ICU MEDICAL INC/DE
Form DEF 14A
April 04, 2012

ICU MEDICAL, INC.
951 Calle Amanecer
San Clemente, California 92673-6213

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held May 11, 2012

The 2012 Annual Meeting of Stockholders of ICU Medical, Inc. (the "Company") will be held by means of remote communication on the Internet at the Company's web site, www.icumed.com, and by conference telephone at (800) 253-5274 and (408) 427-3711 for international, conference identification number 59348830, on Friday, May 11, 2012 at 9:00 a.m., Pacific Daylight Time, for the following purposes:

1. To elect two directors of the Company to serve for a term of three years and until their successors have been elected and qualified;
2. To ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2012;
3. To hold an advisory vote to approve named executive officer compensation;
4. To consider a proposal to approve amendments to the ICU Medical, Inc. 2011 Stock Incentive Plan to increase the number of shares under that Plan; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has determined that only holders of common stock of record at the close of business on March 19, 2012 will be entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment thereof.

You may attend the Annual Meeting by either clicking on "Investors" and then clicking on "Annual Meeting" on our web site, www.icumed.com, or calling (800) 253-5274 and (408) 427-3711 for international, conference identification number 59348830, from a touch-tone telephone. If you hold stock certificates registered in your own name, you will need the control number printed on the attachment to the enclosed proxy card to verify that you are a stockholder of record. If your stock is held in "street name" by your broker or other nominee, you will need to provide the name of your broker or nominee to gain access to the Annual Meeting.

By Order of the Board of Directors
Scott E. Lamb, Secretary
San Clemente, CA
April 4, 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 11, 2012

The proxy statement and annual report to stockholders are available at http://ir.icumed.com.

YOUR VOTE IS IMPORTANT
Even if you plan to attend the Annual Meeting in person by means of remote communication, please complete, sign, date and return the enclosed proxy promptly or submit your proxy over the Internet or by telephone. If you are a

stockholder of record and attend the Annual Meeting electronically, you may withdraw your proxy and vote in person via facsimile. You will find information on submitting your proxy over the Internet and by telephone and information about voting in person at the Annual Meeting on the reverse side of this notice.
THANK YOU FOR ACTING PROMPTLY

How do I submit my proxy?

You will have the opportunity to attend the Annual Meeting by means of remote communication and vote during the Annual Meeting if you choose. Whether or not you vote during the Annual Meeting, it is important that your shares be represented and voted. If you are a stockholder of record, you can give a proxy to have your shares voted at the Annual Meeting either:

- by mailing the enclosed proxy card in the enclosed envelope;
- electronically, using the Internet; or
- over the telephone by calling a toll-free number.

The Internet and telephone proxy submission procedures are set up for your convenience and are designed to verify your identity, to allow you to give voting instructions, and to confirm that those instructions have been properly recorded. If you are a stockholder of record and you would like to submit your proxy by telephone or by using the Internet, please refer to the specific instructions on the attachment to the enclosed proxy card. Alternatively, you may submit your proxy by mail by returning your signed proxy card in the enclosed envelope. If we receive your proxy by mail, electronically or by telephone before the Annual Meeting, we will vote your shares as you direct.

If you hold your shares in “street name,” you must give voting instructions in the manner prescribed by your broker or nominee. Your broker or nominee has enclosed or provided a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

How can I vote my shares in person at the meeting?

If you are a stockholder of record, as opposed to voting by proxy you may vote your shares during the Annual Meeting by facsimile. The procedures for voting during the Annual Meeting are designed to verify your identity and allow you to vote. You should retain the attachment to the proxy card enclosed with this Proxy Statement on which your unique control number appears. You will need to write this control number on your ballot to verify your identity.

To vote during the meeting, access the Company’s website at www.icumed.com, then click on the Investors tab, and click on the icon that says “Voting Ballot.” You may download and print the ballot. Alternatively, you may request that a ballot be faxed to you by calling Investor Relations at (800) 824-7890 any time before 4:00 PM PDT on May 10, 2012. After you have marked your votes and recorded your control number on your ballot, you may fax the ballot to the Company at (949) 366-8368. Ballots must be received before the polls are closed during the Annual Meeting to be counted. We anticipate that the polls will be open from approximately 9:05 to 9:20 AM PDT on May 11, 2012.

Even if you currently plan to attend the Annual Meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the Annual Meeting. If you vote by proxy and then decide to attend the Annual Meeting, you will be able to vote during the Annual Meeting, even if you have previously submitted your proxy.

How can I request proxy materials?

To request a print or electronic copy of our Proxy Statement, Annual Report to Stockholders and form of proxy, you may call our toll-free telephone number (800) 824-7890; e-mail us at ir@icumed.com or visit our Web site at www.icumed.com. You may also request that we send you proxy materials relating to future stockholders meetings in print or electronic form.

Your vote is important. Thank you for voting.

ICU MEDICAL, INC.

951 Calle Amanecer
San Clemente, California 92673

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of ICU Medical, Inc. (the "Company") for use at the 2012 Annual Meeting of Stockholders (the “Annual Meeting”). The Annual Meeting is to be held by means of remote communication on the Internet at the Company’s web site, www.icumed.com, and by conference telephone at (800) 253-5274 and (408) 427-3711 for international, conference identification number 59348830, on Friday, May 11, 2012 at 9:00 a.m., Pacific Daylight Time, and at any adjournments thereof, for the purposes set forth herein and in the accompanying Notice.
The approximate date of mailing of this Proxy Statement, the Annual Report to Stockholders and the proxy card is April 4, 2012. The principal executive offices of the Company are located at 951 Calle Amanecer, San Clemente, California 92673.

Attendance by Remote Communication

The Annual Meeting will be held entirely by remote communication on the Internet, as permitted by Delaware law. There will be no physical location at which stockholders may attend the Annual Meeting, but stockholders may attend and participate in the meeting electronically. Stockholders who participate in the Annual Meeting by means of remote communication will be deemed to be present in person and will be able to vote during the Annual Meeting at the times that the polls are open. Stockholders who wish to attend the meeting should go to www.icumed.com, click on the Investors tab and click on the icon that says “Annual Meeting” or telephone (800) 253-5274 and (408) 427-3711 for international, conference identification number 59348830, at least 10 minutes before the beginning of the meeting to register their attendance and complete the verification procedures to confirm that they were stockholders of record as of March 19, 2012, the record date. Stockholders of record will need to provide the control number on the attachment to the enclosed proxy card to verify their identity.

