

MASIMO CORP  
Form DEF 14A  
April 20, 2018

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

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

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MASIMO CORPORATION

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders (the “Annual Meeting”) of Masimo Corporation, a Delaware corporation (the “Company”), or any adjournment or postponement thereof. The Annual Meeting will be held on Thursday, May 31, 2018, at 2:00 p.m. Pacific Time at the principal executive offices of the Company at 52 Discovery, Irvine, California 92618. Information concerning the matters to be considered and voted upon at the 2018 Annual Meeting is set out in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. Throughout 2017, we experienced strong product revenue growth due to the continued broad adoption of our products throughout the world, shipping a record number of SET<sup>®</sup> pulse oximeters and rainbow SET<sup>®</sup> Pulse Co-Oximeters. While revenues from our core SET<sup>®</sup> and rainbow<sup>®</sup> products also set records, we are also encouraged by the increasing level of revenues coming from our new products, including our brain function monitoring technologies, as well as our other monitoring product offerings. We attribute our strong financial performance to the successful completion of our initial ten year plan that was implemented as part of our initial public offering in 2007, and which resulted in our ability to grow our product revenues and operating margins without sacrificing what our customers expect from us: great technology, innovative products and excellent service.

Regardless of the number of shares you hold or whether you plan to attend the Annual Meeting in person, you are encouraged to make sure that your

shares are represented at our Annual Meeting. Accordingly, please authorize a proxy to vote your shares as soon as possible in accordance with the instructions you received. This will not prevent you from voting your shares in person if you hold your shares in record name or have a valid proxy and subsequently choose to attend the Annual Meeting.

We look forward to your continued support.

Joe Kiani,  
Chairman and Chief Executive Officer

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MASIMO CORPORATION

NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS

We will hold the 2018 Annual Meeting of Stockholders (the “Annual Meeting”) of Masimo Corporation, a Delaware corporation (the “Company”), or any adjournment or postponement thereof, at the principal executive offices of the Company at 52 Discovery, Irvine, California, 92618, on Thursday, May 31, 2018, at 2:00 p.m. Pacific Time, for the following purposes:

1. To elect the following nominees as Class II directors to serve until our 2021 Annual Meeting of Stockholders: Mr. Thomas Harkin, and Mr. Joe Kiani;
2. To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for our fiscal year ending December 29, 2018;
3. To vote on an advisory resolution to approve named executive officer compensation; and
4. To conduct any other business properly brought before the Annual Meeting and any adjournment or postponement thereof.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is April 2, 2018. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or any adjournment or postponement thereof. This notice is being mailed to all stockholders of record entitled to vote at the Annual Meeting on or about April 27, 2018.

By Order of the Board of Directors

Chairman & Chief Executive Officer  
Irvine, California  
April 20, 2019

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## YOUR VOTE IS IMPORTANT

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date and sign and return the enclosed proxy or submit your proxy through the internet or by telephone as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience if you choose to submit your proxy by mail. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other agent and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

## SPECIAL NOTE ON FORWARD LOOKING INFORMATION

This proxy statement contains “forward-looking statements” that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially and adversely from those expressed or implied by such forward-looking statements. These statements are often identified by the use of words such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “ongoing”, “opportunity”, “plan”, “predicts”, “seek”, “should”, “will” or “would”, and similar expressions and variations or negatives of these words. These forward-looking statements are based on the expectations, estimates, projections, beliefs and assumptions of our management based on information currently available to management, all of which is subject to change. Such forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and could cause our actual results and the timing of certain events to differ materially and adversely from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed under Item 1A-“Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017, as filed with the Securities and Exchange Commission on February 28, 2018. Furthermore, such forward-looking statements speak only as of the date of this proxy statement. We undertake no obligation to update or revise publicly any forward-looking statements to reflect events or circumstances after the date of such statements for any reason, except as required by law.

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2018 PROXY STATEMENT SUMMARY

The following summary highlights information contained elsewhere in this proxy statement. This summary does not contain all the information that you should consider, and you should read the entire proxy statement carefully before voting.

INFORMATION ABOUT OUR 2018 ANNUAL MEETING OF STOCKHOLDERS

Date & Time Thursday, May 31, 2018 at 2:00 p.m. Pacific Time

Location 52 Discovery, Irvine, California, 92618

Admission If you are a stockholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive.

Webcast A live audio webcast of the Annual Meeting will be available on the Investor Relations page of our website at <http://www.masimo.com/About-Masimo/investors> at 2:00 p.m. Pacific Time on May 31, 2018.

