

ARCH CAPITAL GROUP LTD.
Form DEF 14A
March 29, 2013

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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

ARCH CAPITAL GROUP LTD.

(Name of Registrant as Specified In Its Charter)

Not Applicable

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

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(1) Amount Previously Paid:

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March 29, 2013

Dear Shareholder:

I am pleased to invite you to the annual general meeting of the shareholders of Arch Capital Group Ltd. to be held on May 9, 2013, at 8:45 a.m. (local time), at the Tucker's Point Hotel, 60 Tucker's Point Drive, Hamilton Parish HS 02, Bermuda. The enclosed proxy statement provides you with detailed information regarding the business to be considered at the meeting.

We are pleased to take advantage of the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the internet. On or about March 29, 2013, we expect to mail a Notice of Internet Availability of Proxy Materials to our shareholders of record and beneficial owners as of March 12, 2013. This Notice will contain instructions on how to access our proxy statement and 2012 Annual Report to Shareholders and how to vote on the internet.

The Notice of Internet Availability of Proxy Materials will contain instructions to allow you to request copies of the proxy materials to be sent to you by mail. The proxy materials sent to you will include a proxy card that will provide you with instructions to cast your vote on the internet, a telephone number you may call to cast your vote, or you may complete, sign and return the proxy card by mail.

Your vote is very important. Whether or not you plan to attend the meeting, we urge you to submit your proxy over the internet or by toll-free telephone number, as described in the accompanying materials and the Notice of Internet Availability of Proxy Materials. As an alternative, if you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided.

Sincerely,

Constantine Iordanou
*Chairman of the Board, President and
Chief Executive Officer*

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ARCH CAPITAL GROUP LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the annual general meeting of the shareholders of Arch Capital Group Ltd. (the "Company") will be held on May 9, 2013, at 8:45 a.m. (local time), at the Tucker's Point Hotel, 60 Tucker's Point Drive, Hamilton Parish HS 02, Bermuda, for the following purposes:

PROPOSAL 1: To elect three Class III Directors to serve for a term of three years or until their respective successors are elected and qualified.

PROPOSAL 2: To elect certain individuals as Designated Company Directors of certain of our non-U.S. subsidiaries, as required by our bye-laws.

PROPOSAL 3: To appoint PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2013.

PROPOSAL 4: Advisory vote to approve named executive officer compensation.

PROPOSAL 5: To conduct other business if properly raised.

Only shareholders of record as of the close of business on March 12, 2013 may vote at the meeting.

Our audited financial statements for the year ended December 31, 2012, as approved by our Board of Directors, will be presented at this annual general meeting.

Your vote is very important. Whether or not you plan to attend the annual general meeting, we encourage you to read this proxy statement and submit your proxy or voting instructions as soon as possible. For specific instructions on how to submit your proxy, please refer to the instructions on the Notice of Internet Availability of Proxy Materials you received in the mail, the section entitled "The Annual General Meeting" of this proxy statement or, if you requested to receive printed proxy materials, your enclosed proxy card.

This proxy statement and accompanying form of proxy are dated March 29, 2013 and, together with our 2012 Annual Report to Shareholders, are first being made available to shareholders on or about March 29, 2013.

Dawna Ferguson
Secretary

Hamilton, Bermuda
March 29, 2013

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THE ANNUAL GENERAL MEETING

We are furnishing this proxy statement to holders of our common shares in connection with the solicitation of proxies by our Board of Directors at the annual general meeting, and at any adjournments and postponements of the meeting.

Internet Availability of Proxy Materials

Important Notice Regarding the Availability of Proxy Materials for the Annual General Meeting of Shareholders to be held on May 9, 2013: this proxy statement and 2012 Annual Report to Shareholders are available at: www.proxyvote.com.

We are furnishing proxy materials to our shareholders primarily via the internet. On or about March 29, 2013, we expect to mail to our shareholders a Notice of Internet Availability containing instructions on how to access our proxy materials, including our proxy statement and 2012 Annual Report to Shareholders. The Notice of Internet Availability also will instruct you on how to access and submit your proxy through the internet or by telephone.

Internet distribution of our proxy materials is intended to expedite receipt by shareholders, reduce the cost of the annual meeting, and conserve natural resources. However, if you would like to receive printed proxy materials, please follow the instructions on the Notice of Internet Availability.

Time and Place

The annual general meeting of Arch Capital Group Ltd. ("ACGL," "we," or the "Company") will be held at 8:45 a.m. (local time) on May 9, 2013 at the Tucker's Point Hotel, 60 Tucker's Point Drive, Hamilton Parish HS 02, Bermuda.

Record Date; Voting at the Annual General Meeting

Our Board of Directors has fixed the close of business on March 12, 2013 as the record date for determination of the shareholders entitled to notice of and to vote at the annual general meeting and any and all postponements or adjournments of the meeting. On the record date, there were 133,020,967 common shares outstanding and entitled to vote, subject to the limitations in our bye-laws described below. At that date, there were an estimated 651 holders of record and approximately 22,400 beneficial holders of the common shares. Each holder of record of shares on the record date is entitled to cast one vote per share, subject to the limitations described below. A shareholder may vote in person or by proxy submitted by mail, telephone or internet, on each proposal put forth at the annual general meeting. Only holders of the Company's common shares may vote at the annual general meeting. The Company's outstanding preferred shares have no voting rights (except in very limited circumstances which do not currently apply).

Limitation on Voting Under Our Bye-Laws

Under our bye-laws, if the votes conferred by shares of the Company, directly or indirectly or constructively owned (within the meaning of Section 958 of the Internal Revenue Code of 1986, as amended (the "Code")) by any U.S. person (as defined in Section 7701(a)(30) of the Code) would otherwise represent more than 9.9% of the voting power of all shares entitled to vote generally at an election of directors, the votes conferred by such shares or such U.S. person will be reduced, subject to certain exceptions, by whatever amount is necessary so that after any such reduction the votes conferred by the shares of such person will constitute 9.9% of the total voting power of all shares entitled to vote generally at an election of directors. There may be circumstances in which the votes conferred on a U.S. person are reduced to less than 9.9% as a result of the operation of our bye-laws because of shares that may be attributed to that person under the Code.

Notwithstanding the provisions of our bye-laws described above, after having applied such provisions as best as they consider reasonably practicable, the Board of Directors may make such final adjustments to the aggregate number of votes conferred by the shares of any U.S. person that they

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consider fair and reasonable in all the circumstances to ensure that such votes represent 9.9% of the aggregate voting power of the votes conferred by all shares of ACGL entitled to vote generally at an election of directors.

In order to implement our bye-laws, we will assume that all shareholders are U.S. persons unless we receive assurances satisfactory to us that they are not U.S. persons.

Quorum; Votes Required for Approval

The presence of two or more persons representing, in person or by proxy, including proxies properly submitted by mail, telephone or internet, not less than a majority of the voting power of our shares outstanding and entitled to vote at the annual general meeting is necessary to constitute a quorum. If a quorum is not present, the annual general meeting may be adjourned from time to time until a quorum is obtained. The affirmative vote of a majority of the voting power of the shares represented at the annual general meeting will be required for approval of each of the proposals, except that Proposal 1 will be determined by a plurality of the votes cast, and Proposal 4 is advisory and does not have a required vote.

An automated system administered by our distribution and tabulation agent will tabulate votes cast by proxy at the annual general meeting, and our inspector will tabulate votes cast in person. Abstentions and broker non-votes (*i.e.*, shares held by a broker which are represented at the meeting but with respect to which such broker does not have discretionary authority to vote on a particular proposal) will be counted for purposes of determining whether or not a quorum exists. Abstentions will be considered in determining the number of votes necessary for Proposals 2 and 3.

Several of our officers and directors will be present at the annual general meeting and available to respond to questions. Our independent auditors are expected to be present at the annual general meeting and will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Voting and Revocation of Proxies

All shareholders should follow the instructions on the Notice of Internet Availability to access and submit your proxy through the internet or by telephone or, if you received printed proxy materials, complete, sign, date and return the enclosed proxy card. All shares represented at the annual general meeting by proxies, including proxies properly submitted by mail, telephone or internet, received before or at the annual general meeting, unless those proxies have been revoked, will be voted at the annual general meeting, including any postponement or adjournment of the annual general meeting. **If no instructions are indicated on a properly executed proxy, the proxies will be deemed to be in accordance with the recommendation of the Board of Directors with respect to each of the proposals described in this proxy statement.**

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 either:

filing, including by facsimile, with the Secretary of the Company, before the vote at the annual general meeting is taken, a written notice of revocation bearing a later date than the date of the proxy or a later-dated proxy relating to the same shares, including proxies properly submitted by mail, telephone or internet; or

attending the annual general meeting and voting in person.

In order to vote in person at the annual general meeting, shareholders must attend the annual general meeting and cast their vote in accordance with the voting procedures established for the annual general meeting. Attendance at the annual general meeting will not in and of itself constitute a

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revocation of a proxy. Any written notice of revocation or subsequent proxy must be sent so as to be delivered at or before the taking of the vote at the annual general meeting to Arch Capital Group Ltd., Wessex House, 5th Floor, 45 Reid Street, Hamilton HM 12, Bermuda, facsimile: (441) 278-9255, Attention: Secretary.

Solicitation of Proxies

Proxies are being solicited by and on behalf of the Board of Directors. In addition to the use of the mails, proxies may be solicited by personal interview, telephone, telegram, facsimile and advertisement in periodicals and postings, in each case by our directors, officers and employees.

We have retained MacKenzie Partners, Inc. to aid in the solicitation of proxies and to verify records related to the solicitation. We will pay MacKenzie Partners, Inc. fees of not more than \$8,000 plus expense reimbursement for its services. Brokerage houses, nominees, fiduciaries and other custodians will be requested to forward solicitation materials to beneficial owners and will be reimbursed for their reasonable expenses incurred in so doing. We may request by telephone, facsimile, mail, electronic mail or other means of communication the return of the proxy cards. Please contact MacKenzie Partners at 800-322-2885 with any questions you may have regarding our proposals.

Other Matters

Our audited financial statements for the year ended December 31, 2012, as approved by our Board of Directors, will be presented at this annual general meeting.

As of the date of this proxy statement, our Board of Directors knows of no matters that will be presented for consideration at the annual general meeting other than as described in this proxy statement. If any other matters shall properly come before the annual general meeting or any adjournments or postponements of the annual general meeting and shall be voted on, the enclosed proxies will be deemed to confer discretionary authority on the individuals named as proxies therein to vote the shares represented by such proxies as to any of those matters. The persons named as proxies intend to vote in accordance with the recommendation of our Board of Directors or otherwise in their judgment.

Principal Executive Offices

Our registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (telephone number: (441) 295-1422), and our principal executive offices are located at Wessex House, 5th Floor, 45 Reid Street, Hamilton HM 12, Bermuda (telephone number: (441) 278-9250).

Table of Contents**PROPOSAL 1 ELECTION OF DIRECTORS**

The Board of Directors of ACGL is comprised of eleven members, divided into three classes, serving staggered three-year terms. The Board of Directors intends to present for action at the annual general meeting the election of John L. Bunce, Jr., Yiorgos Lillikas and Deanna M. Mulligan to serve as Class III Directors for a term of three years or until their successors are duly elected and qualified. Such nominees were recommended for approval by the Board of Directors by the nominating committee of the Board of Directors. Mr. Wolfe "Bill" H. Bragin, who currently serves as a Class III Director, will not stand for re-election following the completion of his current term.

Unless authority to vote for these nominees is withheld, the enclosed proxy will be voted for these nominees, except that the persons designated as proxies reserve discretion to cast their votes for other persons in the unanticipated event that any of these nominees is unable or declines to serve.

Nominees

Set forth below is information regarding the nominees for election:

Name	Age	Position
John L. Bunce, Jr.	54	Class III Director of ACGL
Yiorgos Lillikas	52	Class III Director of ACGL
Deanna M. Mulligan	49	Class III Director of ACGL

John L. Bunce, Jr. has served as a director of ACGL since November 2001. Mr. Bunce is a managing director and founder of Greyhawk Capital Management, LLC and a senior advisor to Hellman & Friedman LLC. He joined Hellman & Friedman in 1988 and previously served as a managing director of the firm. Before joining Hellman & Friedman, Mr. Bunce was vice president of TA Associates. Previously, he was employed in the mergers & acquisitions and corporate finance departments of Lehman Brothers Kuhn Loeb. He has served as a director of Duhamel Falcon Cable Mexico, Eller Media Company, Falcon Cable TV, National Radio Partners, VoiceStream Wireless Corporation, Western Wireless Corporation, National Information Consortium, Inc. and Young & Rubicam, Inc. Mr. Bunce also was an advisor to American Capital Corporation and Post Oak Bank. He holds an A.B. degree from Stanford University and an M.B.A. degree from Harvard Business School. Mr. Bunce's qualifications for service on our Board include his corporate finance background, investment skills, extensive experience in evaluating and overseeing companies in a wide range of industries and service on boards of directors of other companies.

Yiorgos Lillikas has been a director of the Company since November 2010. Mr. Lillikas is the chief executive officer of BlueTree Consultants, a corporate consulting firm he founded in 2008. From 2006 to 2007, Mr. Lillikas served as the Minister of Foreign Affairs of the Republic of Cyprus (E.U.). From 2003 to 2006, he was the Minister of Commerce, Industry and Tourism of the Republic of Cyprus. From 1996 through 2003, Mr. Lillikas served as a member of the House of Representatives of the Republic of Cyprus and a member of the Parliamentary Committees for Economic and Budget, Commerce, Foreign and European Affairs and Environment. In 2000 he was elected Vice President of the Committee of Political Affairs of the Parliamentary Assembly of the OSCE. He was founder and chief executive officer of Marketway, a strategic, advertising and public relations firm. Prior thereto, he served the Republic of Cyprus in various roles, including special advisor to the president. He holds a diploma in political sciences from the Institute of Political Sciences in the University of Lyon II, a D.E.A. (a diploma of doctorate cycle) in political sciences from the Institute of Political Science in Grenoble. Mr. Lillikas was recommended to our nominating committee by ACGL's chairman, president and chief executive officer. Mr. Lillikas' qualifications for service on our Board include his extensive experience in the fields of international and European affairs.

Deanna M. Mulligan, has been the president and chief executive officer of The Guardian Life Insurance Company of America ("Guardian") since July 2011. She was president and chief operating

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officer of Guardian from November 2010 to July 2011, and executive vice president, Individual Life and Disability Insurance of Guardian from July 2008 to November 2010. Prior to joining Guardian in July 2008, Ms. Mulligan owned and operated a consulting firm, advising insurance companies on strategic and operational issues. Ms. Mulligan's career has extended over more than 26 years including senior executive roles at New York Life, AXA Financial and McKinsey & Company, at which she was a Principal in the firm's New York office. Ms. Mulligan is a member of the board of directors of The Guardian Life Insurance Company of America, the American Council of Life Insurers, RS Investment Management Co. LLC, and the Partnership for New York City, and is a member of the board of trustees of RS Investment Trust and RS Variable Products Trust, and the North Salem Open Land Foundation. She was awarded a B.S. degree in Business Administration from the University of Nebraska and an M.B.A. degree from the Stanford Graduate School of Business. Ms. Mulligan was recommended to our nominating committee by a non-management/independent director. Ms. Mulligan's qualifications for service on our Board include her extensive executive management and operating experience in financial services organizations and broad investment skills.

Required Vote

A plurality of the votes cast at the annual general meeting will be required to elect the above nominees as Class III Directors of ACGL.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF ALL NOMINEES TO THE BOARD OF DIRECTORS.

Table of Contents**Continuing Directors and Senior Management**

The following individuals are our continuing directors:

Name	Age	Position	Term Expires*
Eric W. Doppstadt	53	Class II Director of ACGL	2015
Constantine Iordanou	63	Chairman of the Board, President and Chief Executive Officer of ACGL and Class II Director of ACGL	2015
Kewsong Lee	47	Class I Director of ACGL	2014
James J. Meenaghan	74	Class II Director of ACGL	2015
John M. Pasquesi	53	Class II Director of ACGL	2015
Brian S. Posner	51	Class I Director of ACGL	2014
John D. Vollaro	68	Class I Director and Senior Advisor of ACGL	2014
Robert F. Works	65	Class I Director of ACGL	2014

*

Indicates expiration of term as a director of ACGL

Eric W. Doppstadt has been a director of the Company since November 2010. Mr. Doppstadt serves as vice president and chief investment officer of the Ford Foundation. Mr. Doppstadt has been with the Ford Foundation for over 20 years, most recently as director of private equity investments for the foundation's endowment. He joined the Ford Foundation in 1989 as resident counsel, later assuming senior positions managing the Ford's alternative investment portfolio. He has also served on the investment advisory boards of numerous private equity and venture capital funds. Mr. Doppstadt holds the Chartered Financial Analyst designation from the CFA Institute. He holds an A.B. degree from The University of Chicago and a J.D. from New York University School of Law. Mr. Doppstadt's qualifications for service on our Board include his extensive investment experience and investment management skills.

Constantine Iordanou has been chairman of the board of ACGL since November 6, 2009 and president and chief executive officer of ACGL since August 2003. He has been a director since January 1, 2002. From January 2002 to July 2003, Mr. Iordanou was chief executive officer of Arch Capital Group (U.S.) Inc. From March 1992 through December 2001, Mr. Iordanou served in various capacities for Zurich Financial Services and its affiliates, including as senior executive vice president of group operations and business development of Zurich Financial Services, president of Zurich-American Specialties Division, chief operating officer and chief executive officer of Zurich-American and chief executive officer of Zurich North America. Prior to joining Zurich, he served as president of the commercial casualty division of the Berkshire Hathaway Group and served as senior vice president with the American Home Insurance Company, a member of the American International Group. Since 2001, Mr. Iordanou has served as a director of Verisk Analytics, Inc. (formerly known as ISO Inc.). He holds an aerospace engineering degree from New York University. Mr. Iordanou's qualifications for service on our Board include his extensive leadership, executive management and operating experience in the insurance industry, his in-depth knowledge of our operations and service on boards of directors of other companies.

