you find further information in this Proxy Statement.

## Attend our 2016 Annual Meeting of Stockholders

**8:30 a.m., Eastern Time on Wednesday, May 11, 2016**

*Hilton Boston Logan Airport, One Hotel Drive, Boston, MA 02128*

## How to Vote

### By internet

Visit 24/7

[www.proxyvote.com](http://www.proxyvote.com)

*Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on May 10, 2016. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.*

### By telephone

Dial toll-free 24/7

Registered Stockholder (shares registered on the books of the Company via Computershare)      Beneficial Stockholder (shares held through your bank or brokerage account)

1-800-690-6903      1-800-454-8683  
*Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 10, 2016. Have your proxy card in hand when you call and then follow the instructions.*

### By mailing your Proxy Card

Cast your ballot, sign your proxy card and send by freepost

*Mark, sign and date your proxy card and return it in the postage-paid envelope provided by your broker. Your proxy card must arrive by May 10, 2016.*

If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or completed your proxy by phone or on the Internet. Stockholders who plan to attend the Annual Meeting must present valid photo identification. Stockholders of record will be verified against an official list available at the registration area. If your shares are held in the name of a bank, broker or other holder of record, in addition to presenting a valid photo identification, you must also bring to the Annual Meeting your bank or brokerage statement evidencing your beneficial ownership of Insulet stock to gain admission to the meeting. We reserve the right to deny admittance to anyone who cannot show valid identification or sufficient proof of share ownership as of March 18, 2016.

**Participate in the future of Insulet, cast your vote right away**

Please cast your vote right away on all of the proposals listed below to ensure that your shares are represented.

	More information	Board of Directors recommendation
PROPOSAL 1: Election of nominated Directors	Page 7	<b>FOR</b> each nominee
PROPOSAL 2: Approval, on a non-binding, advisory basis, of the compensation of certain executive officers	Page 41	<b>FOR</b>
PROPOSAL 3: Ratification of the appointment of independent registered public accounting firm for 2016	Page 44	<b>FOR</b>

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## **Governance Highlights**

The Company is committed to good corporate governance and the regular review of our corporate governance practices to continue building on our success and long-term stockholder value. Most recently, the Company focused on the following corporate governance efforts:

### **Director Qualification Standards and Recruitment**

The Nominating and Corporate Governance Committee periodically assesses the skills and qualifications of its Directors to ensure the members of the Board of Directors (the “Board”) maintain the proper balance of expertise to meet the needs of the business. The Company welcomed two new Board members in the previous year, each of whom enhance the current skill set of the Board and collectively offer financial expertise and bring deep knowledge and experience in the diabetes space, healthcare and medical device fields.

### **Adoption of Policy Regarding Changes in Positions**

The Company formalized a policy regarding changes in positions or directorships and executive employment held by Directors at other companies. The Policy Regarding Changes in Positions allows the Nominating and Corporate Governance Committee greater visibility with regard to significant changes in employment or board of director appointments of our Directors, which changes may alter the overall make-up of skills and qualifications of Insulet’s Board, impact the amount of time a Director may have to devote to the Company, or may result in potential conflicts.

### **Evaluation and Revision of the Overboarding Policy**

In conjunction with its adoption of the Policy Regarding Changes in Position, the Board also updated the portion of its Corporate Governance Guidelines addressing overboarding in recognition of the time commitments necessary for the Company’s Directors to perform their duties and fulfill their obligations to the Company. The addition of the subsection entitled “Service on Other Boards” to our Corporate Governance Guidelines allows for a Chief Executive Officer (“CEO”) serving as a Director to serve on no more than two public company boards, including the Company’s. Further, no other Director should serve on the boards of directors of more than five public companies, including the Company’s, and no Audit Committee member should serve on the audit committees of more than three public companies, including the Company’s.

**OUR GOVERNANCE BEST PRACTICES**

Independent Lead Director

8 of the Company's 9 Directors are independent

All committees consist of independent Directors

A Director who does not receive a majority vote in an uncontested election must promptly tender his or her resignation to the Board, which will consider whether to accept the resignation

Regular executive sessions of independent Directors

Executive and Director stock ownership guidelines

No hedging or pledging of Insulet securities by its executive officers or Directors is permitted

Corporate Governance Guidelines published on the Company's website at <http://www.insulet.com>

**Director Nominees (page 7)**

Name	Director		Occupation	Independent (Yes/No)		Committee Memberships
	Age	since		Yes	No	
Jessica Hopfield, Ph.D.	51	2015	Chairperson, Board of Trustees Joslin Diabetes Center	X		• Audit Committee
David Lemoine	68	2016	Former Partner Deloitte & Touche LLP	X		• Audit Committee
Patrick J. Sullivan	64	2014	President, Chief Executive Officer and Director Insulet Corporation		X	• N/A