Record Date April 2, 2018

HOW TO VOTE

By internet	By telephone	By mail
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Visit <a href="http://www.envisionreports.com/MASIMO">www.envisionreports.com/MASIMO</a> and follow the instructions set forth on the internet site.	Dial the toll-free telephone number listed on your proxy card under the heading "vote by telephone", follow the recorded instructions.	Using the enclosed proxy card, complete, sign and date your proxy card and return it promptly in the envelope provided.
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If you vote by proxy, your vote must be received by 11:00 p.m. Pacific Time on May 30, 2018 to be counted.

VOTING MATTERS AND BOARD RECOMMENDATIONS

	Board Recommendation	Page Number of Additional Information
Proposal #1 Election of two Class II director	"FOR" each nominee	83

	nominees		
	Ratification of		
	the selection		
	of our		
Proposal #2	independent	“FOR”	<u>84</u>
	registered		
	public		
	accounting		
	firm		
	Advisory vote		
	to approve the		
Proposal #3	compensation	“FOR”	<u>85</u>
	of our named		
	executive		
	officers		

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DIRECTOR  
NOMINEES

Below is an overview of each of the director nominees you are being asked to elect at the 2018 Annual Meeting:

Joe Kiani

Joe Kiani is the founder of Masimo and has served as Chief Executive Officer (“CEO”) and Chairman of the Board since our inception in 1989. He is an inventor on more than 100 patents related to signal processing, sensors and patient monitoring, including patents for the invention of Measure-through motion and low-perfusion pulse oximetry. As Masimo’s founder, CEO and Chairman of the Board since our formation in 1989, Mr. Kiani has the deepest understanding of Masimo, our history, our culture and our technology. Our Nominating, Compliance and Corporate Governance Committee believes he has broad experience in a wide range of functional areas, including strategic planning, strategic investments, engineering and development, and legal and governmental affairs. Mr. Kiani is critical to the Company’s continued development and growth and the Board strongly recommends a vote “FOR” Mr. Kiani.

Thomas Harkin

Thomas Harkin has served as a member of our Board since December 2015. Mr. Harkin, formerly a five-term U.S. Senator from the State of Iowa, retired from the U.S. Senate in January 2015. Senator Harkin was first elected to the U.S. House of Representatives in 1974, and 10 years later, he was elected to the U.S. Senate. Prior to his service in the House of Representatives, Mr. Harkin served in the U.S. Navy and achieved the rank of lieutenant commander. Mr. Harkin holds a B.S. from Iowa State University, a J.D. from Catholic University of America and was admitted to the Iowa Bar in 1972. Our Nominating, Compliance and Corporate Governance Committee believes Mr. Harkin’s unique background, including his over 30 years of service in the U.S. Congress, significant involvement with healthcare-related legislation and understanding of the U.S. healthcare system, make his experience very relevant to Masimo and is why the Board recommends a vote “FOR” Mr. Harkin.

2017

BUSINESS

AND

FINANCIAL

HIGHLIGHTS

Masimo is a global medical technology company that develops, manufactures and markets a variety of noninvasive monitoring technologies. We provide our products directly and through distributors and original equipment manufacturer (“OEM”) partners to hospitals, emergency room service providers, long-term care facilities, physician offices, veterinarians and consumers. Our mission is to improve patient outcomes and reduce the cost of care. Fiscal 2017 was another very strong year for Masimo. Our SET<sup>®</sup> and rainbow SET<sup>™</sup> technologies and related products have allowed us to dramatically expand our list of new customers from all over the world and continue to renew long-term agreements with our existing customers. In fact, during fiscal 2017, we set a new record for the total dollar value of new and renewed customer contracts. In addition, during fiscal 2017, we began realizing significant revenue contributions from our expanding list of new technologies and products, including Nomoline<sup>™</sup> capnography, O<sub>3</sub><sup>®</sup> regional oximetry and SedLine<sup>®</sup> brain function monitoring. Customer reception to our expanding portfolio of technologies has also been very encouraging. Our multi-year strategy to continue to invest in key overseas markets, especially in Asia, Latin America and the Middle East, allowed us to generate 14.0% year over year international product revenue growth.

Other key fiscal 2017 financial and operational achievements included:

• Total revenues, including royalties and other revenue, increased 14.9% to \$798.1 million, compared to \$694.6 million in fiscal 2016, and significantly exceeded our original fiscal 2017 financial guidance of \$752.0 million.

• Total product revenues increased 11.7% to \$741.3 million, compared to \$663.8 million in fiscal 2016, and significantly exceeded our original fiscal 2017 financial guidance of \$717.0 million.

• Masimo rainbow<sup>®</sup> product revenues increased 14.9% to \$76.6 million, compared to \$66.7 million in fiscal 2016, and significantly exceeded our original 10% rainbow<sup>®</sup> revenue growth guidance.

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Masimo SET® and rainbow SET™ shipments totaled 203,100 units, exceeding our internal target of 190,000 units.

Non-GAAP operating profit margin<sup>1</sup> (as a percentage of total revenues) improved 290 basis points to 24.9%<sup>1</sup>, compared to 22.0%<sup>1</sup> in fiscal 2016.

