

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

NOTICE OF THE 2020 ANNUAL MEETING OF STOCKHOLDERS
To be held May 13, 2020

The 2020 Annual Meeting of Stockholders ("Annual Meeting") of ICU Medical, Inc. (the "Company") will be held virtually, exclusively via online live webcast at www.virtualshareholdermeeting.com/ICUI2020 on Wednesday, May 13, 2020 at 9:00 a.m., Pacific Daylight Time.

At the meeting, stockholders will be asked to:

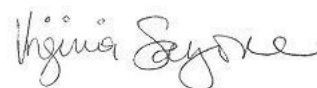
1. To elect the following seven directors of the Company to serve until the next annual meeting of stockholders or until their successors have been elected and qualified: Vivek Jain, George A. Lopez, M.D., Robert S. Swinney, M.D., David C. Greenberg, Elisha W. Finney, Donald M. Abbey and David F. Hoffmeister.
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, 2020;
3. To hold an advisory vote to approve our named executive officer compensation; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. We are not aware of any other business to come before the Annual Meeting.

The Board of Directors has determined that only holders of common stock, par value \$0.10, of the Company of record as of the close of business on March 20, 2020 will be entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment thereof. A list of such stockholders shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at the above address, and electronically during the meeting at www.virtualshareholdermeeting.com/ICUI2020.

All stockholders are invited to attend the Annual Meeting virtually by visiting www.virtualshareholdermeeting.com/ICUI2020. Any stockholder attending the Annual Meeting virtually may vote online while polls are open during the Annual Meeting even if such stockholder returned a proxy.

By Order of the Board of Directors



Virginia Sanzone, Corporate Vice
President General Counsel and
Secretary

San Clemente, CA
April 3, 2020

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ICU Medical, Inc.
951 Calle Amanecer
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PROXY STATEMENT
FOR 2020 ANNUAL MEETING OF STOCKHOLDERS

April 3, 2020

This Proxy Statement is furnished to the stockholders of ICU Medical, Inc. (the "Company" or "ICU") in connection with the solicitation of proxies by the Board of Directors (the "Board") of the Company for use at the 2020 Annual Meeting of Stockholders of the Company (the "Annual Meeting"), for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. First person pronouns used in this Proxy Statement, such as "we," "us," and "our," refer to ICU and its subsidiaries unless context requires otherwise.

The Notice, this Proxy Statement, the annual report to stockholders and the proxy card are being made available to stockholders on or about April 3, 2020.

Annual Meeting of Stockholders

Time and Date

The Annual Meeting will be held virtually on Wednesday May 13, 2020 at 9 a.m. Pacific Daylight Time ("PDT"). Stockholders may attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/ICUI2020.

Record Date

The Board has set March 20, 2020 as the record date for the Annual Meeting. If you were a stockholder at the close of business on the record date, then you are entitled to receive notice of, and to vote at, the Annual Meeting.

As of March 20, 2020, the outstanding voting securities of the Company consisted of 20,809,785 shares of \$0.10 par value common stock (the "Common Stock").

Voting

Each stockholder of record at the close of business on March 20, 2020 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 Annual Meeting. There are no cumulative voting rights.

Voting Matters

- Elect the seven director nominees named in this proxy statement.
- Ratify Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2020.
- Advisory vote on executive compensation paid to our named executive officers.
- To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Additional voting information about voting at the Annual Meeting is detailed below. Stockholders may also obtain additional information about accessing and voting during the Annual Meeting by calling Investor Relations at (800) 824-7890.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ONLINE ON MAY 13, 2020

This proxy statement and the annual report to stockholders are available at <http://ir.icumed.com>.

You will be able to attend the Annual Meeting, vote, and submit your questions prior to or during the meeting via the Internet only by visiting www.virtualshareholdermeeting.com/ICUI2020. Access the website at least 10 minutes before the beginning of the meeting to register your attendance and complete the verification procedures to confirm that you were a stockholder of record as of March 20, 2020, the record date. To access the virtual Annual Meeting at the above website you will need to enter your unique control number provided to you on your proxy card to verify your identity.

YOUR VOTE IS IMPORTANT

Whether or not you expect to attend the Annual Meeting via live webcast, please vote as soon as possible to ensure your vote is counted at the meeting. 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 virtual Annual Meeting, you may withdraw your proxy and vote electronically during the virtual Annual Meeting. You will find information on submitting your proxy over the Internet and by telephone and information about voting electronically during the Annual Meeting below under "Voting Information".

THANK YOU FOR ACTING PROMPTLY

QUESTIONS AND ANSWERS ABOUT THE VIRTUAL ANNUAL MEETING AND PROXY MATERIALS

Voting Information

How do I submit my proxy?

You will have the opportunity to attend the virtual Annual Meeting and vote electronically during the virtual Annual Meeting if you choose. Whether or not you vote electronically during the virtual 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 virtual Annual Meeting either:

- by mailing the enclosed proxy card in the enclosed envelope. Proxy cards submitted by mail must be received by the time of the meeting in order for your shares to be voted;
- electronically, via the Internet by accessing www.proxyvote.com using your control number on your proxy card until 11:59 P.M. Eastern Time the day before the meeting date; or
- over the telephone by calling toll free number 1-800-690-6903 until 11:59 P.M. Eastern Time the day before the meeting date.

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 during the virtual meeting?

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, visit www.virtualshareholdermeeting.com/ICUI2020 and vote electronically. Electronically submitted 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 A.M. PDT on May 13, 2020.

Even if you currently plan to electronically attend the virtual 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 electronically attend the virtual Annual Meeting, you will be able to vote electronically 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 proxy card, you may call our toll-free telephone number at (800) 824-7890; email us at ir@icumed.com; or visit our web site at www.icumed.com.

Where can I find the voting results?

We will announce the voting results at the virtual Annual Meeting. We also will report the voting results on a Form 8-K, which we expect to file with the SEC within four business days after the virtual Annual Meeting has been held.

How will my proxy be voted?

If you are a record holder and submit your proxy without instructions as to how it is to be voted, the proxy holders identified on the proxy will vote your shares as follows:

- **FOR** proposal 1, the election as directors of the seven director nominees named in this Proxy Statement;
- **FOR** proposal 2, ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2020; and
- **FOR** proposal 3, the advisory vote on executive compensation paid to our named executive officers.

If you indicate voting instructions when you submit your proxy, the proxy holders will follow your instructions in casting votes. If you hold your shares through a broker and do not instruct the broker on how to vote your shares proposal 1 or proposal 3, your shares will not be voted for proposal 1 or proposal 3, as applicable, and instead will be considered a broker non-vote as to those proposals. If you do not instruct the broker on how to vote your shares on proposal 2, the broker has discretion to vote your shares on proposal 2.

The Board does not know of any matters that will come before the Annual Meeting other than those described in the Notice of Annual Meeting. If any other matters are properly presented for consideration at the Annual Meeting, then the proxy holders will have discretion to vote on such matters as they see fit. This includes, among other things, considering any motion to adjourn the Annual Meeting to another time and/or place, including for the purpose of soliciting additional proxies for or against a given proposal.

Your vote is important. Thank you for voting.

Voting Matters and Board Recommendations

The Board is not aware of any matter that will be presented for a vote at the Annual Meeting other than those shown below.

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 the independent registered public accountant is considered to be a routine matter on which brokers may vote without instructions from beneficial owners. The approval of the election of directors and the advisory vote to approve named executive officer compensation are considered non-routine matters on which your brokers may not vote without instructions from you as the beneficial owners.

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 seven director nominees receiving the most votes will be elected. In an uncontested election of directors (one in which the only nominees are those nominated by the Board), any nominee who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election shall, within 10 days following the certification of the stockholder vote, tender his or her written resignation to the Chairperson of the Board for consideration by the Nominating/Corporate Governance Committee of the Board ("the Nominating Committee"). The Nominating Committee shall consider such tendered resignation and within 60 days following the certification of the stockholder vote, shall make a recommendation to the Board concerning the acceptance or rejection of the resignation.
- **Ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm:** Stockholder approval of this matter requires the affirmative vote of a majority of the outstanding shares of Common Stock entitled to vote thereon and present in person or by proxy. Abstentions and broker non-votes will therefore have the same effect as an "Against" vote with respect to this proposal. As brokers have the authority to vote on this matter, broker non-votes are not expected.
- **Advisory Vote on our Named Executive Officer Compensation:** Stockholder approval of this matter requires the affirmative vote of a majority of the outstanding shares of Common Stock entitled to vote thereon and present in person or by proxy. Abstentions will therefore have the same effect as an "Against" vote with respect to this proposal, but broker non-votes are not counted as entitled to vote and will have no effect on the vote for this matter.

Board Recommendations

The Board recommends that you vote:

- **FOR** the election of the seven nominees for election to the Board to serve until the next annual meeting of stockholders or 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 ending December 31, 2020; and
- **FOR** the approval, on an advisory basis, of our named executive officer compensation.

Virtual Annual Meeting Attendance

The Annual Meeting will be held entirely virtually, as permitted by Delaware law. The Annual Meeting is to be held virtually at www.virtualshareholdermeeting.com/ICUI2020, on Wednesday, May 13, 2020 at 9:00 a.m., Pacific Daylight Time, and at any adjournments thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. 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 virtual Annual Meeting 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.virtualshareholdermeeting.com/ICUI2020, 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 20, 2020, 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.virtualshareholdermeeting.com/ICUI2020, 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 as of 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 virtual meeting.

Revoking or Changing Your Vote

A stockholder giving a proxy may revoke its vote at any time before it is voted at the Annual Meeting 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 electronically during the meeting. Subject to such revocation or suspension, all shares represented by each properly executed proxy or electronic vote 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) the approval, on an advisory basis, of our named executive officer compensation, and (iv) in the discretion of the proxy holders on any other business that properly comes before the meeting. Currently, no matter is expected to be considered at the Annual Meeting other than the proposals set forth in the accompanying Notice of Annual Meeting of Stockholders. However, if any other matters are properly brought before the Annual Meeting for action, it is intended that the shares of our Common Stock represented by proxies will be voted by the persons named as proxies on the proxy card in accordance with their discretion on such matters.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as to shares of Common Stock owned as of March 20, 2020, by (a) each current director and each nominee for director, (b) each named executive officer for fiscal year ended December 31, 2019 and (c) all current directors and executive officers of ICU 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 the 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.

Stock Ownership of Management and the Board

	Shares of Common Stock Owned	Shares Acquirable	Total Shares Beneficially Owned	Percent of Outstanding Shares (1)	
Robert S. Swinney, M.D.	20,829	32,931	53,760	*	(2)
George A. Lopez, M.D.	1,328,807	174,871	1,503,678	7.2%	(3)
David C. Greenberg	2,825	9,897	12,722	*	(4)
Elisha W. Finney	1,895	8,268	10,163	*	
David F. Hoffmeister	315	2,794	3,109	*	
Donald M. Abbey	315	2,794	3,109	*	
Vivek Jain	80,357	545,732	626,089	2.9%	
Christian B. Voigtlander	7,561	67,260	74,821	*	
Scott E. Lamb	16,274	62,176	78,450	*	(5)
Dan Woolson	6,004	243	6,247	*	
Virginia Sanzone	1,216	593	1,809	*	
All directors and executive officers as a group (11 persons)	1,466,398	907,559	2,373,957	10.9%	

* Represents less than 1% of our outstanding Common Stock

- (1) The beneficial ownership percentage of each stockholder is calculated based on the number of shares of Common Stock outstanding as of March 20, 2020, plus each beneficial owner's RSUs that vest within 60 days of March 20, 2020 plus each beneficial owner's outstanding options to acquire Common Stock exercisable or exercisable within 60 days of March 20, 2020 held by the beneficial owner whose percent of outstanding stock is calculated.
- (2) Does not include 1,125 shares owned by Dr. Swinney's wife as to which he has no voting or investment power and disclaims any beneficial ownership of such shares.
- (3) Includes 986,843 shares owned by the George A. Lopez, M.D. Second Family Limited Partnership (the "Partnership"), representing 4.8% of the total shares of Common Stock outstanding as of March 20, 2020. Dr. Lopez is the general partner of the Partnership and holds a 1% general partnership interest in the Partnership. As general partner, he has the power to vote and power to dispose of the 986,843 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 (collectively, the "Trusts"), 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 1% general partnership interest in the assets of the Partnership, Dr. Lopez disclaims any beneficial ownership of the shares owned by the Partnership.

Includes 4,002 shares owned by the Lopez Family Trust. Dr. Lopez is a trustee and beneficiary of the Lopez Family Trust. Includes 113,592 shares held by Dr. Lopez as Trustee of the Lopez Charitable Remainder Trust #1 for the benefit of Dr. Lopez.
- (4) Includes 500 shares held by David C. Greenberg, TTEE David C. Greenberg, Declaration of Trust.
- (5) Mr. Lamb served as Chief Financial Officer and Treasurer until March 3, 2020, at which time he transitioned into his role as an advisor to the Company. Mr. Lamb will continue to serve as an advisor to the Company until April 3, 2020.

5% or More Beneficial Ownership

As of March 20, 2019, the only persons known by ICU to own beneficially, or to be deemed to own beneficially, 5% or more of ICU Common Stock were as follows:

Name and Address of Beneficial Owner	Shares of Common Stock Owned	Percent of Outstanding Shares	
Janus Henderson Group 201 Bishopsgate EC2M 3AE, United Kingdom	2,868,271	13.8%	(1)(2)
T. Rowe Price Associates, Inc. 100 E. Pratt Street, Baltimore, MD 21202	2,584,762	12.4%	(1)(3)
The Vanguard Group, Inc. 100 Vanguard Blvd, Malvern, PA 19355	1,830,957	8.8%	(1)(4)
BlackRock Inc. 55 East 52nd Street, New York, NY 10055	1,718,231	8.3%	(1)(5)

- (1) Information included solely in reliance on information included in statements filed with the Securities and Exchange Commission ("SEC") pursuant to Section 13(d) or Section 13(g) of the Securities Act of 1934, as amended, by the indicated holder.
- (2) Janus Henderson Group stated in its Schedule 13G filing with the SEC on February 13, 2020 that, of the 2,868,271 shares beneficially owned, it has shared voting power with respect to all 2,868,271 shares, and shared dispositive power with respect to all 2,868,271 shares.
- (3) T. Rowe Price Associates, Inc. stated in its Schedule 13G filing with the SEC on February 14, 2020 that, of the 2,584,762 shares beneficially owned, it has sole voting power with respect to 787,806 shares and sole dispositive power with respect to all 2,584,762 shares.
- (4) The Vanguard Group, Inc. stated in its Schedule 13G/A filing with the SEC on February 12, 2020 that, of the 1,830,957 shares beneficially owned, it has sole voting power with respect to 10,241 shares, shared voting power with respect to 2,838 shares, sole dispositive power with respect to 1,820,319 shares and shared dispositive power with respect to 10,638 shares.
- (5) BlackRock, Inc. stated in its Schedule 13G/A filing with the SEC on February 5, 2020 that, of the 1,718,231 shares beneficially owned, it has sole voting power with respect to 1,644,875 shares and sole dispositive power with respect to all 1,718,231 shares.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Information about our Executive Officers

The following table lists the names, ages, certain positions and offices held by our executive officers as of March 20, 2020:

	Age	Office Held
Vivek Jain	48	Chairman of the Board and Chief Executive Officer
Christian B. Voigtlander	52	Chief Operating Officer
Brian Bonnell	46	Chief Financial Officer and Treasurer
Daniel Woolson	43	Corporate Vice President, General Manager - Infusion Systems
Virginia Sanzone	45	Corporate Vice President, General Counsel

As previously reported by the Company, Scott E. Lamb, our former Chief Financial Officer and Treasurer, retired from that role, effective March 3, 2020 and has agreed to remain with the Company in an advisor capacity during a transition period until April 3, 2020.