Jessica Hopfield, Ph.D. complements the Board's skills and qualifications with her vast executive and consulting experience in the healthcare, pharmaceutical and medical device industries. Dr. Hopfield's proven expertise in the diabetes space deepens the Board's background and knowledge with respect to the Company's diabetes products business. David Lemoine brings over 40 years of audit and finance experience to the Board. His expertise in accounting, financial reporting and internal controls applied in the manufacturing, biotechnology, pharmaceutical and healthcare fields reinforces the financial acumen of the Board.

**Executive Compensation (page 21)****2015 Business Highlights (page 22)**

- Recruitment of highly experienced senior executive team driving a new strategy and standards of operating excellence
- Full-year revenue was \$324.2M, a 12% increase over 2014

- Rapid advancement of commercial agenda, including sales force expansion and year-over-year revenue growth across all product lines

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**Stockholder Outreach (page 23)**

- Broad, deep, ongoing outreach with stockholders in 2015 and 2016
- Discussions with investors collectively representing more than 50% of outstanding shares
- Stockholder feedback directly addressed in expanded disclosures and enhanced 2016 compensation program design

**Compensation Strategy, Philosophy, and Objectives (page 24)**

Compensation Building Blocks: Our compensation strategy supports our overall strategy to deliver value to stockholders

- Exceptional talent is needed to realize significant market opportunity and to drive long-term sustainable growth
- Fundamental belief that high-caliber talent has a profound impact on business results
- Highly competitive compensation needed to induce proven talent to join
- A significant emphasis on pay for performance, utilizing performance-based variable compensation programs

**Compensation Elements and Actions (page 27)**

Key 2015 and 2016 Compensation Actions

2015

- No salary increase in 2015 for the CEO
- 2015 annual cash incentive financial component funded at 118.5% based on achievement that exceeded stated targets for NEOs
- 2015 PRSUs earned at 108.5% based on achievement that exceeded stated targets



2016

- 2016 PRSUs have been restructured to have a multi-year performance period reflecting feedback from stockholder outreach
- 2016 equity mix for new hires and annual grants shifted towards greater use of stock options and PRSUs to reflect growth strategy

**2015 Executive Total Compensation Mix (page 27)**

The charts below show the annual total direct compensation of the Company's CEO and its other Named Executive Officers ("NEOs") for 2015, illustrating that a majority of the Company's NEO total direct compensation is delivered via long-term incentives and performance based variable pay.

**2015 CEO Compensation Mix\* 2015 Other NEO Compensation Mix\***

*\* Benefits value is not displayed as it represents less than 2% of total direct compensation in each case above.*

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Proxy Statement

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of the Company for use at the Annual Meeting to be held at 8:30 a.m., Eastern Time, on Wednesday, May 11, 2016 at the Hilton Boston Logan Airport, One Hotel Drive, Boston, MA 02128, or at any adjournments or postponements thereof. The Company's Annual Report on Form 10-K filed on February 29, 2016 (the "10-K") containing financial statements for the fiscal year ended December 31, 2015, is being made available, together with this Proxy Statement, to stockholders at <http://investor.insulet.com/annual-proxy.cfm>. The 10-K, however, is not a part of the proxy solicitation material.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on May 11, 2016**

**This Proxy Statement is being made available to stockholders on or about April 1, 2016.**

**This Proxy Statement and the 10-K are available at <http://investor.insulet.com/annual-proxy.cfm>.**

As more fully described in this Proxy Statement, the purpose of the Annual Meeting is to:

- (i) elect three Class III Directors nominated by the Board of Directors, each to serve for a three-year term and until his or her successor has been duly elected and qualified or until his or her earlier resignation or removal;
- (ii) approve, on a non-binding, advisory basis, the compensation of certain executive officers as more fully described in this Proxy Statement;
- (iii) ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016; and,
- (iv) consider and vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Proposal 1 relates solely to the election of three Class III Directors nominated by the Board of Directors and does not include any other matters relating to the election of Directors, including, without limitation, the election of Directors nominated by any stockholder of the Company.

**Record Date and Voting Rights**

Only stockholders of record at the close of business on March 18, 2016 (the “Record Date”) are entitled to notice of, and to vote at, the Annual Meeting and at any adjournments or postponements thereof. As of the Record Date, 57,112,482 shares of common stock, par value \$0.001 per share, of the Company were issued and outstanding, and there were ten stockholders of record. The holders of the Company’s common stock are entitled to one vote per share on any proposal presented at the Annual Meeting.