Non-GAAP net income per diluted share<sup>1</sup> (“Non-GAAP EPS”) increased 26.3% to \$2.45 compared to \$1.94<sup>1</sup> per share in fiscal 2016.

Masimo repurchased a total of 804,000 shares of common stock throughout the year, representing a total cash investment of \$66.3 million.

Strong financial and operating performance metrics, including:

Return on assets of 15%,

Return on capital of 19%, and

Return on equity of 19%.

These strong fiscal 2017 financial performance results represent the continuation of a three-year trend in the Company’s improving total revenues and Non-GAAP EPS. This improved financial performance has also been reflected in the Company’s common stock price, which has increased 228% over the past three fiscal years from \$25.88 per share on January 2, 2015 to \$84.80 per share on December 29, 2017.

<sup>1</sup>Non-GAAP financial measure - please see Appendix A to this Proxy Statement for a description of the adjustments and a reconciliation to the corresponding GAAP measure.

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3 Year Non-GAAP EPS<sup>2</sup>

Comparison of 5 Year Cumulative Total Return<sup>3</sup>  
for Masimo Corporation, the Nasdaq Composite Index  
and the Nasdaq Medical Equipment Index

<sup>2</sup>Non-GAAP financial measure - please see Appendix A to this Proxy Statement for a description of the adjustments  
and a reconciliation to the corresponding GAAP measure.

<sup>3</sup>Assumes \$100 invested on 12/29/2012 in stock or 12/31/2012 in index, including reinvestment of dividends. Indexes  
calculated on month-end basis.

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2017 EXECUTIVE  
COMPENSATION  
HIGHLIGHTS

The primary objective of our executive compensation program is to attract and retain a talented, entrepreneurial, and creative team of executives who will provide leadership in bringing our technologies and products to the broadest number of patients and, in turn, create sustainable long-term value. We seek to accomplish this objective in a way that is aligned with the long-term interests of our stockholders. We believe that our executive compensation program is structured to insure that our executive team’s motivation is aligned with that of our stockholders. In fiscal 2017, to make this alignment even stronger, our Board of Directors (“Board”) recommended, and on June 1, 2017 our stockholders approved, new executive bonus and equity incentive plans. These new plans established specific performance levels required to earn either any annual cash bonus payments or any performance-based restricted share units (“PSUs”). These new bonus and equity plans resulted in approximately 92.5% of our CEO’s and an average of approximately 77.7% of our other Named Executive Officers’ (“NEOs”) fiscal 2017 target total direct compensation being “at risk”, as highlighted in the following charts:

Total	“at risk”
compensation	compensation
=	= 77.7%
92.5%	

The Compensation Committee believes that this compensation program structure aligns our executive compensation to specific performance objectives and, in doing so, closely aligns the interests of our executive officers and stockholders.

In addition, in July 2017, we amended our CEO’s employment agreement. The amendments, as discussed in more detail on page 70, reflect a shift in focus for the Company to a new seven-year business plan, as well as feedback we received from certain stockholders regarding certain elements of Mr. Kiani’s November 2015 employment agreement (as discussed on page 41).

Our compensation philosophy and structure has continued to evolve, based on changing market conditions, input from our Compensation Committee’s independent compensation consultants and direct feedback from our stockholders. As of December 31, 2017, our current executive compensation program and policies reflected the following best practices:

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What We Do	What We Don't Do	
<ul style="list-style-type: none"> <li>ü Maintain an Independent Compensation Committee</li> </ul>	ü	No Guaranteed Bonuses
<ul style="list-style-type: none"> <li>ü Compensation Committee Retains an Independent Compensation Advisor</li> </ul>	ü	No Special Executive Retirement Plans
<ul style="list-style-type: none"> <li>ü Annual Executive Compensation Review</li> </ul>	ü	No Hedging; Pledging Requires Pre-Approval
<ul style="list-style-type: none"> <li>ü Compensation At-Risk - Pay For Performance</li> </ul>	ü	No Tax Payments on Perquisites No Tax Gross-Up Payments on Post-Employment Compensation Arrangements
<ul style="list-style-type: none"> <li>ü Annual Compensation-Related Risk Assessment</li> </ul>	ü	No Special Welfare or Health Benefits
<ul style="list-style-type: none"> <li>ü Multi-Year Vesting Requirements</li> </ul>	ü	No Stock Option Re-pricing
<ul style="list-style-type: none"> <li>ü Compensation Recovery (“Clawback”) Policy</li> </ul>	ü	
<ul style="list-style-type: none"> <li>ü Stock Ownership Policies</li> </ul>		
<ul style="list-style-type: none"> <li>ü Annual Stockholder Advisory Vote on Named Executive Officer Compensation</li> </ul>		
<ul style="list-style-type: none"> <li>ü Stockholder Engagement that includes our Compensation Committee Chairperson</li> </ul>		
FORWARD		
LOOKING - 2018		
EXECUTIVE		
COMPENSATION		
PROGRAM		
HIGHLIGHTS		
Feedback		



As previously noted, the Compensation Committee values the feedback we receive from our stockholders. In response to that feedback, the Compensation Committee has implemented certain changes to our executive compensation program for 2018 to further align the compensation of our executive officers with both short-term and long-term performance that supports our business strategy.