Mr. Jain joined the Company in February 2014 as Chairman of the Board and Chief Executive Officer. Mr. Jain served as CareFusion Corporation's ("CareFusion") President of Procedural Solutions from 2011 to February 2014. Mr. Jain served as President, Medical Technologies and Services of CareFusion from 2009 until 2011. Mr. Jain served as the Executive Vice-President-Strategy and Corporate Development of Cardinal Health from 2007 until 2009. Mr. Jain served as Senior Vice President, Business Development and M&A for the Philips Medical Systems business of Koninklijke Philips Electronics N.V., an electronics company from 2006 to August 2007. Mr. Jain served as an investment banker at J.P. Morgan Securities, Inc., an investment banking firm, from 1994 to 2006. Mr. Jain's last position with J.P. Morgan was as Co-Head of Global Healthcare Investment Banking from 2002 to 2006.

Mr. Voigtlander has served as our Chief Operating Officer since January 2018. From February 2017 to January 2018, Mr. Voigtlander served as the Company's Corporate Vice President, Business Development and General Manager, Infusion Solutions. From June 2015 to February 2017, Mr. Voigtlander served as the Company's Vice President, Business Development. Prior to May 2015, Mr. Voigtlander held various roles at CareFusion and last served as Senior Vice President, Business Development and Strategy.

Mr. Bonnell has served as our Chief Financial Officer and Treasurer since March 3, 2020. From May 2018 until March 2020, Mr. Bonnell served as the Company's Corporate Vice President, Finance. Prior to joining the Company, Mr. Bonnell served as Treasurer and Head of Financial Planning and Analysis at Alere Inc. from May 2015 until December 2017. Prior to May 2015, Mr. Bonnell held various roles at CareFusion Corporation in Finance and last served as Senior Vice President, Tax and Treasurer.

Mr. Woolson has served as our Corporate Vice President, General Manager - Infusion Systems since January 2017. Mr. Woolson served as President, Respiratory Solutions for Becton Dickinson from March 2015 to November 2016. Prior to March 2015, Mr. Woolson held various roles at CareFusion and last served as Vice President/General Manager, Specialty Disposables.

Ms. Sanzone has served as our Corporate Vice President, General Counsel and Secretary since January 2018. Ms. Sanzone also serves as our Compliance Officer. Ms. Sanzone served as the Company's Vice President, General Counsel from August of 2015 to January 2018. Prior to August of 2015, Ms. Sanzone held various roles at CareFusion and last served as Senior Vice President, Associate General Counsel - Business Segments & Americas.

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes important information regarding the executive compensation program at ICU Medical, Inc. It describes our compensation philosophy, objectives regarding the compensation of our named executive officers, our policies and practices, and determinations related to executive compensation specific to 2019. For 2019, the term "named executive officers" represents the five executive officers in the compensation tables below:

Vivek Jain	Chief Executive Officer ("CEO") and Chairman of the Board
Christian Voigtlander	Chief Operating Officer ("COO")
Scott E. Lamb*	Former Chief Financial Officer ("CFO") and Treasurer
Daniel Woolson	Corporate Vice President, General Manager - Infusion Systems
Virginia Sanzone	Corporate Vice President, General Counsel

* Mr. Lamb retired from his position of Treasurer and Chief Financial Officer, effective March 3, 2020, and is currently serving as an advisor to the Company for a transition period ending on April 3, 2020. Mr. Bonnell was promoted, effective March 3, 2020, to Treasurer and Chief Financial Officer from his former position of Corporate Vice President, Finance and was not a named executive officer of the Company in 2019.

Executive Summary

Our executive compensation program is designed to provide a total compensation package intended to attract and retain high-caliber executive officers and employees, and also to incentivize employee contributions that are consistent with our corporate objectives and stockholder interests. The Compensation Committee believes it is important to provide a competitive total compensation package and share our success with our named executive officers, as well as our other employees, when our objectives are met.

We are one of the world's leading pure-play infusion therapy companies with global operations and a wide-ranging product portfolio that includes IV solutions, IV smart pumps, dedicated and non-dedicated IV sets and needlefree connectors, along with pain management and safety software technology designed to help meet clinical, safety and workflow goals. In addition, the Company manufactures automated pharmacy IV compounding systems with workflow technology, closed systems transfer devices for hazardous IV drugs, and cardiac monitoring systems to optimize patient fluid levels.

2019 Business Highlights

(in millions, except per share and stock price amounts)

	2019	2018	Change
Revenue	\$ 1,266.2	\$ 1,400.0	(9.6)%
Net Income	\$ 101.0	\$ 28.8	250.7 %
Adjusted EBITDA ⁽¹⁾	\$ 268.0	\$ 288.5	(7.1)%
Diluted earnings per share	\$ 4.69	\$ 1.33	252.6 %
Adjusted Diluted EPS ⁽²⁾	\$ 8.16	\$ 9.00	(9.3)%
Closing Stock Price at Fiscal Year-end	\$ 187.12	\$ 229.63	(18.5)%

⁽¹⁾ Adjusted EBITDA adjusts from net income certain items as described in Annex A to this proxy statement. Our reconciliation of Adjusted EBITDA from net income is contained on Annex A to this proxy statement.

⁽²⁾ Adjusted Diluted EPS represents diluted earnings per share adjusted for certain items as described in Annex A to this proxy statement. Our reconciliation of Adjusted Diluted EPS from diluted earnings per share is contained in Annex A to this proxy statement.

Executive Compensation Program Highlights

Pay for Performance

"Pay for performance" is the underlying tenet of our compensation philosophy. Consistent with this focus, our 2019 executive compensation program includes annual performance-based cash bonuses and long-term incentive compensation, primarily in the form of restricted stock unit ("RSU") awards, that vest based on continued service or achievement of applicable performance goals.

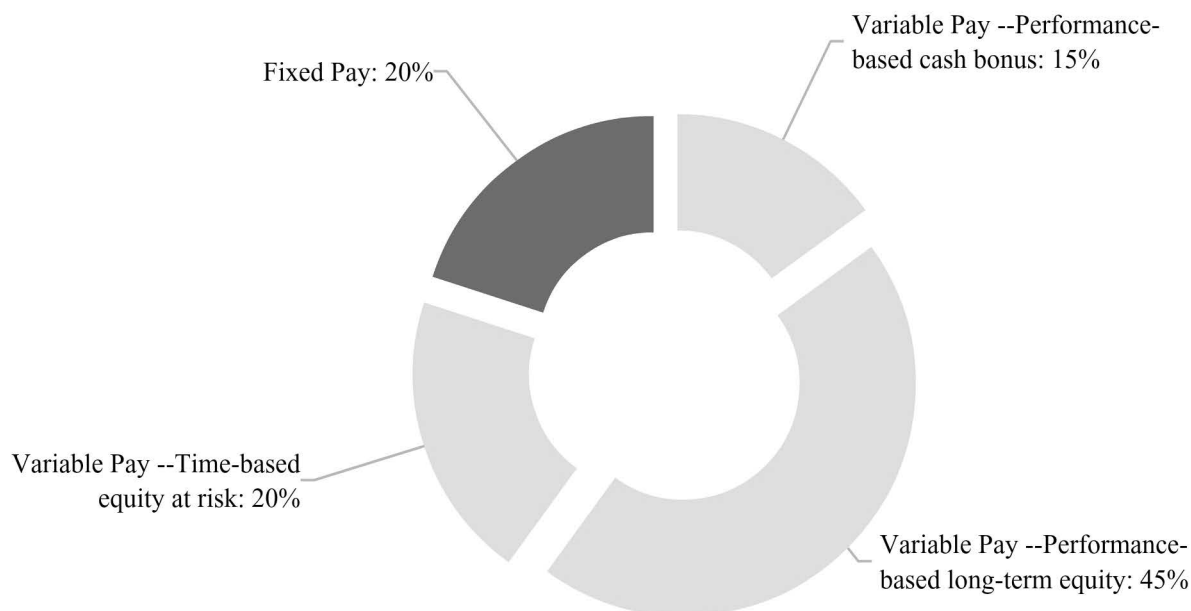
For 2019, on average, approximately 80% of our named executive officers' target total direct compensation consisted of "variable" pay (assuming the payout at "target" performance of annual cash bonuses and performance RSU awards) and included the following elements:

- *Performance-based cash.* Cash incentive opportunities can range from 0% to 200% of target incentive opportunity based upon achievement of pre-established financial measures, although the Compensation Committee reserves discretion to adjust bonuses based on each named executive's individual performance against pre-set individual performance goals in determining actual bonus payouts.
- *Performance-based RSU awards.* The long-term performance RSU ("PRSU") awards granted to our CEO and COO are earned only upon achievement of performance goals over a three-year performance period which, for awards granted in 2019, is based on the achievement of a minimum pre-established cumulative Adjusted EBITDA growth goal. Our remaining named executive officers will earn their long-term PRSU awards over a three year period, consisting of three annual performance periods, if they meet their individual performance goals, as determined by the CEO and our Compensation Committee. Our long-term PRSU awards recognize contributions to long-term success and long-term awards align our executive officers' compensation with Company performance and allow us to retain key employees through long-term vesting and potential wealth creation.
- *Time-based RSU awards.* The time-based RSUs awarded to our CEO and COO balance pay-for-performance and retention objectives. Realized value will vary based on stock price performance. Retention is achieved via a three-year vesting period. These longer vesting periods reinforce the executives' focus on long-term stockholder value. Our remaining executive officers were not granted time-based RSUs in 2019.

Payouts of these variable compensation elements closely align with our business financial results.

Fixed pay included base salaries and other benefits. The following chart shows the mix between "fixed" and "variable" pay for our named executive officers in 2019 (on average).

Compensation Elements as a Percentage of Total Compensation
Average of all Named Executive Officers



Strong Governance and Compensation Practices

We endeavor to maintain sound governance standards consistent with our executive compensation policies and practices. The Compensation Committee evaluates our executive compensation program on a regular basis to ensure that it is consistent with our short-term and long-term goals given the dynamic nature of our business and the market in which we compete for executive talent. Our compensation philosophy and related corporate governance policies and practices are complemented by the following specific compensation practices that are designed to align our executive compensation program with long-term stockholder interests:

- *Compensation At-Risk.* Our executive compensation program is designed so that a significant portion of compensation is “at risk” based on Company performance, including short-term cash and long-term equity incentives, which also align the interests of our executive officers and stockholders.
- *Meaningful Stock Ownership Guidelines.* We maintain guidelines for the minimum ownership of shares of our Common Stock by our executive officers and the non-employee members of our Board, including a 5x base salary requirement for our CEO and 1x base salary requirement for our other executive officers.
- *Performance-Based Annual Cash Bonuses.* Our annual cash bonus program results in payments funded based on the achievement of pre-established Company financial performance goals and adjusted based on individual performance as determined by the CEO and the Compensation Committee.
- *Multi-Year and Performance Vesting.* The equity awards granted to our executives generally vest over multi-year periods, and, for our CEO and COO, 50% of the grant date value of the equity awards granted in 2019 will be earned based on the achievement of a minimum pre-established cumulative Adjusted EBITDA growth goal measured over a three-year period, which we believe is consistent with current market practice, our retention objectives and our pay for performance philosophy. For our remaining named executive officers, 100% of the grant date value of the equity awards granted in 2019 will be earned based on the achievement of their individual performance goals.
- *Limited Perquisites.* We provide only limited perquisites or other personal benefits to our executive officers, such as a 401(k) plan matching contribution and Company-paid annual physicals.
- *Independent Compensation Committee.* The Compensation Committee is comprised solely of independent directors.
- *Independent Compensation Committee Advisor.* The Compensation Committee engaged its own compensation consultant to assist with its 2019 compensation reviews. This consultant performed no other services for us in 2019.
- *Annual Executive Compensation Review.* The Compensation Committee conducts an annual review and approval of our compensation strategy, including a review and determination of our compensation peer group used for comparative purposes and a review of our compensation-related risk profile to ensure that our compensation programs do not encourage excessive or inappropriate risk taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us.
- *Annual Say-on-Pay Vote.* We provide our stockholders with the opportunity to vote annually on the advisory approval of the compensation of our named executive officers (a “say-on-pay proposal”).
- *No Tax Reimbursements.* We do not provide any tax reimbursement payments on any perquisites or other personal benefits or on any severance or change-in-control payments or benefits.
- *Hedging and Pledging Prohibited.* We prohibit our executive officers and the non-employee members of our Board from hedging or pledging our securities.
- *No Defined Benefit Pension or Deferred Compensation Plans.* We do not currently offer, nor do we have plans to provide, pension arrangements or nonqualified deferred compensation plans or arrangements to our executive officers. At this time, we maintain a defined contribution plan that is intended to satisfy the requirements of Sections 401(a) and 401(k) of the Internal Revenue Code (the “Code”), which is available to our executive officers on the same basis as our other full-time, salaried U.S. employees.

2019 Say-on-Pay Vote

Each year, the Compensation Committee considers the say-on-pay vote results from the prior Annual Meeting of Stockholders in its evaluation of the compensation program for our named executive officers. At our 2019 Annual Meeting of Stockholders, approximately 99% of the votes cast were voted in favor of our say-on-pay proposal, which we believe affirms our stockholders' support of our executive compensation program. Following the say-on-pay vote to be conducted at this Annual Meeting, we expect our next say-on-pay vote will be conducted at our annual meeting in 2021.

How We Determine Executive Compensation

Compensation Philosophy and Objectives

Our executive compensation program is 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 their compensation. In determining total compensation of our named executive officers, the Compensation Committee has worked with its compensation consultant, as described in greater detail below in "Engagement of Compensation Consultant," to implement compensation policies based on the following factors:

- the overall business and financial performance of the Company;
- the individual's performance, experience and skills;
- the terms of employment agreements or other arrangements with the individual;
- competitive market data for similar positions based on the Company's compensation peer group; and
- results from the prior year's stockholder advisory vote on the compensation of our named executive officers.