Beneficial owners whose stock is held for them in street name by their brokers or other nominees may also attend the meeting by going to www.icumed.com, clicking on the Investors tab and clicking on the icon that says “Annual Meeting” or telephoning (800) 253-5274 and (408) 427-3711 for international, conference identification number 59348830, at least 10 minutes before the beginning of the meeting to register their attendance and complete the verification procedures to confirm that they were stockholders of record as the record date. Such beneficial owners may not vote at the meeting, and may only cause their shares to be voted by providing voting instructions to the persons who hold the beneficial owners’ shares for them. Beneficial owners will need to provide the name of the broker or other nominee that holds their shares to gain access to the meeting.

There is additional information about voting at the Annual Meeting on the opposite page. Stockholders may also obtain additional information about accessing and voting during the Annual Meeting by calling Investor Relations at (800) 824-7890.

Proxy Information

A stockholder giving a proxy may revoke it at any time before it is exercised by filing with the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if the person executing the proxy is present at the Annual Meeting electronically and elects to vote in person. Subject to such revocation or suspension, all shares represented by each properly executed proxy received by the Company will be voted in accordance with the instructions indicated thereon, and if instructions are not indicated, will be voted in favor of (i) the election of the nominees for director named in, or otherwise nominated as set forth in this Proxy Statement, (ii) the ratification of the selection of the independent registered public accounting firm, (iii) approval, on an advisory basis, of our executive compensation, (iv) approval of amendments to the ICU Medical, Inc. 2011 Stock Incentive Plan (the "2011 Stock Incentive Plan") and (v) in the discretion of the proxy holders, on any other business that comes before the meeting.

Record Date and Voting

As of March 19, 2012 the outstanding voting securities of the Company consisted of 14,087,555 shares of $0.10 par value common stock. Each stockholder of record at the close of business on March 19, 2012 is entitled to one vote for each share held as of that date on each matter submitted to a vote of stockholders. The presence in person electronically or by proxy of holders of a majority of the issued and outstanding common stock will constitute a quorum for the transaction of such business as shall

properly come before the meeting.
Assuming that a quorum is present, the votes required to approve the matters before the Annual Meeting are as follows:

- Election of Directors: The election of directors will be decided by a plurality of the votes. The two director nominees receiving the most votes will be elected. Abstentions and broker non-votes have no effect on these matters.

- All other Matters (ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm, advisory vote on executive compensation and the approval of the amendments to the 2011 Stock Incentive Plan): Stockholder approval of all other matters requires the votes cast affirmatively exceed the votes cast negatively on the respective matters. Shares voted to abstain on such matters and broker non-votes are not counted as votes cast affirmatively or negatively and will have no effect on the vote for these matters.

The term "broker non-votes" refers to shares held by a broker in street name that are present by proxy but are not voted pursuant to rules prohibiting brokers from voting on non-routine matters without instructions from the beneficial owner of the shares. Broker non-votes on non-routine matters are not counted as entitled to vote on a matter in determining the number of affirmative votes required for approval of the matter but are counted as present for quorum purposes. Of the proposals to be considered at the Annual Meeting, only the ratification of the selection of independent registered public accountants is considered to be a routine matter on which brokers may vote without instructions from beneficial owners. The election of directors, the advisory vote to approve named executive officer compensation and the approval of the amendments to the 2011 Stock Incentive Plan are considered non-routine matters on which your brokers may not vote without instructions from beneficial owners.

Board Recommendations

The Board of Directors recommends that you vote:

- FOR the election of the two nominees for election to the Board of Directors to serve for a term of three years and until their successors have been elected and qualified;
- FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the year ended December 31, 2012;
- FOR the approval, on an advisory basis, of our named executive officer compensation; and
- FOR the approval of the amendments to the ICU Medical, Inc. 2011 Stock Incentive Plan.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as to shares of common stock owned as of March 19, 2012, by (a) each director and nominee, (b) each named executive officer and (c) all directors and executive officers as a group. Unless otherwise indicated in the footnotes following the table, and subject to community property laws where applicable, the Company believes that the persons as to whom the information is given have sole voting and investment power over the shares listed as beneficially owned. The business address of Company's directors and officers, the George A. Lopez, M.D. Second Family Limited Partnership and the Lopez Family Trust is 951 Calle Amanecer, San Clemente, California 92673.

Ownership of Management

	Shares of Common Stock Owned	Options Exercisable within 60 days	Total Shares Beneficially Owned	Percent of Outstanding Shares (1)	
George A. Lopez, M.D.	1,520,762	933,438	2,454,200	16.3	%(2)
George A. Lopez, M.D. Second Family Limited Partnership	1,186,843		1,186,843	8.4	%(3)
Jack W. Brown	11,250	67,375	78,625	*	
John J. Connors	300	61,750	62,050	*	
Michael T. Kovalchik III, M.D.	2,762	62,875	65,637	*	
Joseph R. Saucedo	—	51,625	51,625	*	
Richard H. Sherman, M.D.	67,801	39,250	107,051	0.8	%
Robert S. Swinney, M.D.	7,000	67,375	74,375	*	(4)
Alison D. Burcar	—	30,438	30,438	*	
Richard A. Costello	—	61,013	61,013	*	
Scott E. Lamb	1,923	55,000	56,923	*	
Steven C. Riggs	2,286	63,750	66,036	*	
All directors and named executive officers as a group (11 persons)	1,614,084	1,493,889	3,107,973	19.9	%

(1) Based on total shares of common stock outstanding plus outstanding options to acquire common stock currently exercisable or exercisable within 60 days held by the beneficial owner whose percent of outstanding stock is calculated.

(2) Includes the 1,186,843 shares owned by the George A. Lopez, M.D. Second Family Limited Partnership (the "Partnership"), as to which shares Dr. Lopez disclaims any beneficial ownership except to the extent described in Note (3). Includes 4,002 shares owned by the Lopez Family Trust. Dr. Lopez is a trustee and beneficiary of the Lopez Family Trust. Includes 173,950 shares held by Dr. Lopez as Trustee of the Lopez Charitable Remainder Trust #1 for the benefit of Dr. Lopez.

(3) Dr. Lopez is the general partner of the Partnership and holds a one percent general partnership interest in the Partnership. As general partner, he has the power to vote and power to dispose of the 1,186,843 shares owned by the Partnership and may be deemed to be a beneficial owner of such shares. Trusts for the benefit of Dr. Lopez's children, the Christopher George Lopez Children's Trust and the Nicholas George Lopez Children's Trust, own a 99% limited partnership interest in the Partnership. Dr. Lopez is not a trustee of and has no interest in his children's Trusts. Except to the extent of the undivided one percent general partnership interest in the assets of the Partnership, Dr. Lopez disclaims any beneficial ownership of the shares owned by the Partnership.

(4) Does not include 750 shares owned by Dr. Swinney's wife as to which he has no voting or investment power and disclaims any beneficial ownership.