Kewsong Lee has served as a director of ACGL since November 2001 and has been Lead Director since November 6, 2009. Mr. Lee has served as a member and managing director of Warburg Pincus LLC ("Warburg Pincus") and a partner of Warburg Pincus & Co. since January 1997. He has been employed at Warburg Pincus since 1992. Prior to joining Warburg Pincus, Mr. Lee was a consultant at McKinsey & Company, Inc. from 1990 to 1992. His present service as a director includes membership on the boards of MBIA Inc., Neiman Marcus Group, Inc., ARAMARK Corporation and several privately held companies. He formerly served as a director of Knoll, Inc. and TransDigm Group Inc. He holds an A.B. degree from Harvard College and an M.B.A. degree from Harvard Business School. Mr. Lee also serves on the board of directors of Lincoln Center Theatre and is a trustee of Choate Rosemary Hall. Mr. Lee's qualifications for service on our Board include his investment skills, extensive experience in evaluating and overseeing companies in a wide range of industries, including the insurance industry, and service on boards of directors of other companies.

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James J. Meenaghan has been a director of ACGL since October 2001. From October 1986 until his retirement in 1992, Mr. Meenaghan was chairman, president and chief executive officer of Home Insurance Companies. He also served as president and chief executive officer of John F. Sullivan Co. from 1983 to 1986. Prior thereto, Mr. Meenaghan held various positions over 20 years with the Fireman's Fund Insurance Company, including president and chief operating officer and vice chairman of its parent company, American Express Insurance Services Inc. He holds a B.S. degree from Fordham University. Mr. Meenaghan's qualifications for service on our Board include his broad management and operating experience in the insurance industry and service on boards of directors of other companies.

John M. Pasquesi has been vice chairman and a director of ACGL since November 2001. Mr. Pasquesi has been the managing member of Otter Capital LLC, a private equity investment firm he founded in January 2001. He holds an A.B. degree from Dartmouth College and an M.B.A. degree from Stanford Graduate School of Business. Mr. Pasquesi's qualifications for service on our Board include his investment skills, extensive experience in evaluating and overseeing companies in a wide range of industries, including the insurance industry, and service on boards of directors of other companies.

Brian S. Posner has been a director of the Company since November 2010. Mr. Posner has been a private investor since March 2008 and is the President of Point Rider Group LLC, a consulting and advisory services firm within the financial services industry. From 2005 to March 2008, Mr. Posner served as the chief executive officer and co-chief investment officer of ClearBridge Advisors, LLC, an asset management company and a wholly owned subsidiary of Legg Mason. Prior to that, Mr. Posner co-founded Hygrove Partners LLC, a private investment fund, in 2000 and served as the managing member for five years. He served as a portfolio manager and an analyst at Fidelity Investments from 1987 to 1996 and, from 1997 to 1999, at Warburg Pincus Asset Management/Credit Suisse Asset Management where he also served as co-chief investment officer and director of research. Mr. Posner currently serves on the boards of directors of Biogen Idec Inc. and BG Medicine, Inc., and he is a trustee of the AQR funds. He holds a B.A. from Northwestern University and an M.B.A. from the University of Chicago Booth School of Business. Mr. Posner's qualifications for service on our Board include his strong financial background, investment skills and extensive experience as a leading institutional investment manager and advisor.

John D. Vollaro has been a senior advisor of ACGL since April 2009 and has served as a director of ACGL since November 2009. He was executive vice president and chief financial officer of ACGL from January 2002 to March 2009 and treasurer of ACGL from May 2002 to March 2009. Prior to joining us, Mr. Vollaro acted as an independent consultant in the insurance industry since March 2000. Prior to March 2000, Mr. Vollaro was president and chief operating officer of W.R. Berkley Corporation from January 1996 and a director from September 1995 until March 2000. Mr. Vollaro was chief executive officer of Signet Star Holdings, Inc., a joint venture between W.R. Berkley Corporation and General Re Corporation, from July 1993 to December 1995. Mr. Vollaro served as executive vice president of W.R. Berkley Corporation from 1991 until 1993, chief financial officer and treasurer of W.R. Berkley Corporation from 1983 to 1993 and senior vice president of W.R. Berkley Corporation from 1983 to 1991. Mr. Vollaro's qualifications for service on our Board include his financial background, extensive executive management and operating experience in the insurance industry and his in-depth knowledge of our operations.

Robert F. Works has been a director of ACGL since June 1999. Mr. Works was a managing director of Jones Lang LaSalle (previously LaSalle Partners) until he retired on December 31, 2001. He joined Jones Lang LaSalle in 1981, where he has served in various capacities, including manager of both the Property Management and Investment Management teams of the Eastern Region of the United States. Mr. Works was also manager for the Times Square Development Advisory and Chelsea Piers Lease Advisory on behalf of New York State and the president of GCT Ventures and the Revitalization of Grand Central Terminal for the Metropolitan Transportation Authority until he retired on December 31, 2001. He holds a B.A. degree from the College of William and Mary. Mr. Works'

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qualifications for service on our Board include his extensive senior management and operating background and real estate and property management experience.

The following individuals are members of senior management, including our executive officers, who do not serve as directors of ACGL:

Name	Age	Position
Mark D. Lyons	56	Executive Vice President, Chief Financial Officer, Chief Risk Officer and Treasurer of ACGL*
Marc Grandisson	45	Chairman and Chief Executive Officer of Arch Worldwide Reinsurance Group
David H. McElroy	54	Chairman and Chief Executive Officer of Arch Worldwide Insurance Group*
W. Preston Hutchings	56	President of Arch Investment Management Ltd. and Senior Vice President and Chief Investment Officer of ACGL
Michael R. Murphy	59	Chief Underwriting Officer of Arch Worldwide Insurance Group and President of Arch Insurance Group (U.S.)
Timothy J. Olson	55	President and Chief Executive Officer of Arch Reinsurance Company
Nicolas Papadopoulo	50	President and Chief Executive Officer of Arch Reinsurance Ltd.
Louis T. Petrillo	47	President and General Counsel of Arch Capital Services Inc.
John F. Rathgeber	58	Vice Chairman of Arch Worldwide Reinsurance Group and Chairman of Arch Reinsurance Company

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Class III directors: Kevin O'Boyle, Frank Fischer and Shawn T McCormick, whose current terms will expire at the annual meeting of stockholders to be held in 2020.

D. Keith Grossman, Wilfred E. Jaeger M.D. and Elizabeth ("Bess") Weatherman have been nominated to serve as Class II directors and have each elected to stand for election or re-election, as applicable. Each director to be elected will hold office from the date of their election by the stockholders until the third subsequent annual meeting of stockholders or until his or her successor is elected and has been qualified, or until such director's earlier death, resignation or removal.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named above. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as the Board may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve. Directors are elected by a plurality of the votes cast at the meeting.

In accordance with the policy adopted by our Board of Directors, in this election, an incumbent candidate for director who does not receive the affirmative "For" vote of a majority of the votes cast for his or her election (i.e., the director receives a greater number of votes "Withheld" for his or her election than votes "For") shall promptly tender his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee of the Board of Directors, or a committee of independent directors in the event the subject director is a member of the Nominating and Corporate Governance Committee, will then make a recommendation to the Board of Directors and the Board of Directors (excluding the subject director) will make a determination as to whether to accept or reject the tendered offer of resignation generally within 90 days after certification of the election results of the stockholder vote. Following such determination, we will publicly disclose the decision regarding any tendered offer of resignation in a filing of a Current Report on Form 8-K with the SEC. If a director's offer to resign is not accepted by the Board of Directors, such director shall continue to serve until his or her successor is duly elected and qualifies, or until his or her earlier resignation or removal.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE

FOR THE ELECTION OF EACH NAMED NOMINEE.

The following table sets forth, for the Class II nominees (who are currently standing for election or re-election) and for our other current directors who will continue in office after the Annual Meeting, information with respect to their ages and position/office held within the Company as of March 31, 2019:

Name	Age	Position/Office Held With the Company	Director Since
Class II Directors whose terms expire at the Annual Meeting			
Elizabeth ("Bess") Weatherman (2)	59	Director	2019
Wilfred E. Jaeger, M.D. (1)(2)	63	Director	2012
D. Keith Grossman	58	President and Chief Executive Officer	2019
Class III Directors whose terms expire at the 2020 Annual Meeting of Stockholders			
Frank Fischer (3)	77	Director	2012
Shawn T McCormick (1)	54	Director	2014
Kevin O'Boyle	63	Director	2019
Class I Directors whose terms expire at the 2021 Annual Meeting of Stockholders			
Brad Vale, Ph.D., D.V.M. (2)	66	Director	2015
Michael DeMane	62	Chairman of the Board	2011
Lisa D. Earnhardt (1)(3)	49	Director	2015

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Corporate Governance Committee.

Set forth below is biographical information for the nominees and each person whose term of office as a director will continue after the Annual Meeting. The following includes certain information regarding our directors' individual experience, qualifications, attributes and skills that led the Board to conclude that they should serve as directors.

Nominees for Election at the Annual Meeting

Elizabeth ("Bess") Weatherman joined us in March 2019 and currently serves as a member of our Board. Ms. Weatherman has served as special limited partner of Warburg Pincus LLC, a leading global private equity firm, since 2016. Ms. Weatherman joined Warburg Pincus in 1988, became a partner in 1996 and served as a member of the Executive Management Group from 2001 to January 2016. She led the firm's Healthcare Group from 2008 to January 2015. Ms. Weatherman currently serves as a director of each of Wright Medical Group N.V., Vapotherm, Inc. and Silk Road Medical, Inc. She received a B.A. in English from Mount Holyoke College and an M.B.A. from Stanford Graduate School of Business. We believe that Ms. Weatherman is qualified to serve on our Board due to her service as a director on public company boards, including medical device companies, investment experience and healthcare industry knowledge.

Wilfred E. Jaeger, M.D. has served on our Board since January 2012. Dr. Jaeger cofounded Three Arch Partners in 1993 and has served as a Partner and Managing Member since that time. Prior to co-founding Three Arch Partners, Dr. Jaeger was a general partner at Schroder Ventures. Dr. Jaeger currently serves on the board of directors and compensation committee of Concert Pharmaceuticals, Inc., a public clinical stage biopharmaceutical company, as well as numerous private companies. Dr. Jaeger received a B.S. in Biology from the University of British Columbia, an M.D. from the University of British Columbia School of Medicine and an M.B.A. from the Stanford Graduate School of Business. We believe that Dr. Jaeger is qualified to serve on our Board due to his investment experience, strategic leadership track record and service on other boards of directors of life sciences companies.

D. Keith Grossman joined us in March 2019 as our President and Chief Executive Officer. Mr. Grossman has over 30 years of experience in the medical device field. Mr. Grossman served most recently, and for the second time, as the President, Chief Executive Officer and director of Thoratec Corporation (“Thoratec”), leading up to its 2015 sale to St. Jude Medical. Prior to Thoratec, he served as President, Chief Executive Officer and director of Conceptus, a women’s health medical device company, leading up to its sale to Bayer Healthcare. Prior to Conceptus, Mr. Grossman served as managing director of Texas Pacific Group (“TPG”), a private equity firm, as a member of its healthcare investment team. Prior to TPG, Mr. Grossman served as Thoratec’s President, Chief Executive Officer and director for the first ten years of its growth as a commercial company. Mr. Grossman currently serves as chairman of the board of Outset Medical, Inc., a privately held company, as a board member of ViewRay, Inc. and previously served as a member of the board of directors of Intuitive Surgical, Inc., Kyphon, Inc., and a number of privately held medical device companies. Mr. Grossman received a B.S. in life sciences from The Ohio State University and an M.B.A. from Pepperdine University. We believe Mr. Grossman is qualified to serve on our Board due to his medical device company and industry experience, extensive leadership experience as the chief executive officer of medical device companies and service on other boards of directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE

FOR THE ELECTION OF EACH OF THE ABOVE NAMED NOMINEES

Directors Continuing in Office Until the 2020 Annual Meeting of Stockholders

Frank Fischer has served on our Board since October 2012. Mr. Fischer joined NeuroPace, Inc., a privately held developer of treatment devices for neurological disorders, in 2000 and currently serves as its President and Chief Executive Officer. From May 1998 to September 1999, Mr. Fischer was President, Chief Executive Officer and a director of Heartport, Inc., a formerly publicly traded cardiac surgery company (later acquired by Johnson & Johnson in 2001). From 1987 to 1997, Mr. Fischer served as President and Chief Executive Officer of Ventritex, Inc., a publicly traded designer, developer, manufacturer and marketer of implantable defibrillators and related products for the treatment of ventricular tachycardia and ventricular fibrillation, which was acquired by St. Jude Medical in 1997. Mr. Fischer currently serves on the board of directors of several privately held companies. Mr. Fischer received a B.S. in Mechanical Engineering and a M.S. in Management from Rensselaer Polytechnic Institute. We believe that Mr. Fischer is qualified to serve on our Board due to his extensive operational and management experience in the life science and medical device industries.

Shawn T McCormick has served on our Board since September 2014. Mr. McCormick served as Chief Financial Officer of Tornier N.V., a public medical device company (“Tornier”), from September 2012 to October 2015 when Tornier merged with Wright Medical Group. From April 2011 to February 2012, Mr. McCormick was Chief Operating Officer of Lutonix, Inc., a medical device company acquired by C. R. Bard, Inc. in December 2011. From January 2009 to July 2010, Mr. McCormick served as Senior Vice President and Chief Financial Officer of ev3 Inc., a public endovascular device company acquired by Covidien plc in July 2010. From May 2008 to January 2009, Mr. McCormick served as Vice President, Corporate Development at Medtronic, Inc., a public medical device company (“Medtronic”), where he was responsible for leading Medtronic’s worldwide business development activities. From 2007 to 2008, Mr. McCormick served as Vice President, Corporate Technology and New Ventures of Medtronic. From 2002 to 2007, Mr. McCormick was Vice President, Finance for Medtronic’s Spinal, Biologics and Navigation business. Prior to that, Mr. McCormick held various other positions with Medtronic, including Corporate Development Director, Principal Corporate Development Associate, Manager, Financial Analysis, Senior Financial Analyst and Senior Auditor. Prior to joining Medtronic, he spent four years with the public accounting firm KPMG Peat Marwick. He was a director of Entellus Medical, Inc., a public medical device company, and served as the

chairman of the audit committee and as a member of the nominating and corporate governance committee from November 2014 to February 2018 when Entellus was sold to Stryker. Mr. McCormick has been a director of SurModics, Inc., a public medical device and in vitro diagnostic technologies company, since December 2015 and serves on the audit committee and corporate governance and nominating committee. Mr. McCormick earned his M.B.A. from the University of Minnesota's Carlson School of Management and his B.S. in Accounting from Arizona State University. He is a Certified Public Accountant (inactive license) and a National Association of Corporate Directors (NACD) Fellow. We believe that Mr. McCormick is qualified to serve on our Board due to his financial expertise and extensive operational experience in the medical device industry.

Kevin O'Boyle has served on our Board since March 2019. Mr. O'Boyle has over 20 years of executive management experience in the medical device industry. Mr. O'Boyle currently serves as a director of each of Wright Medical Group N.V., GenMark Diagnostics, Inc. and Sientra, Inc. Previously, Mr. O'Boyle served as Senior Vice President and Chief Financial Officer of Advanced Biohealing Inc. a medical device company, from December 2010 until it was acquired in July 2011. Mr. O'Boyle served as CFO of NuVasive, Inc. from January 2003 until December 2009. Prior to that, Mr. O'Boyle served in various leadership positions during his

six years with ChromaVision Medical Systems, Inc. Mr. O'Boyle received a B.S. in Accounting from the Rochester Institute of Technology and completed the Executive Management Program at the University of California Los Angeles, John E. Anderson Graduate Business School. We believe that Mr. O'Boyle is qualified to serve on our Board due to his financial expertise and extensive management experience in the medical device industry.

Directors Continuing in Office Until the 2021 Annual Meeting of Stockholders

Brad Vale, Ph.D., D.V.M., has served on our Board since March 2015. Dr. Vale was Head of Johnson & Johnson Development Company ("JJDC"), from January 2012 to March 2015. Dr. Vale joined JJDC in March 1992 and was appointed to the position of Vice President, Head of Venture Investments in April 2008. From September 1989 to March 1992, Dr. Vale supported Johnson & Johnson's medical device businesses at the Corporate Office of Science and Technology as an Executive Director. From 1982 to 1989, he was at Ethicon, Inc., a Johnson & Johnson subsidiary, working on preclinical studies, new business development, and a coronary artery bypass graft internal venture. Dr. Vale currently serves or has served on the board of directors of several private companies. Dr. Vale holds a Ph.D. from Iowa State University, a D.V.M. from Washington State University and a B.S. in Chemistry and Biology from Beloit College. We believe that Dr. Vale is qualified to serve on our Board due to his investment experience and strategic leadership in the life sciences industry.

Michael DeMane joined us in March 2011 and has served as our Chief Executive Officer and as Executive Chairman. Effective January 1, 2017, Mr. DeMane transitioned to non-executive Chairman of the Board. Mr. DeMane has served on the board of directors of several private companies since 2009, as well as on the board of directors of eResearch Technology, Inc., a public company specializing in contract research clinical services, from July 2008 to April 2012. From March 2009 to June 2010, Mr. DeMane served as a Senior Advisor to Thomas, Mc Nerney & Partners, a healthcare venture firm. Mr. DeMane served as the Chief Operating Officer of Medtronic from August 2007 to April 2008. Prior to his COO role, Mr. DeMane served at Medtronic as Senior Vice President from May 2007 to August 2007, Senior Vice President and President: Europe, Canada, Latin America and Emerging Markets from August 2005 to May 2007, Senior Vice President and President: Spinal, ENT and Navigation from February 2002 to August 2005, and President, Spinal from January 2000 to February 2002. Prior to that, he was President at Interbody Technologies, a division of Medtronic Sofamor Danek, Inc., from June 1998 to December 1999. From April 1996 to June 1998, Mr. DeMane served at Smith & Nephew Pty. Ltd. as Managing Director, Australia and New Zealand, after a series of research and development and general management positions with Smith & Nephew Inc. Mr. DeMane earned a B.S. in Chemistry from St. Lawrence University and an M.S. in Bioengineering from Clemson University. We believe that Mr. DeMane is qualified to serve on our Board due to his investment experience, strategic leadership track record, service on other boards of directors of companies in the healthcare industry and his previous service as our Chief Executive Officer.