If you are a stockholder of record, you may vote in one of the following three ways, whether or not you plan to attend the Annual Meeting:

- by completing, signing and dating the accompanying proxy card and returning it in the postage-prepaid envelope enclosed for that purpose;
- by completing your proxy using the toll-free telephone number listed on the proxy card; or,
- by completing your proxy on the Internet at the address listed on the proxy card.

Votes made by phone or on the Internet must be received by 11:59 p.m., Eastern Time, on May 10, 2016. If your shares of common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares of common stock voted.

If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or completed your proxy by phone or on the Internet. Stockholders who plan to attend the Annual Meeting must present valid photo identification. Stockholders of record will be verified against an official list available at the registration area. If your shares are held in the name of a bank, broker or other holder of record, in addition to presenting a valid photo identification, you must also bring to the Annual Meeting your bank or brokerage statement evidencing your beneficial ownership of Insulet stock to gain admission to the meeting. We reserve the right to deny admittance to anyone who cannot show valid identification and sufficient proof of share ownership as of March 18, 2016.

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## **Revocation of Proxies**

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by:

- filing with the Secretary and General Counsel of the Company, before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy being revoked;
- properly casting a new vote via the Internet or by telephone at any time before the closure of the Internet or telephone voting facilities;
- duly completing a later-dated proxy relating to the same shares and delivering it to the Secretary and General Counsel of the Company before the taking of the vote at the Annual Meeting; or
- attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy).

Any written notice of revocation or subsequent proxy should be sent so as to be delivered to Insulet Corporation, 600 Technology Park Drive, Suite 200, Billerica, Massachusetts 01821, Attention: Secretary and General Counsel, by May 10, 2016.

## **Quorum; Abstentions; Broker Non-Votes**

The representation in person or by proxy of at least a majority of the outstanding shares of the Company's common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business. Votes withheld from any nominee, abstentions and broker "non-votes" are counted as present or represented for purposes of determining the presence or absence of a quorum for the Annual Meeting. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner. Brokers who hold shares for the accounts of their clients have discretionary authority to vote shares if specific instructions are not given with respect to the ratification of the appointment Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016. Brokers do not have discretionary authority to vote on: (i) the election of Directors, or (ii) the vote to approve, on a non-binding, advisory basis, the compensation of certain executive officers. We therefore encourage you to provide instructions to your broker regarding the voting of your shares.

## **Vote Required**

For Proposal 1, the election of three Class III Directors, the nominees receiving the highest number of affirmative votes of the shares present or represented by proxy and entitled to vote on such matter at the Annual Meeting shall be elected as Directors. However, in accordance with the Company's majority voting policy (as described in the section entitled "Policies Governing Director Nominations"), in the event that a nominee receives a greater number of "withhold" votes than votes "for" his or her election, such nominee shall tender his or her written resignation to the Lead Director and such resignation will be considered by the Nominating and Corporate Governance Committee and the Board of Directors. For Proposal 2, the approval, on a non-binding, advisory basis, of the compensation of certain executive officers, an affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on such matter is required for approval. For Proposal 3, the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016, an affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on such matter is required for approval. Abstentions are included in the number of shares present or represented and voting on each matter. Broker "non-votes" are not considered voted for the particular matter and have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

### **Solicitation of Proxies**

The cost of solicitation of proxies will be borne by the Company and, in addition to soliciting stockholders by mail through its regular employees, the Company may request banks, brokers and other custodians, nominees and fiduciaries to solicit their customers who have stock of the Company registered in the names of a nominee and, if so, will reimburse such banks, brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket costs upon request. Solicitation by officers and employees of the Company may also be made of some stockholders in person or by mail, telephone, e-mail or telegraph following the original solicitation. Additionally, the Company has retained Innisfree M&A Incorporated to assist in the solicitation of proxies for the Annual Meeting. The estimated cost of such services is \$15,000, plus out-of-pocket expenses.

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## **Voting of Proxies**

The persons named as attorneys-in-fact in the proxies, Patrick J. Sullivan and David Colleran, were selected by the Board of Directors and are officers of the Company. All properly executed proxies returned in time to be counted at the Annual Meeting will be voted by such persons at the Annual Meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications. If no such specifications are indicated, such proxies will be voted:

- (i) FOR the election of the Director nominees,
- (ii) FOR the approval, on a non-binding, advisory basis, of the compensation of certain executive officers, as more fully described in this Proxy Statement, and,
- (iii) FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016.

## **Other Business**

Aside from