5% or More Beneficial Ownership

Name and Address of Beneficial Owner	Shares of Common Stock Owned	Percent of Outstanding Shares (1)		
River Road Asset Management, LLC 462 South Fourth Street, Suite 1600, Louisville, KY 40202	1,491,809	10.7	%	(1)(2)
Wellington Management Company, LLP 75 State Street, Boston, MA 02109	1,265,978	9.1	%	(1)(3)
Columbia Management Investment Advisers, LLC 145 Ameriprise Financial Center, Minneapolis, MN 55474	995,249	7.1	%	(1)(4)
BlackRock, Inc. 40 East 52nd Street, New York, NY 10022	938,057	6.7	%	(1)(5)

(1) Information included solely in reliance on information included in statements filed with the Securities and Exchange Commission ("SEC") pursuant Section 13(d) or 13(g) of the Securities Act of 1934, as amended, by the indicated holder.

(2) River Road Asset Management, LLC stated in its Schedule 13G/A filing with the SEC on February 9, 2012 that, of the 1,491,809 shares beneficially owned, it has sole voting power with respect to 1,295,829 shares and sole dispositive power with respect to all 1,491,809 shares.

(3) Wellington Management Company, LLP stated in its Schedule 13G/A filing with the SEC on February 14, 2012 that, of the 1,265,978 shares beneficially owned, it has shared voting power with respect to 864,478 shares and shared dispositive power with respect to all 1,265,978 shares.

(4) Columbia Management Investment Advisers, LLC stated in its Schedule 13G filing with the SEC on February 13, 2012 that, of the 995,249 shares beneficially owned, it has shared voting power with respect to 396,556 shares and shared dispositive power with respect to all 995,249 shares.

(5) Blackrock, Inc. stated in its Schedule 13G/A filing with the SEC on February 13, 2012 that, of the 938,057 shares beneficially owned, it has sole voting and sole dispositive power with respect to all 938,057 shares.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides important information on our executive compensation program. In this proxy statement, the term “named executive officers” represents the five executive officers named in the compensation tables that follow.

Executive Summary

Over the last decade, through two recessions, ICU Medical has been profitable and generated positive operating cash flow in every year, earning $240 million and generating $338 million of cash from operating activities, while maintaining a strong balance sheet and carrying no debt. Over the last five years, we have earned $147 million and generated $221 million of cash from operating activities, cumulatively, and used $108 million of available cash to purchase 3.0 million shares or 20% of our common stock. During this same five–year period our revenues grew more than 60% from growth in infusion therapy and expanding our product offerings to include critical care, oncology and other products. Also, during this same five-year period, our international sales grew more than 200% and were 24% of total sales in 2011, compared to 13% of total sales in 2007.

In 2011, we had a record year with revenue of $302 million, operating income of $65 million and operating cash flow of $64 million. This performance is a direct result of actions taken by Dr. Lopez and the ICU Medical leadership team over the last few years investing in the Company to expand our portfolio of products and markets, expanding our contract relationships with group purchasing organizations (GPOs) and direct customers, increasing our investments in these new products and markets and greatly expanding our sales, marketing, distribution and manufacturing capabilities for continued global growth and profitability for the Company.

Despite a challenging economic environment in recent years, we delivered strong financial results as seen in the year over year comparison set forth below. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for a more detailed description of our fiscal year 2011 financial results.

	2011	2010	% change	
Operating cash flow	$64.5	$33.1	95	%
Total revenue (in millions)	$302.2	$283.0	7	%
Net income (in millions)	$44.7	$29.9	49	%
Net income per share (diluted)	$3.15	$2.16	46	%

Our fiscal year 2011 financial performance was a key factor in the bonus and equity compensation decisions and outcomes for the 2011 fiscal year. For 2011, payment of semi-annual performance bonuses was based on achievement of the following financial goals, each of which was exceeded by the Company: (i) $295.8 million in total revenue, (ii) $49.9 million in operating income and (iii) $2.27 diluted earnings per share.

Our compensation programs are designed to align our named executive officers’ interests with those of our stockholders by establishing a direct and meaningful link between our business financial results and executive compensation. Consistent with our pay for performance philosophy, the Compensation Committee sets annual goals for the named executive officers’ incentive compensation with the objective of increasing stockholder value. Our named executive officers’ total compensation is comprised of a mix of base salary, performance-based bonuses and performance and time-based equity awards. We believe our executive compensation program helps attract, reward and retain talented leaders and provides them with incentives to create stockholder value.

We have made several changes to our compensation policies during 2011 and 2012 to further align executive compensation with our stockholders' interests and a pay for performance approach. For example, beginning in 2011 all of our named executive officers became participants in the Company's Performance Based Incentive Plan which conditions bonus awards on the achievement of performance-based metrics set at the beginning of each year. In addition, following approval last year of our 2011 Stock Incentive Plan which gave the Compensation Committee the ability to grant performance-based equity awards, the Committee has granted performance based restricted stock units ("RSUs") as a portion of our executive's equity compensation. Going forward, the Committee will look at increasing the percentage that such RSUs and other forms of performance-based wards comprise of total equity-based compensation for its executives.

Compensation Overview

The compensation of our executive officers includes base salary, performance-based bonuses and equity awards. Our executive compensation objectives are:

- to provide competitive total pay opportunities that help attract, reward and retain leadership and key talent;
- to establish a direct and meaningful link between business financial results, individual/team performance and rewards; and
- to provide strong incentives to promote the profitability and growth of the Company, create shareholder value and reward superior performance.

The Compensation Committee believes that a critical factor in ensuring the Company’s ability to attract, retain and motivate its executive officers is ensuring that their compensation is competitive with companies that it considers to be competitors. In determining the appropriate level and form of compensation, the Compensation Committee reviews market data relating to the cash and equity compensation of similarly-sized medical device and life sciences companies that is provided by Compensia, a compensation consultant engaged by the Compensation Committee. The market data also includes a specific set of peer companies comprised of publicly-held health care equipment and supply companies with positive revenue growth, annual revenues of 0.5-2.0 times ICU's revenues and aggregate market values of 0.5-3.0 times ICU's aggregate market value. The peer companies used in our 2011 compensation assessment were Accuray, Align Technology, Analogic, AngioDynamics, ArthroCare, Bio-Reference Laboratories, Cantel Medical, eResearch Technology, Masimo, Medical Action Industries, Merit Medical Systems, Natus Medical, SonoSite, Symmetry Medical, Thoratec, Volcano, Wright Medical Group and Zoll Medical. All market data used for the comparative analyses comprises our ‘peer group’.

The Company does not provide pension or other post-retirement benefits, other than matching contributions under the Company's 401(k) retirement plan. The Company does not provide, except to the limited extent described in this discussion, any significant perquisites or other personal benefits to its officers.