Lisa D. Earnhardt has served on our Board since June 2015. Ms. Earnhardt has served as President and Chief Executive Officer of Intersect ENT and as a member of its board of directors since March 2008. Prior to joining Intersect ENT, Ms. Earnhardt served as President of Boston Scientific's Cardiac Surgery division (formerly known as Guidant Corporation, or Guidant) from June 2006 to January 2008 until its sale to Getinge Group. From August 1996 to April 2006, Ms. Earnhardt worked at Guidant in a variety of sales and marketing leadership positions. Ms. Earnhardt served on the board of directors of Kensey Nash, a publicly traded company from 2011 until it was acquired by Royal DSM NA in 2012, where she served on the board's nominating and governance and audit committees. Ms. Earnhardt holds an M.B.A. from Northwestern's Kellogg School of Management and a B.S. in Industrial Engineering from Stanford University. We believe that Ms. Earnhardt is qualified to serve on our Board due to her operational and management experience in the medical device industry.

PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board has engaged PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2019, and is seeking ratification of such selection by our stockholders at the Annual Meeting. PricewaterhouseCoopers LLP has audited our financial statements since the year ended December 31, 2006. Representatives of PricewaterhouseCoopers LLP are expected to be in attendance online at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our Bylaws nor other governing documents or law require stockholder ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm. However, the Audit Committee is submitting the selection of PricewaterhouseCoopers LLP to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and our stockholders.

Principal Accountant Fees and Services

The following table provides information regarding the fees incurred to PricewaterhouseCoopers LLP during the years ended December 31, 2018 and 2017. The Audit Committee approved all of the fees described below incurred since our initial public offering in November 2014.

	Years Ended	
	December 31,	
	2018	2017
Audit Fees (1)	\$1,678,790	\$1,695,220
Tax Fees	—	—
Audit-Related Fees (2)	—	95,000
All Other Fees (3)	2,700	2,700
Total Fees	\$1,681,490	\$1,792,920

- (1) Audit fees of PricewaterhouseCoopers LLP for 2018 and 2017 were for professional services rendered for the audits of our financial statements, including accounting consultation and reviews of quarterly financial statements.
- (2) Audit-Related fees of PricewaterhouseCoopers LLP for 2017 were for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and not reported under “Audit Fees.” This primarily consists of fees for service organization control (“SOC”) audits under Statement on Standards for Attestation Engagements No. 16.
- (3) Other fees of PricewaterhouseCoopers LLP for 2018 and 2017 include support services not included in the service categories above.

Pre-Approval Policies and Procedures

The Audit Committee or a delegate of the Audit Committee pre-approves, or provides pursuant to pre-approvals policies and procedures for the pre-approval of, all audit and non-audit services provided by its independent registered public accounting firm. This policy is set forth in the charter of the Audit Committee and is available in the “Corporate Governance” section of our website at <http://www.nevro.com/>.

The Audit Committee approved all of the audit, audit-related, tax and other services provided by PricewaterhouseCoopers LLP since our initial public offering in November 2014 and the estimated costs of those services. Actual amounts billed, to the extent in excess of the estimated amounts, are periodically reviewed and approved by the Audit Committee.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The material in this report is not “soliciting material,” is not deemed “filed” with the SEC, and is not to be incorporated by reference into any filing of Nevro under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

The primary purpose of the Audit Committee is to oversee our financial reporting processes on behalf of our Board. The Audit Committee’s functions are more fully described in its charter, which is available in the “Corporate Governance” section of our website at <http://www.nevro.com/>. Management has the primary responsibility for our financial statements and reporting processes, including our systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management Nevro’s audited financial statements as of and for the year ended December 31, 2018.

The Audit Committee has discussed with PricewaterhouseCoopers LLP, the Company’s independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 1301, “Communications with Audit Committees” issued by the Public Company Accounting Oversight Board (the “PCAOB”). In addition, the Audit Committee discussed with PricewaterhouseCoopers LLP their independence, and received from PricewaterhouseCoopers LLP the written disclosures and the letter required by Ethics and Independence Rule 3526 of the PCAOB. Finally, the Audit Committee discussed with PricewaterhouseCoopers LLP, with and without management present, the scope and results of PricewaterhouseCoopers LLP’s audit of such financial statements.

Based on these reviews and discussions, the Audit Committee has recommended to our Board that such audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2018 for filing with the SEC. The Audit Committee also has engaged PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019 and is seeking ratification of such selection by the stockholders.

Audit Committee
Shawn T McCormick, Chairman
Lisa D. Earnhardt
Wilfred E. Jaeger, M.D.

PROPOSAL 3

NON-BINDING, ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Summary

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 enables our stockholders 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 the SEC's rules, commonly known as a "Say-on-Pay" vote. Accordingly, we are seeking a non-binding, advisory vote to approve the compensation of our named executive officers as described in the "Compensation Discussion and Analysis" section of this proxy statement and the compensation tables and accompanying narrative disclosures that follow.

Board Recommendation

Our Compensation Committee and the Board believe that the information provided in the "Compensation Discussion and Analysis" section of this proxy statement, compensation tables and accompanying narrative disclosures demonstrates that our executive compensation program is designed appropriately, emphasizes pay for performance and aligns management's interests with our stockholders' interests to support long-term value creation.

Accordingly, our Board recommends that stockholders vote "FOR" the following resolution:

RESOLVED, that stockholders of Nevro Corp. (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in "Compensation Discussion and Analysis," compensation tables and the accompanying narrative disclosures of this Proxy Statement.

While the vote on this resolution is advisory and not binding on us, the Compensation Committee, or our Board, the Compensation Committee and our Board values thoughtful input from stockholders and will consider the outcome of the vote on this resolution when considering future executive compensation decisions. Our Board has adopted a policy of providing for annual advisory votes from stockholders on executive compensation. Unless our Board modifies its policy on the frequency of future Say-on-Pay advisory votes, the next Say-on-Pay advisory vote will be held at the 2020 annual meeting of stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE, ON A NON-BINDING ADVISORY BASIS, FOR THE RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

PROPOSAL 4

AMENDMENT TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO PHASE IN THE DECLASSIFICATION OF OUR BOARD OF DIRECTORS

After careful consideration and upon the recommendation of our Board's Nominating and Corporate Governance Committee, which is comprised entirely of independent directors, our Board has determined that it is advisable and in the best interests of our Company and its stockholders to phase in the declassification of our Board to allow our stockholders to vote on the election of directors generally on an annual basis, rather than on a staggered basis (the "Declassification Amendment").

Our Board carefully considered the advantages and disadvantages of the current classified structure. In reaching its determination to propose the declassification of our Board, it concluded that the benefits of a classified structure, including maintaining continuity of experience and encouraging a person seeking control of the Company to initiate arm's length discussions with management and our Board, were outweighed by the following considerations:

- Our Board's belief that providing the Company's stockholders with the opportunity annually to register their views on the collective performance of our Board and on each director individually will further the Company's goal of ensuring that its corporate governance policies conform to best practices and maximize accountability to the stockholders;
- Discussions with certain of our stockholders who prefer the annual election of directors; and
- The growing sentiment among the investment community in favor of the annual election of directors.

Article V of our Charter currently provides that our Board shall be divided into three classes of directors, as nearly equal in number as possible, elected to serve staggered terms of three years each, which means that approximately one-third of the directors are elected each year. In order to begin the declassification of our Board at the 2020 annual meeting of stockholders, our Board determined to seek stockholder approval of a proposed amendment to our Charter at the 2019 Annual Meeting and also determined to phase in declassification over time.

If the Declassification Amendment is approved by our stockholders, the Declassification Amendment will be filed with the Delaware Secretary of State, and each director who stands for election or re-election at and after the 2020 annual meeting of stockholders following the completion of such director's then-current three-year term will be elected for a one-year term, expiring at the next year's annual stockholder meeting. As a result, assuming the Declassification Amendment is approved, the Board structure will be completely declassified by the 2022 annual meeting of stockholders when the directors standing for reelection at this Annual Meeting have completed their final three-year term. Commencing with the 2022 annual meeting of stockholders, our directors will no longer be divided into classes. The Declassification Amendment would not change the current number of directors or our Board's authority to change the number of directors and to fill any vacancies or newly created directorships.

Our Board has also approved an amendment to our Bylaws, subject to stockholder approval of the Declassification Amendment, to remove the requirement set forth in Article III, Section 3.3 of the Bylaws that our Board shall be divided into three classes of directors.

If the proposal to amend our Charter is not approved by our stockholders, then our Board will remain classified and our Class III directors will stand for re-election for a three-year term at the 2020 annual meeting of stockholders, our Class I directors will stand for re-election for a three-year term at the 2021 annual meeting of stockholders and our Class II directors will stand for re-election for a three-year term at the 2022 annual meeting of stockholders.

The general description of the Declassification Amendment set forth above is qualified in its entirety by reference to the text of the amendment, which is attached as Appendix A to these proxy materials.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE AMENDMENT TO OUR CHARTER TO PHASE IN THE DECLASSIFICATION OF OUR BOARD OF DIRECTORS.

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PROPOSAL 5

AMENDMENT TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE THE SUPERMAJORITY VOTING REQUIREMENTS

After careful consideration and upon the recommendation of our Board's Nominating and Corporate Governance Committee, which is comprised entirely of independent directors, our Board has determined that it is advisable and in the best interests of our Company and its stockholders to replace the provisions in our Charter that require the affirmative vote of sixty-six and two-thirds percent (66-2/3%) of our voting stock (the "Supermajority Voting Requirement") for stockholders to take action with a majority of our voting stock (the "Supermajority Amendment").

Currently, Article IX of our Charter provides that amendments to Articles V (Board of Directors), VI (Stockholders), VII (Liability and Indemnification), VIII (Exclusive Forum) and IX (Amendments) must be approved pursuant to the Supermajority Voting Requirement and Article V, Section 2(a) of our Charter provides that any stockholder-approved adoption, amendment, or repeal of our Bylaws must be approved pursuant to the Supermajority Voting Requirement. Additionally, Article V, Section 1(c) of our Charter provides that removal of any director for cause requires the Supermajority Voting Requirement.

Our Board carefully considered the advantages and disadvantages of the current Supermajority Voting Requirements. After evaluation, the Board has determined that, while the current Supermajority Voting Requirements imposed by the Charter are designed to ensure that interests of all stockholders are fully protected, the Board recognizes that there are different perspectives on this matter and compelling arguments for the elimination of Supermajority Voting Requirements to amend a company's charter and bylaws, including growing sentiment that the elimination of such a provision provides stockholders greater ability to participate in the corporate governance of a company. The Board has also determined that an increasing number of companies are beginning to view such a voting requirement as overly burdensome. After carefully weighing all of these considerations, the Board approved and declared advisable the proposed Supermajority Amendment and recommended that the stockholders approve the adoption of the Supermajority Amendment by voting in favor of this proposal.

If the Supermajority Voting Requirement is eliminated, amendments to Sections V, VI, VII, VIII and Article IX of the Company's Charter that would have required supermajority stockholder approval under the Charter will instead require approval of the holders of a majority of the voting power of all then-outstanding shares of voting stock, voting together as a single class, and stockholder amendments to the Bylaws will instead require approval of the holders of a majority of the voting power of all then-outstanding shares of voting stock, voting together as a single class. Additionally, subject to the special rights of the holders of Preferred Stock, a director may be removed from office for cause with the approval of the holders of a majority of the voting power of all the then outstanding shares of voting stock.

Our Board has also approved an amendment to our Bylaws, subject to stockholder approval of the Supermajority Amendment, to make conforming changes to the supermajority vote requirements in our Bylaws.

If the Supermajority Amendment is not approved by our stockholders, certain amendments to the Charter and stockholder amendments to the Bylaws, and the removal of a director for cause, will continue to require the approval of sixty-six and two-thirds percent (66-2/3%) of the voting power of all then-outstanding shares of voting stock, voting together as a single class.

The general description of the Supermajority Amendment set forth above is qualified in its entirety by reference to the text of the amendment, which is attached as Appendix B to these proxy materials.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE AMENDMENT TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE THE SUPERMAJORITY VOTING REQUIREMENTS.

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CORPORATE GOVERNANCE

Code of Conduct and Ethics

We have adopted a Code of Conduct and Ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The Code of Conduct and Ethics is available in the “Corporate Governance” section of our website at <http://www.nevro.com/>. We expect that any amendments to the Code of Conduct and Ethics, or any waivers of its requirements, will be disclosed on our website. The reference to our web address does not constitute incorporation by reference of the information contained at or available through our website.

Corporate Governance Guidelines

We believe in sound corporate governance practices and have adopted formal Corporate Governance Guidelines to enhance our effectiveness. Our Board adopted these Corporate Governance Guidelines in order to ensure that it has the necessary practices in place to review and evaluate our business operations as needed and to make decisions that are independent of our management. The Corporate Governance Guidelines are also intended to align the interests of directors and management with those of our stockholders. The Corporate Governance Guidelines set forth the practices our Board follows with respect to Board and committee composition and selection, Board meetings, Chief Executive Officer performance evaluation and succession planning. A copy of our Corporate Governance Guidelines is available on our website at <http://www.nevro.com/>.

Director Resignation Policy if Majority Approval is Not Attained. Our Board of Directors recently amended our Corporate Governance Guidelines to provide that an incumbent candidate for director who does not receive the affirmative “For” vote of a majority of the votes cast for his or her election (i.e., the director receives a greater number of votes “Withheld” for his or her election than votes “For”) promptly tender his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee of the Board of Directors, or a committee of independent directors in the event the subject director is a member of the Nominating and Corporate Governance Committee, will then make a recommendation to the Board of Directors and the Board of Directors (excluding the subject director) will make a determination as to whether to accept or reject the tendered offer of resignation generally within 90 days after certification of the election results of the stockholder vote. Following such determination, we will publicly disclose the decision regarding any tendered offer of resignation in a filing of a Current Report on Form 8-K with the SEC. If a director’s offer to resign is not accepted by the Board of Directors, such director shall continue to serve until his or her successor is duly elected and qualifies, or until his or her earlier resignation or removal.

Independence of the Board of Directors

Under New York Stock Exchange rules and regulations, a majority of the members of a listed company’s board of directors must qualify as “independent,” as affirmatively determined by such board. The Board consults with the Company’s counsel to ensure that the Board’s determinations are consistent with all relevant securities and other laws and regulations regarding the definition of “independent,” including those set forth in pertinent New York Stock Exchange listing standards, as in effect from time to time.

Consistent with these considerations, our Board has determined that all of our current directors, other than Mr. DeMane and Mr. Grossman, qualify as “independent” directors in accordance with the New York Stock Exchange listing requirements. Mr. DeMane is not considered independent because he served as an executive officer of Nevro within the last three years. Mr. Grossman is not considered independent because he is our current President and Chief Executive Officer. The Board had previously determined that our former director, Mr. Ali Behbahani, was also an independent director and that Mr. Rami Elghandour, who previously served as of President and Chief Executive Officer, was not independent. The New York Stock Exchange’s independence definition includes a series of objective

tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his family members has engaged in various types of business dealings with us. In addition, as required by New York Stock Exchange rules, our Board has made a subjective determination as to each independent director that no relationships exist, which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our Board reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and relationships as they may relate to us and our management. There are no family relationships among any of our directors or executive officers.

As required under New York Stock Exchange rules and regulations, our independent directors meet in regularly scheduled executive sessions at which only independent directors are present. All of the committees of our Board are comprised entirely of directors determined by the Board to be independent within the meaning of New York Stock Exchange rules and regulations.

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Leadership Structure of the Board

Our Bylaws and Corporate Governance Guidelines provide our Board with flexibility to combine or separate the positions of Chairman of the Board and Chief Executive Officer and/or the implementation of a lead director in accordance with its determination that utilizing one or the other structure would be in the best interests of the Company. During 2018, Mr. DeMane served as the Chairman of the Board and Mr. Elghandour served as the President and Chief Executive Officer.

Mr. Fischer served as the presiding independent director at meetings of the independent members of the Board when they met in executive session. In his role as presiding independent director, Mr. Fischer presided over the executive sessions of the Board in which Mr. Elghandour and Mr. DeMane did not participate and served as a liaison to the Chief Executive Officer and management on behalf of the independent members of the Board.

Effective March 19, 2019, the Board determined to appoint Mr. Grossman as the Company's new President and Chief Executive Officer and, if elected at the Annual Meeting, he will also assume the role of Chairman of the Board. In evaluating the Company's go-forward Board leadership structure, the Board determined that having Mr. Grossman serve as both Chairman and Chief Executive Officer would be the most effective leadership structure for the Company. Mr. Grossman has over 30 years of experience in the medical device field, most recently, and for the second time, as Chief Executive Officer of Thoratec, and prior to that, as Chief Executive Officer of Conceptus. This experience makes him uniquely well positioned to lead the Company's business, operations and strategy. The combination of the Chief Executive Officer and Chairman roles allows consistent communication and coordination throughout the Company, effective and efficient implementation of corporate strategy and is important in unifying our team members behind a single vision.

Independent leadership continues to remain an important pillar of our Board leadership structure and, as such, Mr. Fischer will continue to serve as the presiding independent director at meetings of the independent members of the Board when they meet in executive session. The Board believes this leadership structure strikes an appropriate balance between effective and efficient Company leadership and oversight by non-management directors.