The main objectives of our executive compensation program are to:

- provide competitive total pay opportunities that help attract, incentivize and retain leadership and key talent;
- establish a direct and meaningful link between business financial results, individual/team performance and rewards;
- provide strong incentives to promote the profitability and growth of the Company, create long-term stockholder value and incentivize superior performance; and
- encourage the continued attention and dedication of our executives and provide reasonable individual security to enable our executives to focus on our best interests.

In making compensation decisions, 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 its compensation consultant, as described in greater detail below in "Engagement of Compensation Consultant."

Engagement of Compensation Consultant

Since 2007, our Compensation Committee has engaged Compensia, a national compensation consulting firm, to assist in reviewing and making appropriate changes to our executive compensation guiding principles, to update our compensation peer group, to evaluate the competitiveness of our executive officers' compensation, and to assist it in the course of its deliberations concerning executive compensation decisions. Compensia serves at the discretion of the Compensation Committee. For 2019, Compensia assessed our peer group against the following historic selection criteria:

- Revenues between 0.33x - 3x ICU;
- Market capitalization between 0.5x - 4x ICU;
- Headcount generally greater than 3,000; and
- Medical device/healthcare equipment companies.

For 2019, the peer group consisted of the following companies:

Cantel Medical	Integra LifeSciences	STERIS
CONMED	LivaNova	Teleflex
Globus Medical	Masimo	Varian Medical Systems
Haemonetics	Merit Medical Systems	West Pharmaceutical
Halyard Health	NuVasive	Wright Medical Group
Hill-Rom Holdings	ResMed	

This compensation peer group was used by the Compensation Committee during 2019 as a reference for understanding the competitive market for executive positions in our industry sector.

Elements of Compensation

In setting compensation levels for our 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, do not significantly influence the pay setting process of current compensation levels. The significant compensation components are base salary, annual cash bonuses and equity awards; we also provide severance and change in control payments and benefits.

While the Compensation Committee does not use specific target percentiles to justify compensation decisions, it does consider competitive market data in the course of its deliberations. The Compensation Committee believes that such information is useful in at least two respects. First, the Compensation Committee recognizes that our compensation levels must be competitive to attract, motivate, and retain superior executive talent. Second, the Compensation Committee believes that developing a general understanding of the compensation provided to the executives at our peer companies is useful in assessing the reasonableness and appropriateness of individual executive compensation elements.

Accordingly, the Compensation Committee considers an analysis of the compensation practices of the companies in the compensation peer group, as well as evolving market practices, to ensure that it remains informed of current practices when making compensation decisions. This information is one of several factors, including the factors that are described above in the “Compensation Philosophy and Objectives” section, that the Compensation Committee considers in making its decisions with respect to the compensation of our executive officers.

The Compensation Committee intends to review our compensation peer group at least annually and to make adjustments to its composition as necessary or appropriate, taking into account changes in both our business and the businesses of the companies in the peer group.

Base Salaries

The Compensation Committee initially established the base salaries with our named executive officers as the result of an arms-length negotiation with each individual. It reviews base salaries when position responsibilities change.

The base salaries for 2019 remain unchanged from 2018. In reviewing the base salaries of our named executive officers in 2019, the Compensation Committee considered the market for similar positions based on the compensation peer group and took into account individual performance. The following table presents each named executive officer's base salary for 2019:

Name	Position	2019 Base Salary Rate
Vivek Jain	Chief Executive Officer/ Chairman of the Board	\$ 650,000
Christian Voigtlander	Chief Operating Officer	\$ 420,000
Scott E. Lamb	Former Chief Financial Officer and Treasurer	\$ 395,150
Daniel Woolson	Corporate Vice President, General Manager - Infusion Systems	\$ 300,000
Virginia Sanzone	Corporate Vice President, General Counsel	\$ 300,000

Annual Cash Incentives

Pursuant to the terms of our 2008 Performance-Based Incentive Plan, the Compensation Committee sets target bonus opportunities and selects financial measures and related target levels for each year; we refer to this annual cash incentive program as our "MIP." Cash bonuses under the MIP are based on corporate and individual performance measures for the applicable year and, at the discretion of the Compensation Committee, may be further adjusted based on the individual performances of each named executive officer.

The following table presents the 2019 target bonus opportunities and the eligible MIP range (threshold and maximum) as a percentage of total base salary for each named executive officer.

Name	Threshold Bonus (% of Target Bonus)	Target Bonus (% of 2019 Base Salary)	Stretch Bonus (% of Target Bonus)
Vivek Jain	50%	100%	200%
Christian Voigtlander	50%	60%	200%
Scott E. Lamb	50%	60%	200%
Daniel Woolson	50%	60%	200%
Virginia Sanzone	50%	60%	200%

For 2019, payout under the MIP for our named executive officers, other than our CEO, was based in part on the Company's achievement of pre-established Adjusted EBITDA goals, which represented 50% of each award opportunity, and in part on the achievement of pre-established performance goals, which represented the remaining 50% of each award opportunity (such portion to be earned only if the threshold Adjusted EBITDA goal was earned under the Company performance portion of such award). The 2019 payout under the MIP for our CEO was based only on pre-established Adjusted EBITDA goals. The Compensation Committee determined to use Adjusted EBITDA as a short-term performance measure under our 2019 MIP because it believes Adjusted EBITDA is a positive indicator of our operating results and increased stockholder value and aligns a portion of the executive officer's compensation with a key financial target. For purposes of the 2019 MIP, "Adjusted EBITDA" means net income adjusted for interest, net, stock compensation expense, depreciation expense, intangible asset amortization expense, restructuring, strategic transaction and integration expense, adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair market value, contract settlement, change in fair value of contingent earn-out, write-off of assets, supply chain restructuring, and income tax expense, as further described in Annex A to this proxy statement. In 2019, the Compensation Committee determined that the threshold bonus should be 50% of target and the stretch bonus should be 200% of target, which were unchanged from 2018. Additionally, each payout under the MIP may be further adjusted at the discretion of the Compensation Committee based on individual performance factors.

Based on a review of economic conditions, the Compensation Committee set the following Adjusted EBITDA performance goals under the 2019 MIP:

	Threshold Goal	Target Goal	Stretch Goal
Adjusted EBITDA Performance (in millions)	\$310	\$325	\$340
MIP % Payout	50%	100%	200%

Based on the Company's actual Adjusted EBITDA performance of \$268.0 million for 2019, the threshold financial target was not met. However, based on the review of each named executive officer's individual performance and contributions to the Company's success, the Compensation Committee approved the CEO and COO bonus payout at 25% of target and each of the remaining named executive officer's bonus payout at 50% of target. The Compensation Committee felt these payments were in the best interests of shareholders; the sub-target payouts reflect the Company's underperformance versus the Adjusted EBITDA goals but recognize management's execution in other areas that we believe will likely drive long-term shareholder returns. The following table presents the possible threshold, target and stretch bonus payouts for the 2019 MIP, as well as the actual amounts earned under the MIP for each named executive officer for 2019.

Name	Salary	Potential Threshold Bonus	Potential Target Bonus	Potential Maximum Bonus	Actual bonus paid	Actual bonus paid % of Target Bonus
Vivek Jain	\$ 650,000	\$ 325,000	\$ 650,000	\$ 1,300,000	\$ 162,500	25%
Christian Voigtlander	\$ 420,000	\$ 126,000	\$ 252,000	\$ 504,000	\$ 63,000	25%
Scott E. Lamb	\$ 395,150	\$ 118,545	\$ 237,090	\$ 474,180	\$ 118,545	50%
Daniel Woolson	\$ 300,000	\$ 90,000	\$ 180,000	\$ 360,000	\$ 90,000	50%
Virginia Sanzone	\$ 300,000	\$ 90,000	\$ 180,000	\$ 360,000	\$ 90,000	50%

Equity Awards

We grant equity awards to our executive officers to align their interests with the interests of our stockholders and to help achieve our retention objectives. The use of equity awards further promotes our efforts to encourage the profitability and growth of the Company through the establishment of strong incentives to maintain our stock performance.

In 2019, the Compensation Committee continued to grant PRSUs in lieu of granting stock options to our named executive officers. This decision was based, in part, on the Compensation Committee's continued belief that PRSUs drive performance on specific financial metrics that will translate into long-term stockholder value creation. For our CEO and COO, we believe a combination of performance and time-based RSUs effectively balance pay-for-performance and retention objectives. Our remaining named executive officers were awarded multi-year PRSUs that vest based on the achievement of individual performance goals.

The following table presents the equity award grants to our named executive officers for 2019:

Name	Total Target Award Multiple of Base Salary	Time-Based RSUs (#)	Time-Based RSUs (\$) ⁽¹⁾	PRSUs (#) ⁽²⁾	PRSUs (\$) ⁽¹⁾
Vivek Jain	3.1x	4,331	1,000,201	4,331	1,000,201
Christian Voigtlander	4.8x	4,331	1,000,201	4,331	1,000,201
Scott E. Lamb ⁽²⁾	1.5x	—	—	2,599	600,213
Daniel Woolson ⁽²⁾	3.3x	—	—	4,331	1,000,201
Virginia Sanzone ⁽²⁾	3.3x	—	—	4,331	1,000,201

⁽¹⁾ Reflects the grant-date fair value of the time-based RSUs and PRSUs.

⁽²⁾ Number of units shown represents the total award to be earned over three annual performance periods.

Consistent with our overall pay philosophy, our Compensation Committee determined the size of the 2019 equity awards so that the target total direct compensation of the named executive officers fell in the competitive market range, as appropriate, after considering factors such as Company and individual performance, experience, longevity with the Company, internal pay parity considerations and unique requirements of the position.

The RSU and PRSU awards granted to the named executive officers in 2019 were subject to the following provisions:

- For the CEO and COO, the PRSUs have a three-year performance period commencing January 1, 2019 and ending on December 31, 2021 and will be earned, if at all, upon the achievement of a minimum pre-established cumulative Adjusted EBITDA growth goal over the performance period and continued service through such vesting date. Cumulative Adjusted EBITDA growth was selected as a long-term performance measure as it aligns future payout under the long-term plan with sustained EBITDA performance. At the beginning of the performance period, it was determined that the shares of our Common Stock subject to the PRSUs will be earned (and vest in full on March 6, 2022), subject to the executive officer's continued service as of that date as follows:

Cumulative Adjusted EBITDA	Percentage of awards that will vest
Growth below 6%	0% - forfeited
Growth of at least 6% to 8%	50%
Growth of between 8% to 10%	100%
Growth of over 10%	200%

- For the remaining named executive officers, the PRSUs shall vest as to one third of the total number of PRSUs underlying the award on the first, second and third anniversaries of March 6, 2019 subject to the CEO and Compensation Committee's determination that pre-established individual performance goals have been met with respect to each applicable year and continued service through such vesting date. If a named executive officer does not meet his or her pre-established individual performance goals, the unvested PRSUs roll over and become eligible to vest on the following vesting date for the award. Any unearned PRSUs as of March 6, 2022 shall be forfeited automatically on such date. On February 12, 2020, the CEO and Compensation Committee determined that the individual performance goals had been met for all of the named executive officers, and therefore one-third of the total number of PRSUs vested on March 6, 2020.
- The time-based RSUs granted to our CEO and COO vest in equal annual increments over a three-year period from the date of grant, subject to continued service through each vesting date.
- We do not pay or accrue dividend equivalents on any RSU or PRSU awards.
- In the event of a corporate transaction or change in control of the Company, the equity awards granted in 2019 to the named executive officers will accelerate and vest in full upon a change in control of the Company if the surviving entity does not assume or replace such outstanding awards with economically equivalent awards (as opposed to accelerating in full upon a "single-trigger" change in control). In addition, if the PRSUs are assumed or replaced then they will be deemed earned as to 100%, and for the CEO and COO, 200%, of the PRSUs and will remain outstanding and eligible to vest on the same vesting schedule, subject to the grantee's continued service.

In 2017, the named executive officers were granted PRSUs subject to a three-year performance period that ended on December 31, 2019. The number of performance-based RSUs earned were based upon the achievement of cumulative Adjusted EBITDA goals over the performance period as follows:

Cumulative Adjusted EBITDA	Percentage of awards that will vest
Below \$600 million	0% - forfeited
At least \$600 million	100%
At least \$650 million	200%
At least \$700 million	300%

On January 17, 2020, the Compensation Committee determined that the PRSUs were earned at 300% of the total number of PRSUs underlying the award based upon the achievement of a cumulative Adjusted EBITDA of \$779 million over the performance period. The PRSUs were vested on the determination date.

In 2018, the named executive officers, other than the CEO and COO, were granted PRSUs that vest as to one third of the total number of PRSUs underlying the award on the first, second and third anniversaries of February 15, 2018 subject to the CEO and Compensation Committee's determination that pre-established individual performance goals have been met with respect to each applicable year and continued service through such vesting date. On February 12, 2020, the CEO and Compensation Committee determined that the 2019 individual performance goals had been met for all of the named executive officers, and therefore one-third of the total number of 2018 PRSUs vested on February 15, 2020.

Severance and Change in Control Payments and Benefits

Severance and Change in Control Arrangements with our Named Executive Officers

We have entered into an amended and restated employment agreement with our CEO that provides for severance and change in control benefits, and maintain a Severance Plan, in which the remaining named executive officers participate. These arrangements provide for severance payment and benefits upon a qualifying termination of employment, both outside and in the change in control context, as described in greater detail below in “Potential Payments upon Termination or Change in Control.” We believe that these payments and benefits are essential for us to fulfill our objective of attracting and retaining key managerial talent.

Equity Plan

In addition, under our Amended and Restated 2011 Stock Incentive Plan, the equity awards granted in 2019 to the named executive officers will accelerate and vest in full upon a change in control of the Company if the surviving entity does not assume or replace such outstanding awards with economically equivalent awards (as opposed to accelerating in full upon a “single-trigger” change in control). In addition, if the PRSUs are assumed or replaced then they will be deemed earned as to 100% and for the CEO and COO, 200%, of the PRSUs and will remain outstanding and eligible to vest on the same vesting schedule, subject to the grantee’s continued service.

Our Compensation Committee believes these arrangements:

- contribute to overall competitiveness of executive total compensation and enhance the Company’s ability to attract/retain key executives;
- further align the interests of key executives with those of the Company’s stockholders and promote objective evaluations of strategy alternatives by executives;
- motivate our executives to drive business success independent of the possible occurrence of any change-of-control transaction and reduce distractions associated with the potential for a transaction or termination of employment; and
- maximize stockholder value by retaining "key" personnel through the completion of the transaction so that the Company is delivered in the condition bargained for by a potential acquirer.

Health and Welfare Benefits; Perquisites

All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans. The Company does not provide pension or other post-retirement benefits, other than matching contributions under the Company’s 401(k) retirement plan. Except as described in the following sentence, the Company does not provide perquisites or other personal benefits to our executive officers.