In 2011, we established stock ownership guidelines for our directors and CEO. Our directors have up to five years to acquire and retain shares of the Company's common stock that equal or exceed three times the director's annual base retainer. Shares beneficially owned by the director, directly or indirectly, including vested restricted shares and shares represented by vested restricted stock units, count toward meeting the stock ownership guidelines. Our CEO has up to five years to acquire and retain shares of the Company's common stock that equal or exceed five times the CEO's annual salary. The Company prohibits pledging or hypothecating any securities owned by any of its employees or directors or "short selling" of its securities by any of its employees or directors.

The Compensation Committee reviews and determines the compensation of all executive officers. See "Compensation Committee" elsewhere in this Proxy Statement. In setting compensation levels for executive officers, the Compensation Committee considers each element of compensation separately as well as the aggregate value of all elements of compensation for each individual. Amounts realized or realizable from awards under prior bonus or incentive plans, including stock options, are not considered in setting current compensation levels. The significant compensation components are base salary, bonus pay and equity awards ("total direct compensation"). In addition, beginning in 2011, the Compensation Committee began including the Say-On-Pay vote results from the prior annual meeting of stockholders to assist in its evaluation of the compensation program for our named executive officers. The 2011 Say-On-Pay vote was significantly in favor of our executive compensation structure, confirming to the Compensation Committee that stockholders approved of the recent efforts of the Committee to more effectively align executive compensation with performance. For 2012, the Compensation Committee has positioned the targeted total direct compensation to be in the 65th percentile of the Company's peer group.

Components of Our Executive Compensation Program

Component	Form of compensation	Objectives and basis of compensation
Base Salary	Cash	Compensation is competitive based on the officer's responsibilities and experience. Generally set at the 50th-75th percentile of similar positions in our peer group, but may adjust upwards or downwards based on factors such as experience, longevity with the Company and unique requirements of the position. Base salary is reviewed by the Compensation Committee annually or when position responsibilities change.
Performance-Based Incentive Plan	Cash	Bonus is intended to align the interests of the executive officer with the objectives of the Company, which are based on what the Company believes will produce the best return for the Company's stockholders. Bonus is based on the Company's achievement of financial targets determined at the start of the fiscal year. Bonus is a percentage of the officer's salary. Bonus payments are made semi-annually based on the percentage of the goal achieved at each period end. The Compensation Committee may exercise its discretion to award case bonuses outside the Performance Based Incentive Plan in circumstances of special individual achievement.
Performance and Time-Based Equity Awards	Time-Based Stock Options/ Performance-Based Restricted Stock Grants	Stock options and restricted stock grants retain executives through long-term vesting and potential wealth accumulation. Stock options and restricted stock grants promote profitability and growth of the Company.

Stock options and restricted stock grants are intended to make compensation practices consistent with our peer group. Performance-based RSUs are effective tools in better aligning equity compensation with performance.

The Company has entered into employment agreements with each of the named executive officers. For named executive officers other than Dr. Lopez, the term of the agreement is for semi-annual periods ending on June 30 and December 31, which are automatically renewed for successive six-month periods upon expiration, unless terminated by the Company.

The term of the agreement with Dr. Lopez is for an annual period ending December 31 and is automatically renewed for an annual period upon expiration, unless terminated by the Company. The agreements may be terminated by the Company with or without cause on sixty days notice. The terms of the agreements generally provide for a base salary and performance-based bonus target for each named executive; however, the agreements do not provide for a guaranteed term of employment. Upon termination of employment with the Company due to disability, the employment agreements also provide for a lump sum payment equal to 50% of the executive officer's base salary for the term of the agreement. Other than these provisions requiring 60 days of notice for termination and the lump sum payment upon termination due to disability, we do not have severance agreements with any of our executive officers.

Base Executive Salaries

The Compensation Committee generally reviews base salaries annually and when position responsibilities change during the year.

In 2009, the Compensation Committee increased certain executive salaries based on data provided by Compensia. These increases were to make the officer's total pay competitive with the total pay of officers in comparable positions in our peer group and to keep compensation internally equitable for Messrs. Lamb, Riggs and Costello. Salaries were increased effective July 1, 2009 for Dr. Lopez from $500,000 to $588,000, Mr. Riggs from $260,000 to $300,000 and Mr. Costello from $260,000 to $300,000, respectively. Mr. Lamb's salary initially increased to $250,000 effective January 1, 2009 and to $300,000 effective July 1, 2009.

In 2010, base annual salaries were increased on January 1, 2010 to $670,000 for Dr. Lopez, $341,000 for Mr. Lamb, $330,000 for Mr. Riggs and $336,000 for Mr. Costello. These increases were to make the total pay competitive with the total pay of comparable positions of companies in our peer group and to keep the compensation internally equitable for Messrs. Lamb, Riggs and Costello. Ms. Burcar's salary remained at $195,000 because of her position change from Vice President of Marketing to Vice President of Product Development, which was not included in the peer group analysis performed in 2009.

In 2011, the Compensation Committee increased certain executive salaries based on data provided by Compensia. These increases were to make the total pay for these positions competitive with the total pay in comparable positions in our peer group. On January 1, 2011 the base annual salaries for Mr. Lamb and Ms. Burcar were adjusted to $361,600 and $225,000, respectively.

For 2012, the Compensation Committee increased executive salaries by 3% for a cost of living adjustment. On January 1, 2012 the base annual salaries were $690,100 for Dr. Lopez, $372,448 for Mr. Lamb, $339,900 for Mr. Riggs, $346,080 for Mr. Costello and $231,750 for Ms. Burcar.

The following table presents each named executive officer's earned salary for 2011, 2010 and 2009 and his or her estimated salary for 2012 and the percentile such salary represents compared to our peer group.

	2012		2011		2010		2009	
Named Executive Officer	Salary*	%**	Salary*	%**	Salary*	%**	Salary*	%**
George A. Lopez	690,100	50th-75th	$670,000	75th	$670,000	75th	$544,000	50th
Scott E. Lamb	372,448	50th-75th	$361,600	75th	$341,000	75th	$275,000	25th-50th
Steven C. Riggs	339,900	50th-75th	$330,000	75th	$330,000	>75th	$280,000	>75th
Richard A. Costello	346,080	>75th	$336,000	>75th	$336,000	>75th	$280,000	50th-75th
Alison D. Burcar	231,750	25th-50th	$225,000	50th	$195,000	#	$195,000	#

*Salary = Earned salary for the years 2011, 2010 and 2009, estimated amount to be earned for 2012 based on salaries as of January 1, 2012.

**% = Percentile of earned salary compared to our peer group for years 2011, 2010 and 2009, estimated percentile of 2012 salary compared to our peer group.

Ms. Burcar's responsibilities changed in 2009 to oversee product development from marketing. We did not have a salary analysis done on her new position for 2009 and 2010.