#### Annual Cash Bonus

The annual cash bonus plan is designed to provide performance-based compensation that will be earned only upon achieving various pre-established levels of Company financial performance. For 2018, the Compensation Committee selected 2018 Product Revenue and 2018 Non-GAAP EPS as the performance measures for the funding percentages, each weighted equally, as the Compensation Committee believes these performance measures directly support both the Company's short-term strategy and its long-term objective of creating sustainable stockholder value.

#### Long-Term Incentive Compensation - Equity Awards

The Compensation Committee believed that a one-year performance period was appropriate for the 2017 PSU awards in light of the transition to our new 2017 Equity Incentive Plan. However, to further align the compensation of our executive officers with long-term performance, the Compensation Committee has decided to extend the performance period for the 2018 PSU awards from one to three years. Accordingly, the Compensation Committee granted 2018 long-term equity incentive awards to our executive officers consisting of the following mix of equity awards:

25% in the form of stock options that vest annually over a five year period; and

75% in the form of PSUs that cliff vest after three years based on our actual performance as measured against pre-established performance objectives. For fiscal 2018, the Compensation Committee has selected fiscal 2020 Product Revenue and fiscal 2020 Non-GAAP Operating Profit Margin as the performance measures for the targeted PSU award percentages, each weighted equally.

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PROXY STATEMENT

QUESTIONS AND ANSWERS YOU MAY HAVE ABOUT THESE PROXY MATERIALS AND VOTING

1. Why am I receiving these materials?

We sent you this Proxy Statement and the enclosed proxy card because the Board of Directors (the “Board”) of Masimo Corporation (sometimes referred to as “we”, “Masimo” or the “Company”) is soliciting your proxy to vote at the 2018 Annual Meeting of Stockholders, or any adjournment or postponement thereof (the “Annual Meeting”). You are invited to attend the Annual Meeting and we request that you vote on the proposals described in this Proxy Statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card or submit your proxy through the internet or by telephone according to the instructions contained in the enclosed proxy card.

We intend to mail this Proxy Statement and the accompanying proxy card on or about April 27, 2018 to all stockholders of record entitled to vote at the Annual Meeting.

2. When and where will the Annual Meeting be held?

The Annual Meeting will be held on May 31, 2018, at 2:00 p.m. Pacific Time at our offices located at 52 Discovery, Irvine, California 92618. Directions to our offices are set forth on the back of this Proxy Statement.

3. Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on April 2, 2018 will be entitled to vote at the Annual Meeting. At the close of business on this record date, there were 51,785,126 shares of common stock outstanding and entitled to vote and no shares of preferred stock outstanding or entitled to vote. The holders of common stock will have one vote for each share of common stock they owned as of the close of business on April 2, 2018.

Stockholder of Record: Shares Registered in Your Name

If at the close of business on April 2, 2018, your shares of common stock were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are the stockholder of record for these shares. As a stockholder of record, you may vote either in person at the Annual Meeting or by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to complete and return the enclosed proxy card or submit your proxy through the internet or by telephone by following the instructions provided in the proxy card to ensure that your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent

If at the close of business on April 2, 2018, your shares of common stock were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a

beneficial owner, you have the right to direct your broker, bank or other agent regarding how to vote the shares in your account. Certain of these institutions offer the ability to direct your agent how to vote through the internet or by

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telephone. You are also invited to attend the Annual Meeting in person. However, because you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy issued in your name from your broker, bank or other agent considered the stockholder of record of the shares.

4.

What  
am I  
voting  
on?

There are three matters scheduled for a vote at the Annual Meeting:

• To elect the Class II nominees for director to serve until our 2021 Annual Meeting of Stockholders or until their successors are duly elected and qualified;

• To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for our fiscal year ending December 29, 2018; and

• To vote on an advisory resolution to approve named executive officer compensation.

5. Will  
there be  
any  
other  
items of  
business  
on the  
agenda?

Aside from the election of the Class II directors, the ratification of the selection of our independent registered public accounting firm and the advisory vote to approve the compensation of our named executive officers, the Board knows of no matters to be presented at the Annual Meeting. If any other matter should be presented at the Annual Meeting upon which a vote properly may be taken, shares represented by all proxies received by the Board will be voted with respect thereto in accordance with the judgment of the persons named as attorneys-in-fact in the proxies.