Our Board has concluded that our current leadership structure is appropriate at this time. However, our Board will continue to periodically review our leadership structure and may make changes as it deems appropriate.

Role of Board in Risk Oversight Process

Risk assessment and oversight are an integral part of our governance and management processes. Our Board encourages management to promote a culture that incorporates risk management into our corporate strategy and day-to-day business operations. Management discusses strategic and operational risks at regular management meetings, and conducts specific strategic planning and review sessions during the year that include focused discussions and analyses of the risks facing us. Throughout the year, senior management reviews these risks with the Board at regular Board meetings as part of management presentations that focus on particular business functions, operations or strategies, and presents the steps taken by management to mitigate or eliminate such risks.

Our Board does not have a standing risk management committee, but rather administers this oversight function directly through our Board as a whole, as well as through various standing committees of our Board that address risks inherent in their respective areas of oversight. In particular, our Board is responsible for monitoring and assessing strategic risk exposure and our Audit Committee is responsible for overseeing our major financial risk exposures and the steps our management has taken to monitor and control these exposures. The Audit Committee also monitors compliance with legal and regulatory requirements. Our Nominating and Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines and considers and approves or disapproves any

related-person transactions. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs have the potential to encourage excessive risk-taking.

Board Committees

Audit Committee

Our Audit Committee oversees our corporate accounting and financial reporting process. Among other matters, the Audit Committee:

- appoints our independent registered public accounting firm;

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- evaluates the independent registered public accounting firm’s qualifications, independence and performance;
- determines the engagement of the independent registered public accounting firm;
- reviews and approves the scope of the annual audit and the audit fee;
- discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly financial statements;
- approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;
- monitors the rotation of partners of the independent registered public accounting firm on our engagement team as required by law;
- is responsible for reviewing our financial statements and our management’s discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC;
- reviews our critical accounting policies and estimates;
- reviews cyber-security and other risks relevant to the Company’s computerized information systems; and
- annually reviews the Audit Committee charter and the committee’s performance.

The current members of our Audit Committee are Shawn T McCormick, Lisa D. Earnhardt and Wilfred E. Jaeger, M.D. Mr. McCormick serves as the chairperson of the committee. All members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the New York Stock Exchange. Our Board has determined that Mr. McCormick is an Audit Committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of the New York Stock Exchange. Under the rules of the SEC, members of the Audit Committee must also meet heightened independence standards. Our Board has determined that each of Mr. McCormick, Ms. Earnhardt and Dr. Jaeger are independent under the applicable rules of New York Stock Exchange and under the applicable rules of the SEC. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee operates under a written charter that satisfies the applicable standards of the SEC and New York Stock Exchange. A copy of the Audit Committee charter is available to security holders in the “Corporate Governance” section of the Company’s website at <http://www.nevro.com/>.

Compensation Committee

Our Compensation Committee reviews and recommends policies relating to compensation and benefits of our officers and employees. The Compensation Committee reviews and recommends to our Board corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, evaluates the performance of these officers in light of those goals and objectives and sets the compensation of these officers, other than the Chief Executive Officer, based on such evaluations. Our Board retains the authority to determine and approve, upon the recommendation of the Compensation Committee, the compensation of the Chief Executive Officer, unless such authority has been delegated to the Compensation Committee. Our executive officers submit proposals to the Compensation Committee regarding our executive and director compensation, which the Compensation Committee may recommend to our Board. The Compensation Committee also recommends to our Board the issuance of restricted stock units, stock options and other awards under our stock plans. The Compensation Committee will review and evaluate, at least annually, the performance of the Compensation Committee and its members, including compliance by the Compensation Committee with its charter. The Compensation Committee is entitled to delegate any or all of its responsibilities to a subcommittee to the extent consistent with our Charter, Bylaws, applicable laws and regulations and New York Stock Exchange rules. The current members of our Compensation Committee are Ms. Weatherman, Dr. Jaeger and Dr. Vale. Dr. Jaeger serves as the chairman of the committee. During 2018, Mr. Behbahani also served on our Compensation Committee. Each of the members of our Compensation Committee is independent under the applicable rules and regulations of the New York Stock Exchange and is a “non-employee director” as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

In 2018, our Compensation Committee retained Radford Consulting, Inc. (“Radford”), a nationally recognized compensation consulting firm, to serve as its independent compensation consultant and to conduct market research and analysis on our various executive positions, to assist the committee in developing appropriate incentive plans for our executives, to provide the committee with advice and ongoing recommendations regarding material executive, non-executive and non-employee director compensation

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decisions and to review compensation proposals of management. Radford reports directly to the Compensation Committee and does not provide any non-compensation related services to the Company. In compliance with the disclosure requirements of the SEC regarding the independence of compensation consultants, Radford addressed each of the six independence factors established by the SEC with the Compensation Committee. Its responses affirmed the independence of Radford on executive compensation matters. Based on this assessment, the Compensation Committee determined that the engagement of Radford does not raise any conflicts of interest or similar concerns. In addition, the Compensation Committee evaluated the independence of its other outside advisors to the Compensation Committee, including outside legal counsel, considering the same independence factors and concluded their work for the Compensation Committee does not raise any conflicts of interest.

The Compensation Committee operates under a written charter that satisfies the applicable standards of the SEC and the New York Stock Exchange. A copy of the Compensation Committee charter is available to security holders in the “Corporate Governance” section of the Company’s website at <http://www.nevro.com/>.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee is responsible for making recommendations to our Board regarding candidates for directorships and the size and composition of our Board. In addition, the Nominating and Corporate Governance Committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our Board concerning governance matters. The current members of our Nominating and Corporate Governance Committee are Ms. Earnhardt and Mr. Fischer. Mr. Fischer serves as the chairman of the committee. During 2018, Mr. Behbahani also served on the Nominating and Corporate Governance Committee. Each of the members of our Nominating and Corporate Governance Committee is an independent director under the applicable rules and regulations of the New York Stock Exchange relating to Nominating and Corporate Governance Committee independence. The Nominating and Corporate Governance Committee operates under a written charter. A copy of the Nominating and Corporate Governance Committee charter is available to security holders in the “Corporate Governance” section of the Company’s website at <http://www.nevro.com/>.

Our Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current members), the Nominating and Corporate Governance Committee, in recommending candidates for election, and the Board, in approving (and, in the case of vacancies, appointing) such candidates, will take into account many factors, including the following: diversity of personal and professional background, perspective and experience; personal and professional integrity, ethics and values; experience in corporate management, operations or finance, such as serving as an officer or former officer of a publicly held company, and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today’s business environment; experience in the industries in which we compete and with relevant social policy concerns; experience as a board member or executive officer of another publicly held company; relevant academic expertise or other proficiency in an area of the Company’s operations; diversity of business and career experience relevant to the success of the Company; and practical and mature business judgment. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best maximize the success of the Company and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. For a stockholder to make any nomination for election to the Board at an annual meeting, the stockholder must provide notice to the Company, which notice must be delivered to, or mailed and received at, the Company’s principal executive offices not less than 90 days, and not more than 120 days, prior to the one-year anniversary of the preceding year’s annual meeting; provided, that if the date of the annual meeting is more than

30 days before, or more than 60 days after, such anniversary date, the stockholder's notice must be delivered, or mailed and received, not later than 90 days prior to the date of the annual meeting or, if later, the 10th day following the date on which public disclosure of the date of such annual meeting is made. Further updates and supplements to such notice may be required at the times, and in the forms, required under our Bylaws. As set forth in our Bylaws, submissions must include the name and address of the proposed nominee, information regarding the proposed nominee that is required to be disclosed in a proxy statement or other filings in a contested election pursuant to Section 14(a) under the Exchange Act, information regarding the proposed nominee's indirect and direct interests in shares of the Company's common stock, and a completed and signed questionnaire, representation and agreement of the proposed nominee. Our Bylaws also specify further requirements as to the form and content of a stockholder's notice. We recommend that any stockholder wishing to make a nomination for director review a copy of our Bylaws, as amended and restated to date, which is available, without charge, from our Corporate Secretary, at 1800 Bridge Parkway, Redwood City, California 94065.

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Meetings of the Board of Directors, Board and Committee Member Attendance and Annual Meeting Attendance

Our Board met seven times during the last year. The Audit Committee met seven times, the Compensation Committee met four times and the Nominating and Corporate Governance Committee met once. During 2018, each Board member attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he or she served. We encourage all of our directors and nominees for director to attend our annual meeting of stockholders; however, attendance is not mandatory. All of our directors attended our annual meeting of stockholders in 2018.

Stockholder or Any Other Interested Party Communications with the Board of Directors

Should stockholders or any other interested party wish to communicate with the Board or any specified individual directors, such correspondence should be sent to the attention of the Corporate Secretary at 1800 Bridge Parkway, Redwood City, California 94065. The Corporate Secretary will review such communications and, if appropriate, forward them only to the intended recipients. Communications that do not relate to the responsibilities of the intended recipients as directors of the Company (such as communications that are commercial or frivolous in nature) will not be forwarded. In addition, communications that appear to be unduly hostile, intimidating, threatening, illegal or similarly inappropriate will not be forwarded.

Compensation Committee Interlocks and Insider Participation

During 2018, our Compensation Committee consisted of Drs. Behbahani, Jaeger and Vale. None of the members of our Compensation Committee has at any time been one of our officers or employees. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers on our Board or Compensation Committee.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Below, we describe transactions and series of similar transactions, during our last fiscal year, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our common stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest.

Indemnification Agreements and Directors' and Officers' Liability Insurance

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, penalties, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's service as a director or executive officer.

Policies and Procedures for Related Party Transactions

Our Board has adopted a written related person transaction policy setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our Audit Committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction with an unrelated third party and the extent of the related person's interest in the transaction. We did not enter into any such transactions in 2018 and all of the transactions described in this section occurred prior to the adoption of this policy.

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference into any filing of Nevro under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

The Compensation Committee reviewed and discussed with management the “Compensation Discussion and Analysis” included in this Proxy Statement. Based on those reviews and discussions, the Compensation Committee recommended to the Board that the “Compensation Discussion and Analysis” be included in this Proxy Statement.

Compensation Committee
Wilfred E. Jaeger, M.D., Chairman
Brad Vale, Ph.D., D.V.M.
Elizabeth Weatherman

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DIRECTOR COMPENSATION

We maintain a non-employee director compensation program (the “Director Compensation Program”), which we initially adopted in connection with our initial public offering in 2014, pursuant to which our non-employee directors are compensated for their service on the Board. Under our Director Compensation Program, effective January 1, 2018, each non-employee director receives an annual cash retainer of \$55,000, and the non-executive chair of the Board receives an additional annual cash retainer of \$50,000. Non-employee directors who serve on one or more committees are also entitled to receive the following annual committee fees:

Committee	Chair	Other Member
Audit Committee	\$25,000	\$12,000
Compensation Committee	\$18,250	\$8,000
Nominating and Corporate Governance Committee	\$12,000	\$6,000

Under the Director Compensation Program, each non-employee director who is serving on our Board immediately following an annual stockholder’s meeting is granted an award of restricted stock units (“RSUs”) with a grant date fair value of \$275,000, rounded down to the nearest share. In the event a non-employee director is initially elected or appointed to our Board on a date other than an annual stockholder’s meeting, the RSU award is prorated for the director’s months of services before the expected date of the next annual stockholder’s meeting. Each RSU award will vest on the earlier of the first anniversary of the grant date or the date of the next annual stockholder’s meeting, subject to continued service through such date. All equity awards held by our non-employee directors will vest in full immediately prior to the occurrence of a change in control.

Our Director Compensation Program for 2018 was approved in November 2017 by our Board upon recommendation by our Compensation Committee following a competitive assessment of our then-existing Director Compensation Program by Radford, which found that certain elements of cash and equity compensation under the program were below the median of our peer group. As a result, the Compensation Committee chair annual committee fee was increased from \$15,000 and \$18,250, and the equity awards were shifted to 100% RSUs from an equal mix of stock options and RSUs, in order to achieve greater stockholder alignment.

The following table sets forth information concerning the compensation earned by our non-employee directors who served during 2018 for the year ended December 31, 2018.

Name	Fees			Total
	Earned or Paid in Cash (1)	Stock Awards (2)	Option Awards (2)	
Michael DeMane	\$105,000	\$274,942	\$—	\$379,942
Ali Behbahani, M.D.	\$69,000	\$274,942	\$—	\$343,942
Lisa D. Earnhardt	\$73,000	\$274,942	\$—	\$347,942
Frank Fischer	\$67,000	\$274,942	\$—	\$341,942

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Wilfred E. Jaeger, M.D.	\$85,250	\$274,942	\$	—\$360,192
Shawn T McCormick	\$80,000	\$274,942	\$	—\$354,942
Brad Vale, Ph.D., D.V.M.	\$63,000	\$274,942	\$	—\$337,942

(1) The amounts reported in this column represent the aggregate dollar amount of all fees earned or paid in cash to each non-employee director in fiscal 2018 for their service as a director, including any annual retainer fees, committee and/or chairmanship fees.

(2) The amounts reported in this column represent the grant date fair value calculated in accordance with the provisions of ASC Topic 718. The valuation assumptions used in determining such amounts are described in Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

As of December 31, 2018, each of our non-employee directors during 2018 held the following outstanding stock and option awards:

Name	Shares Subject to Outstanding Stock Awards	Shares Subject to Outstanding Option Awards
Michael DeMane	3,785	165,086
Ali Behbahani	3,785	19,444
Lisa D. Earnhardt	3,785	12,638
Frank Fischer	3,785	19,444
Wilfred E. Jaeger, M.D.	3,785	19,444
Shawn T McCormick	3,785	25,096
Brad Vale, Ph.D., D.V.M.	3,785	19,716

2019 Director Compensation and Stock Ownership Guidelines

In November 2018, following a competitive assessment of our Director Compensation Program by Radford, our Board, upon recommendation by our Compensation Committee, approved the reduction of the value of the director RSU grant from \$275,000 to \$175,000 in order to reflect the median of the director equity compensation of our peer group, effective January 1, 2019.

In addition, our Board, upon recommendation by our Compensation Committee, approved new stock ownership guidelines for our executive officers and directors. Pursuant to the guidelines, our directors are required to hold equity valued at 2x the base annual retainer and have five years from the effective date of the guidelines to come into compliance.

EXECUTIVE OFFICERS

The following is biographical information for our executive officers and significant employees as of March 31, 2019.

Name	Age	Position(s)
Executive Officers		
D. Keith Grossman	58	President and Chief Executive Officer
Andrew H. Galligan	62	Chief Financial Officer
Doug Alleavitch	58	Vice President, Quality
Michael Carter	47	Vice President, Global Sales
Christofer Christoforou	49	Vice President, Research and Development
Kashif Rashid	45	General Counsel, Corporate Secretary and Chief Compliance Officer
Patrick Schmitz	59	Vice President, Operations
Significant Employees		
David Caraway, M.D., Ph.D.	62	Chief Medical Officer
Richard B. Carter	48	Vice President of Finance, Corporate Controller
Divya Ghatak	48	Vice President, Human Resources
Bradford E. Gliner	53	Vice President, Clinical & Regulatory Affairs
Katherine H. Neuenfeldt	40	Vice President, Market Access
Neeraj Teotia	44	Vice President, Marketing

Executive Officers

See above under "Proposal 1 Election of Directors" for biographical information for D. Keith Grossman.

Andrew H. Galligan has served as our Chief Financial Officer since May 2010. From February 2009 to July 2010, Mr. Galligan served as Vice President of Finance and Chief Financial Officer at OOMA, a consumer electronics manufacturer and VOIP service provider. From 2007 to 2008, Mr. Galligan served as Vice President of Finance and CFO of Reliant Technologies, Inc. (later acquired by Solta Medical, Inc.), a medical device company. Mr. Galligan has also held the top financial executive position at several other medical device companies and began his career in various financial positions at KPMG and Raychem Corp. Mr. Galligan has served on the board of directors at OOMA, a publicly held consumer telecommunications company, since December 2014. Mr. Galligan also served on the board of directors of DiaDexus, Inc., a public medical diagnostics company, until January 2015. Mr. Galligan received a degree in Business Studies from Trinity College in Dublin, Ireland and is also a Fellow of the Institute of Chartered Accountants in Ireland.

Doug Alleavitch has served as our Vice President, Quality since April 2015. From October 2009 to April 2015, Mr. Alleavitch served as Vice President, Operations and Quality Assurance at AEGEA Medical, Inc., a medical device company, where he oversaw manufacturing and quality assurance procedures. From August 2007 to September 2009, Mr. Alleavitch served first as Senior Director, Manufacturing and later as Vice President, Operations at AngioScore, Inc., a medical device company, where he oversaw AngioScore's production, supply chain management and manufacturing engineering. From February 2002 to July 2007, Mr. Alleavitch served first as Director, Quality Assurance and later as Director, Operations at Boston Scientific, a medical device company. Mr. Alleavitch received a

BS in Chemical Engineering from Cornell University, an M.S. in Industrial Engineering, and an M.B.A. from the University of Illinois, and an M.S. in Chemical Engineering from the Illinois Institute of Technology.

Michael Carter has served as our Vice President, Global Sales since February 2019. Prior to Nevro, Mr. Carter held several commercial and general management leadership positions at Stryker, including Vice President / General Manager for Stryker Spine from October 2017 to December 2018, Vice President / General Manager for Stryker Joint Replacement from November 2012 to October 2017 and Vice President Sales & Marketing for the Craniomaxillofacial division from 2009 to 2012. From 2000 to 2009, Mr. Carter held roles of increasing responsibility in sales in the Craniomaxillofacial division. Mr. Carter received his B.S. from the US Military Academy at West Point and served in the US Army as a Field Artillery Officer.