Stock Ownership Guidelines

We maintain established stock ownership guidelines for our CEO and the non-employee members of our Board discussed below in "Compensation of Directors." Our CEO has up to five years from the time of appointment to acquire and retain shares of our Common Stock that equal or exceed five times his annual base salary. We also maintain stock ownership guidelines for our remaining executive officers. These executive officers have up to five years to acquire and retain shares of our Common Stock that equal the annual base salary of the executive officer. Shares beneficially owned by our CEO, our other executive officers, directly or indirectly, such as shares held by an immediate family member living in the same household or shares in a trust, and vested restricted shares and shares represented by vested RSUs, count toward meeting the stock ownership guidelines. All of our executive officers who have met the five year mark are in compliance with the stock ownership guidelines.

Anti-Pledging / Hedging Policies

All executive officers and non-employee members of our Board are prohibited from engaging in any speculative transactions in Company securities, including share pledging, engaging in short sales, engaging in transactions in put options, call options or other derivative securities, or engaging in any other forms of hedging transactions.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code

Section 162(m) of the Code disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1.0 million in any taxable year for its “covered employees.” Prior to the Tax Cuts and Jobs Act of 2017, covered employees generally consisted of a corporation’s chief executive officer, and the three next most-highly compensated executive officers (other than its chief financial officer) and compensation that qualified as “performance-based compensation” for purposes of Section 162(m) of the Code was exempt from this \$1.0 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 determination of the covered employees was generally expanded. In light of the repeal of the performance-based compensation exception to Section 162(m) of the Code, we may not be able to take a deduction for any compensation in excess of \$1.0 million that is paid to a covered employee.

Section 280G of the Code

Section 280G of the Code disallows a tax deduction with respect to excess parachute payments to certain executives of companies that undergo a change in control. In addition, Section 4999 of the Code imposes a 20% penalty on the individual receiving the excess payment.

Parachute payments are compensation that is linked to or triggered by a change in control and may include, but are not limited to, bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term incentive plans including stock options and other equity-based compensation. Excess parachute payments are parachute payments that exceed a threshold determined under Section 280G of the Code based on the executive’s prior compensation. In approving the compensation arrangements for our named executive officers in the future, the Compensation Committee will consider all elements of the cost to the Company of providing such compensation, and will include the potential impact of Section 280G of the Code. However, the Compensation Committee may, in its judgment, authorize compensation arrangements that could give rise to loss of deductibility under Section 280G of the Code and the imposition of excise taxes under Section 4999 of the Code when it believes that such arrangements are appropriate to attract and retain executive talent.

Accounting Considerations

ASC Topic 718, Compensation-Stock Compensation, or ASC Topic 718, requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of stock options and RSUs under our equity incentive award plans are accounted for under ASC Topic 718. The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Summary Compensation Table

The following table shows all compensation awarded to, earned by or paid to each of our principal executive officer, principal financial officer and the next three most highly compensated executive officers in 2019 whose 2019 total compensation exceeded \$100,000. "Non-equity incentive plan compensation" and "bonus" amounts in the table below are included in the year earned rather than the year actually paid; a portion of certain amounts may be paid in the year following the year earned.

Name and principal position	Year	Salary (\$)	Bonus (\$) (1)	Stock Awards (\$) (2)	Option Awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$ (3))	Total (\$)
Vivek Jain, Chairman of the Board and Chief Executive Officer	2019	650,000	162,500	2,000,402	—	—	12,375	2,825,277
	2018	650,000	—	4,000,033	—	1,300,000	12,375	5,962,408
	2017	650,000	—	1,850,192	—	1,300,000	18,131	3,818,323
Christian Voigtlander, Chief Operating Officer	2019	420,000	63,000	2,000,402	—	—	12,375	2,495,777
	2018	420,000	—	1,750,247	—	554,000	12,375	2,736,622
Scott E. Lamb, Former Chief Financial Officer and Treasurer	2019	395,150	118,545	600,213	—	—	12,375	1,126,283
	2018	395,150	—	750,177	—	474,180	12,375	1,631,882
	2017	395,150	—	550,292	—	474,179	9,450	1,429,071
Dan Woolson, Corporate Vice President, General Manager - Infusion Systems	2019	300,000	90,000	1,000,201	—	—	12,375	1,402,576
Virginia Sanzone, Corporate Vice President, General Counsel	2019	300,000	90,000	1,000,201	—	—	12,375	1,402,576
	2018	300,000	—	750,177	—	410,000	12,375	1,472,552

- The amounts for all named executive officers represent the discretionary cash bonuses earned by the named executive officers for fiscal year 2019 under our Performance-Based Incentive Plan and MIP.
- Amounts represent the grant date fair value of performance-based RSUs granted in the period and, for the CEO and COO, the grant date fair value of time-based RSUs granted during the period, each computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. The grant date fair value of performance-based RSUs is based on the closing stock price on the date of grant and the probable outcome of the applicable performance conditions, which is the target value. We provide information regarding the assumptions used to calculate the value of all stock awards made to executive officers in Note 6 to the consolidated financial statements contained in our Annual Report on Form 10-K, filed on March 2, 2020. There can be no assurance that awards will vest (if an award does not vest, no value will be realized by the individual).

The following table presents the values of the performance-based RSUs (target and maximum) for each named executive officer.

Name	Performance-Based RSUs	
	Target (\$)	Maximum (\$)
Vivek Jain	1,000,201	2,000,402
Christian Voigtlander	1,000,201	2,000,402
Scott E. Lamb	600,213	600,213
Dan Woolson	1,000,201	1,000,201
Virginia Sanzone	1,000,201	1,000,201

- Other compensation includes our match on the officer's 401(k) contributions.

Grants of Plan-Based Awards in 2019

The following table presents awards in 2019 under the Company's various incentive award plans.

		Estimated Possible Payouts Under non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Grant date fair value of stock and option awards (\$) (1)
Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Vivek Jain									
Performance bonus (2)	02/14/19	325,000	650,000	1,300,000	—	—	—	—	—
Performance RSUs (3)	03/06/19	—	—	—	4,331	4,331	8,662	—	1,000,201
RSUs (3)	03/06/19	—	—	—	—	—	—	4,331	1,000,201
Christian Voigtlander									
Performance bonus (2)	02/14/19	126,000	252,000	504,000	—	—	—	—	—
Performance RSUs (3)	03/06/19	—	—	—	4,331	4,331	8,662	—	1,000,201
RSUs (3)	03/06/19	—	—	—	—	—	—	4,331	1,000,201
Scott E. Lamb									
Performance bonus (2)	02/14/19	118,545	237,090	474,179	—	—	—	—	—
Performance RSUs (3)	03/06/19	—	—	—	2,599	2,599	2,599	—	600,213
Daniel Woolson									
Performance bonus (2)	02/14/19	90,000	180,000	360,000	—	—	—	—	—
Performance RSUs (3)	03/06/19	—	—	—	4,331	4,331	4,331	—	1,000,201
Virginia Sanzone									
Performance bonus (2)	02/14/19	90,000	180,000	360,000	—	—	—	—	—
Performance RSUs (3)	03/06/19	—	—	—	4,331	4,331	4,331	—	1,000,201

- (1) Amounts represent the grant date fair value of performance-based RSUs and time-based RSUs granted during the period, each computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. The grant date fair value of performance-based RSUs is based on the closing stock price on the date of grant and the probable outcome of the applicable performance conditions, which is the target value. We provide information regarding the assumptions used to calculate the value of all stock awards made to executive officers in Note 6 to the consolidated financial statements contained in our Annual Report on Form 10-K, filed on March 2, 2020.
- (2) Performance bonuses are payable under the Performance-Based Incentive Plan and 2019 MIP if certain annual financial achievements and individual performance goals are met or exceeded. The amounts actually earned by our named executive officers from this bonus arrangement in 2019 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 discussed above under the caption "Annual Cash Incentive."
- (3) Performance RSUs are granted under our Amended and Restated 2011 Stock Incentive Plan and have a performance period of three years from the date of grant. For the CEO and COO, the performance RSUs will vest, if at all, upon the achievement of a minimum specified Cumulative Adjusted EBITDA goal, subject to a three-year cliff vesting ending on December 31, 2021. If at that date, our cumulative Adjusted EBITDA growth is at least 6% but less than 8%, 50% of the awarded units will vest. If our Cumulative Adjusted EBITDA growth is between 8% and 10%, 100% of the awarded units will vest. If our Cumulative Adjusted EBITDA growth is over 10%, 200% of the awarded units will vest. If the Company does not achieve the threshold performance metric, then none of the performance RSUs will be earned and the performance RSUs will be forfeited. For the remaining named executive officers other than the CEO and COO, the performance RSUs shall vest as to one third of the total number of PRSUs granted on March 6th on each of 2020, 2021 and 2022, subject to the CEO and Compensation Committee's determination that pre-established individual performance goals have been met with respect to each applicable year and continued service through such vesting date. If the Compensation Committee determines that the named executive officers' individual performance goals have not been met then none of the performance RSUs will be earned and the performance RSUs will remain outstanding and eligible to vest at the subsequent vesting dates with forfeiture at the final vesting date if the performance requirements were never met.
- (4) Amounts reflect the number of RSUs granted under our Amended and Restated 2011 Stock Incentive Plan and vest ratably on the anniversary of the grant over three years.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2019 Table

The Company and Vivek Jain have entered into an Amended and Restated Executive Employment Agreement (the “Agreement”), under which Mr. Jain serves as the Chief Executive Officer of the Company. The Agreement is effective as of May 8, 2017 and will continue until May 8, 2020, unless earlier terminated, and supersedes the employment agreement with Mr. Jain, dated February 7, 2014, as amended (the “Original Agreement”). The term of the Agreement is subject to automatic one-year renewal terms unless either the Company or Mr. Jain gives written notice of termination at least 60 days prior to the end of the applicable term.

Consistent with the Original Agreement, the Agreement provides for the following compensation in respect of Mr. Jain’s services as Chief Executive Officer of the Company:

- an annual base salary \$650,000;
- participation in the annual bonus plan of the Company, pursuant to which Mr. Jain’s target bonus opportunity will not be less than 100% of his base salary;
- Mr. Jain will be considered for annual equity incentive awards under any applicable plans adopted by the Company during the period of employment for which executives are generally eligible;
- up to \$10,000 in reimbursed legal fees and expenses incurred in connection with the negotiation of the Agreement; and
- certain other benefits and reimbursements.

The Agreement also provides for certain payments and benefits upon a qualifying termination of employment or upon a change in control, as described under “Potential Payments upon Termination or Change in Control” below.

Outstanding Equity Awards at December 31, 2019

The following table contains information about stock and option awards held at December 31, 2019, by our named executive officers. Except as indicated below, stock awards and options were granted pursuant to our Amended and Restated 2011 Stock Incentive Plan.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Vivek Jain	217,125	—	\$ 58.79	02/24/24				
	265,241	—	\$ 58.79	02/24/24				
	61,373	—	\$ 88.76	02/11/25				
					1,993	\$ 372,930	(1)	
					5,362	\$ 1,003,337	(2)	
					4,331	\$ 810,417	(3)	
							8,044	\$ 1,505,193 (4)
							2,166	\$ 405,208 (5)
	<u>543,739</u>	<u>—</u>			<u>11,686</u>	<u>\$2,186,684</u>	<u>10,210</u>	<u>\$ 1,910,401</u>
Christian Voigtlander	66,667	—	\$ 96.83	06/04/25				
					593	\$ 110,962	(1)	
					2,347	\$ 439,171	(2)	
					4,331	\$ 810,417	(3)	
							3,519	\$ 658,475 (4)
							2,166	\$ 405,208 (5)
					<u>7,271</u>	<u>\$1,360,550</u>	<u>5,685</u>	<u>\$ 1,063,683</u>
Scott E. Lamb	45,000	—	\$ 58.79	02/24/24				
	16,583	—	\$ 88.76	02/11/25				
					593	\$ 110,962	(1)	
							2,011	\$ 376,298 (6)
							2,599	\$ 486,325 (7)
	<u>61,583</u>	<u>—</u>			<u>593</u>	<u>\$ 110,962</u>	<u>4,610</u>	<u>\$ 862,623</u>
Daniel Woolson					2,282	\$ 427,008	(8)	
					243	\$ 45,470	(1)	
							1,609	\$ 301,076 (6)
							4,331	\$ 810,417 (7)
					<u>2,525</u>	<u>\$ 472,478</u>	<u>5,940</u>	<u>\$ 1,111,493</u>
Virginia Sanzone					593	\$ 110,962	(1)	
							2,011	\$ 376,298 (6)
							4,331	\$ 810,417 (7)
					<u>593</u>	<u>\$ 110,962</u>	<u>6,342</u>	<u>\$ 1,186,715</u>

- (1) RSU award granted on 03/27/2017 and vests one-third annually. Market value is determined based on the closing price of our stock at December 31, 2019 of \$187.12.
- (2) RSU award granted on 03/06/2018 and vests one-third annually. Market value is determined based on the closing price of our stock at December 31, 2019 of \$187.12.
- (3) RSU award granted on 03/06/2019 and vests one-third annually. Market value is determined based on the closing price of our stock at December 31, 2019 of \$187.12.
- (4) Performance RSUs granted on 03/06/2018 will vest, if at all, upon the achievement of a minimum specified Cumulative Adjusted EBITDA, subject to a three-year cliff vesting ending on December 31, 2020. If at that date, our Cumulative Adjusted EBITDA growth is at least 6% but less than 8%, 50% of the awarded units will vest. If our cumulative Adjusted EBITDA growth between 8% and 10%, 100% of the awarded units will vest. If our cumulative Adjusted EBITDA growth is over 10%, 200% of the awarded units will vest. If the Company does not achieve the threshold performance metric, zero shares will be earned and the performance RSUs will be forfeited. Unearned shares and market value is determined based on the closing price of our stock at December 31, 2019 of \$187.12 and assumes the target achievement level was reached. In calculating the number of performance shares and their value, we are required by SEC rules to compare the Company's performance through 2019 under each outstanding performance award against the threshold, target, and maximum performance levels for the grant and report in this column the applicable potential payout amount. If the performance is between levels, we are required to report the potential payout at the next highest level. For example, if the previous fiscal year's performance exceeded target, even if it is by a small amount and even if it is highly unlikely that we will pay the maximum amount, we are required by SEC rules to report the awards using the maximum potential payouts.
- (5) Performance RSUs granted on 03/06/2019 will vest, if at all, upon the achievement of a minimum specified Cumulative Adjusted EBITDA, subject to a three-year cliff vesting ending on December 31, 2021. If at that date, our Cumulative Adjusted EBITDA growth is at least 6% but less than 8%, 50% of the awarded units will vest. If our cumulative Adjusted EBITDA growth between 8% and 10%, 100% of the awarded units will vest. If our cumulative Adjusted EBITDA growth is over 10%, 200% of the awarded units will vest. If the Company does not achieve the threshold performance metric, zero shares will be earned and the performance RSUs will be forfeited. Unearned shares and market value is determined based on the closing price of our stock at December 31, 2019 of \$187.12 and assumes the threshold achievement level was reached. In calculating the number of performance shares and their value, we are required by SEC rules to compare the Company's performance through 2019 under each outstanding performance award against the threshold, target, and maximum performance levels for the grant and report in this column the applicable potential payout amount. If the performance is between levels, we are required to report the potential payout at the next highest level. For example, if the previous fiscal year's performance exceeded target, even if it is by a small amount and even if it is highly unlikely that we will pay the maximum amount, we are required by SEC rules to report the awards using the maximum potential payouts.
- (6) Performance RSUs granted on 03/06/2018 shall vest in thirds on February 15th on each of 2019, 2020 and 2021, subject to the CEO and Compensation Committee's determination that pre-established individual performance goals have been met with respect to each applicable year and continued service through such vesting date. If the Compensation Committee determines that the named executive officers' individual performance goals have not been met then zero shares will be earned and the performance RSUs will remain outstanding and eligible to vest at the subsequent vesting dates with forfeiture at the final vesting date if the performance requirements were never met. Unearned shares and market value is determined based on the closing price of our stock at December 31, 2019 of \$187.12 and assumes the maximum achievement level was reached.
- (7) Performance RSUs granted on 03/06/2019 shall vest in thirds on March 6th on each of 2020, 2021 and 2022, subject to the CEO and Compensation Committee's determination that pre-established individual performance goals have been met with respect to each applicable year and continued service through such vesting date. If the Compensation Committee determines that the named executive officers' individual performance goals have not been met then zero shares will be earned and the performance RSUs will remain outstanding and eligible to vest at the subsequent vesting dates with forfeiture at the final vesting date if the performance requirements were never met. Unearned shares and market value is determined based on the closing price of our stock at December 31, 2019 of \$187.12 and assumes the maximum achievement level was reached.
- (8) RSU award granted on 02/13/2017 and vests one-third annually. Market value is determined based on the closing price of our stock at December 31, 2019 of \$187.12.