6. What is the  
Masimo Board's  
voting  
recommendation?

Masimo's Board recommends that you vote your shares:

• "For" each of the Class II nominees;

• "For" the ratification of the selection of Grant Thornton LLP as Masimo's independent registered public accounting firm for the fiscal year ending December 29, 2018; and

• "For" the approval of our named executive officer compensation.

7.

How  
do I  
vote?

For Proposal Nos. 1, 2 and 3, you may vote "For" or "Against" or abstain from voting. The procedures for voting are described below, based upon your form of ownership.

**Stockholder of Record: Shares Registered in Your Name**

If you are a stockholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive.

If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote by proxy. You may vote by proxy using the enclosed proxy card, vote by proxy on the internet or vote by proxy over the telephone.

The procedures for voting by proxy are as follows:

To vote by proxy using the enclosed proxy card, complete, sign and date your proxy card and return it promptly in the envelope provided.

To vote by proxy on the internet, go to [www.envisionreports.com/MASI](http://www.envisionreports.com/MASI) and follow the instructions set forth on the internet site.

To vote by proxy over the telephone, dial the toll-free telephone number listed on your proxy card under the heading “vote by telephone” using a touch-tone telephone and follow the recorded instructions.

If you vote by proxy, your vote must be received by 11:00 p.m. Pacific Time on May 30, 2018, to be counted.

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We provide internet and telephone proxy voting with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet and telephone access, such as usage charges from internet access providers and telephone companies.

**Beneficial Owner: Shares Registered in the Name of Your Broker, Bank or Other Agent**

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Masimo. To ensure that your vote is counted, simply complete and mail the proxy card or, if provided by your agent, follow the instructions for submitting your proxy through the internet or by telephone. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent in whose name the shares are registered. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a proxy card.

8. How do I  
vote my  
Masimo  
shares held  
through the  
Masimo  
Retirement  
Savings  
Plan?

If you hold shares of Masimo common stock through the Masimo Retirement Savings Plan (the “Savings Plan”) as of the record date, your proxy will also serve as a voting instruction for Fidelity Management Trust Company (“Fidelity”), which serves as the administrator of the Savings Plan, with respect to shares of Masimo common stock that you hold through the Savings Plan. You should sign the proxy card and return it in the enclosed envelope, or you may submit your proxy over the internet or by telephone by following the instructions on the enclosed proxy card. Fidelity will vote your Savings Plan shares as of the record date in the manner directed in the last timely voting instructions that are received from you. If voting instructions are not received from you by 11:00 p.m. Pacific Time on May 28, 2018, Fidelity will vote your Savings Plan shares as of the record date in the same manner, proportionally, as it votes the other shares of common stock for which proper and timely voting instructions of other Savings Plan participants have been received by Fidelity. You may change or revoke previously given voting instructions in any of the ways described under the question “Can I change my vote after submitting my proxy?”; however, your revocation or changed voting instructions must be received no later than 11:00 p.m. Pacific Time on May 28, 2018 or else we will not be able to timely notify Fidelity of your revoked or changed voting instructions.

9.  
How  
many  
votes  
do I  
have?

On each matter to be voted upon, holders of common stock will have one vote for each share of common stock they owned as of the close of business on April 2, 2018, the record date for the Annual Meeting.

10. Will my  
vote be kept  
confidential?

Proxies, ballots and voting tabulations are handled on a confidential basis to protect your voting privacy. This information will not be disclosed, except as required by law.

11. Who is  
paying for  
this proxy  
solicitation?

We will bear the cost of soliciting proxies for the Annual Meeting. We will ask banks, brokerage houses, fiduciaries and custodians holding shares of Masimo common stock in their names for others to send proxy materials to and obtain proxies from the beneficial owners of such shares, and we will reimburse them for their reasonable expenses in doing so. We and our directors, officers and regular employees may solicit proxies by mail, personally, by telephone or by other appropriate means. We have engaged Kingsdale Advisors (“Kingsdale”) as our stockholder advisor and proxy solicitation agent and will pay fees of approximately \$21,500, plus certain out-of-pocket expenses, to Kingsdale to assist us with the solicitation of proxies. No additional compensation will be paid to directors, officers or other regular employees for such services.

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12.  
What  
does it  
mean if  
I  
receive  
more  
than  
one  
proxy  
card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

13. Can I  
change my  
vote after  
submitting  
my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are a stockholder of record, you may revoke your proxy in any one of four ways:

- You may submit another properly completed and executed proxy card with a later date;
- You may submit a new proxy through the internet or by telephone (1-800-652-VOTE) (your latest internet or telephone instructions submitted prior to the deadline will be followed);
- You may send a written notice that you are revoking your proxy to our Corporate Secretary, c/o Masimo Corporation, 52 Discovery, Irvine, California 92618, by the deadline; or
- You may attend the Annual Meeting and vote in person. However, simply attending the Annual Meeting will not, by itself, revoke your proxy.