Performance-Based Bonuses

In addition to base salaries, all of our named executive officers were eligible to earn semi-annual merit bonuses based on annual financial goals for 2009. All named executive officers, except Dr. Lopez, were eligible for semi-annual merit bonuses based on annual financial goals for 2010. Dr. Lopez did not participate in the merit bonus program in 2010 because he participated solely in the Performance-Based Incentive Plan, as discussed in further detail below under the heading "2008 Performance-Based Incentive Plan". For 2011, this discretionary semi-annual merit bonus program was terminated for our executive officers, and, all of our named executive officers participated solely in the non-discretionary Performance-Based Incentive Plan.

Merit Bonuses

The following table presents the merit bonus percentage for each year as a percentage of the named executive officer's salary.

Named Executive Officer	First half of 2009		Second half of 2009		2010		2011
George A. Lopez, M.D.	100	%	100	%	N/A*		N/A*
Scott E. Lamb	35	%	50	%	60	%	N/A*
Steven C. Riggs	35	%	50	%	50	%	N/A*
Richard A. Costello	35	%	50	%	50	%	N/A*
Alison D. Burcar	30	%	30	%	30	%	N/A*

*Dr. Lopez participated solely in the Performance-Based Incentive Plan in 2010. All named executive officers participated in the Performance-Based Incentive Plan in 2011.

The 2009 bonus target increases for Mr. Riggs and Mr. Costello and the 2009 and 2010 bonus target increases for Mr. Lamb were to make the officer's compensation more competitive with our peer group. The Compensation Committee sets Dr. Lopez's bonus percentage at a higher percentage of his base salary than those of other officers because it believes that in view of his overall responsibility for the success of the Company, it is appropriate that a larger portion of his compensation be contingent on performance.

For 2009, payment of semi-annual merit bonuses was based on achievement of the following financial goals: (i) $215.4 million in total revenue, (ii) $93.0 million in gross profit and (iii) $33.0 million in operating income. Each of the 2009 performance targets were met, and the bonuses were paid at 100% of the targeted amount, resulting in payments of $544,000 for Dr. Lopez, $118,750 for Mr. Lamb, $120,500 for Mr. Riggs, $120,500 for Mr. Costello and $58,500 for Ms. Burcar.

For 2010, payment of semi-annual merit bonuses was based on achievement of the following financial goals: (i) $265.0 million in total revenue, (ii) $39.0 million in operating income and (iii) $1.82 diluted earnings per share. Each of the 2010 performance targets was met and the bonuses were paid at 100% of the targeted amount. Payments were made in the amount of $204,600 for Mr. Lamb, $165,250 for Mr. Riggs, $168,000 for Mr. Costello and $58,500 for Ms. Burcar. In addition to the awards paid pursuant to the merit bonus program, the Compensation Committee approved additional cash bonuses to Mr. Lamb and Ms. Burcar of $100,000 and $80,000, respectively, for exceptional performance in the 2010 fiscal year.

2008 Performance-Based Incentive Plan

Our 2008 Performance-Based Incentive Plan (the "Performance-Based Incentive Plan") was approved by stockholders in 2008 and is intended to qualify under the performance-based compensation exception set forth in Section 162(m) of the Internal Revenue Code (the "Code"). Until 2011, Dr. Lopez was the only participant in the Performance-Based Incentive Plan. Pursuant to the terms of the plan, the Compensation Committee sets potential bonus amounts and performance targets, and actual earnings are determined based on the Company's achievement of the performance targets.

The performance targets for Dr. Lopez in 2009 were as follows: (i) $223.6 million to $236.0 million in total revenue, (ii) $21.5 million to $26.0 million in revenues from certain new products and (iii) $35.0 million to $36.9 million in operating income. Dr. Lopez earned $160,000 in 2009 based on the Company’s achievement of 100% of the operating income goal and 60% of the total revenue goal. The Company did not achieve the revenue goal with respect to the new products. Dr. Lopez was eligible to receive the maximum payout of $500,000 if all performance targets had been achieved. In March of 2012, as a result of adjustments made to the Company's 2009 financial statements, it was determined that the amounts paid to Dr. Lopez exceeded by $55,000 the amount that should have been payable to him under the Performance-Based Plan for 2009 based on the adjusted operating income and total revenue numbers for that year . Dr. Lopez has agreed with the Compensation Committee that his salary for the remainder of 2012 will be reduced by $55,000 to address this issue.

For 2010, Dr. Lopez was eligible to earn a bonus from 88% to 170% of his total salary, depending on the percentage achieved of the 2010 performance targets. The performance targets for Dr. Lopez in 2010 were as follows: (i) $261.0 million to $278.3 million in total revenue, (ii) $37.8 million to $42.9 million operating income and (iii) $1.77 to $2.00 diluted earnings per share. Dr. Lopez earned the maximum bonus of $1,137,500 in 2010 based on the Company's achievement of more than 100% of the total revenue, operating income and diluted earnings per share goals. As described above, in 2009, Dr. Lopez earned $160,000 out of a maximum of $500,000 and in 2008, Dr. Lopez earned $90,000 out of a maximum payout of $500,000.

For 2011, all cash bonus compensation to our named executive officers was made pursuant to the Performance-Based Incentive Plan, except for a $5,000 additional cash bonus approved by the Compensation Committee for Ms. Burcar for her efforts in connection with the launch of our new Neutron product. The corporate goals paid 70% of the officer's target award if threshold performance was achieved and 140% of the target award if maximum "stretch" performance was achieved. The following table presents the target bonus award and the eligible bonus range as a percentage of total salary for each named executive officer.

Named Executive Officer	% of salary target award	% of salary bonus range if performance targets are met: Threshold performance	Stretch performance
George A. Lopez, M.D.	125 %	88 %	175 %
Scott E. Lamb	60 %	38 %	82 %
Steven C. Riggs	50 %	32 %	68 %
Richard A. Costello	50 %	32 %	68 %
Alison D. Burcar	30 %	19 %	41 %

The performance metric targets were total revenue, operating income and diluted earnings per share, accounting for 100% of Dr. Lopez's award and 90% of the award for each of the other named executive officers. In the case of officers other than Dr. Lopez, he or she had a specific financial individual goal for the other 10%. The individual component was only paid if the goal was fully met. The metric targets for all named executive officers in 2011 were as follows: (i) $266.2 million to $325.4 million in total revenue, (ii) $44.9 million to $56.9 million operating income and (iii) $2.04 to $2.59 diluted earnings per share. The officers were paid for 100% of the bonus attributed to the revenue goal and 140% of the bonus attributed to the operating income goal and the diluted earnings per share goal. The individual goal for our Chief Financial Officer was a successful implementation of our ERP system in our European facilities and was fully met. The individual goal for our Vice President of Operations was for full production capabilities for custom kits in our Mexico facility with $1 million of annual run rate of sell-through and was fully met. The individual goal for the Vice President of Sales was achieving $15 million of standard oncology sales and was fully met. The individual goal for the Vice President of Product Development was to achieve $1 million in sales of our Neutron product, which was not met because of the timing of the product launch.