Options Exercised and Stock Vested

The following table contains information about stock options exercised and vesting of RSUs during 2019 by the named executive officers of the Company.

Name	Grant Type	Option awards		Stock Awards	
		Number of shares acquired on exercise (#)	Value realized on exercise ⁽¹⁾ (\$)	Number of shares acquired on vesting (#)	Value realized on vesting ⁽²⁾ (\$)
Vivek Jain	RSU			8,433	\$ 2,034,642
	PRSU			33,828	\$ 7,812,238
Christian Voigtlander	RSU			2,923	\$ 701,775
	PRSU			10,410	\$ 2,404,085
Scott E. Lamb	Option	55,000	\$ 8,378,963		
	RSU			1,507	\$ 369,634
	PRSU			9,232	\$ 2,154,512
Daniel Woolson	RSU			2,524	\$ 627,628
	PRSU			805	\$ 203,890
Virginia Sanzone	RSU			1,750	\$ 430,882
	PRSU			11,416	\$ 2,658,885

(1) Represents the difference between the fair market value of our stock underlying the options at exercise and the exercise price of the option.

(2) Represents the amounts realized based on the fair market value of our stock on the vesting date.

Potential Payments upon Termination or Change in Control

Amended and Restated Employment Agreement with Mr. Jain

In the event that Mr. Jain's employment terminates as a result termination by the Company without "cause", by Mr. Jain for "good reason", by reason of a non-renewal of the term by the Company and Mr. Jain is willing and able, at the time of such non-renewal, to continue performing services under the Agreement, or due to "disability" or death, he will receive, subject to delivery and non-revocation of a general release of claims in favor of the Company:

- if such termination occurs not in connection with or following a change in control, (i) a lump sum payment in cash equal to one and a half times the sum of (x) his base salary and (y) target bonus for the year of termination; and (ii) full vesting of the shares subject to any then-outstanding Company equity-based awards (with all performance goals or other vesting criteria deemed to be achieved at target levels) granted to Mr. Jain between January 1, 2014 to December 31, 2016;
- if such termination occurs during the period beginning on and including 60 days prior to a change in control and ending on and including the two-year anniversary of the date of a change in control, a lump sum payment in cash equal to (i) two times the sum of (x) his base salary and (y) target bonus for the year of termination; and (ii) full vesting of the shares subject to any then-outstanding Company equity-based awards that vest solely based on Mr. Jain's continued service;
- Company-paid healthcare continuation coverage for Mr. Jain and his dependents for up to eighteen months after the termination date;
- a pro-rated lump-sum cash performance bonus for the year of termination, calculated based on the achievement of applicable performance goals or objectives for the year of termination; and
- extension of the exercise period for all of Mr. Jain's outstanding Company stock options, to the extent vested, for a period of three years following the termination date, but in no event later the ten year term/expiration date of the applicable option.

In addition, in the event that any of the payments or benefits under the Agreement or otherwise would become subject to excise taxes imposed by Section 4999 of the Code, such payments will be reduced to the extent that such reduction would produce a better net after-tax result for Mr. Jain.

Severance Plan

We adopted the Severance Plan for our named executive officers, other than the CEO. Under the Severance Plan, in the event of a termination of employment by the Company without “cause” or by the named executive officer for “good reason” (each, as defined in the Severance Plan), in either case outside the change in control context, the named executive officer will be eligible to receive:

- a lump-sum cash payment in an amount equal to 12 months’ salary;
- Company-paid COBRA premium payments for the named executive officer and the named executive officer’s covered dependents for up to 12 months; and
- a pro-rated lump-sum cash performance bonus, calculated based on the achievement of applicable performance goals or objectives for the year of termination.

In the event of a termination of employment by the Company without “cause” or by the named executive officer for “good reason”, in either case, within the period beginning 60 days prior to a “change in control” (as defined in the Severance Plan) and ending on the one-year anniversary of such change in control, the Severance Plan provides that the named executive officer will be eligible to receive:

- a lump-sum cash payment in an amount equal to 18 months’ salary, plus 150% of the named executive officer’s target annual cash performance bonus for the year of termination;
- Company-paid COBRA premium payments for the named executive officer and the named executive officer’s covered dependents for up to 18 months.
- a pro-rated lump-sum cash performance bonus, calculated based on the achievement of applicable performance goals or objectives for the year of termination; and
- full accelerated vesting of each outstanding time-based equity award held by the named executive officer as of his or her termination date.

The named executive officer’s right to receive the severance payments and benefits described above is subject to his or her delivery and non-revocation of a general release of claims in favor of the Company, and his or her continued compliance with non-solicitation covenants.

In addition, in the event that any payment under the Severance Plan, together with any other amounts paid to the named executive officer by the Company, would subject the named executive officer to an excise tax under Section 4999 of the Code, such payments will be reduced to the extent that such reduction would produce a better net after-tax result for the named executive officer.

Equity Plan

Under our Amended and Restated 2011 Stock Incentive Plan, all equity awards granted to our named executive officers under the plan in or after 2017 will only accelerate and vest in full upon a change in control of the Company if the surviving entity does not assume or replace such outstanding awards with economically equivalent awards (as opposed to accelerating in full upon a “single-trigger” change in control). In addition, under our 2014 Inducement Stock Incentive Plan (the “2014 Plan”), all outstanding equity awards will vest in full upon a change in control and all outstanding equity awards will vest in full upon a corporate transaction if the surviving entity does not assume or replace such outstanding awards with economically equivalent awards.

Definitions

For the purposes of the arrangements in place in 2019 (e.g., Mr. Jain’s employment agreement, the Amended and Restated 2011 Stock Incentive Plan and the Severance Plan), 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, which is not supported by a majority of the current Board; 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.

For the purposes of Mr. Jain's employment agreement, cause generally means the following:

- his gross neglect and willful and repeated failure to substantially perform his assigned duties, which failure is not cured within 30 days after a written demand for substantial performance is received by him from the Board which identifies the manner in which the Board believes he has not substantially performed his duties; or
- his engagement in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company; or
- his conviction of, or plea of no contest to, a felony or a crime involving fraud, embezzlement, or theft; or
- his improper and willful disclosure of the Company's confidential or proprietary information where such disclosure causes (or should reasonably be expected to cause) significant harm to the Company.

For the purposes of the Severance Plan, cause generally means the following:

- the employee's intentional, willful and continuous failure to substantially perform his or her reasonable assigned duties (other than any such failure resulting from incapacity due to physical or mental illness or any failure after the employee gives notice of termination for good reason), which failure is materially and demonstrably injurious to the Company, and which failure is not cured within 30 days after a written demand for substantial performance and is received by the employee from the Board which specifically identifies the manner in which the Board believes the employee has not substantially performed the employee's duties; or
- the employee's intentional and willful engagement in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or is intended to result in substantial personal enrichment; or
- the employee's conviction for a felony or the employee's plea of nolo contendere in connection with a felony indictment.

For the purposes of Mr. Jain's employment agreement, good reason generally means the following and occurs without the employee's written consent and is not due to a circumstance applied by the Company to a group of similarly situated employees:

- any material diminution in his duties, responsibilities or authority; or
- a material reduction in his annual base salary; or
- a requirement that he reports to a corporate officer or employee instead of reporting directly to the Board; or
- a material change in the location that he performs his principal duties, resulting in a material increase in the daily commuting distance; or
- a material breach by the Company.

For the purposes of the Severance Plan, good reason generally means the following and occurs without the employee's written consent and is not due to a circumstance applied by the Company to a group of similarly situated employees:

- any significant diminution in the employee's duties, responsibilities or authority; or
- a material reduction in the employee's annual base salary; or
- a material change in the location the employee performs their principal duties, resulting in a material increase in the daily commuting distance.

The following table summarizes the payments and benefits that would have been made if the employment of a named executive officer had been terminated without cause by the Company or for good reason by the named executive officer (or, with respect to Mr. Jain, upon a non-renewal of the term by the Company and Mr. Jain is willing and able, at the time of such non-renewal, to continue performing services under the Agreement or his death or disability) in connection with a change in control of the Company on December 31, 2019:

Change in Control Termination					
	Vivek Jain	Christian Voigtlander	Scott E. Lamb	Daniel Woolson	Virginia Sanzone
Number of PRSU/RSUs that would accelerate	36,436	15,121	5,203	8,465	6,935
Intrinsic value of accelerated equity awards	\$ 6,817,904	\$ 2,829,442	\$ 973,585	\$ 1,583,971	\$ 1,297,677
Salary	\$ 1,300,000	\$ 630,000	\$ 592,725	\$ 450,000	\$ 450,000
Bonus	\$ 1,462,500	\$ 441,000	\$ 474,180	\$ 360,000	\$ 360,000
Benefits	\$ 31,379	\$ 31,789	\$ 31,789	\$ 31,789	\$ 39,027
Total	\$ 9,611,783	\$ 3,932,231	\$ 2,072,279	\$ 2,425,760	\$ 2,146,704

The following table summarizes the payments and benefits that would have been made if the employment of a named executive officer had been terminated without cause by the Company or for good reason by the named executive officer (or, with respect to Mr. Jain, upon his death or disability) on December 31, 2019 and not in connection with a change in control:

Termination not in Connection with a Change in Control					
	Vivek Jain	Christian Voigtlander	Scott E. Lamb	Daniel Woolson	Virginia Sanzone
Salary	\$ 975,000	\$ 420,000	\$ 395,150	\$ 300,000	\$ 300,000
Bonus	\$ 1,137,500	\$ 63,000	\$ 118,545	\$ 90,000	\$ 90,000
Benefits	\$ 31,379	\$ 21,193	\$ 21,193	\$ 21,193	\$ 26,018
Total	\$ 2,143,879	\$ 504,193	\$ 534,888	\$ 411,193	\$ 416,018

At December 31, 2019, there would be no payments made to any of our named executive officers upon a change in control with no termination of employment.

Retirement and Separation Agreement with Scott E. Lamb

On March 3, 2020, Mr. Lamb retired from his position as Chief Financial Officer and Treasurer of the Company, at which time he transitioned into his role as an advisor to the Company. Mr. Lamb will continue to serve as an advisor to the Company until April 3, 2020. In connection with Mr. Lamb's planned retirement, we have entered into a Retirement and Separation Agreement, dated February 27, 2020, with Mr. Lamb (the "Retirement Agreement"). Pursuant to the Retirement Agreement, Mr. Lamb will continue to serve as an advisor to the Company at his current annual base salary rate during a transition period ending April 3, 2020 (the "Transition Period"). Upon the completion of the Transition Period and upon Mr. Lamb's execution and delivery of an additional release of claims in favor of the Company, each Company equity-based award held by Mr. Lamb will vest in full. In addition, Mr. Lamb will continue to be able to exercise vested option awards in Company stock through the term of such option.

Director Compensation

In 2019, our non-employee directors received an annual cash retainer paid on a quarterly basis as follows:

	Board	Lead Director	Audit Committee	Compensation Committee	Nominating/ Corporate Governance Committee
Annual Retainer - chairperson	—	\$ 93,500	\$ 97,000	\$ 87,500	\$ 85,000
Annual Retainer - member	\$ 70,000		—	—	—

In 2019, our non-employee directors also received equity awards of options to purchase our Common Stock and RSUs valued at approximately \$170,000 in the aggregate, with approximately 50% consisting of options and 50% consisting of RSUs. As a result, in May 2019, each non-employee director received (i) an option grant to purchase 1,253 shares of our Common Stock, which is exercisable after one year and expires 10 years from the grant date and (ii) 378 RSUs which fully vest after one year.

While Dr. Lopez remains a member of the Board, Dr. Lopez has waived any annual retainer, meeting fees and equity payments made to non-employee members of the Board for their service. Dr. Lopez formerly served as an employee in our Research and Development Department, and terminated his employment with us effective September 30, 2015 (the “Termination Date”). Pursuant to a Buy-Out Agreement, dated as of September 30, 2015, between us and Dr. Lopez (the “Buy-Out Agreement”), subject to Dr. Lopez’s not revoking a general release of claims in favor of the Company, he is entitled to, among other things, (1) a cash payment in the aggregate equal to \$1,837,500, paid in equal monthly installments until December 31, 2020; (2) a continuation from his employment agreement of customary non-competition, non-solicitation and non-disparagement provisions; and (3) in Dr. Lopez’s capacity as a member of the Board, administrative type support services extended to Board members.

Douglas E. Giordano joined the Board in February 2017 in connection with the closing of the Company’s acquisition of the Hospira Infusion Systems business from Pfizer Inc. (“Pfizer”). A portion of the purchase consideration for this acquisition was satisfied by the delivery of 3.2 million of the Company’s newly issued shares of Common Stock to Pfizer. In connection with the Company’s issuance of stock consideration, the Company and Pfizer entered into a Shareholder’s Agreement that gave Pfizer the right to designate one individual for election to the Board so long as Pfizer beneficially owned at least 10% of the total outstanding shares of our Common Stock. Mr. Giordano served as Pfizer’s designated director. Mr. Giordano was not compensated for his service on the Board. As of December 31, 2018, Pfizer had sold all of its shares of our Common Stock. Accordingly, Mr. Giordano elected not to stand for reelection as a member of the Board at the 2019 Annual Meeting and retired from the Board on March 4, 2019.