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, follow the voting instructions from that organization included with these proxy materials, or contact that organization to determine how you may revoke your proxy.

Votes will be counted by the inspector of election appointed for the Annual Meeting.

14. How are  
my shares  
voted if I  
give no  
specific  
instruction?

We must vote your shares as you have instructed. If there is a matter on which a stockholder of record has given no specific instruction but has authorized us generally to vote the shares, they will be voted as follows:

- “For” the election of each of the Class II director nominees;
- “For” the ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 29, 2018; and
- “For” the approval of our named executive officer compensation.

This authorization would exist, for example, if a stockholder of record merely signs, dates and returns the proxy card but does not indicate how its shares are to be voted on one or more proposals. If other matters properly come before the Annual Meeting and you do not provide specific voting instructions, your shares will be voted at the discretion of the proxies.



If your shares are held in street name, see “What is a broker non-vote?” below regarding the ability of brokers, banks and other such holders of record to vote the uninstructed shares of their customers or other beneficial owners in their discretion and regarding broker non-votes.

15. What  
is a broker  
non-vote?

Under rules that govern brokers, banks and others who have record ownership of company stock held in brokerage accounts for their clients who beneficially own the shares, these brokers, banks and other such holders who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters (“discretionary matters”) but do not have discretion to vote uninstructed shares as to certain other matters (“non-discretionary matters”). Only the ratification of auditors is considered a discretionary matter at the Annual Meeting under these rules. A broker may return a proxy card on behalf of a beneficial owner from whom the broker has not received voting instructions that casts a vote with regard to discretionary matters but expressly states that the broker

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is not voting as to non-discretionary matters. The broker’s inability to vote with respect to the non-discretionary matters for which the broker has not received voting instructions from the beneficial owner is referred to as a “broker non-vote”.

16. What are the voting requirements that apply to the proposals discussed in this Proxy Statement?

Proposals	Vote Required	Discretionary Voting Allowed?
1. Election of Directors	Majority Cast	No
2. Ratification of Auditors	Majority Cast	Yes
3. Advisory Vote to Approve the Compensation of our Named Executive Officers	Majority Cast	No

A “majority cast”, with regard to the election of a director, means the number of votes cast “for” a nominee’s election must exceed the number of votes cast “against” such nominee’s election. A “majority cast”, with regard to the ratification of auditors and the advisory vote to approve our named executive compensation, means the number of votes cast “for” the proposal must exceed the number of votes cast “against” such proposal.

“Discretionary voting” occurs when a broker, bank or other holder of record does not receive voting instructions from the beneficial owner and votes those shares at its discretion on any proposal as to which rules permit such broker, bank or other holder of record to vote. As noted above, when brokers, banks and other holders of record are not permitted under the rules to vote the beneficial owner’s shares, the affected shares are referred to as “broker non-votes”. Although the vote on Proposal No. 3 is advisory and non-binding, as provided by law, our Board will review the results of the votes and, consistent with our record of stockholder engagement, will consider the results in making future decisions concerning executive compensation.

17. What is the effect of abstentions and broker non-votes?

**Abstentions:** Under Delaware law (under which Masimo is incorporated), abstentions are counted as shares present and entitled to vote at the Annual Meeting, but they are not counted as shares cast. Therefore, abstentions will have no effect on Proposal No. 1—Election of Directors; Proposal No. 2—Ratification of Auditors or Proposal No. 3—Advisory Vote to Approve the Compensation of our Named Executive Officers.

**Broker Non-Votes:** As a result of a change in rules related to discretionary voting and broker non-votes, brokers, banks and other such record holders are no longer permitted to vote the uninstructed shares of their customers on a discretionary basis in the election of directors or on named executive officer compensation matters. Because broker non-votes are not considered under Delaware law to be entitled to vote at the Annual Meeting, they will have no effect on the outcome of the vote on: Proposal No. 1—Election of Directors and Proposal No. 3—Advisory Vote to Approve the Compensation of our Named Executive Officers. As a result, if you hold your shares in street name and you do not instruct your broker, bank or other such holder how to vote your shares in the election of directors or the advisory vote related to the approval of our executive compensation program, no votes will be cast on your behalf on these proposals. Therefore, it is critical that you indicate your vote on these proposals if you want your vote to be counted. Proposal No. 2, the proposal to ratify the selection of Grant Thornton LLP as our independent registered public

accounting firm for the fiscal year ending December 29, 2018, should be considered a discretionary matter. Therefore, your broker, bank or other such holder will be able to vote on this proposal even if it does not receive instructions from you, so long as it holds your shares in its name.

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18. What happens if an incumbent director nominee does not receive a majority of the votes cast for his re-election?