The following table presents target and stretch bonus payouts and the actual amounts earned for each named executive officer for 2011.

Named Executive Officer	Salary	Potential bonus payout of target at 100%	Potential stretch bonus payout	Potential maximum bonus payout	Actual bonus paid	Actual bonus paid % of salary
George A. Lopez	$670,000	$837,500	$335,000	$1,172,500	$1,061,833	158 %
Scott E. Lamb	$361,600	$216,960	$78,106	$295,066	$269,030	74 %
Steven C. Riggs	$330,000	$165,000	$59,400	$224,400	$204,600	62 %
Richard A. Costello	$336,000	$168,000	$60,480	$228,480	$208,320	62 %
Alison D. Burcar	$225,000	$67,500	$24,300	$91,800	$76,950	34 %

In 2012, all cash bonus compensation to our named executive officers will be made pursuant to the Performance-Based Incentive Plan. The metrics will be total revenue, operating income and diluted earnings per share, accounting for 100% of Dr. Lopez's award and 90% of the award for each of the other named executive officers. In the case of officers other than Dr. Lopez, he or she has a specific financial individual goal for the other 10%. The corporate goals pay 70% of the officer's target award if threshold performance is achieved and 140% of the target award if maximum "stretch" performance is achieved. The

individual component will only be paid if the goal is fully met.
The potential 2012 bonus percentage of salary for all named executive officers remains the same as 2011, except Ms. Burcar, whose target award percentage increased from 30% to 50%. Ms. Burcar's bonus percentage was increased to more closely align her total cash compensation with her peer group. The following table presents the 2012 target bonus award and the eligible bonus range as a percentage of total salary for each named executive officer.

Named Executive Officer	% of salary target award	% of salary bonus range if performance targets are met Threshold performance	Stretch performance
George A. Lopez, M.D.	125 %	88 %	175 %
Scott E. Lamb	60 %	38 %	82 %
Steven C. Riggs	50 %	32 %	68 %
Richard A. Costello	50 %	32 %	68 %
Alison D. Burcar	50 %	32 %	68 %

The following table presents the 2012 target and stretch bonus payout amounts for each named executive officer.

Named Executive Officer	Salary	Potential bonus payout of target at 100%	Potential stretch bonus payout	Potential maximum bonus payout
George A. Lopez	$ 690,100	$ 862,625	$ 345,050	$ 1,207,675
Scott E. Lamb	$ 372,448	$ 223,469	$ 80,449	$ 303,918
Steven C. Riggs	$ 339,900	$ 169,950	$ 61,182	$ 231,132
Richard A. Costello	$ 346,080	$ 173,040	$ 62,294	$ 235,334
Alison D. Burcar	$ 231,750	$ 115,875	$ 41,715	$ 157,590

Performance and Time-Based Equity Awards
We issue equity awards to our officers and certain employees to make compensation practices consistent with practices of companies in our peer group and because we believe equity-based compensation is generally preferred by our officers. The use of equity awards further promotes our efforts to encourage the profitability and growth of the Company through the establishment of strong incentives.
The following table presents the option grants for each named executive officer for 2009-2011 and the 2012 option and restricted stock grants.

	Time based option grants				Performance-based restricted share grants
Name	2009	2010	2011	Feb 2012	Feb 2012
George A. Lopez, M.D.	90,000	80,000	80,000	88,857	8,409
Scott E. Lamb	30,000	30,000	30,000	23,772	2,520
Steven C. Riggs	30,000	30,000	30,000	20,683	2,193
Richard A. Costello	30,000	30,000	30,000	13,847	1,468
Alison D. Burcar	13,000	6,000	20,000	9,421	999

For 2009-2011, Messrs. Lamb, Riggs and Costello were awarded the same number of options in recognition of the Compensation Committee’s assessment of their relatively similar scope of responsibility. Also for 2009-2011, Dr. Lopez and Ms. Burcar have relatively larger and smaller roles, respectively, in the management of the Company than the other named

executive officers, which is reflected in the size of their respective grants. The awards in 2009-2011 were issued in the first and third quarters of each year.

In determining the equity awards, the Compensation Committee reviews data compiled by Compensia that includes comparisons to the officer’s peer group as well as our operating performance and individual performance to determine the number of options to be granted to each officer. In 2011, the grant date fair value of options awarded to Dr. Lopez, Messrs. Lamb, Riggs and Costello were between the 25th and 50th percentile of their respective positions within our peer group. The grant date fair value of the options awarded to Ms. Burcar was greater than the 75th percentile of her respective peer group. The executive officer’s compensation is reviewed as a total compensation package that includes salary, bonus and equity. In setting the number of options awarded the Compensation Committee did not target any specific percentile; however, the Compensation Committee believes that the fair value of option awards is consistent with our general practice of awarding total compensation generally in the range of the 65^{th} to 75^{th} percentile, with adjustments upwards or downwards based on factors such as experience, longevity with the Company and unique requirements of the position.

Beginning in 2012, the Compensation Committee adjusted the methodology for equity awards, based on data provided by Compensia. Total direct compensation (cash and equity) is targeted at approximately the 65th percentile of the executive officer's peer group. The equity awards will be granted to achieve the targeted total direct compensation at the 65th percentile of the executive's peer group, after backing out total estimated cash compensation. The executive officers will receive 25% of their targeted value for equity awards as performance-based restricted stock and 75% of their targeted value for equity awards in the form of time-based stock options. The restricted stock awards will be based on one-year performance periods and measured against a total shareholder return metric ("TSR"). If the TSR is equal or greater than the 33rd percentile of the peer group index, 50% of the award would be earned. If the TSR is equal or greater than the 50th percentile of the peer companies, 100% of the award would be earned. If the TSR is equal or greater than the 75th percentile of the peer companies, 200% of the award would be earned. Vesting of the restricted stock award will be 1/3 on the three anniversary dates of the award. Beginning in 2012, equity awards will be made once per year, in the first quarter of each year.

Long-Term Retention Plan

The Long-Term Retention Plan (“LTRP”) was established in 2005 as a discretionary deferred compensation plan under which discretionary cash payments could be made to officers six years after an award was made. Under the LTRP, the Compensation Committee periodically determined, after advice from and consultation with, the CEO, the award to each participant other than the CEO. The Compensation Committee determined the award to the CEO, without advice from or consultation with the CEO. The amounts of the annual awards were discretionary, and did not bear a relationship to the officers’ other compensation or performance.