The following table shows all compensation awarded to, earned by or paid to our non-employee directors for service as a director in 2019, other than Mr. Giordano who was not compensated for his Board service.

2019 Director Compensation Table

Name (1)	Fees earned or paid in cash (\$)	Stock awards (\$) (2)	Option awards (\$) (3)(4)	Other (\$)	Total (\$)
George A. Lopez, M.D.	\$ —	\$ —	\$ —	\$ 368,404 ⁽⁵⁾	\$ 368,404
Robert S. Swinney, M.D.	\$ 87,500	\$ 85,152	\$ 84,862	\$ —	\$ 257,514
David C. Greenberg	\$ 108,500	\$ 85,152	\$ 84,862	\$ —	\$ 278,514
Elisha Finney	\$ 97,000	\$ 85,152	\$ 84,862	\$ —	\$ 267,014
David Hoffmeister	\$ 70,000	\$ 85,152	\$ 84,862	\$ —	\$ 240,014
Donald Abbey	\$ 70,000	\$ 85,152	\$ 84,862	\$ —	\$ 240,014

(1) Mr. Jain, our CEO, is not included in this table as he was an employee of the Company in 2019 and did not receive compensation for his services as a director. All compensation paid to Mr. Jain for the services he provided to us in 2019 is reflected in the Summary Compensation Table.

- (2) On May 15, 2019, each non-employee director was granted 378 RSUs of the Company with a grant date fair value of \$85,152. The fair value of the RSUs is based on the market price of our Common Stock on the date of the grant, or \$225.27 per share. Each of Messrs. Greenberg, Hoffmeister, and Abbey and Dr. Swinney and Ms. Finney has 378 RSUs outstanding at December 31, 2019. We provide information regarding the assumptions used to calculate the value of all stock awards made to directors in Note 6 to the consolidated financial statements contained in our Annual Report on Form 10-K, filed on March 2, 2020. There can be no assurance that awards will vest (if an award does not vest, no value will be realized by the individual).
- (3) On May 15, 2019, each non-employee director was granted 1,253 options to purchase shares of our Common Stock with a grant date fair value of \$84,862. See Note 6 to our Consolidated Financial Statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 for the assumptions used in valuation of these options. We provide information regarding the assumptions used to calculate the value of all stock options made to executive officers in Note 6 to the consolidated financial statements contained in our Annual Report on Form 10-K, filed on March 2, 2020. There can be no assurance that options will vest (if an option does not vest, no value will be realized by the individual).
- (4) At December 31, 2019, our non-employee directors held options to purchase shares of our Common Stock as follows: Dr. Lopez 174,871; Dr. Swinney 34,053; Mr. Greenberg 9,519; Ms. Finney 7,890, Mr. Hoffmeister 2,416 and Mr. Abbey 2,416.
- (5) Consists of amounts paid to Dr. Lopez in 2019 under the above mentioned Buy-Out Agreement.

Stock Ownership Guidelines

In 2011, we established stock ownership guidelines for the members of our Board. Our non-employee directors have up to five years from the adoption of the guidelines or within five years of joining the Board, if appointed or elected after 2011, to acquire and retain shares of our Common Stock that equal or exceed three times their annual base retainer. Shares beneficially owned by our non-employee directors, directly or indirectly, such as shares held by an immediate family member living in the same household or shares in a trust, and vested restricted shares and shares represented by vested RSUs, count toward meeting the stock ownership guidelines.

CEO 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 regarding the relationship of the annual total compensation of Vivek Jain, our CEO, to the annual total compensation of our median compensated employee. We consider the pay ratio specified below to be a reasonable estimate, calculated in a manner that is intended to be consistent with the requirements of Item 402(u) of Regulation S-K.

We have a globally diverse workforce with more than half of our employees located outside the United States ("U.S.") in locations where the cost of living is significantly below the U.S., including developing and emerging markets such as Mexico, Costa Rica, and India. The compensation elements and pay levels of our employees can vary dramatically by country based on the cost of living and the cost of labor, which impacts the median employee compensation and resulting CEO pay ratio.

For 2019, our last completed fiscal year:

- the annual total compensation of the employee who represents our median compensated employee (other than our CEO) was \$31,552; and
- the annual total compensation of our CEO, as reported in the Summary Compensation Table included above, was \$2,825,277.

Based on this information, for 2019, our CEO's annual total compensation was approximately 90 times that of the median compensated employee (other than the CEO).

Determining the Median Employee

Employee Population

We used our employee population data as of December 31, 2017, as the reference date for identifying our median employee. As of such date, our employee population consisted of approximately 6,800 individuals.

Methodology for Determining Our Median Employee

To identify the median employee from our employee population, we selected annual base pay as the most appropriate measure of compensation. We believe the use of annual base pay for all employees is a consistently applied compensation measure because we do not widely distribute annual equity awards to employees. Currently less than 5% of our employees receive annual equity awards.

This employee is the same employee identified for purposes of our 2019 disclosure. We believe that there have been no changes in our employee population or employee compensation arrangements since that median employee was identified in 2019 that would significantly impact our pay ratio disclosure.

Annual Total Compensation of Median Compensated Employee

With respect to the annual total compensation of the employee who represents our median compensated employee, we calculated the elements of such employee's compensation for 2019 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$31,552.

Annual Total Compensation of CEO

With respect to the annual total compensation of our CEO, we used the amount reported in the "Total" column of our 2019 Summary Compensation Table included in this Proxy Statement.

COMPENSATION POLICIES AND PRACTICES AND RISK MANAGEMENT

Our Compensation Committee considers potential risks when reviewing and approving the compensation programs for our executive officers and other employees. We have designed our compensation programs, including our incentive compensation plans, with specific features to address potential risks while rewarding employees for achieving long-term financial and strategic objectives through prudent business judgment and appropriate risk taking. The following elements have been incorporated in our programs available for our executive officers:

- A balanced mix of compensation components - The target compensation mix for our executive officers is composed of base salary, annual cash bonus incentives, and long-term equity awards.
- Performance factor - Our incentive compensation plan uses a Company-wide metric for all executive officers to establish funding of our MIP which encourages focus on the achievement of objectives for the overall benefit of the Company.
- Capped cash incentive awards - MIP awards are capped at 200% of target of the individual named executive officer.
- Multi-year vesting - Equity awards vest over multiple years requiring long-term commitment on the part of employees.
- Competitive positioning - The Compensation Committee has compared our executive compensation to our peers to ensure our compensation program is consistent with industry practice.
- Corporate governance programs - We have implemented corporate governance guidelines, a code of conduct and other corporate governance measures and internal controls.

The Compensation Committee also reviews the key design elements of our compensation programs in relation to industry practices, as well as the means by which any potential risks may be mitigated, such as through our internal controls and oversight by management and the Board. Based on this review, our Compensation Committee concluded that based on a combination of factors, our compensation policies and practices do not incentivize excessive risk-taking that could have a material adverse effect on our Company.

EQUITY COMPENSATION PLAN INFORMATION

We maintain our Amended and Restated 2011 Stock Incentive Plan under which we may grant RSUs and other equity awards to our employees, directors and consultants. We also have a 2014 Inducement Stock Incentive Plan under which we have granted 250,405 RSUs and options to purchase our Common Stock. We had a 2001 Directors' Stock Option Plan under which we granted options to purchase our Common Stock to our directors, which plan expired in November 2011 (although certain options under this plan remain outstanding). We also have an Employee Stock Purchase Plan, including outstanding rights to purchase 133,487 shares; however this plan was suspended in 2017. Further information about the plans is in Note 6 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Information about the plans at December 31, 2019, is as follows:

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (2)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))
(a)	(b)	(c)(3)	
Equity compensation plans approved by stockholders	1,171,087	\$66.70	1,290,051
Equity compensation plans not approved by stockholders ⁽⁴⁾	82,366	\$58.79	—
Total	1,253,453 ⁽¹⁾		1,290,051

- (1) This number includes the following: 1,155,340 shares subject to outstanding awards granted under our Amended and Restated 2011 Stock Incentive Plan, of which 949,741 shares were outstanding stock options, 121,830 were outstanding RSU awards and 83,769 were outstanding performance RSU awards (performance RSU awards are based on "target" performance); 15,747 shares subject to outstanding awards under the 2001 Directors Plan, all of which were outstanding stock options; and 82,366 shares subject to outstanding awards granted under the 2014 Plan, all of which were outstanding stock options.
- (2) The weighted average exercise price in column (b) does not take into account the outstanding RSUs and PRSUs, which do not have an exercise price.
- (3) This number includes 1,156,564 shares of Common Stock available for issuance under our Amended and Restated 2011 Stock Incentive Plan, and 133,487 shares of Common Stock available for issuance under our Employee Stock Purchase Plan. The number of shares remaining available for future issuance is based upon the vesting of the issued performance RSU awards if the threshold performance metric is achieved.
- (4) This row relates to our 2014 Inducement Stock Incentive Plan. There are no shares remaining available for future issuance under this plan.

In 2014 we adopted our 2014 Inducement Stock Incentive Plan. Pursuant to applicable stock exchange rules, stockholder approval of the 2014 Plan is not required as a condition of the effectiveness of the 2014 Plan. A description of the principal features of the 2014 Plan is set forth below.

The 2014 Plan is administered by our independent Compensation Committee which can authorize the issuance of any type of arrangement that is not inconsistent with the provisions of the 2014 Plan and can be granted to individuals who have not previously been an employee or director of the Company or a related entity. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2014 Plan is 250,405 shares. The administrator determines the provisions, terms, and conditions of each award including, but not limited to, the award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, shares, or other consideration) upon settlement of the award, payment contingencies, and satisfaction of any performance criteria. The term of each award shall be the term stated in the award agreement, provided, however, that the term of any award shall be no more than ten years from the date of grant.

CORPORATE GOVERNANCE

Director Independence

The Board has determined that directors Messrs. Greenberg, Abbey and Hoffmeister, Ms. Finney and Dr. Swinney qualify as independent under NASDAQ Listing Rules. During the course of its review, the Board considers transactions and relationships between each director or director nominee (and such director's immediate family) and the Company and its affiliates against the independence requirements of NASDAQ. In the case of the Audit Committee and the Compensation Committee, the Board also considers applicable SEC rules.

Board Meetings and Committees and Attendance at Meetings

Our Board currently consists of seven directors who we believe contribute the breadth of knowledge and experience necessary for the advancement of our business strategies and objectives. Additionally, our Board has three standing committees that perform certain delegated functions from the Board: the Audit Committee, the Nominating/Corporate Governance Committee and the Compensation Committee. The current chairs and members of these committees are identified in the following table:

	Independent	Lead Independent Director	Membership on Standing Committees		
			NCGC	AC	CC
Vivek Jain					
George A. Lopez, M.D.					
Robert S. Swinney, M.D.	X		X		X,C
David C. Greenberg	X	X	X,C	X	
Elisha W. Finney	X			X,C	
Douglas E. Giordano ⁽¹⁾					
Donald M. Abbey	X		X		X
David F. Hoffmeister	X			X	X

⁽¹⁾ Mr. Giordano, who previously served as a director on our Board, resigned on March 4, 2019 and did not stand for re-election to the Board at the 2019 Annual Meeting.

NCGC Nominating and Corporate Governance Committee

AC Audit Committee

CC Compensation Committee

C Committee Chairperson

During 2019, the Board met four times, the Nominating/Corporate Governance Committee met three times, the Compensation Committee met three times and the Audit Committee met six times. All of our directors attended more than 75% of the total of all meetings of the Board and any committees on which they serve. The Board and its committees also act by unanimous written consent from time to time as permitted by the Bylaws of the Company.

It is the policy of the Company to invite and encourage all members of the Board to attend each Annual Meeting of Stockholders, which are generally held by remote communication. One of our directors attended the 2019 Annual Meeting of Stockholders.

Board Leadership Structure

Vivek Jain is our CEO and Chairman of the Board. The Board believes that Mr. Jain is best situated to serve as Chairman of the Board based upon his significant leadership position with the Company and his extensive knowledge about the industry. In addition, the Board believes that Mr. Jain's combined roles as Chairman and CEO position him to effectively identify strategic priorities for the Company and to lead Board discussions on the execution of Company strategy. The Board believes that the combined role of Chairman and CEO helps promote the Company's overall strategic development and facilitates the efficient flow of information between management and the Board.

The Board also believes that strong, independent Board leadership is a critical component of effective corporate governance, therefore, the Board established the position of Lead Independent Director and adopted a Lead Independent Director Charter. During 2019, the Board reappointed David C. Greenberg to serve in the Board position.

The Lead Independent Director is elected annually by a majority of the independent directors upon receiving a recommendation from the Nominating/Corporate Governance Committee. The Lead Independent Director's responsibilities are set forth in the Lead Independent Director Charter adopted by the Board and Nominating/Corporate Governance Committee, and include, among others:

- presiding at meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- consulting with the Chairman as to an appropriate schedule of Board meetings;
- approving meeting agendas for the Board;
- advising the Chairman as to the quality, quantity, and timeliness of the information submitted by the Company's management that is necessary or appropriate for the independent directors to effectively and responsibly perform their duties;
- serving as principal liaison between the Chairman and the independent directors; and
- performing other duties specified in the Lead Independent Director Charter.

Our Lead Independent Director Charter can be found on our website at www.icumed.com. The independent directors regularly meet in executive sessions in connection with regular meetings of the Board.

Board Oversight of Risk

The Board is responsible for oversight of the various risks facing the Company. In this regard, the Board seeks to understand and oversee the most critical risks relating to our business, allocate responsibilities for the oversight of risks among the full Board and its committees, including its Audit, Nominating/Corporate Governance, and Compensation Committees, and see that management has in place effective systems and processes for managing risks facing us. Overseeing risk is an ongoing process and risk is inherently tied to our strategy and to strategic decisions. Accordingly, the Board considers risk throughout the year and with respect to specific proposed actions. While the Board is responsible for oversight and direction, management is charged with identifying risk and establishing appropriate internal processes and an effective internal control environment to identify and manage risks and to communicate information about risk to the Board. Committees of the Board also play an important role in risk oversight, including the Audit Committee, which oversees our processes for assessing risks and the effectiveness of our internal controls. In fulfilling its duties, the Audit Committee considers information from our independent registered public accounting firm, Deloitte & Touche LLP, and our internal auditors. Additionally, the Compensation Committee periodically reviews the Company's compensation policies and profile with management to ensure that compensation supports the Company's goals and strategic objectives without creating risks that may have a material adverse effect on the Company. See "Executive Officer and Director Compensation-Compensation Policies and Practices and Risk Management" for further information about our risk management policies.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics for Directors and Officers. A copy is available on the Company's website, www.icumed.com. The Company will disclose any future amendments to, or waivers from, the Code of Business Conduct and Ethics for Directors and Officers on our website within four business days following the date of the amendment or waiver.