Our Bylaws require that if an incumbent director nominee does not receive a majority of the votes cast for his re-election, such incumbent nominee is to promptly tender his resignation to the Board. Our Nominating, Compliance and Corporate Governance Committee will then make a recommendation to the full Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. Our Board will then decide whether to accept or reject the resignation, taking into account the Nominating, Compliance and Corporate Governance Committee's recommendation. The determination of our Board and the rationale behind the decision will be publicly disclosed (by a press release, a filing with the Securities and Exchange Commission (the "SEC") or other broadly disseminated means of communication) within 90 days from the date of the certification of the election results of our Annual Meeting. If the incumbent director's resignation is not accepted by our Board, the director will continue to serve until his successor is duly elected, or his earlier resignation or removal. If a director's resignation is accepted by our Board, then our Board may fill any resulting vacancy or decrease the size of the Board.

19. What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of our outstanding shares of common stock are represented by votes at the Annual Meeting or by proxy. At the close of business on April 2, 2018, the record date for the Annual Meeting, there were 51,785,126 shares of common stock outstanding. Thus, a total of 51,785,126 shares are entitled to vote at the Annual Meeting and holders of common stock representing at least 25,892,564 votes must be represented at the Annual Meeting or by proxy to have a quorum. Your shares will be counted towards the quorum only if you submit a valid proxy (or if one is submitted on your behalf by your broker, bank or other agent) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the chairman of the meeting or the stockholders holding a majority of the shares present at the Annual Meeting may adjourn the Annual Meeting to another date.

20. Who will count the votes?

The votes will be counted, tabulated and certified by Computershare Trust Company, N.A., the transfer agent and registrar for the Company's common stock.

21. I also have received a copy of

Masimo  
Corporation's  
Annual  
Report on  
Form 10-K.

Is that a part  
of the proxy  
materials?

Our Annual Report on Form 10-K for the fiscal year ended December 30, 2017, as filed with the SEC on February 28, 2018, accompanies this Proxy Statement. This document constitutes our Annual Report to Stockholders, and is being made available to all stockholders entitled to receive notice of and to vote at the Annual Meeting. Except as otherwise stated, the Annual Report on Form 10-K is not incorporated into this Proxy Statement and should not be considered proxy solicitation material.

22. How  
can I find  
out the  
results of  
the voting  
at the  
Annual  
Meeting?

Voting results are expected to be announced at the Annual Meeting and will also be disclosed in a Current Report on Form 8-K (the "Form 8-K") that we will file with the SEC within four business days of the date of the Annual Meeting. In the event the results disclosed in the Form 8-K are preliminary, we will subsequently amend the Form 8-K to report the final voting results within four business days of the date that such results are known.

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23. When are  
stockholder  
proposals due  
for next year's  
annual  
meeting of  
stockholders?

Stockholders may submit proposals on matters appropriate for stockholder action at the 2019 Annual Meeting of the Company's Stockholders ("2019 Annual Meeting of Stockholders") consistent with Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). To be considered for inclusion in proxy materials for our 2019 Annual Meeting of Stockholders, a stockholder proposal must be submitted in writing no later than December 21, 2019 to our Corporate Secretary at 52 Discovery, Irvine, California 92618. However, if the date of the 2019 Annual Meeting of Stockholders is convened more than 30 days before, or delayed by more than 30 days after, May 31, 2019, to be considered for inclusion in proxy materials for our 2019 Annual Meeting of Stockholders, a stockholder proposal must be submitted in writing to our Corporate Secretary at 52 Discovery, Irvine, California 92618 a reasonable time before we begin to print and send our proxy materials for our 2019 Annual Meeting of Stockholders.

If you wish to submit a proposal that is not to be included in the proxy materials for our 2019 Annual Meeting of Stockholders, your proposal generally must be submitted in writing to the same address no later than March 13, 2019, but no earlier than February 11, 2019. However, if the date of the 2019 Annual Meeting of Stockholders is convened more than 30 days before, or delayed by more than 30 days after, May 31, 2019, a stockholder proposal that is not to be included in the proxy materials for our 2019 Annual Meeting of Stockholders must be submitted in writing to our Corporate Secretary at 52 Discovery, Irvine, California 92618 not later than the close of business on the later of (1) the 90th day before the date of the 2019 Annual Meeting of Stockholders, or (2) the 10th day following the day on which we first publicly announce (by press release or disclosure in a filing with the SEC) the date of the 2019 Annual Meeting of Stockholders. Please review our Bylaws, which contain additional requirements regarding advance notice of stockholder proposals. You may view our Bylaws by visiting the SEC's internet website at [www.sec.gov](http://www.sec.gov).