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Christofer Christoforou has served as our Vice President, Research and Development since July 2016. From December 2014 to July 2016, Mr. Christoforou served as Vice President, Quality Engineering at Thoratec, a medical device company where he oversaw the operational, design and supplier quality engineering functions. From October 1999 to December 2014, Mr. Christoforou served in several leadership positions of increasing levels of responsibility at Thoratec. From August 1993 to February 1999, Mr. Christoforou served as a Manager of Engineering and various Engineering positions for United States Surgical Corporation, a producer of tools for use in surgery. Mr. Christoforou received a B.S. in Biomedical Engineering from Boston University and a M.S. in Biomedical Engineering from The Johns Hopkins University in Maryland.

Kashif Rashid has served as our General Counsel, Corporate Secretary and Chief Compliance Officer since December 2017. From March 2017 to December 2017, Mr. Rashid served as Vice President, Legal at Atara Biotherapeutics, Inc., a biotechnology company focused on T-cell immunotherapy. From June 2008 to February 2017, Mr. Rashid served first as Associate General Counsel and later as Deputy General Counsel at St. Jude Medical, Inc., a medical device company. From September 1998 to June 2008, Mr. Rashid served in roles of increasing responsibility at General Electric Company's Healthcare business, Loews Corporation and Kaye Scholer, LLP, a global law firm. Mr. Rashid received a B.S. in Business Administration from the George Washington University and a J.D. from Georgetown University Law Center.

Patrick Schmitz has served as our Vice President, Operations since March 2016. From 2005 to October 2015, Mr. Schmitz served as Vice President, Operations at Thoratec, a medical device company, where he oversaw all domestic and international operations. From 2003 to 2005, Mr. Schmitz served as Vice President, North American Operations at GN ReSound, a medical device company. Mr. Schmitz also held several leadership positions in increasing levels of responsibility at St. Jude from 1993 to 2003. Mr. Schmitz holds a B.S. in Industrial Technology from the University of Wisconsin – Stout.

Significant Employees

David Caraway, M.D., Ph.D. has served as our Chief Medical Officer since April 2014. Before joining Nevro, from 2001 to May 2014, Dr. Caraway was the CEO of The Center for Pain Relief, Tri-State, L.L.C., in partnership with St. Mary's Regional Medical Center in Huntington, West Virginia. Dr. Caraway has maintained an active medical practice for over 20 years and has held leadership positions in the North American Neuromodulation and the American Society of Interventional Pain Physicians. As a nationally recognized expert in the treatment of chronic pain, he has lectured regionally, nationally and internationally in the field of Interventional Pain Medicine and authored numerous publications in this field. Dr. Caraway received a B.S. in chemical engineering from the University of Virginia School of Engineering, an M.D. from the University of Virginia School of Medicine and a Ph.D. in biophysics from the University of Virginia Graduate School of Arts and Sciences. He also received post-graduate training in anesthesiology and pain management from the University of Virginia. Dr. Caraway is board certified by the American Board of Anesthesiology.

Richard B. Carter has served as our Vice President of Finance, Corporate Controller since November 2015, having held roles of increasing responsibility in finance and accounting since joining Nevro as Corporate Controller in September 2014. From October 2013 to October 2014, Mr. Carter served as Corporate Controller at ClearEdge Power, Inc., a privately held fuel cell manufacturing company. From December 2011 to October 2013, Mr. Carter served as the Vice President of Finance and Corporate Controller at Kovio, Inc., a privately held electronic device manufacturing company. From March 2007 to December 2011, Mr. Carter served as Vice President of Finance and Corporate Controller at MiaSolé, a thin-film solar panel manufacturer. Previously, Mr. Carter served as the Corporate Controller at PortalPlayer, Inc. and Transmeta Corporation, both publicly traded fabless semiconductor companies. Mr. Carter received a B.S. in Business Administration from California State University, Chico. Mr. Carter is a Certified Public Accountant (inactive license) and began his career as an auditor at Ernst & Young, LLP.

Divya Ghatak has served as our Vice President, Human Resources since April 2017. From January 2014 to April 2017, Ms. Ghatak served as Chief People Officer at GoodData, a data products and business intelligence company. From June 2007 to September 2013, Ms. Ghatak held various leadership roles at Cisco Systems. From October 2004 to June 2007, Ms. Ghatak held several leadership roles at Tavant Technologies. From January 1999 to September 2004, Ms. Ghatak founded and ran her own executive search firm. Ms. Ghatak received a B.A. in Economics from Delhi University and an M.A. in Human Resources from Tata Institute of Social Sciences in Mumbai, India.

Bradford E. Gliner has served as our Vice President, Clinical and Regulatory Affairs since May 2011. From 2008 to May 2011, Mr. Gliner was President and CEO at MitoGuard Neuroscience, Inc., a photobiomodulation medical device company. From 1999 to 2008, Mr. Gliner was Vice President of Research at Northstar Neuroscience, Inc., a medical device company, where he led research on numerous neuromodulation applications. From 1992 to 1999, Mr. Gliner was also a co-founder of Heartstream, Inc. (acquired by

Koninklijke Philips Electronics NV), a medical device company that manufactures and markets automatic external defibrillators. Mr. Gliner received a B.S. in Electrical Engineering from the University of Illinois and a M.S. in Biomedical Engineering from Johns Hopkins University in Maryland.

Katherine H. Neuenfeldt has served as our Vice President, Market Access since June 2017, having held roles of increasing responsibility since joining Nevro as a Senior Director, Marketing in October 2013. Ms. Neuenfeldt joined the product marketing team at Medtronic in October 2008 and held increasing roles of responsibility and served as the Director of Professional Education and the Director of Marketing at Medtronic Vascular until July 2013. From August 2002 to September 2008, Ms. Neuenfeldt held roles in commercial marketing at Centocor, a Johnson & Johnson company; HealthTech, a think-tank forecasting the impact of future technology on healthcare delivery; and Triage, a healthcare consulting firm focused on hospital reimbursement and process improvement. Ms. Neuenfeldt received a M.B.A. from the Darden School of Business at the University of Virginia, a M.S. in Epidemiology from the Stanford School of Medicine, and holds a B.A. in Human Biology from Stanford University.

Neeraj Teotia has served as our Vice President, Marketing since May 2016, having held roles of increasing responsibility in marketing since joining Nevro as Director, Marketing in April 2014. From July 2012 to April 2014 Mr. Teotia served as a Director, New Business Development in the Global Surgery Group at Johnson & Johnson where he was responsible for assessing various licensing and acquisition opportunities. Prior to his role in New Business Development, Mr. Teotia worked in various marketing, licensing & acquisitions and research & development roles within the medical device group at Johnson & Johnson. Mr. Teotia received a M.B.A. from the Kellogg School of Management at Northwestern University and holds a B.S. in Electrical Engineering from the University of Illinois at Urbana-Champaign.

COMPENSATION DISCUSSION AND ANALYSIS

General

The following Compensation Discussion and Analysis (“CD&A”) provides information on the compensation arrangements for our Named Executive Officers (our Chief Executive Officer and Chief Financial Officer serving during fiscal 2018 and our other three most highly compensated executive officers serving at the end of fiscal 2018, collectively our “NEOs”) and is intended to provide context for the decisions underlying the compensation paid to our NEOs in 2018. This CD&A should be read together with the compensation tables and related disclosures set forth below. Our NEOs for 2018 and their positions as of the end of fiscal 2018 were as follows:

- Rami Elghandour, our former President and Chief Executive Officer;*
- Andrew H. Galligan, Chief Financial Officer;
- Doug Alleavitch, Vice President, Quality;
- Kashif Rashid, General Counsel, Corporate Secretary and Chief Compliance Officer; and
- Patrick Schmitz, Vice President, Operations.

* The Company appointed Mr. D. Keith Grossman as President and Chief Executive Officer of the Company effective as of March 19, 2019, replacing Mr. Elghandour who resigned from his positions of President, Chief Executive Officer and a member of the Board effective March 18, 2019. For a description of Mr. Elghandour’s Separation Agreement, see “Change in Control and Severance Arrangements” below.

Executive Summary

2018 Performance Highlights. Our executive compensation programs are designed to deliver pay in accordance with corporate and individual performance, rewarding superior performance and providing consequences for underperformance. We believe that compensation of our NEOs for fiscal year 2018 was aligned with the Company’s performance. Highlights of our 2018 performance and achievements include the following:

- We achieved revenue of \$387.3 million for the full year 2018, an increase of 19% over the prior year.
- We launched Senza II: a smaller-footprint, advanced battery system with 10+ year life, and subsequently received FDA approval for Conditional Full Body MRI.
- We successfully defended our intellectual property against Boston Scientific in the U.S., which allows us to continue to maintain exclusivity in delivering our proprietary HF10 therapy.
- We began enrollment in randomized controlled trials in two areas of unmet need—painful diabetic neuropathy and non-surgical refractory back pain.

Meaningful Compensation Changes in Response to our Say-on-Pay Vote and Stockholder Feedback. At our 2018 annual meeting of stockholders, our stockholders voted 20.4% (excluding abstentions and broker non-votes) in favor of the non-binding advisory vote to approve the compensation of our named executive officers, or our “Say-on-Pay” vote. In response to this outcome and as a result of extensive investor outreach during 2018, we have made, and are planning to make, significant changes to our executive compensation program in order to achieve greater pay for performance alignment and implement risk mitigation measures.

• **Extensive 2018 Stockholder Engagement.** In 2018, we contacted our 30 largest stockholders, comprising over 78% of our outstanding shares, and spoke with stockholders representing 31% of our outstanding shares regarding our executive compensation program. Members of management and, in some cases, Mr. Jaeger, the chair of our Compensation Committee were present at these meetings. During these meetings, our stockholders expressed concern over (1) the off-cycle one-time RSU grant made to our Chief Executive Officer in January 2017 and the

resulting magnitude of his overall 2017 compensation and (2) a desire that we incorporate performance-based equity awards into our long-term incentive structure. Some of our stockholders also expressed concern about the composition of our peer group used for the basis of our executive compensation competitive assessments. Feedback received from our stockholders was shared with the full

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Board and Compensation Committee and considered in Board and Compensation Committee discussions and decision making. Our Compensation Committee directly incorporated feedback from our stockholders into our 2018 and 2019 compensation program.

❖ **No Equity Awards Granted to our former CEO or our CFO in 2018.** In response to stockholder concern over the off-cycle one-time award of RSUs and stock options granted to our former Chief Executive Officer in January 2017, as well as the outcome of our 2018 Say-on-Pay vote, both our former Chief Executive Officer and our Chief Financial Officer elected to receive no equity awards for 2018. As a result, the total compensation as set forth in the Summary Compensation Table for our former Chief Executive Officer and our Chief Financial Officer declined 90% and 75%, respectively, from 2017 to 2018. Their decision to forgo any equity awards for 2018 was intended both to address stockholder feedback as well as to provide greater overall pay for performance alignment in light of the Company's stock price decline over 2018.

❖ **Elimination of Off-Cycle Awards.** In light of stockholder concern over our former CEO's off-cycle one-time January 2017 grant, we have determined to eliminate any future off-cycle awards to our CEO. Future grants will be made only in connection with the CEO's annual grant cycle.

❖ **New Performance-Based Awards.** Historically, we have granted a mix of time-vesting RSUs and stock options to our named executive officers. In response to stockholder feedback in 2018, our Compensation Committee engaged Radford, our independent compensation consultant, to advise on the implementation of a performance-based equity award program. The Compensation Committee has committed that for going forward at least 50% of our CEO's targeted annual equity grant values will be in the form of performance-based equity awards and will be tied to corporate performance metrics selected by the Board that are directly tied to shareholder value creation. As an illustration of the Compensation Committee's commitment to the use of performance-based equity, our new CEO's new-hire equity grant is significantly performance-based and is tied to the Company's relative total shareholder return as compared to the S&P Healthcare Equipment Select Industry Index and rigorous stock price targets.

❖ **No 2019 Base Salary or Target Bonus Increases for our former CEO or our CFO.** The 2019 base salaries and target bonuses for our former CEO and our CFO were not increased from their 2018 levels.

❖ **New Peer Group.** In September 2018, in consultation with Radford, we realigned our peer group, implementing a revenue target generally within a range of \$150 million and \$800 million and market cap between \$700 million and \$7 billion. Notably, our Compensation Committee determined to eliminate ABIOMED, DexCom, ICU Medical, and Seattle Genetics from our peer group because each of their revenues or market cap fell outside the targeted range. Additionally, six of the seven new companies in our peer group were smaller than the Company with respect to each of the trailing 12 months revenue and 30-day average market capitalization as of August 10, 2018.

❖ **New Stock Ownership Guidelines.** Our Board adopted new stock ownership guidelines applicable to our executive officers and our directors. Under the stock ownership guidelines, our CEO is required to hold equity valued at 5x base salary, our other executive officers are required to hold equity valued at 2x base salary, and our directors are required to hold equity valued at 2x the base annual retainer. Each individual subject to the guidelines has until the fifth anniversary of the effective date of the guidelines to come into compliance with the guidelines. We believe that our stock ownership guidelines, by requiring our executives and directors to hold a meaningful amount of our equity,

aligns their interests with those of our stockholders, promotes a long-term view in managing the Company, and mitigates compensation-related risk.

Our Compensation Committee believes these the changes implemented in 2018 and into 2019 are directly responsive to the feedback we heard from our stockholders.

2018 Compensation Highlights. Consistent with our compensation philosophy, key compensation decisions for 2018 included the following:

• **Limited Base Salary Increases; No Target Bonus Increases.** The 2018 base salaries for our NEOs were increased by 3.5% or less in order to reflect cost of living adjustments only, and their target bonuses were not increased from their 2017 levels.

• **Annual Cash Incentives.** For our 2018 performance-based annual bonus program, our Compensation Committee selected six primary performance goals that were intended to promote our business plan and short-term goals, including with respect to

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achieving our revenue and gross margin targets, hiring and training additional U.S. sales representatives, the commercial launch of Senza II, obtaining U.S. full-body MRI approval for the IPG 1500 or E.U. full-body MRI approval for the IPG 2000, and successfully developing a prototype for the next generation platform. In light of our achievement against the performance goals, the Board determined to pay out annual bonuses at approximately 84.1% of target for each of our NEOs.

Equity-Based Long-Term Incentives. In 2018, in response to stockholder feedback, our former Chief Executive Officer and our Chief Financial Officer elected to forego the grant of any equity awards. With respect to our other NEOs, 60% to 73% of their target direct compensation was granted as equity-based compensation in the form of stock options and restricted stock units. We believe that stock options and restricted stock units effectively align the interests of our executives with those of our stockholders by tying the value delivered to our executives to the value of our common stock. In addition, for 2019, we are introducing performance-based equity awards to further incentivize our NEOs to achieve key financial goals.

Compensation Governance and Best Practices. We are committed to having strong governance standards with respect to our compensation programs, procedures and practices. Our key compensation practices include the following:

• **Pay for performance.** A significant portion of executive compensation is “at risk” based on corporate performance, and additionally is equity-based, in order to align the interests of our executive officers with stockholders.

• **Strong link between performance measures and strategic objectives.** Performance measures for incentive compensation are linked to operating priorities designed to create long-term stockholder value.

• **Independent compensation consultant.** The Compensation Committee retains an independent compensation consultant to review and provide recommendations regarding our executive compensation program and practices.

• **No guaranteed annual salary increases or bonuses.** Our NEOs’ salary increases are based on individual evaluations and their annual cash incentives are tied to corporate performance. The base salaries and target bonuses for our former CEO and our CFO were not increased from their 2018 levels.

• **No tax gross-ups.** We do not provide any tax gross-ups to our NEOs.

• **Limited perquisites.** We do not provide any perquisites or personal benefits to our NEOs, other than as provided to our employees generally and in limited circumstances.

• **No hedging or pledging.** We prohibit our employees and directors from hedging or pledging any Company securities.

• **New stock ownership guidelines.** Under our new stock ownership guidelines, we require our executives and directors to hold meaningful amounts of our common stock, including common stock equal to 5x base salary for our Chief Executive Officer.

Executive Compensation Objectives and Philosophy

The key objective in our executive compensation program is to attract, motivate and reward leaders with the skills and experience necessary to successfully execute on our strategic plan to maximize stockholder value. Our executive compensation program is designed to:

• **Attract and retain talented and experienced executives in a competitive and dynamic market;**

• **Motivate our NEOs to help the Company achieve the best possible financial and operational results;**

• **Provide reward opportunities consistent with our performance on both a short-term and long-term basis; and**

• **Align the long-term interests of our NEOs with those of our stockholders.**

We strive to set our overall total compensation at a competitive level. Executives may be compensated above or below the median market position based on factors such as experience, performance, scope of position and the competitive demand for proven executive talent.

Determination of Executive Compensation

Our Compensation Committee is responsible for establishing and overseeing our executive compensation programs and annually reviews and determines the compensation to be provided to our NEOs, other than with respect to our

Chief Executive Officer, whose compensation is determined by the Board.

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In setting executive compensation, the Compensation Committee considers a number of factors, including the recommendations of our Chief Executive Officer (other than with respect to himself), current and past total compensation, competitive market data and analysis provided by the Compensation Committee’s independent compensation consultant, Company performance and each executive’s impact on performance, each executive’s relative scope of responsibility and potential, each executive’s individual performance and demonstrated leadership and internal equity pay considerations. Our Chief Executive Officer’s recommendations are based on his evaluation of each other NEO’s individual performance and contributions, of which he has direct knowledge. Our Board makes decisions regarding our Chief Executive Officer’s compensation, following recommendation from the Compensation Committee.

Competitive Market Data and Independent Compensation Consultant

In order to design a competitive executive compensation program that will continue to attract top executive talent, our Compensation Committee engages an independent compensation consultant to provide a competitive review of executive compensation, including base salary, annual incentives and equity compensation as compared with market data. Our Compensation Committee has engaged Radford as our independent compensation consultant to provide competitive analysis of our executive compensation program. In June 2017, following consultation with Radford, our Compensation Committee approved a peer group (the “2017 Peer Group”) based primarily on an analysis of peer group revenue, headcount, and market capitalization. The 2017 Peer Group consisted of the following:

- Abaxis
- ABIOMED
- Alkermes
- Bio-Techne
- Cantel Medical
- CONMED
- DexCom
- Globus Medical
- ICU Medical
- Inogen
- Insulet
- Integra LifeSciences Holdings
- Ionis Pharmaceuticals
- Masimo
- Natus Medical
- Nuvasive
- NxStage Medical
- Penumbra
- Seattle Genetics
- Spectranetics
- Wright Medical Group N.V.