Awards, other than awards to the CEO, could be paid or not paid at the sole discretion of the CEO on the sixth anniversary of the award; provided, however that awards could be paid sooner if Dr. Lopez ceases to be CEO. Awards to Dr. Lopez could be paid or not paid at the sole discretion of the Compensation Committee on the sixth anniversary of the award or sooner if Dr. Lopez was terminated or replaced as CEO without cause (as defined in the LTRP). To receive payment of an award, a participant had to have been continually employed by the Company from the time that the award was made until the time that payment is due.

There were no grants under the LTRP in 2008, 2009 or 2010. The Company curtailed future awards to officers under the LTRP because it has re-established the use of stock options. The payment due date for the 2005 awards was January 29, 2011. On January 28, 2011, the Compensation Committee determined to pay out the maturing 2005 awards in full. However, the Committee determined not to make any payments in the future as to the 2006 and 2007 awards and also determined that no additional awards would be made under the LTRP in the future, effectively terminating the plan.

The amounts paid in 2011 to the named executive officers with respect to the 2005 awards under the LTRP were as follows:

Officer	
George A. Lopez, M.D.	$1,000,000
Scott E. Lamb	$200,000
Alison D. Burcar	$220,000
Richard A. Costello	$333,000
Steven C. Riggs	$400,000

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Payments upon Termination in Connection with a Change in Control

The Company entered into a retention agreement with Dr. Lopez in February 2010 that subsequently was amended in November 2010. The amended agreement provides that, if within 24 months after a change in control of the Company his employment is terminated for other than cause, disability or death or for “good reason,” he will be entitled to any unpaid salary or unpaid prorated bonus for the year of termination, 360% of his annual salary and target bonus, continuation of benefits for two years and any stock options he holds will vest in full. The November 2010 amendment to the retention agreement eliminated the excise tax gross up payment provisions in the original agreement pursuant to which the Company had agreed to pay and make Dr. Lopez whole in the event that any of the payments or benefits payable to Dr. Lopez under the agreement would constitute “parachute payments” within the meaning of Section 280G of the Code, including payment of any excise taxes imposed by Section 4999 of the Code. The November 2010 amendment to Dr. Lopez’s agreement eliminated these tax gross up provisions and now provides that in the event that Dr. Lopez’s payments or benefits would be subject to such excise taxes, the payments and benefits under the agreement would be either (i) delivered in full or (ii) reduced such that no portion of the payments or benefits would be subject to the excise tax, whichever is more favorable to Dr. Lopez on an after tax basis. Also, the Company will pay the commercially reasonable fees for an outplacement firm.

In February 2010, the Company entered into retention agreements with Mr. Lamb, Mr. Costello, Mr. Riggs and Ms. Burcar which provide that, if within 12 months after a change in control of the Company, as defined in the agreements, their employment is terminated for other than cause, disability or death or for “good reason” within 12 months after a “change in control” the officer will be entitled to any unpaid salary or unpaid prorated bonus for the year of termination, plus 120% of their annual salary and target bonus and continuation of benefits for one year and the Company will pay up to $10,000 for services for an outplacement firm for the officer. In addition, any stock options held by the officer will vest in full. The retention agreements with the Company’s other named executives do not contain any tax gross-up provisions but, instead provide for the same most favorable excise tax option as in Dr. Lopez’s amended agreement.

For the purposes of these agreements, a change in control generally means the following:

- the acquisition by an individual, entity or group of beneficial ownership of 50% or more of either the outstanding common stock or voting securities of the Company; or
- a change in the composition of the majority of the Board of Directors, which is not supported by a majority of the current Board of Directors; or
- a major corporate transaction, such as a reorganization, merger or consolidation or sale or disposition of all or substantially all of the Company’s assets (unless certain conditions are met); or
- approval of the stockholders of the Company of a complete liquidation or dissolution of the Company.

Summary Compensation Table

The following table shows all compensation awarded to, earned by or paid to each of the Company’s principal executive officer, principal financial officer and the next three most highly compensated executive officers whose 2011 total compensation exceeded $100,000 (collectively, the “named executive officers”). All amounts except for those set forth in the “Equity Awards” column are included in the year earned rather than the year actually paid; a portion of certain amounts, other than salary, may be paid in the following year.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)(1)	Equity awards ($)(2)	Non-equity incentive plan compensation ($)(3)	All other compensation ($)(4)	Total ($)
George A. Lopez, M.D.,	2011	670,000	—	898,640	1,061,833	1,008,770	3,639,243
Chairman of the Board,	2010	670,000	—	849,641	1,137,500	32,989	2,690,130
President and Chief Executive Officer	2009	544,000	—	1,202,850	704,000	8,137	2,458,987
Scott E. Lamb, Treasurer and Chief Financial Officer	2011	361,600	—	336,990	269,030	210,095	1,177,715
	2010	341,000	100,000	318,615	204,600	7,399	971,614
	2009	275,000	—	400,950	118,750	8,575	803,275
Steven C. Riggs, Vice President of Operations	2011	330,000	—	336,990	204,600	408,894	1,280,484
	2010	330,000	—	318,615	165,250	11,766	825,631
	2009	280,000	—	400,950	120,500	7,318	808,768
Richard A. Costello, Vice President of Sales	2011	336,000	—	336,990	208,320	333,000	1,214,310
	2010	336,000	—	318,615	168,000	—	822,615
	2009	280,000	—	400,950	120,500	—	801,450
Alison D. Burcar, Vice	2011	225,000	5,000	224,660	76,950	221,641	753,251
President of Product	2010	195,000	80,000	62,628	58,500	—	396,128
Development	2009	195,000	—	199,608	58,500	—	453,108

(1) The 2010 bonuses for Mr. Lamb and Ms. Burcar were additional cash bonuses approved by the Compensation Committee for exceptional performance in the 2010 fiscal year. The 2011 bonus for Ms. Burcar was an additional cash bonus approved by the Compensation Committee for her efforts in 2011 in connection with the launch of our new Neutron product.

(2) Represents the grant date fair value of stock options granted in the period. See Note 5 in the Company’s Consolidated Financial Statements included in its 2011 Annual Report on Form 10-K for assumptions made in valuation of stock options.

(3) The 2011 amounts for all named executive officers represent the achievement of each respective officer's fiscal year 2011 performance and stretch performance goals, consistent with the terms of the Performance-Based Incentive Plan. The 2010 amount for Dr. Lopez represents the achievement of his fiscal year 2010 performance and stretch performance goals, consistent with the terms of the Performance-Based Incentive Plan. The 2009 amount for Dr. Lopez includes $544,000 from the achievement of goals associated with his merit bonus and $160,000 for achievement of his fiscal year 2009 performance goals, consistent with the terms of the Performance-Based Incentive Plan. The 2010 and 2009 amounts for Mr. Lamb, Mr. Riggs, Mr. Costello and Ms. Burcar are from the achievement of goals associated with their respective merit bonuses.