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EXECUTIVE OFFICERS

Our executive officers are appointed by and serve at the discretion of our Board. Our executive officers, their ages, respective positions and biographies are listed below:

Name	Age <sup>(1)</sup>	Position(s)
Joe Kiani	53	Chief Executive Officer & Chairman of the Board
Micah Young	39	Executive Vice President, Finance & Chief Financial Officer
Anand Sampath	51	Chief Operating Officer
Jon Coleman	54	President, Worldwide Sales, Professional Services & Medical Affairs
Yongsam Lee	53	Executive Vice President, Chief Information Officer
Tao Levy	44	Executive Vice President, Business Development
Bilal Muhsin	37	Executive Vice President, Engineering, Marketing & Regulatory Affairs
Tom McClenahan	45	Executive Vice President, General Counsel & Corporate Secretary

<sup>(1)</sup> As of April 20, 2019.

Joe Kiani  
 Chief Executive  
 Officer &  
 Chairman of the  
 Board  
 Employee Since:  
 1989  
 Joe Kiani is the  
 founder of  
 Masimo and has  
 served as Chief  
 Executive Officer  
 (CEO) &  
 Chairman of the  
 Board since our  
 inception in  
 1989. He is an  
 inventor on more  
 than 100 patents  
 related to signal  
 processing,  
 sensors and  
 patient  
 monitoring,  
 including patents  
 for the invention  
 of  
 Measure-through  
 motion and  
 low-perfusion  
 pulse oximetry.  
 Since September  
 2016, Mr. Kiani

has served on the Board of Directors of Stereotaxis, Inc. (OTCQX: STXS), a manufacturer of robotic cardiology instrument navigation systems. From 1998 to March 2013, Mr. Kiani served on the Board of Directors of Saba Software, Inc., a publicly-traded software company focused on human capital development and management solutions. Mr. Kiani holds a B.S.E.E. and an M.S.E.E. from San Diego State University. In addition to Mr. Kiani's role at Masimo, he is also the Chairman of the Masimo Foundation for Ethics, Innovation and Competition in Healthcare, Chairman of the Patient Safety Movement Foundation, Chairman and CEO of the Patient Safety Movement Coalition and Chairman and



CEO of Cercacor Laboratories, Inc. He also sits on the Boards of Directors of Atheer Labs, CHOC Children's Orange/CHOC Children's at Mission Hospital, Bioniz Therapeutics, Inc. and the Medical Device Manufactures Association. As Masimo's founder, Chief Executive Officer and Chairman of the Board since our formation in 1989, Mr. Kiani has the deepest understanding of Masimo, our history, our culture and our technology. Our Nominating, Compliance and Corporate Governance Committee believes he has broad experience in a wide range of functional areas, including strategic planning, strategic investments, engineering and development, and legal and governmental affairs. Mr. Kiani is critical to the Company's continued

development and growth.

Micah Young  
Executive Vice  
President,  
Finance & Chief  
Financial Officer  
Employee Since:  
2017

Micah Young has served as our Executive Vice President, Finance & Chief Financial Officer (“CFO”) since October 2017.

From July 2012 to September 2017, Mr. Young served as Vice President, Finance, at NuVasive, Inc. (Nasdaq: NUVA), a medical device company focused on the design, development and marketing of products for the surgical treatment of spine disorders. Prior to that time, he served as NuVasive, Inc.’s Senior Director, Finance, Global Operations, from December 2009 to July 2012. From 2002 to 2009, Mr. Young held various accounting and finance positions with Zimmer Holdings, Inc., a

company focused on the design, development, manufacture and marketing of orthopedic reconstructive, spinal and trauma devices, dental implants and related surgical products. Prior to his time at Zimmer Holdings, Inc., Mr. Young was an accountant at Deloitte & Touche LLP from 2000 to 2002. He holds a Bachelor of Science, Accounting and Criminal Justice from Indiana Wesleyan University and is a certified public accountant (inactive).

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Anand Sampath  
Chief Operating  
Officer  
Employee Since:  
2006  
Anand  
Sampath has  
served as our  
Chief Operating  
Officer since  
August 2014.  
Prior to that, he  
served as  
Executive Vice  
President,  
Engineering since  
March 2007. He  
is an inventor on  
more than ten  
patents relating to  
patient  
monitoring,  
wireless networks  
and  
communications.  
From April 2006  
to March 2007,  
Mr. Sampath was  
our Director of  
Systems  
Engineering.  
From October  
1995 to March  
2006, he held  
various positions,  
including  
Program  
Manager,  
Engineering  
Manager and  
Distinguished  
Member of  
Technical Staff,  
at Motorola, Inc.  
Mr. Sampath  
holds a B.S. in  
Engineering from

Bangalore  
University.

Jon Coleman  
President,  
Worldwide Sales,  
Professional  
Services &  
Medical Affairs  
Employee Since:  
2008

Jon Coleman has  
served as our  
President,  
Worldwide Sales,  
Professional  
Services &  
Medical Affairs