In August 2018, following consultation with Radford, our Compensation Committee approved a new peer group (the “2018 Peer Group”) based primarily on an analysis of peer group revenue, headcount, and market capitalization. The 2018 Peer Group consisted of the following:

- Alkermes
- AtriCure
- Bio-Techne
- Cantel Medical
- Cardiovascular Systems
- CONMED
- CryoLife
- Glaukos
- Globus Medical
- Inogen
- Insulet
- Integra LifeSciences Holdings
- Ionis Pharmaceuticals
- Masimo
- Natus Medical
- NovoCure
- NuVasive
- NxStage Medical
- Orthofix N.V.
- Pacira Pharmaceuticals
- Penumbra
- Wright Medical Group N.V.

The 2018 Peer Group was selected by considering growth companies that are publicly traded medical device companies or commercial bio/pharma companies with similar valuation, with revenues generally within a range of \$150 million and \$800 million and market cap between \$700 million and \$7 billion. Notably, our Compensation Committee determined to eliminate ABIOMED, DexCom, ICU Medical, and Seattle Genetics because each of their revenues or market cap fell outside the targeted range. In November 2018, our Compensation Committee reviewed Radford’s analysis of our 2018 executive compensation program with respect to the 2018 Peer Group. The 2018 Peer

Group was considered in determining the equity awards granted to our NEOs in November 2018 (other than our Chief Executive Officer and Chief Financial Officer, who elected not to receive any 2018 equity awards) and in establishing our NEOs' 2019 base salaries and bonus targets.

Our Compensation Committee generally uses the peer group to help structure a competitive executive compensation program, by considering the 25th, 50th and 75th percentiles of market data, and make individual compensation decisions based on comparable positions at companies with which we compete for talent. While the Compensation Committee does not establish compensation levels solely based on a review of competitive data, it believes such data is a useful tool in its deliberations as our compensation policies and practices must be competitive in the marketplace for us to be able to attract, motivate and retain qualified executive officers.

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Components of Compensation

The primary elements of our NEOs' compensation and the main objectives of each are:

• **Base Salary.** Base salary attracts and retains talented executives, recognizes individual roles and responsibilities and provides stable income;

• **Annual Performance-Based Incentive Compensation.** Annual performance bonuses promote short-term performance objectives and reward executives for their contributions toward achieving those objectives; and

• **Equity-Based Long-Term Incentive Compensation.** Equity compensation, provided in the form of stock options and restricted stock units and beginning in 2019, performance-based equity, aligns executives' interests with our stockholders' interests, emphasizes long-term financial performance and helps retain executive talent.

In addition, our NEOs are eligible to participate in our health and welfare programs and our 401(k) plan on the same basis as our other employees. We also maintain severance and change in control arrangements, which aid in attracting and retaining executive talent and help executives to remain focused and dedicated during potential transition periods due to a change in control. Each of these elements of compensation for 2018 is described further below.

Base Salary

Base salaries provide our NEOs with a reasonable degree of financial certainty and stability. Our Compensation Committee annually reviews and determines the base salaries of our executives and evaluates the base salaries of new hires at the time of hire. In November 2017, our Compensation Committee approved salary increases, effective for January 1, 2018, of 2.9% for Mr. Elghandour, 3.5% for Mr. Galligan, 3.2% for Mr. Alleavitch and 3.2% for Mr. Schmitz, which were intended to constitute standard cost of living adjustments for each executive. The base salary for Mr. Rashid was set by the Compensation Committee at the time of his hire in December 2017, following arm's length negotiations, and after considering market information from Radford. Following such determinations, our NEOs' base salaries were as set forth below:

Name	2018 Annualized Base Salary
Rami Elghandour	\$ 700,000
Andrew H. Galligan	\$ 445,000
Doug Alleavitch	\$ 325,000
Kashif Rashid	\$ 350,000
Patrick Schmitz	\$ 325,000

Annual Performance-Based Incentive Compensation

Our annual performance-based bonus program is designed to motivate our executives to meet or exceed company-wide short-term performance objectives. Our annual bonus program provides for the payment of cash bonuses based on each NEOs' target annual bonus and our achievement of corporate performance objectives.

In November 2017, our Compensation Committee approved no increases to our NEOs' 2018 target cash bonuses from the levels in effect for 2017. The target bonus for Mr. Rashid was set by the Compensation Committee at the time of his hire in December 2017 following arm's length negotiations, and after considering market information from Radford. Following such determinations, our NEOs' target bonuses were as set forth below:

2018 Target Bonus

Name	(as a percentage of base salary)
Rami Elghandour	100%
Andrew H. Galligan	65%
Doug Alleavitch	50%
Kashif Rashid	50%
Patrick Schmitz	50%

For fiscal year 2018, our Compensation Committee approved six primary goals under our 2018 cash incentive program in the categories of sales and marketing, operations and quality, and research and development, as well as two “kicker” clinical and regulatory goals. Achievement of the kicker goals would be considered only in the event we achieved each of our primary goals at least at target, in which case it could result in overachievement of up to 30%. These goals, along with their weightings, any applicable scaling based on achievement, and our actual achievement in 2018, are set forth in the table below.

Objective	Goal	Weight	Over/Under Achievement	2018 Achievement	Weighted Percentage Achievement
Sales & Marketing	Worldwide revenue target of \$400.0 million	50%	Percentage achievement adjusted down or up by 5% for each 1% of underachievement or overachievement, between an underachievement of at most 10% and an overachievement of up to 10% of target revenue.	\$387.3 million	34.1%
	Hire and train an additional 50 U.S. sales representatives	20%	Percentage achievement increased by an additional 10% at 60 representatives and an additional 10% at 70 representatives, in each case, provided revenues are at least \$400 million.	Achieved	20%
	Full U.S. commercial launch of Senza II	10%	No scaling	Achieved	10%
Operations & Quality	Achieve 70% gross margin for fiscal year 2018(1)	10%	No scaling	Achieved	10%
Research & Development	Full-body MRI: U.S. approval for the IPG 1500 or E.U. approval for IPG 2000	5%	No scaling	Achieved	5%
	Prototype for next generation platform	5%	No scaling	Achieved	5%
Total (primary goals)		100%	170% for maximum overachievement of revenue and hiring		84.1%
		20%	No scaling	Achieved	N/A

Clinical & Regulatory	Initiate two post market studies				
	Submit four manuscripts for publication	10%	No scaling	Achieved	N/A
Total (primary and kicker goals)		130%	200% for maximum overachievement of revenue and hiring		84.1%

(1) Gross margin is calculated as revenue less cost of revenue, divided by revenue.

Corporate goals and performance targets are reviewed and approved by the Compensation Committee, which gives its recommendations to the Board prior to any allocation of the bonus. In March 2018, the Compensation Committee reviewed our 2018 company-wide performance with respect to determining bonuses to executive officers and the Board determined, after reviewing the recommendations from the Compensation Committee, company-wide achievement of 84.1%, as set forth in the table above. As we did not achieve our worldwide revenue goal at target and did not achieve 100% of our primary goals, our overachievement for the U.S. sales representative training goal and the “kicker” goals did not apply. Accordingly, following its review and determinations, the Board approved, based on recommendations from the Compensation Committee, cash bonuses to the NEOs at 84.1% of their target bonus opportunity. The NEOs’ 2018 performance bonuses are set forth in the column entitled “Non-Equity Incentive Plan Compensation” in the “2018 Summary Compensation Table” below.

Equity-Based Long-Term Incentive Awards

Our Compensation Committee believes it is essential to provide equity-based compensation to our executive officers in order to link the interests and risks of our executive officers with those of our stockholders, reinforcing our commitment to ensuring a strong linkage between company performance and pay.

In recent years we have made annual grants of equity-based compensation to our NEOs in November in conjunction with the review of a competitive assessment by Radford. These grants have been in the form of stock options and restricted stock units, which we believe effectively align the interests of our executives with those of our stockholders. However, in response to stockholder feedback and the outcome of our 2018 Say-on-Pay vote, we intend that, going forward, at least 50% of our CEO's targeted annual equity grant values will be in the form of performance-based equity awards and will be tied to corporate performance metrics selected by the Board that are tied to shareholder value creation.

In addition, Messrs. Elghandour and Galligan elected not to receive any equity awards for 2018. As a result, the total compensation as set forth in the Summary Compensation Table for our former Chief Executive Officer and our Chief Financial Officer declined 90% and 75%, respectively, from 2017 to 2018. Their decision to forgo any equity awards for 2018 was intended both to address stockholder feedback as well as to provide greater overall pay for performance alignment in light of the Company's stock price decline over 2018.

In November 2018, the Compensation Committee granted to our other NEOs annual equity awards of 50% stock options and 50% RSUs by value. The stock option awards vest as to 1/48th of the shares subject to the option on each monthly anniversary of November 27, 2018, subject to continued employment, and the RSUs vest as to 1/4th of the shares on each anniversary of November 1, 2018, subject to continued employment. The November 2018 annual grants of stock options and RSUs to our NEOs were as follows:

Name	Number of Shares Underlying Stock	
	Options	RSUs
Rami Elghandour	—	—
Andrew H. Galligan	—	—
Doug Alleavitch	16,500	8,250
Kashif Rashid	32,500	16,250
Patrick Schmitz	16,500	8,250

In determining the overall values of the equity grants to our NEOs in 2018, the Compensation Committee considered a number of factors, including those set forth above under "Determination of Executive Compensation", as well as, for reference, the 25th, 50th and 75th percentiles of compensation paid by our peer group of companies, though it did not benchmark to any particular percentile. The Compensation Committee considered the 2018 grants to be appropriate in order to provide retention value, increase the amount of compensation at risk and more closely tie our NEOs' pay to our stockholders' interests.

Retirement Savings, Health and Welfare Benefits

Our NEOs participate in our company-sponsored benefit programs on generally the same basis as other salaried employees, including a standard complement of health and welfare benefit plans and a 401(k) plan, which is intended to qualify under Section 401(k) of the Code, such that a portion of their eligible compensation may be deferred on a pre-tax basis. Under the 401(k) plan, employees may elect to reduce their current compensation by up to the

statutorily prescribed annual limit and to have the amount of such reduction contributed to the 401(k) plan. In 2018, we matched 100% of the first \$5,000 of eligible employee contributions to the 401(k) plan, which matching contributions vest 25% annually subject to continued employment.

Perquisites and Other Personal Benefits

We did not provide any other perquisites or personal benefits to our NEOs for fiscal 2018, and we do not view perquisites or other personal benefits as a significant component of our executive compensation program. In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective or for recruitment, motivation, or

retention purposes. All future practices with respect to perquisites or other personal benefits will be approved by the Compensation Committee.

Change in Control and Severance Arrangements

In connection with Mr. Elghandour's resignation as President and Chief Executive Officer of the Company, as well as from the Board, Mr. Elghandour entered into a Separation Agreement with the Company, effective as of March 18, 2019 (the "Separation Agreement"). Pursuant to the Separation Agreement, Mr. Elghandour will remain available upon reasonable notice and at reasonable times to consult with the Company's Chief Executive Officer for 24 months following his separation, and certain of Mr. Elghandour's vested options will remain exercisable during such 24-month period. Under the Separation Agreement, in exchange for a general release of claims against the Company and its affiliates, the Company will pay Mr. Elghandour as severance \$2.8 million in a cash lump sum, which constitutes 24 months of Mr. Elghandour's base salary and target bonus, and will, at its cost, provide Mr. Elghandour and his covered dependents with up to 24 months of continued healthcare coverage. All of Mr. Elghandour's unvested equity awards were forfeited in connection with the termination of his employment.

We were party to an employment agreement with Mr. Elghandour and are also party to change in control severance agreements with each of our other NEOs, which provide for severance benefits and payments upon certain terminations without cause or resignations for good reason. Our Compensation Committee believes that these types of arrangements are necessary to attract and retain executive talent and are a customary component of executive compensation. In particular, such arrangements can serve to mitigate a potential disincentive for them when they are evaluating a potential acquisition of the Company and can encourage retention through the conclusion of the transaction. The payments and benefits provided under our severance and change in control arrangements are designed to provide our NEOs with treatment that is competitive with market practices. A description of these arrangements, as well as information on the estimated payments and benefits that our NEOs would have been eligible to receive as of December 31, 2018, are set forth in "Potential Payments Upon Termination or Change in Control" below.

Other Policies and Considerations

Stock Ownership Guidelines. Our Board, upon the recommendation of our Compensation Committee, adopted new stock ownership guidelines applicable to our executive officers and our directors. Under the stock ownership guidelines, our CEO is required to hold equity valued at 5x base salary, our other executive officers are required to hold equity valued at 2x base salary, and our directors are required to hold equity valued at 2x the base annual retainer. Each individual has until the fifth anniversary of the effective date of the guidelines to come into compliance with the guidelines.

Insider Trading Policy. Our Insider Trading Policy provides that no officer, director, employee or consultant, or any immediate family member or any member of the household of any such person, shall purchase or sell any type of security while in possession of material, non-public information relating to the security, whether the issuer of such security is the Company or any other company. This prohibition includes any interest or position relating to put options, call options or short sales, or engaging in hedging transactions. In addition, our Insider Trading Policy provides that no employee, officer or director may pledge Company securities as collateral to secure loans. This prohibition means, among other things, that these individuals may not hold Company securities in a "margin" account, which would allow the individual to borrow against their holdings to buy securities.

Deductibility of Compensation. Section 162(m) of the Internal Revenue Code disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1 million in any taxable year for "covered employees." Prior to the Tax Cuts and Jobs Act of 2017, covered employees generally consisted of our Chief Executive Officer and each of the next three highest compensated officers serving at the end of the taxable year other

than our Chief Financial Officer, and compensation that qualified as “performance-based” under Section 162(m) was exempt from this \$1 million deduction limitation. As part of the Tax Cuts and Jobs Act of 2017, the ability to rely on this exemption was, with certain limited exceptions, eliminated; in addition, the definition of covered employees was expanded to generally include all named executive officers. While our Board and Compensation Committee may take the deductibility of compensation into account when making compensation decisions, we believe that maintaining the discretion to provide compensation that is non-deductible allows us to provide compensation tailored to the needs of our Company and our named executive officers and is an important part of our responsibilities and benefits our stockholders.

Nonqualified Deferred Compensation. Our Board and Compensation Committee take into account whether components of the compensation for our executive officers will be adversely impacted by the penalty tax imposed by Section 409A of the Code, and aims to structure these components to be compliant with or exempt from Section 409A to avoid such potential adverse tax consequences.

“Golden Parachute” Payments. Sections 280G and 4999 of the Code provide that certain executive officers and other service providers who are highly compensated or hold significant equity interests may be subject to an excise tax if they receive payments or benefits in connection with a change in control of the company that exceeds certain prescribed limits, and that we, or a successor, may forfeit a deduction on the amounts subject to this additional tax. We do not provide any executive officer, including any NEO, with a “gross-up” or other reimbursement payment for any tax liability that he or she might owe as a result of the application of Sections 280G or 4999.

Accounting for Share-Based Compensation. We follow Financial Accounting Standard Board Accounting Standards Codification Topic 718 (“ASC Topic 718”) for our share-based compensation awards. ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options and restricted stock units, based on the grant date “fair value” of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may never realize any value from their awards. ASC Topic 718 also requires companies to recognize the compensation cost of their share-based compensation awards in their income statements over the period that an executive officer is required to render service in exchange for the option or other award.

EXECUTIVE COMPENSATION TABLES

2018 Summary Compensation Table

The following table sets forth total compensation earned by our NEOs for the fiscal years ending on December 31, 2018, 2017 2016.

Name and Principal Position	Year	Salary (\$)	Stock Awards		Option Awards (\$ (1))	Non-Equity Incentive Plan Compensation	All Other Compensation	Total (\$)
			(\$)	(\$ (1))		(\$ (2))	(\$ (3))	
Rami Elghandour, Former Chief Executive Officer and President	2018	700,000	—	—	—	588,700	5,000	1,293,700
	2017	680,000	—	5,041,130	6,449,703	1,048,356	5,000	13,224,189
	2016	462,167	—	3,471,378	6,982,565	484,594	86,184	11,486,888
Andrew H. Galligan, Chief Financial Officer	2018	445,000	—	—	—	243,259	5,000	693,259
	2017	430,000	—	998,530	858,068	430,905	5,000	2,722,503
	2016	331,000	—	598,707	1,110,474	297,900	5,000	2,343,082
Doug Alleavitch, Vice President, Quality	2018	325,000	—	348,975	343,766	136,663	5,000	1,159,404
	2017	315,000	—	499,265	429,034	242,818	5,000	1,491,117
	2016	305,000	—	292,037	541,688	228,750	5,000	1,372,476
Kashif Rashid General Counsel, Corporate Secretary and Chief Compliance Officer	2018	350,000	—	687,375	677,115	147,175	5,000	1,866,665
Patrick Schmitz Vice President, Operations	2018	325,000	—	348,975	343,766	136,663	5,000	1,159,404
	2017	315,000	—	499,265	429,034	242,818	5,000	1,491,117
	2016	241,458	—	552,542	1,089,804	182,853	5,000	2,071,658

(1) For the stock and option awards columns, amounts shown represents the grant date fair value of options granted as calculated in accordance with ASC Topic 718. See Note 9 to our consolidated financial statements included in our Form 10-K for the fiscal year ended December 31, 2018 for the assumptions used in calculating these amounts.

(2) The amounts reported in the Non-Equity Incentive Plan Compensation column represent the annual cash performance-based bonuses earned by our NEOs pursuant to the achievement of certain company performance objectives. For fiscal year 2018, these amounts were paid to the NEOs in March 2019. Please see the descriptions of the annual performance bonuses paid to our NEOs in the section entitled “Compensation Discussion and Analysis - Annual Performance-Based Incentive Compensation” above.