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee (the "Nominating Committee") currently consists of Mr. Greenberg (Chairman), Dr. Swinney and Mr. Abbey, each of whom the Board has determined is independent as defined by the NASDAQ Listing Rules. The Nominating Committee operates pursuant to a written charter adopted by the Board, a copy of which can be found on the Company's website, www.icumed.com. The Nominating Committee's role is to recommend to the Board policies on Board composition and criteria for Board membership, to identify individuals qualified to serve as directors and approve candidates for director and to recommend directors for appointment to committees of the Board. The Nominating Committee also makes recommendations to the Board concerning the nomination of the Lead Independent Director, the Company's Corporate Governance Guidelines and Codes of Ethics and Business Conduct, oversees internal investigations of conduct of senior executives, if necessary, and conducts evaluations of the performance of the Board.

In evaluating and determining whether to recommend a person as a candidate for election as a director, the Nominating Committee considers, among other things, relevant management and/or industry experience; values such as integrity, accountability, judgment and adherence to high performance standards; independence pursuant to the guidelines set forth in the NASDAQ Listing Rules; diversity; ability and willingness to undertake the requisite time commitment to Board service; and an absence of conflicts of interest with the Company. Pursuant to our director retirement policy that was adopted on April 30, 2015, no person may stand for election following his or her 76th birthday, and each serving director must resign upon his or her 76th birthday. The policy also requires that as a condition for the nomination of any director who would reach the age of 76 before the end of his or her term, he or she must submit an advance irrevocable resignation that becomes effective on the director's 76th birthday.

While the Nominating Committee does not have a specific policy in place, it believes that diversity brings different perspectives to a board of directors, which leads to a more varied approach to board issues. The Company has a general non-discrimination policy, which the Nominating Committee observes when considering candidates for the Board. While not giving specific weight to any aspect of diversity, the Board believes that its current composition has an appropriate level of diversity with respect to ethnicity and professional experience.

The Nominating Committee may employ a variety of methods for identifying and evaluating nominees for director. The Nominating Committee will assess the need for particular expertise on the Board, the upcoming election cycle of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating Committee will consider various potential candidates for director that may come to the Nominating Committee's attention through current directors, the Company's professional advisors, stockholders or others.

The Nominating Committee will consider candidates recommended by stockholders. The deadlines and procedures for stockholder recommendations of director candidates are discussed below under "Nomination of Directors and Submission of Stockholder Proposals." Following verification of the stockholder status of persons proposing candidates, the Nominating Committee will make an initial analysis of the qualifications of any candidate recommended by stockholders or others pursuant to the criteria summarized above to determine whether the candidate is qualified for service on the Board before deciding to undertake a complete evaluation of the candidate. Other than the verification of compliance with procedures and stockholder status, and the initial analysis performed by the Nominating Committee, a potential candidate nominated by a stockholder will be treated like any other potential candidate during the review process by the Nominating Committee.

The Board, upon recommendation of our Nominating Committee, has approved and recommended to the Board the nominations of Vivek Jain, Elisha W. Finney, David C. Greenberg, George A. Lopez, M.D., Robert S. Swinney, M.D., Donald M. Abbey and David F. Hoffmeister for election as directors at the Annual Meeting. The Nominating Committee considered the candidates' qualifications and experience, past contributions to the Board, their willingness to continue to serve and the benefits of continuity in the membership of the Board and determined that the re-election and initial election of these candidates was appropriate.

Audit Committee

The Board has an Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, which consists of three directors, Messrs. Greenberg and Hoffmeister and Ms. Finney (Chairperson), all of whom are independent directors as defined by the NASDAQ Listing Rules and Rule 10A(3)(b)(1) of the Exchange Act. As more fully described in the Audit Committee Charter, the Audit Committee oversees the accounting and financial reporting processes of the Company and the audits of its financial statements. The Audit Committee's responsibilities include, but are not limited to, the appointment, compensation, retention and termination of our independent registered public accounting firm, reviewing with management and our independent registered public accounting firm the adequacy of our internal financial and disclosure controls; and reviewing and approving our critical accounting policies based on independent auditor recommendations.

The Board adopted a revised written Audit Committee Charter, a copy of which can be found on the Company's web site, www.icumed.com.

The Board has determined that each of Messrs. Greenberg and Hoffmeister and Ms. Finney is an "audit committee financial expert" and is "independent," as those terms are defined by applicable NASDAQ Listing Rules and Securities and Exchange Commission ("SEC") regulations.

Audit Committee Report

The Company's audited consolidated financial statements are included in the Company's Annual Report on Form 10-K. The Audit Committee has reviewed and discussed those financial statements with management of the Company and has discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 1301, (*Communications with Audit Committees*), as adopted by the Public Company Accounting Oversight Board. Further, the Audit Committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board and the SEC regarding the independent auditor's communications with the audit committee concerning independence, and has discussed the independent auditor's independence with them. Based on these reviews and discussions, the Audit Committee has recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K.

AUDIT COMMITTEE
Elisha W. Finney, Chairperson
David C. Greenberg
David F. Hoffmeister

Compensation Committee

The Board has a Compensation Committee, currently consisting of Dr. Swinney (Chairperson), and Messrs. Abbey and Hoffmeister. The Board has determined that all members of the Compensation Committee, none of whom are employees, former employees of, or consultants to, the Company are independent directors as defined by the NASDAQ Listing Standards. The Compensation Committee operates pursuant to a written charter adopted by the Board, a copy of which can be found on the Company's website, www.icumed.com.

Our Compensation Committee discharges the responsibilities of the Board relating to executive and director compensation. It reviews the performance of the Company and our CEO, sets performance objectives, establishes the compensation of the CEO, recommends to the Board the compensation of the other executive officers and authorizes the grant of options to employees, and awards under our bonus and incentive plans.

Our Compensation Committee engaged Compensia, a national compensation consulting firm in January, to advise on the performance-based compensation structure and awards, including the Performance-Based Incentive Plan, and to provide market data and other analysis for compensation of executive officers and members of our Board. Prior to making its decisions for executive officers other than the CEO, the Compensation Committee receives recommendations from the CEO as to the amounts and types of compensation and other awards for those executive officers.

Compensation Committee Report

The Company's Compensation Discussion and Analysis ("CD&A") is included elsewhere in this Proxy Statement. Our Compensation Committee has reviewed and discussed the CD&A with management of the Company. Based on these reviews and discussions, our Compensation Committee has recommended to the Board that the CD&A be included in this Proxy Statement and be incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

COMPENSATION COMMITTEE
Robert S. Swinney, M.D., Chairperson
David F. Hoffmeister
Donald M. Abbey

Stockholder Communications

The Board has an established process for stockholder communications and it can be found on the Company's website at <http://ir.icumed.com/corporate-governance/governance-contacts>.

In the past year, the Board did not receive any stockholder communications that it considered material and therefore took no action.

Compensation Committee Interlocks and Insider Participation

During 2019, no member of the Compensation Committee was a current or former employee or officer of the Company, and no interlocking relationship existed, between any member of our Compensation Committee and any member of any other company's board of directors or compensation committee. The Compensation Committee currently consists of Dr. Swinney (Chairperson), Mr. Hoffmeister and Mr. Abbey.

Conflict of Interest Analysis

In 2019, Compensia, the compensation consultant engaged by our Compensation Committee, did not provide any services to us other than its consulting services to the Compensation Committee. The Compensation Committee regularly reviews the objectivity and independence of the advice provided by its compensation advisors on executive and non-employee director compensation and believes that the work of Compensia during 2019, raised no conflict of interest. In reaching this conclusion, our Compensation Committee has assessed the independence of Compensia taking into account, among other things, the six factors set forth in Exchange Act Rule 10C-1 and the applicable NASDAQ listing standards.

Family Relationships

Alison D. Burcar, the Company's Corporate Vice President, Product Strategy for IV Consumables, is the niece of Dr. Lopez, a director and the founder of the Company. There are no other family relationships among the executive officers or directors of the Company.

Transactions with Related Persons

Item 404 of Regulation S-K requires that we disclose any transactions between us and any related parties, as defined by Item 404, in which the amount involved exceeds \$120,000 and in which any related party had or will have a direct or indirect material interest.

Mr. Nicholas Lopez is the son of Dr. Lopez, a director and the founder of the Company and is the Product Manager, Specialty Infusion Consumables. For 2019, Mr. Nicholas Lopez received approximately \$150,000 for his services.

Policies and Procedures Regarding Transactions with Related Persons

We attempt to review all related person transactions to ensure fairness to the Company and proper disclosure under SEC rules. Pursuant to the Audit Committee Charter, our Audit Committee is responsible for reviewing and approving all related person transactions. Additionally, our Board conducts annual reviews of each director to determine such director's independence. We also require each of our executive officers and directors to complete a questionnaire that is intended to identify transactions or potential transactions that require disclosure under SEC rules or create a potential conflict of interest. In determining whether to approve a related party transaction, our Audit Committee considers the general fairness of the transaction to the Company, including the material terms and conditions of the proposed transaction, the related party's interest, the amount involved in the transaction and whether the transaction is on terms comparable to terms available in a transaction involving an unrelated third party.

Pursuant to our written Code of Business Conduct and Ethics, each executive officer or director must receive approval of the Nominating Governance Committee or the Board prior to engaging in certain transactions that are likely to involve a conflict of interest.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's officers and directors and persons who own more than 10% of the Company's Common Stock to file reports on prescribed forms regarding ownership of and transactions in the Common Stock with the SEC. We typically prepare Section 16(a) forms on behalf of our executive officers and directors based on information provided by them. Based solely on a review of this information and representations by our executive officers and directors that no other reports were required, the Company believes that with respect to 2019, except as set forth herein, all Section 16(a) filings were filed on a timely basis. On February 21, 2019 one Form 4 for Mr. McCall was inadvertently filed late and on February 22, 2019, one Form 4 for each of Messrs. Lamb and Woolson and Ms. Sanzone was inadvertently filed late. Each Form 4 was for the vesting of an annual grant of equity awards on February 15, 2019.

MANAGEMENT PROPOSALS REQUIRING YOUR VOTE

Proposal 1- Election of Directors

Nominees and Directors

All of the seven directors currently constituting the Board, whose terms expire in 2020, are standing for reelection at the Annual Meeting to serve until the next annual meeting of stockholders or until such directors' successors are elected and qualified.

Based on the recommendation of the Nominating Committee, the Board nominated and recommends that you vote **FOR** Vivek Jain, George A. Lopez, M.D., Robert S. Swinney, M.D., David C. Greenberg, Elisha W. Finney, David F. Hoffmeister and Donald M. Abbey, who are now members of the Board and whose current terms of office are expiring.

It is not anticipated that the nominees will decline or be unable to serve as directors. If, however, that should occur, the proxy holders will vote the proxies in their discretion for any nominee designated to fill the vacancy by the Company's Nominating Governance Committee.

The following are summaries of the background, business experience and descriptions of the principal occupations of our directors. Directors' ages are as of March 20, 2020.

Vivek Jain

Mr. Jain, 48, joined the Company as CEO and Chairman of the Board in February 2014. The Board believes that including the CEO as a director is an efficient way of ensuring continuity between the development and execution of the Company's business strategies. Mr. Jain served as CareFusion Corporation's ("CareFusion") President of Procedural Solutions from 2011 to February 2014. Mr. Jain served as President, Medical Technologies and Services of CareFusion from 2009 until 2011. Mr. Jain served as the Executive Vice-President-Strategy and Corporate Development of Cardinal Health from 2007 until 2009. Mr. Jain served as Senior Vice President, Business Development and M&A for the Philips Medical Systems business of Koninklijke Philips Electronics N.V., an electronics company from 2006 to August 2007. Mr. Jain served as an investment banker at J.P. Morgan Securities, Inc., an investment banking firm, from 1994 to 2006. Mr. Jain's last position with J.P. Morgan was as Co-Head of Global Healthcare Investment Banking from 2002 to 2006.

George A. Lopez, M.D.

Dr. Lopez, 72, has been a director since 1984. He is the founder of the Company and served as Chairman of the Board, President and CEO from 1989 to October 2013, stepping down from these positions for health reasons. The Board believes Mr. Lopez should serve as a director due to his extensive experience with the Company and industry knowledge provides an invaluable insight to the Board on issues involving the Company and its goals.

Robert S. Swinney, M.D.

Dr. Swinney, 74, has been a director since 1998, serves as Chair of the Compensation Committee and is a member of the Nominating Governance Committee and previously served as a director from 1989 to October 1995. Dr. Swinney has more than 30 years of experience as a critical care physician in a large, public teaching hospital, where he has formerly served as the critical care unit director and Chair of the ICU Committee. Dr. Swinney also has experience in private primary care practice and emergency medicine. He holds two patents for medical products and, in his daily work, was frequently called upon to examine and evaluate new medical products. The Board benefits from Dr. Swinney's medical and leadership experience, including Dr. Swinney's work with patents, which has provided him with a high level of technical expertise, enabling him to evaluate new developments in medical technology in light of his long-term evaluation of advances. The Board believes Dr. Swinney should serve as a director due to his medical and leadership experience, including Dr. Swinney's work with patents, which has provided him with a high level of technical expertise, which enables him to evaluate new developments in medical technology.

David C. Greenberg

Mr. Greenberg, 53, has been a director since 2015, serves as Lead Independent Director and Chair of the Nominating Governance Committee and is a member of the Audit Committee. Mr. Greenberg is currently serving as Managing Director of HomeThrive, Inc. Mr. Greenberg joined HomeThrive, Inc. in October 2018. Mr. Greenberg was Executive Vice President, Strategy of Medline Industries, Inc. ("Medline") from June, 2008 to October 2018. Medline is a privately held manufacturer and distributor

of medical supplies uniquely positioned to provide products, education and support across the continuum of care. In that capacity, Mr. Greenberg is a member of Medline's Executive Board and advises top leadership/ownership on all aspects of the business. Mr. Greenberg is responsible for Strategy, Business Development and M&A. Additionally, Mr. Greenberg is a Group President and has responsibility for Medline's distribution business and several manufacturing and marketing divisions. Mr. Greenberg has served on the board of directors for Amendia, Inc., a spinal implant company. Previously, Mr. Greenberg spent thirteen years in a variety of leadership positions within Aon Corporation, including Chief Financial Officer of its Aon Global subsidiary. Mr. Greenberg is a director at Potrero Medical, Inc., the latest spinout of medical device incubator Theranova, LLC and has also served on the board of directors of HomeThrive, Inc. since October 2018. The Board believes Mr. Greenberg should serve as a director due to his extensive knowledge and experience in the medical industry, demonstrated executive leadership in business and insight into financial matters.