(4) Other compensation for Dr. Lopez in 2011 includes a lump sum payment of $1,000,000 in connection with the effective termination of the LTRP ("the LTRP payout") and $8,770 from the Company's match on Dr. Lopez's 401(k) contributions. Other compensation for Mr. Lamb in 2011 includes $200,000 from the LTRP payout and $10,095 from the Company's match on Mr. Lamb's 401(k) contributions. Other compensation for Mr. Riggs in

2011 includes $400,000 from the LTRP payout and $8,864 from the Company's match on Mr. Rigg's 401(k) contributions. Other compensation for Mr. Costello in 2011 is from the LTRP payout. Other compensation for Ms. Burcar in 2011 includes $220,000 from the LTRP payout and $1,641 from the Company's match on Ms. Burcar's 401(k) contributions. Other compensation for Dr. Lopez in 2010 includes $25,000 for a donation made by the Company on behalf of Dr. Lopez and $7,989 is the Company’s match on Dr. Lopez’s 401(k) contributions. Other compensation for Mr. Lamb and Mr. Riggs in 2010 and 2009 and Dr. Lopez for 2009 is the Company’s match on the officer’s 401(k) contributions.

Grants of Plan-Based Awards

The following table presents awards in 2011 under the Company's various incentive award plans.

GRANTS OF PLAN-BASED AWARDS FOR 2011

		Estimated possible payouts under non-equity incentive plan awards					
Name	Grant date	Threshold ($)	Target ($)	Maximum ($)	All other option awards: number of securities underlying options (#)	Exercise or base price of option awards ($/sh)	Grant date fair value of stock and option awards
George A. Lopez, M.D.							
Performance bonus (1)		$—	$837,500	$1,172,500			
Stock option (2)	02/02/11				40,000	$43.12	$466,499
Stock option (2)	07/20/11				40,000	$43.62	$432,141
Scott E. Lamb							
Performance bonus (1)		$—	$216,960	$295,066			
Stock option (2)	02/02/11				15,000	$43.12	$174,937
Stock option (2)	07/20/11				15,000	$43.62	$162,053
Steven C. Riggs							
Performance bonus (1)		$—	$165,000	$224,400			
Stock option (2)	02/02/11				15,000	$43.12	$174,937
Stock option (2)	07/20/11				15,000	$43.62	$162,053
Richard A. Costello							
Performance bonus (1)		$—	$168,000	$228,480			
Stock option (2)	02/02/11				15,000	$43.12	$174,937
Stock option (2)	07/20/11				15,000	$43.62	$162,053
Alison D. Burcar							
Performance bonus (1)		$—	$67,500	$91,800			
Stock option (2)	02/02/11				10,000	$43.12	$116,625
Stock option (2)	07/20/11				10,000	$43.62	$108,035

(1) Performance bonus is payable under the Performance-Based Incentive Plan if certain financial achievements by the Company in 2011 were met or exceeded. The amounts earned by our named executive officers from this bonus arrangement in 2011 are reflected in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table. The material terms of the Performance-Based Incentive Plan are above discussed above under the caption "Performance-Based Bonuses."

(2) Options to purchase common stock of the Company were granted in 2011 to employees under the 2003 Stock Option Plan. The exercise price of options granted under the 2003 Plan is the fair market value of a share of common stock on the date of grant. All options granted under the 2003 Stock Option Plan in 2011 expire ten years from issuance and vest over four years, 25% on the first anniversary of issuance and the balance vests ratably on a monthly basis over the remaining 36 months.

Outstanding Equity Awards at December 31, 2011

The following table contains information about stock options of the Company held at December 31, 2011, by the named executive officers of the Company.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2011

	Number of securities underlying unexercised options (#)					
Name	Exercisable	Unexercisable	Option exercise Price ($)	Option vesting date(s)		Option expiration date
George A. Lopez, M.D.	75,000	—	$19.46	03/09/02-03/09/04	(2)	03/09/12
	75,000	—	$25.62	06/08/02-06/08/04	(2)	06/08/12
	75,000	—	$23.77	09/10/02-09/10/04	(2)	09/10/12
	75,000	—	$28.62	12/09/02-12/09/04	(2)	12/09/12
	75,000	—	$33.55	03/08/03-12/31/04	(3)	03/08/13
	75,000	—	$30.18	06/09/03-12/31/04	(3)	06/09/13
	50,000	—	$36.03	09/09/03-12/31/04	(3)	09/09/13
	50,000	—	$36.87	12/09/03-12/31/04	(3)	12/09/13
	50,000	—	$26.15	03/09/04-03/09/06	(2)	03/09/14
	100,000	—	$31.20	10/16/04	(6)	04/16/14
	50,000	—	$32.68	06/09/04-12/31/04	(3)	06/09/14
	50,000	—	$29.27	09/09/04-12/31/04	(3)	09/09/14
	50,000	—	$34.18	12/09/04-12/31/04	(3)	12/09/14
	100,000	—	$32.92	10/16/05	(6)	04/16/15
	—	60,000	$35.00	08/14/12	(1)	08/14/17
	—	20,000	$25.51	03/11/13	(1)	03/11/18
	—	40,000	$28.39	07/22/13	(1)	07/22/18
	—	45,000	$32.07	02/04/14	(1)	02/04/19
	27,188	17,812	$38.85	07/22/10-07/22/13	(5)	07/22/19
	18,333	21,667	$32.31	02/04/11-02/04/14	(5)	02/04/20
	14,167	25,833	$37.00	07/21/11-07/21/14	(5)	07/21/20
	—	40,000	$43.12	02/02/12-02/02/15	(5)	02/02/21
	—	40,000	$43.62	07/20/12-07/20/15	(5)	07/20/21
	1,009,688	310,312				
Scott E. Lamb	1,500	—	$37.83	12/31/04	(3)	01/31/15
	3,500	—	$32.92	10/16/05	(6)	04/16/15
	20,000	—	$40.96	08/01/11	(1)	08/08/16
	—	20,000	$35.00	08/14/12	(1)	08/14/17
	—	10,000	$25.51	03/11/13	(1)	03/11/18
	—	10,000	$28.39	07/22/13	(1)	07/22/18
	—	15,000	$32.07	02/04/14	(1)	02/04/19
	9,062	5,938	$38.85	07/22/10-07/22/13	(5)	07/22/19
	6,875	8,125	$32.31	02/04/11-02/04/14	(5)	02/04/20
	5,313	9,687	$37.00	07/21/11/07/21/14	(5)	07/21/20
	—	15,000	$43.12	02/02/12-02/02/15	(5)	02/02/21
	—	15,000	$43.62	07/20/12-07/20/15	(5)	07/20/21
	46,250	108,750				

Name	Number of securities underlying unexercised options (#) Exercisable	Option exercise Price ($)	Option vesting date(s)	Option expiration date