(3) The amounts reported in the All Other Compensation column for 2018 represent for all NEOs, the amounts earned under the Company’s 401(k) matching contribution program, which are subject to annual pro-rata vesting.

2018 Grants of Plan-Based Awards

The following table summarizes information about the non-equity incentive awards and equity-based awards granted to our NEOs in 2018. Messrs. Elghandour and Galligan elected not to receive any equity awards in 2018 in response to stockholder feedback and thus none are shown in the table below.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: (#) of Shares or Units (2)	All Other Option Awards: (#) of Securities Underlying Options (3)	Exercise or Base Price of Option Awards (\$/Share)	Grant Date Fair Value of Stock and Option Awards (4)
		Threshold (\$)	Target (\$)	Maximum (\$)				
Rami Elghandour		35,000	700,000	1,400,000				
Andrew H. Galligan		14,463	289,250	578,500				
Doug Alleavitch		8,125	162,500	325,000				
	11/27/2018				8,250		\$348,975	
	11/27/2018					16,500	\$ 42.30	
Kashif Rashid		8,750	175,000	350,000				
	11/27/2018				16,250		\$687,375	
	11/27/2018					32,500	\$ 42.30	
Patrick Schmitz		8,125	162,500	325,000				
	11/27/2018				8,250		\$348,975	
	11/27/2018					16,500	\$ 42.30	

(1) Pursuant to our 2018 annual bonus program, the target bonuses for each of our NEOs, as a percentage of annualized base salary, was: Mr. Elghandour: 100%; Mr. Galligan: 65%; Mr. Rashid: 50%; Mr. Alleavitch: 50%; and Mr. Schmitz: 50%. Threshold amounts assume achievement of the lowest weighted primary goal and no achievement of any other primary goals. Maximum amounts assume achievement at the highest level for worldwide revenue and the sales representative hiring and training goals and full achievement of all other goals. For additional detail on our annual bonus program, please see “Compensation Discussion and Analysis – Annual Performance-Based Incentive Compensation” above.

(2) Represent grants of restricted stock units, which vest as to 25% of the units annually, beginning on November 1, 2019, subject to continued employment.

(3) Represent grants of stock options, which vest as to 1/48th of the shares underlying the options on each monthly anniversary of the grant date, subject to continued employment.

(4) The amounts shown represent the fair value per share as of the grant date determined in accordance with ASC Topic 718, multiplied by the number of shares. See Note 9 to our consolidated financial statements included in our

Form 10-K for the fiscal year ended December 31, 2018 for the assumptions used in calculating these values.

Outstanding Equity Awards at 2018 Fiscal Year End

The following table lists all outstanding equity awards held by our NEOs as of December 31, 2018.

Name	Stock Option Awards					Restricted Stock Units				Equity Incentive Plan Awards: Market Value of Unearned Shares, Other Rights That Have Not Vested
	Vesting Commencement Date (1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Expiration Date	Vesting Commencement Date (2)	Number of Shares or Units That Have Not Vested (#)	Market Value of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Other Rights That Have Not Vested (\$)
Rami Elghandour	12/18/2012 ⁽⁴⁾	101,146	—		3.60	12/17/2022				
	05/15/2013	65,051	—		3.60	05/14/2023				
	11/05/2014	56,514	—		18.00	11/04/2024				
	11/05/2015	38,156	11,344		63.23	11/30/2025				
	06/01/2016	126,433	75,861		54.50	03/08/2026	06/01/2016	23,886	928,927	
	06/01/2016 ⁽⁵⁾	33,716		33,716	54.50	03/08/2026	06/01/2016 ⁽⁶⁾			7,962 309,642
	01/03/2017	59,500	64,675		75.17	01/02/2027	01/03/2017	23,283	905,476	
	11/14/2017	19,093	51,407		76.81	11/13/2027	11/01/2017	26,438	1,028,174	
Andrew H. Galligan	05/18/2010 ⁽⁴⁾	11,004	—		1.44	05/17/2020				
	09/29/2011 ⁽⁴⁾	43,894	—		3.60	09/28/2021				
	05/15/2013	36,286	—		3.60	05/14/2023				
	11/05/2014	21,463	—		18.00	11/04/2024				
	11/05/2015	34,302	10,198		63.23	11/30/2025				
	11/05/2016	14,235	13,098		87.62	11/15/2026	11/01/2016	3,417	132,887	
	11/14/2017	7,041	18,959		76.81	11/13/2027	11/01/2017	9,750	379,178	
Doug Alleavitch	04/09/2015 ⁽⁴⁾	30,958	3,042		53.70	04/09/2025				
	11/05/2015	16,187	4,813		63.23	11/30/2025				
	11/05/2016	6,944	6,389		87.62	11/15/2026	11/01/2016	1,667	64,830	
	11/14/2017	3,520	9,480		76.81	11/13/2027	11/01/2017	4,875	189,589	
	11/27/2018	343	16,157		42.30	11/26/2028	11/01/2018	8,250	320,843	
	12/18/2017 ⁽⁴⁾	5,000	15,000		70.86	12/17/2027	01/02/2018	10,000	388,900	

Kashif Rashid	11/27/2018	677	31,823	42.30	11/26/2028	11/01/2018	16,250	631,963
Patrick Schmitz	03/14/2016 ⁽⁴⁾	13,750	6,250	57.89	03/13/2026	04/05/2016	2,250	87,503
	11/05/2016	6,944	6,389	87.62	11/15/2026	11/01/2016	1,667	64,830
	11/14/2017	3,520	9,480	76.81	11/13/2027	11/01/2017	4,875	189,589
	11/27/2018	343	16,157	42.30	11/26/2028	11/01/2018	8,250	320,843

(1) Except as otherwise noted, options vest as to 1/48th of the shares on each monthly anniversary of the vesting commencement date, such that all shares will be vested on the fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to the Company through each such vesting date.

(2) Except as otherwise noted, RSUs vest as to 1/4th of the shares on each anniversary of the vesting commencement date, such that all shares will be vested on the fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to the Company through each such vesting date.

(3) Value is based on \$38.89, the closing stock price of our common stock on December 31, 2018, the last trading day of fiscal 2018.

(4) The option vests as to 1/4th of the shares on the one year anniversary of the vesting commencement date and vests as to 1/48th of the shares on each monthly anniversary thereafter, such that all shares will be vested on the fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to the Company through each such vesting date.

(5) The option vests as to 1/4th of the shares upon the timely filing of the Company's Form 10-K over each of the four years following grant date, subject to the achievement of certain revenue milestones and the holder continuing to provide services to the Company through each such vesting date.

(6) The RSUs vest as to 1/4th of the shares upon the timely filing of the Company's Form 10-K over each of the four years following grant date, subject to the achievement of certain revenue milestones and the holder continuing to provide services to the Company through each such vesting date.

Option Exercises and Stock Vested

The following table summarizes the stock options exercised during the year ended December 31, 2018, and the related value realized upon exercise by our NEOs, as well as the restricted stock units that vested during the year ended December 31, 2018, and the related value realized upon vesting.

Name	Option Awards		RSUs	
	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise (\$ (1))	Number of Shares Acquired on Vesting (#)	Value Realized Upon Vesting (\$ (2))
Rami Elghandour	18,400	992,864	32,497	2,220,818
Andrew H. Galligan	21,400	1,275,902	4,958	244,925
Doug Alleavitch	2,500	14,165	2,458	121,425
Patrick Schmitz	—	—	3,583	221,201

(1) The value realized equals the excess of the market price of our common stock at exercise over the option exercise price, multiplied by the number of shares for which the option was exercised.

(2) The value realized on the vesting date is based on the closing trading price of our common stock on the vesting date, multiplied by the number of RSUs vested.

Potential Payments Upon Termination or Change in Control

As of December 31, 2018, we were party to an employment agreement with Mr. Elghandour (the “Elghandour Agreement”). We are also party to change in control severance agreements with each of our other NEOs (the “CIC Severance Agreements”). Each of these agreements provide for severance benefits and payments upon certain terminations without cause or resignations for good reason, both outside of a change in control and in connection with a change in control.

Under the Elghandour Agreement, in the event Mr. Elghandour’s employment was terminated by us other than for “cause” or as a result of Mr. Elghandour resigning for “good reason” (each, as defined in the Elghandour Agreement), then Mr. Elghandour would receive (i) a severance payment equal to 12 months of Mr. Elghandour’s base salary, payable in a cash lump sum, and (ii) payment or reimbursement by us of COBRA premiums for up to 12 months. In the event Mr. Elghandour’s employment was terminated within the period commencing three months prior to and ending 12 months following a change of control, by us other than for cause or as a result of Mr. Elghandour resigning for good reason, then in lieu of the foregoing severance benefits, Mr. Elghandour would receive (i) a severance payment equal to the sum of (a) two times Mr. Elghandour annual base salary and (b) two times Mr. Elghandour’s annual target bonus, payable in cash lump sum, (ii) payment or reimbursement by us of COBRA premiums for up to 24 months, and (iii) 100% of Mr. Elghandour’s then-unvested options and other equity awards would immediately vest and, if applicable, become exercisable. Mr. Elghandour’s severance benefits were contingent on Mr. Elghandour providing a general release of claims against us.

In connection with Mr. Elghandour's resignation as President and Chief Executive Officer of the Company, effective March 19, 2019, Mr. Elghandour entered into the Separation Agreement pursuant to which Mr. Elghandour will remain available upon reasonable notice and at reasonable times to consult with the Company's Chief Executive Officer for 24 months following his separation, and certain of Mr. Elghandour's vested options will remain exercisable during such 24-month period. Under the Separation Agreement, in exchange for a general release of claims against the Company and its affiliates, the Company will pay Mr. Elghandour as severance \$2.8 million in a cash lump sum, which constitutes 24 months of Mr. Elghandour's base salary and target bonus, and will, at its cost, provide Mr. Elghandour and his covered dependents with up to 24 months of continued healthcare coverage (with an estimated cost of approximately \$61,000). All of Mr. Elghandour's unvested equity awards were forfeited in connection with the termination of his employment.

Pursuant to the terms of the CIC Severance Agreements with our other NEOs, in the event the executive's employment is terminated by us other than for "cause" or the executive experiences a "constructive termination" (each, as defined in the CIC Severance Agreements and hereinafter, a qualifying termination), then the executive will receive as severance six months of base salary in a single cash lump sum payment and up to six months of COBRA reimbursement; provided, that in the event of a qualifying termination that occurs within the period commencing three months prior to and ending 24 months after a change in control, each NEO would be eligible to receive the sum of 18 months of base salary and 1.5 times the NEO's target annual bonus, payable in a lump

sum, up to 18 months of COBRA reimbursement and full vesting acceleration for each stock option and other equity award held by the NEO. The executive must timely deliver an effective release of claims to us in order to be eligible for the foregoing severance benefits.

Each of the foregoing agreements provides for a parachute payment “best pay” provision, under which payments and benefits will either be made to the executive in full or as to such lesser amount as which would result in no portion of the payments and benefits being subject to an excise tax under Section 280G of the Code, whichever of the foregoing amounts is greater on an after-tax basis.

In addition, under our 2014 Equity Incentive Award Plan, in the event that outstanding awards are not assumed or substituted in connection with a change in control, such outstanding awards will accelerate in full, provided that any performance-based awards will vest in accordance with the terms and conditions of the applicable award agreement.

The following table shows the payments and benefits that would be made to our NEOs assuming a qualifying termination or a qualifying termination following a change in control occurred on December 31, 2018 under the agreements in effect as of this date.

Name	Base Salary and Bonus (\$)	COBRA Premiums (\$)	Equity Acceleration (\$) (1)	Total Potential Payment (\$) (2)
Rami Elghandour				
Qualifying Termination (3)	700,000	30,357	—	730,357
Qualifying Termination in Connection with a CIC (3)	2,800,000	61,074	3,172,218	6,033,292
Andrew H. Galligan				
Qualifying Termination	222,500	15,269	—	237,769
Qualifying Termination in Connection with a CIC	1,101,375	45,806	512,065	1,659,246
Doug Alleavitch				
Qualifying Termination	162,500	10,461	—	172,961
Qualifying Termination in Connection with a CIC	731,250	31,382	575,261	1,337,893
Kashif Rashid				
Qualifying Termination	175,000	15,269	—	190,269
Qualifying Termination in Connection with a CIC	787,500	45,806	1,020,863	1,854,169
Patrick Schmitz				
Qualifying Termination	162,500	10,461	—	172,961
Qualifying Termination in Connection with a CIC	731,250	31,382	662,763	1,425,395

(1) With respect to options, the value of equity acceleration was calculated by (i) multiplying the number of accelerated shares of common stock underlying the unvested, in-the-money options by \$38.89, the closing stock price of our common stock on December 31, 2018, the last trading day of fiscal 2018 and (ii) subtracting the exercise price for the unvested stock options. With respect to RSUs, the value of equity acceleration was calculated by multiplying the number of accelerated RSUs by \$38.89, the closing stock price of our common stock on December 31, 2018, the last trading day of fiscal 2018.

(2) Amounts shown are the maximum potential payment the NEO would have received as of December 31, 2018. Amounts of any reduction pursuant to the parachute payment best pay provision, if any, would be calculated upon

actual termination of employment.

(3) Amounts shown represent payments under the Elghandour Agreement and not payments Mr. Elghandour's became entitled to under the Separation Agreement in connection with his actual resignation as President and Chief Executive Officer of the Company effective March 19, 2019. A description of benefits Mr. Elghandour became entitled to in connection with his actual termination under the Separation Agreement is provided above in the narrative immediately preceding this table.

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Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of our former CEO.

Annual total compensation of the CEO for 2018	\$1,293,700
Annual total compensation of the median employee for 2018	\$189,044
Approximate ratio of annual total compensation of the CEO to the median employee	6.8 : 1

The Company chose December 31, 2018 as the date for establishing the employee population used in identifying the median employee and used fiscal 2018 as the measurement period. The Company identified the median employee using a consistently applied compensation measure which includes annual base salary or wages, earned annual performance-based cash bonuses and commissions and equity awards based on their grant date fair values. Permanent employees who joined in 2018 were assumed to have worked for the entire year. The annual total compensation of the median employee and the annual total compensation of our former CEO were calculated in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K.

The pay ratio reported above is a reasonable estimate calculated in a manner consistent with SEC rules based on our internal records and the methodology described above. The SEC rules for identifying the median-compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Therefore, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

Compensation Risk Assessment

Consistent with the SEC's requirements, we have assessed our compensation programs for all employees. We have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us. Management has evaluated our executive and employee compensation and benefits programs to determine if these programs' provisions and operations create undesired or unintentional risk of a material nature. The risk assessment process includes a review of program policies and practices; analysis to identify risks and risk controls related to our compensation programs; and determinations as to the sufficiency of risk identification, the balance of potential risk to potential reward, the effectiveness of our risk controls and the impacts of our compensation programs and their risks to our strategy. Although we periodically review all compensation programs, we focus on the programs with variability of payout, with the ability of a participant to directly affect payout and the controls on participant action and payout. In relation to this, we believe that our incentive compensation arrangements provide incentives that do not encourage risk taking beyond our ability to effectively identify and manage significant risks and are compatible with effective internal controls and our risk management practices.

The Compensation Committee monitors our compensation programs on an annual basis and expects to make modifications as necessary to address any changes in our business or risk profile.

Equity Compensation Plan Information

The following table provides certain information as of December 31, 2018, with respect to all of our equity compensation plans in effect on that date.

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Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plan Approved by Stockholders (1)(2)(3)	3,539,863 (4)	\$ 46.72 (5)	4,004,732 (6)
Equity Compensation Plan Not Approved by Stockholders	—	\$ —	—
Total	3,539,863		4,004,732

- (1) Includes the 2014 Equity Incentive Award Plan, the 2007 Stock Incentive Plan and the 2014 Employee Stock Purchase Plan.
- (2) The 2014 Equity Incentive Award Plan contains an “evergreen” provision, pursuant to which the number of shares of common stock reserved for issuance or transfer pursuant to awards under the 2014 Equity Incentive Award Plan shall be increased on the first day of each year beginning in 2015 and ending in 2024, equal to the lesser of (A) four percent (4%) of the shares of common stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of shares of stock as determined by our Board; provided, however, that no more than 11,125,000 shares of stock may be issued upon the exercise of incentive stock options.
- (3) The 2014 Employee Stock Purchase Plan contains an “evergreen” provision, pursuant to which the maximum number of shares of our common stock authorized for sale under the 2014 Employee Stock Purchase Plan shall be increased on the first day of each year beginning in 2015 and ending in 2024, equal to the lesser of (A) one percent (1%) of the shares of common stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (B) such number of shares of common stock as determined by our Board; provided, however, no more than 2,166,666 shares of our common stock may be issued thereunder. As of December 31, 2018, 1,023,970 shares of our common stock were reserved for issuance under the 2014 Employee Stock Purchase Plan.
- (4) Consists of 2,064,296 shares of common stock underlying outstanding options under the 2014 Equity Incentive Plan, 465,444 shares of common stock underlying outstanding options under the 2007 Stock Incentive Plan, and 1,010,123 shares of common stock underlying outstanding restricted stock units under the 2014 Equity Incentive Plan.
- (5) Represents the weighted average exercise price of outstanding options and is calculated without taking into account shares of common stock subject to outstanding restricted stock units that become issuable without the payment of a purchase price as those units vest. As of December 31, 2018, the weighted average exercise price of options under the 2014 Equity Incentive Plan was \$56.45, and the weighted average exercise price of options under the 2007 Stock Incentive Plan was \$3.53.
- (6) Includes 2,980,762 shares that were available for future issuance under the 2014 Equity Incentive Plan and 1,023,970 shares that were available for issuance under the 2014 Employee Stock Purchase Plan, of which up to

1,000,000 shares may be issued with respect to the purchase period in effect as of December 31, 2018, which purchase period will end on May 15, 2019.