Elisha W. Finney

Ms. Finney, 58, has been a director since January 2016, and serves as Chair of the Audit Committee. Ms. Finney, now retired, was named Vice President, Finance and CFO of Varian Medical Systems in April 1999. In January 2005, she was promoted to Senior Vice President and given additional management responsibility for the Corporate Information Systems group. She was named Executive Vice President in February 2012. Varian Medical Systems is a leading manufacturer of medical devices and software for treating cancer and other medical conditions with radiotherapy, radiosurgery, proton therapy and brachytherapy. Ms. Finney managed a worldwide staff of 400. Her management responsibilities included corporate accounting; corporate communications and investor relations; internal financial and compliance audit; risk management; tax and treasury, and corporate information systems. Ms. Finney joined Varian as risk manager in 1988 and has assumed a wide variety of finance functions over her last 27 years with the company. Prior to joining Varian, Ms. Finney was with the Fox Group in Foster City, CA, and Beatrice Foods, a major food processing company, in Chicago, IL. Ms. Finney has served on the boards of: iRobot Corporation, a robotics technology company, since January 2017; NanoString Technologies, a company that specializes in development of cancer diagnostics tools, since May 2017; Mettler Toledo, a multinational manufacturer of scales and analytical instruments, since November 2017; and Cutera, Inc. a global provider of laser and other energy-based aesthetic systems, from November 2017 to May 2019. Ms. Finney previously served on the boards of directors of: Laserscope from August 2005 until July 2006 when Laserscope was sold to American Medical Systems; Thoratec, a developer, manufacturer and marketer of proprietary medical devices for mechanical circulatory support from July 2007 to May 2013; and Altera Corporation, a manufacturer of programmable logic devices from September 2011 until December 2015, when Altera was sold to Intel. The Board believes Ms. Finney should serve as a director due to her extensive knowledge and experience in the medical industry and her financial knowledge and experience, particularly with respect to her service on the Audit Committee.

David F. Hoffmeister

Mr. Hoffmeister, 65, has been director since January 2018 and serves as a member of the Audit Committee and the Compensation Committee. Mr. Hoffmeister served as Senior Vice President and Chief Financial Officer of Life Technologies Corp. from 2004 to 2014. Prior to joining Life Technologies, Mr. Hoffmeister was a senior partner with McKinsey & Co., focusing on health care, private equity and chemicals industries. Before joining McKinsey, Mr. Hoffmeister held financial positions at GTE Corp. and W.R. Grace and Co. Mr. Hoffmeister currently serves on the boards of Kaiser Foundation Health Plan, Inc., and Kaiser Foundation Hospitals and has since November of 2014. Mr. Hoffmeister currently serves on the Board of Directors of Glaukos Corp. and has since 2014. Mr. Hoffmeister also serves on the Board of Directors for Celanese Corp. since 2005. Mr. Hoffmeister received a bachelor's of science degree from University of Minnesota and a M.B.A. from University of Chicago. The Board believes Mr. Hoffmeister should serve as a director due to his strong finance background and extensive experience as a chief financial officer of a global biotechnology company.

Donald M. Abbey

Mr. Abbey, 53, has been director since January 2018 and is a member of the Nominating Governance Committee and the Compensation Committee. Mr. Abbey is currently serving as Executive Vice President, Quality and Information Technology at Dexcom, Inc. ("Dexcom"). Mr. Abbey joined Dexcom in May of 2016. Initially, upon joining Dexcom Mr. Abbey was Executive Vice President, Quality until January of 2017 when he was promoted to his current position. Prior to joining Dexcom, Mr. Abbey was with Becton Dickinson (who acquired CareFusion Corporation in 2015 and which was spun out of Cardinal Health in 2009 (collectively, "BD") from 2007. Mr. Abbey served in many roles over his years at BD including most recently as the Senior Vice President, Quality and Regulatory. Prior to his time at BD, Mr. Abbey held senior quality and regulatory affairs and general management positions with Respironics, Welch Allyn and Philips Healthcare. Mr. Abbey began his career at Varian Medical and Boston Scientific holding positions with increasing responsibility in research and development and quality. Mr. Abbey received a B.S.E.E from Washington State University and a M.B.A from University of Washington. The Board believes Mr. Abbey should

serve as a director due to his extensive knowledge and experience in the medical industry and particularly, his knowledge of compliance and regulatory requirements.

Proposal 2 - Ratification of Independent Registered Public Accounting Firm

Deloitte & Touche LLP (“Deloitte”) has been the Company’s independent registered public accounting firm since its selection by the Audit Committee on March 19, 2008. Deloitte was most recently ratified by the stockholders at the 2019 Annual Meeting of Stockholders as the independent registered public accounting firm of the Company for the year ended December 31, 2019.

The Audit Committee has appointed Deloitte to continue as the independent registered accounting firm of the Company for the year ending December 31, 2020. Representatives of Deloitte are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and respond to appropriate questions. Although the ratification by stockholders is not required, if a majority of stockholders does not ratify the selection of Deloitte, the Audit Committee may continue to retain Deloitte or may consider whether it should appoint another independent registered public accounting firm.

The Board recommends that you vote **FOR** the ratification of the appointment of Deloitte.

Fees Paid to Auditors

It is the policy of our Audit Committee to have the engagement of our independent registered public accounting firm to perform any audit or non-audit services approved in advance by the Audit Committee. Such approval authority is delegated to the Chairman of the Audit Committee on behalf of the Audit Committee as permitted by the Audit Committee Charter. In 2018 and 2019, all fees to our auditors were pre-approved by the Audit Committee.

Deloitte was our independent registered public accounting firm in 2018 and 2019. Fees billed by Deloitte for 2018 and 2019 were as follows:

	2018	2019
Audit fees	\$ 3,752,614	\$ 3,629,874
Audit related fees	\$ —	\$ —
Tax fees	\$ —	\$ —
All other fees *	\$ 8,417,488	\$ 213,560

*The 2019 and 2018 other fees were primarily for consulting services provided by Deloitte Consulting with regard to the Company's integration of its February 3, 2017 acquisition of HIS.

Proposal 3 - Advisory Vote to Approve Named Executive Officer Compensation

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934, as amended, our Board is requesting that stockholders approve, on a non-binding, advisory basis, the compensation of our named executive officers for 2018 as described in the CD&A and Executive Compensation tables on pages 8 through 18 of this proxy statement.

The Board believes that the information provided above in the CD&A and Executive Compensation sections of this Proxy Statement demonstrates that our executive compensation programs are designed to emphasize pay for performance and are directed toward aligning management’s interests with our stockholders’ interests. Accordingly, our Board recommends that stockholders approve the following resolution:

RESOLVED, that the stockholders of ICU Medical, Inc. approve, on an advisory basis, the compensation paid to the Company's named executive officers as described in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosures.

This advisory Say-On-Pay vote is non-binding on the Board. Although the vote is non-binding, the Board and our Compensation Committee will review and thoughtfully consider the voting results when making future decisions concerning the compensation of the Company's named executive officers.

The Board recommends a vote **FOR** approval of the compensation of the Company's named executive officers.

ANNUAL REPORT

The Company's Annual Report on Form 10-K for the year ended December 31, 2019 is being mailed to all stockholders together with this Proxy Statement.

THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF ITS ANNUAL REPORT ON FORM 10-K, INCLUDING FINANCIAL STATEMENTS AND RELATED SCHEDULES, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, UPON REQUEST IN WRITING FROM ANY PERSON WHO WAS A HOLDER OF RECORD, OR WHO REPRESENTS IN GOOD FAITH THAT HE OR SHE WAS A BENEFICIAL OWNER, OF COMMON STOCK OF THE COMPANY ON MARCH 20, 2020. ANY SUCH REQUEST SHALL BE ADDRESSED TO THE SECRETARY OF THE COMPANY AT 951 CALLE AMANECER, SAN CLEMENTE, CA 92673. THE COMPANY'S ANNUAL REPORT ON FORM 10-K IS ALSO POSTED ON THE COMPANY'S WEBSITE, WWW.ICUMED.COM.

NOMINATION OF DIRECTORS AND SUBMISSION OF STOCKHOLDER PROPOSALS

As required and in accordance with our Bylaws, any stockholder who intends to nominate persons for election as directors at an Annual Meeting shall give timely written notice to the Secretary of the Company setting forth (a) as to each nominee whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) the class and number of shares of capital stock of the corporation that are beneficially owned by the nominee and (iv) any other information concerning the nominee that would be required under the rules of the SEC in a proxy statement soliciting proxies for the election of such nominee; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder and (ii) the class and number of shares of capital stock of the Company that are beneficially owned by the stockholder. Such notice shall include a signed consent of each such nominee to serve as a director of the Company, if elected. The notice shall also include certain other information about the stockholder giving notice and associates of such stockholder, as required by the Company's Bylaws, and the Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility for such proposed nominee to serve as a director of the Company.

Any stockholder who intends to propose any business at a meeting shall give timely written notice to the Secretary of the Company setting forth as to each matter the stockholder proposes to bring before the meeting, (i) a brief description of the business to be brought before the meeting and the reasons for conducting the business at the meeting, (ii) the name and record address of the stockholder giving the notice, (iii) the class and number of shares of capital stock of the Company that are beneficially owned by the stockholder, and by any other stockholders known by the stockholder giving the notice to be supporting the proposal and (iv) any material or financial interest of the stockholder in such business. The notice shall also include certain other information about the stockholder giving notice and associates of such stockholder, as required by the Company's Bylaws.

In connection with the 2021 Annual Meeting, each of the notices described above will be timely if it is delivered to or mailed and received at the Company's executive offices not earlier than October 5, 2020 and not later than December 4, 2020. If the date of the 2020 Annual Meeting is advanced or delayed more than 30 days from May 13, 2021 (the one-year anniversary of this year's Annual Meeting), then in each case for notice by the stockholder to be timely, it must be delivered to the Secretary at the Company's principal executive offices not later than the close of business on the later of (i) the 90th day prior to the 2021 Annual Meeting or (ii) the 15th day following the day on which public announcement of the date of the 2021 Annual Meeting is first made.

Consistent with SEC rules, a notice of a proposal that a stockholder is seeking to have included in the Proxy Statement for the 2021 Annual Meeting must be received by the Company at its principal executive offices no later than December 4, 2020, or if the date of the 2021 Annual Meeting is changed by more than 30 days from May 13, 2021, then a date that is a reasonable time before the Company begins to print and mail its proxy materials. If a stockholder or group of stockholders wishes to nominate one or more director nominees to be included in the Company's proxy materials for the 2021 Annual Meeting pursuant to the proxy access provisions of our Bylaws, such proposal must be received by the Company at its principal executive offices no later than December 4, 2020 in order for such proposal to be considered timely. All proposals submitted for inclusion in the Company's proxy statement relating to the 2021 Annual Shareholders' Meeting must comply with all of the requirements of SEC Rule 14a-8. In no event shall any adjournment or postponement of a meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

OTHER MATTERS

The Company knows of no other matters to be brought before the Annual Meeting. If any other matters are properly presented for action, the persons named in the accompanying proxy intend to vote on such matters in their discretion.

SOLICITATION OF PROXIES

The cost of this solicitation of proxies will be borne by the Company. Solicitations will be made by mail, telephone or via the Internet and personally by directors, officers and other employees of the Company, but such persons will not receive compensation for such services over and above their regular salaries. The Company will reimburse brokers, banks, custodians, nominees and fiduciaries holding stock in their names or in the names of their nominees for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such stock.

The SEC has adopted rules that allow a company to deliver a single proxy statement and annual report to an address shared by two or more of its stockholders. This method of delivery, known as "householding," permits us to realize significant cost savings, reduces the amount of duplicate information stockholders receive, and reduces the environmental impact of printing and mailing documents to you. Under this process, certain stockholders will receive only one copy of our proxy materials and any additional proxy materials that are delivered until such time as one or more of these stockholders notifies us that they want to receive separate copies. Any stockholders who object to or wish to begin householding may notify Broadridge by calling toll-free at 800-542-1061, or by writing to Broadridge Financial Solutions, Inc., Household Department, 51 Mercedes Way, Edgewood, New York 11717. We will send an individual copy of the proxy statement to any stockholder who revokes their consent to householding within 30 days of our receipt of such revocation.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in dark ink, appearing to read "Virginia Sanzone", is written over a faint, light-colored circular stamp or watermark.

Virginia Sanzone, Corporate Vice President General Counsel and Secretary

ANNEX A
Use of Non-GAAP Financial Information

This proxy contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Our management believes that the non-GAAP data provides useful supplemental information to management and investors regarding our performance and facilitates a more meaningful comparison of results of operations between current and prior periods. The non-GAAP financial measures included in this proxy are Adjusted EBITDA and adjusted diluted earnings per share ("Adjusted Diluted EPS"). Adjusted EBITDA excludes: interest, net; intangible asset amortization expense; depreciation expense; stock compensation expense; restructuring, strategic transaction and integration expense; adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair market value; contract settlement; change in fair value of contingent earn-out; write-off of assets; supply chain restructuring; and income tax expense. Adjusted Diluted EPS excludes, net of tax: stock compensation expense; intangible asset amortization expense; restructuring, strategic transaction and integration expense; adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair market value; contract settlement; change in the fair value of contingent earn-out; write-off of assets; and supply chain restructuring.

The non-GAAP financial measures should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. There are limitations in using these non-GAAP financial measures because they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies.

Reconciliations of 2019 GAAP to non-GAAP Financial Measures
(in thousands, except per share data)

Adjusted EBITDA

GAAP net income	\$ 101,035
Non-GAAP adjustments:	
Interest, net (a)	(6,205)
Stock compensation expense (b)	21,918
Depreciation and amortization expense (c)	76,916
Restructuring, strategic transaction and integration expense (d)	67,898
Adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair market value (e)	1,512
Contract settlement (f)	9,594
Change in fair value of contingent earn-out (g)	(47,400)
Write-off of assets (h)	12,676
Supply chain restructuring (i)	16,349
Provision for income taxes (j)	13,672
Total non-GAAP adjustments	166,930
Adjusted EBITDA	<u>\$ 267,965</u>

Adjusted Diluted Earnings Per Share

GAAP diluted earnings per share	\$ 4.69
Non-GAAP adjustments:	
Stock compensation expense (b)	\$ 1.02
Amortization expense (k)	\$ 0.82
Restructuring, strategic transaction and integration expense (d)	\$ 3.15
Adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair market value (e)	\$ 0.07
Contract settlement (f)	\$ 0.45
Change in fair value of contingent earn-out (g)	\$ (2.20)
Write-off of assets (h)	\$ 0.59
Supply chain restructuring (i)	\$ 0.76
Estimated income tax impact from adjustments (l)	\$ (1.19)
Adjusted diluted earnings per share	<u>\$ 8.16</u>

(a) Interest, net.

(b) Stock-based compensation expense in accordance with ASC 718.

(c) Depreciation of fixed assets and amortization of intangible assets.

(d) Restructuring, strategic transaction and integration expense.

(e) Adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair market value

(f) Contract settlement.

(g) Change in fair value of contingent earn-out.

(h) Write-off of assets

(i) Supply chain restructuring

(j) Income tax expense recognized during the period.

(k) Amortization expense

(l) Estimated income tax effect on adjustments

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