INFORMATION ABOUT STOCK OWNERSHIP

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents information as to the beneficial ownership of our common stock as of March 26, 2019 for:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each named executive officer as set forth in the summary compensation table above;
- each of our directors; and
- all executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of our common stock subject to options that are currently exercisable or exercisable within 60 days of March 26, 2019 and shares of our common stock subject to RSUs that will vest within 60 days of March 26, 2019 are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Percentage ownership of our common stock in the table is based on 30,447,521 shares of our common stock issued and outstanding on March 26, 2019. Unless otherwise indicated, the address of each of the individuals and entities named below is c/o Nevro Corp., 1800 Bridge Parkway, Redwood City, California 94065.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned (1)			
	Common Stock	Securities That May Be Acquired Within 60 Days	Number of Shares Beneficially Owned	Percent
5% Stockholders:				
BlackRock, Inc.(2)	2,765,396	—	2,765,396	9.1 %
The Vanguard Group(3)	2,609,571	—	2,609,571	8.6 %
Entities affiliated with Franklin Resources, Inc.(4)	2,036,916	—	2,036,916	6.7 %
ArrowMark Colorado Holdings, LLC(5)	1,786,523	—	1,786,523	5.9 %
Entities affiliated with Millennium Group Management LLC(6)	1,571,049	—	1,571,049	5.2 %
D.E. Shaw & Co., L.P.(7)	1,512,925	—	1,512,925	5.0 %
Named Executive Officers and Directors:				
Rami Elghandour(8)	48,579	530,654	579,233	1.9 %
Andrew H. Galligan(9)	30,972	167,413	198,385	*
Doug Alleavitch(10)	13,741	66,270	80,011	*
Kashif Rashid(11)	1,811	10,468	12,279	*
Patrick Schmitz(12)	3,567	31,884	35,451	*

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Michael DeMane(13)	565,070	156,371	721,441	2.4	%
Lisa D. Earnhardt(14)	1,518	16,423	17,941	*	
Frank Fischer(15)	30,668	23,229	53,897	*	
Wilfred E. Jaeger, M.D.(16)	512,669	23,229	535,898	1.8	%
Shawn T McCormick(17)	1,518	28,881	30,399	*	
Kevin O'Boyle (18)	—	651	651	*	
Brad Vale, Ph.D., D.V.M.(19)	3,518	23,501	27,019	*	
Elizabeth Weatherman (20)	—	651	651	*	
All 16 directors and executive officers as a group(21)	1,218,692	1,106,061	2,324,753	7.6	%

*Represents beneficial ownership of less than one percent of the outstanding shares of common stock.

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- (1) Represents shares of common stock held, options held by such individuals that were exercisable within 60 days of March 26, 2019 and shares deliverable under RSUs that will vest within 60 days of March 26, 2019. Includes shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner's account. Reported numbers do not include options that vest more than 60 days after March 26, 2019.
- (2) As reported on Schedule 13G/A filed with the SEC on February 6, 2019. The report states that BlackRock Inc. has sole voting power over 2,669,364 shares and sole dispositive power over 2,765,396 shares. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.
- (3) As reported on Schedule 13G/A filed with the SEC on February 11, 2019. The report states that The Vanguard Group ("Vanguard") has sole dispositive power over 2,548,278 shares, shared dispositive power over 61,293 shares, sole voting power over 59,736 shares and shared voting power over 3,900 shares. Vanguard reported its beneficial ownership on behalf of itself and the following: Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd., each a wholly-owned subsidiary of Vanguard. The address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.
- (4) As reported on Schedule 13G/A filed with the SEC on January 28, 2019. Consists of (a) 2,018,574 shares held by Franklin Advisers, Inc., (b) 16,300 shares held by Fiduciary Trust Company International and (c) 2,042 shares held by Franklin Templeton Investments (Asia) Ltd. These securities are beneficially owned by investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries of Franklin Resources Inc. ("FRI"). Charles B. Johnson and Rupert H. Johnson, Jr. (collectively, the "Principal Shareholders") each own in excess of 10% of the outstanding common stock of FRI and are the principal stockholders of FRI. FRI and the Principal Shareholders may be deemed to be the beneficial owners of securities held by persons and entities for whom or for which FRI subsidiaries provide investment management services. The address of Franklin Resources, Inc. is One Franklin Parkway, San Mateo, CA 94403 1906.
- (5) As reported on Schedule 13G filed with the SEC on February 14, 2019. The report states that ArrowMark Colorado Holdings, LLC has sole voting power and sole dispositive power over 1,786,523 shares. The address of ArrowMark Colorado Holdings, LLC is 100 Fillmore Street, Suite 325, Denver, CO 80206.
- (6) As reported on Schedule 13G filed with the SEC on January 16, 2019. Consists of (a) 1,221,907 shares beneficially owned by Integrated Core Strategies (US) LLC, (b) 328,495 shares beneficially owned by Integrated Assets II LLC and (c) 20,647 shares beneficially owned by ICS Opportunities, Ltd. These securities are beneficially owned by investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries of Millennium Group Management LLC ("Millennium"). Israel A. Englander controls the managing member of Millennium Group Management. Millennium and Mr. Englander may be deemed to be the beneficial owners of securities held by persons and entities for whom or for which Millennium subsidiaries provide investment management services. The address of Millennium Group Management LLC is 666 Fifth Avenue, New York, NY 10103.
- (7) As reported on Schedule 13G filed with the SEC on February 19, 2019. The report states that D.E. Shaw & Co., L.P. has shared voting power over 1,501,425 shares and shared dispositive power over 1,512,925 shares. The 1,512,925 shares beneficially owned consists of (a) 791,935 shares held by D.E. Shaw Valence Portfolios, L.L.C., (b) 443,299 shares held by D.E. Shaw Oculus Portfolios, L.L.C., (c) 175 shares held by D.E. Shaw Asymptote Portfolios, L.L.C. and (d) 277,516 shares held by D.E. Shaw Investment Management, L.L.C. These securities are beneficially owned by investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries of D.E. Shaw & Co., L.P. David E. Shaw is the President and sole shareholder of D.E. Shaw & Co., Inc., which is the general partner of D.E. Shaw & Co., L.P. The address of D.E. Shaw & Co., L.P. is 1166 Avenue of the Americas, 9th Floor, New York, NY 10036.
- (8) Consists of 48,579 shares held by Mr. Elghandour and 530,654 shares that may be acquired pursuant to the exercise of stock options or the delivery of shares underlying RSUs that will vest within 60 days of March 26, 2019.
- (9) Consists of 30,972 shares held by Mr. Galligan and 167,413 shares that may be acquired pursuant to the exercise of stock options within 60 days of March 26, 2019.

- (10) Consists of 12,224 shares held by Mr. Alleavitch, 1,517 shares held by his spouse and 66,270 shares that may be acquired pursuant to the exercise of stock options within 60 days of March 26, 2019.
- (11) Consists of 1,811 shares held by Mr. Rashid and 10,468 shares that may be acquired pursuant to the exercise of stock options within 60 days of March 26, 2019.
- (12) Consists of 3,567 shares held by Mr. Schmitz and 31,884 shares held by Mr. Schmitz may be acquired pursuant to the exercise of stock options or the delivery of shares underlying RSUs that will vest within 60 days of March 26, 2019.

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- (13) Consists of 472,516 shares held by Mr. DeMane, 42,554 shares held by Catherine Q. DeMane Trustee, Michael F. DeMane 2012 Irrevocable Trust U/A/D July 26, 2012 (the “DeMane Irrevocable Trust”), 50,000 shares held by Michael DeMane Trustee, Michael F. DeMane 2016 Retained Annuity Trust U/A/D May 22, 2017 and 156,371 shares that may be acquired pursuant to the exercise of stock options or the delivery of shares underlying RSUs within 60 days of March 26, 2019. Mrs. DeMane, and not Mr. DeMane, has voting and investment control over the shares held by the DeMane Irrevocable Trust.
- (14) Consists of 1,518 shares held by Ms. Earnhardt and 16,423 shares that may be acquired pursuant to the exercise of stock options or the delivery of shares underlying RSUs within 60 days of March 26, 2019.
- (15) Consists of 30,668 shares held by Mr. Fischer and 23,229 shares that may be acquired pursuant to the exercise of stock options or the delivery of shares underlying RSUs within 60 days of March 26, 2019.
- (16) Consists of 1,518 shares held by Mr. Jaeger and 23,229 shares that may be acquired pursuant to the exercise of stock options or the delivery of shares underlying RSUs within 60 days of March 26, 2019. Consists of (a) 500,109 shares held by Three Arch Partners IV, L.P. (“Partners”) and (b) 11,042 shares held by Three Arch Associates IV, L.P. (“Associates”). Three Arch Management IV, LLC (the “General Partner”) is the general partner of Partners and Associates. Wilfred E. Jaeger, M.D. is a managing member of the General Partner and a member of our Board. As the managing member of the General Partner he, together with Mark Wan, may be deemed to have voting and dispositive power over the shares held by Partners and Associates, and may be deemed to beneficially own certain of the shares held by Partners and Associates. Such persons and entities disclaim beneficial ownership of all shares held by Three Arch Partners IV, L.P. and Three Arch Associates IV, L.P. in which they do not have an actual pecuniary interest. The address of Partners and Associates is 3200 Alpine Road, Portola Valley, CA 94028.
- (17) Consists of 1,518 shares held by Mr. McCormick and 28,881 shares that may be acquired pursuant to the exercise of stock options or the delivery of shares underlying RSUs within 60 days of March 26, 2019.
- (18) Consists of 651 shares that may be acquired by Mr. O’Boyle pursuant to the exercise of stock options or the delivery of shares underlying RSUs within 60 days of March 26, 2019.
- (19) Consists of 3,548 shares held by Dr. Vale and 23,501 shares that may be acquired pursuant to the exercise of stock options or the delivery of shares underlying RSUs within 60 days of March 26, 2019.
- (20) Consists of 651 shares that may be acquired by Ms. Weatherman pursuant to the exercise of stock options or the delivery of shares underlying RSUs within 60 days of March 26, 2019.
- (21) Consists of 1,218,692 shares held by all 16 directors and executive officers as a group, and 1,106,061 shares of common stock issuable upon the exercise of stock options or the delivery of share underlying RSUs that will vest within 60 days of March 26, 2019.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended December 31, 2018, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with.

ADDITIONAL INFORMATION

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

Brokers with account holders who are Nevro stockholders may be "householding" our proxy materials. A single proxy statement may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you notify your broker or the Company that you no longer wish to participate in "householding."

If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, you may (1) notify your broker, (2) direct your written request to: 1800 Bridge Parkway, Redwood City, California 94065 or (3) contact our Vice President, Investor Relations, Juliet Cunningham, by telephone at (650) 433-3247. Stockholders who currently receive multiple copies of this Proxy Statement at their address and would like to request "householding" of their communications should contact their broker. In addition, the Company will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of the Form 10-K, Proxy Statement, Proxy Card or Notice of Internet Availability of Proxy Materials to a stockholder at a shared address to which a single copy of the documents was delivered.

Other Matters

As of the date of this Proxy Statement, the Board does not intend to present any matters other than those described herein at the Annual Meeting and is unaware of any matters to be presented by other parties. If other matters are properly brought before the Annual Meeting for action by the stockholders, proxies will be voted in accordance with the recommendation of the Board or, in the absence of such a recommendation, in the discretion of the proxy holder.

We have filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 with the SEC. It is available free of charge at the SEC's web site at www.sec.gov. Upon written request by a Nevro stockholder, we will mail without charge a copy of our Annual Report on Form 10-K, including the financial statements and financial

statement schedules, but excluding exhibits to the Annual Report on Form 10-K. Exhibits to the Annual Report on Form 10-K are available upon payment of a reasonable fee, which is limited to our expenses in furnishing the requested exhibit. All requests should be directed to the Corporate Secretary, 1800 Bridge Parkway, Redwood City, California 94065.

By Order of the Board of Directors

/S/ D. KEITH GROSSMAN

D. Keith Grossman

President and Chief Executive Officer

, 2019

Appendix A: Proposed Amendment to the Company's Amended and Restated Certificate of Incorporation (Board Declassification)

Proposed changes to the Company's Certificate of Incorporation are shown below related to Proposal 4: "Amendment to our Amended and Restated Certificate of Incorporation to Phase in the Declassification of our Board of Directors." The changes shown to Article V, Section 1(b) will be effective if Proposal 4 receives the affirmative vote of the holders of two-thirds of the outstanding shares of common stock entitled to vote at the Annual Meeting.

Additions are indicated by underlining and deletions are indicated by strike-outs. The full text of the Company's currently applicable Amended and Restated Certificate of Incorporation was filed as an exhibit to the Company Annual Report on Form 10-K for the year ended December 31, 2018 that was filed with the SEC on February 21, 2019.

ARTICLE V

BOARD OF DIRECTORS

Section 1.

(b) Other than any directors elected by the separate vote of the holders of one or more series of Preferred Stock, the Board of Directors shall be and is divided into three classes, designated as Class I, Class II and Class III, as nearly equal in number as possible. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors. At the ~~first~~ 2015 annual meeting of stockholders ~~following the effectiveness of this Amended and Restated Certificate of Incorporation (the "Qualifying Record Date")~~, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the ~~second~~ 2016 annual meeting of stockholders ~~following the Qualifying Record Date~~, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the ~~third~~ 2017 annual meeting of stockholders ~~following the Qualifying Record Date~~, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, at each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting. Notwithstanding the foregoing, commencing with the 2020 annual meeting of stockholders, each director who is elected at the annual meeting of stockholders, other than any directors elected by the separate vote of the holders of one or more series of Preferred Stock, shall hold office until the next annual meeting and until his or her successor shall be elected and qualified, subject, however, to such director's prior death, resignation, retirement, disqualification or removal from office. Commencing with the 2022 annual meeting of stockholders, directors shall no longer be divided into classes.

Notwithstanding the foregoing provisions of this Article V Section 1(b), each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation, disqualification, retirement or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Appendix B: Proposed Amendments to the Company's Amended and Restated Certificate of Incorporation (Supermajority Voting Requirements)

Proposed changes to the Company's Certificate of Incorporation are shown below related to Proposal 5: "Amendment to our Amended and Restated Certificate of Incorporation to Eliminate the Supermajority Voting Requirements." The changes shown to Article V, Sections 1(c) and 2(a) and Article IX will be effective if Proposal 5 receives the affirmative vote of the holders of two-thirds of the outstanding shares of common stock then entitled to vote at the Annual Meeting.

Additions are indicated by underlining and deletions are indicated by strike-outs. The full text of the Company's currently applicable Amended and Restated Certificate of Incorporation was filed as an exhibit to the Company Annual Report on Form 10-K for the year ended December 31, 2018 that was filed with the SEC on February 21, 2019.

ARTICLE V

BOARD OF DIRECTORS

Section 1.

(c)Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, the Board of Directors or any individual director may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of ~~sixty six and two thirds percent (66 2/3%)~~ a majority of the voting power of all the then outstanding shares of voting stock of the Corporation with the power to vote at an election of directors (the "Voting Stock").

Section 2.

(a)In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter or repeal Bylaws of the Corporation. In addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Amended and Restated Certificate of Incorporation (including any Certificate of Designation in respect of one or more series of Preferred Stock), the adoption, amendment or repeal of the Bylaws of the Corporation by the stockholders of the Corporation shall require the affirmative vote of the holders of at least ~~sixty six and two thirds percent (66 2/3%)~~ a majority of the voting power of all the then-outstanding shares of the Voting Stock, voting together as a single class.

ARTICLE IX

AMENDMENTS

Notwithstanding any other provisions of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law or by this Amended and Restated Certificate of Incorporation (including any Certificate of Designation in respect of one or more series of Preferred Stock), the affirmative vote of the holders of at least ~~sixty six and two thirds percent (66 2/3%)~~ a majority of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, VII, VIII and this Article IX.

VOTE BY INTERNET Before The Meeting - Go to 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 the day before the cut-off date or meeting date. 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. **During The Meeting** - Go to www.virtualshareholdermeeting.com/NVRO2019 You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions. **VOTE BY PHONE** - 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. **VOTE BY MAIL** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. **NEVRO CORP. 1800 BRIDGE PARKWAY REDWOOD CITY, CA 94065 E72776-P22411** For All Withhold All For All Except To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below. **NEVRO CORP.** The Board of Directors recommends you vote FOR the following: ! ! ! 1. Election of Directors Nominees: 01) Elizabeth Weatherman 02) Wilfred E. Jaeger, M.D. 03) D. Keith Grossman For Against Abstain The Board of Directors recommends you vote FOR the following proposals: ! ! ! 2. To ratify the selection, by the Audit Committee of the Company's Board of Directors, of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2019 ! ! ! 3. To approve, on a non-binding advisory basis, the compensation of the named executive officers as disclosed in the Company's proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission ! ! ! 4. To approve an amendment to the Company's Amended and Restated Certificate of Incorporation to phase in the declassification of the Company's Board of Directors ! ! ! 5. To approve an amendment to the Company's Amended and Restated Certificate of Incorporation to eliminate the supermajority voting requirements **NOTE:** The proxies are authorized to vote in their discretion upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. ! For address changes and/or comments, please check this box and write them on the back where indicated. Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice and Proxy Statement and Form 10-K are available at www.proxyvote.com. E72777-P22411 NEVRO CORP. Annual Meeting of Stockholders May 20, 2019 10:30 AM, PDT This proxy is solicited by the Board of Directors The stockholder(s) hereby appoint(s) D. Keith Grossman, Andrew H. Galligan and Kashif Rashid, or any of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of NEVRO CORP. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:30 AM, PDT on May 20, 2019, at www.virtualshareholdermeeting.com/NVRO2019, and any adjournment or postponement thereof, on all matters set forth on the reverse side and in the discretion of the proxies upon such other matters as may properly come before the Annual Meeting. This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations. Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.) Continued and to be signed on reverse side