

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **February 12, 2014**

**ICU Medical, Inc.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction  
of incorporation)

**0-19974**  
(Commission File Number)

**33-0022692**  
(IRS Employer Identification No.)

**951 Calle Amanecer, San Clemente, California**  
(Address of principal executive offices)

**92673**  
(Zip Code)

**(949) 366-2183**

Registrant's telephone number, including area code

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.02 Results of Operations and Financial Condition.**

On February 12, 2014, ICU Medical, Inc. (the “Company”) issued a press release announcing results for the fourth quarter and fiscal year ended December 31, 2013. A copy of the press release is furnished hereto as Exhibit 99.1 and incorporated herein by reference.

## **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

### *Appointment of Vivek Jain as Chief Executive Officer*

On February 7, 2014, the Company and Vivek Jain entered into a new executive employment agreement (the “Agreement”), under which Mr. Jain will serve as the Chief Executive Officer of the Company, effective as of February 13, 2014 (the “Employee Commencement Date”). Effective as of the Employee Commencement Date, Mr. Jain also will be appointed as a member and Chairman of the Company’s board of directors.

Mr. Jain, 41, served as CareFusion’s President, Procedural Solutions since August 2011. From September 2009 until July 2011, Mr. Jain served as President, Medical Technologies and Services of CareFusion. From July 2007 until August 2009, Mr. Jain served as the Executive Vice President-Strategy and Corporate Development of Cardinal Health. Prior to joining Cardinal Health, from May 2006 to August 2007 Mr. Jain served as Senior Vice President/Head of Healthcare Strategy, Business Development and M&A for the Philips Medical Systems business of Koninklijke Philips Electronics N.V., an electronics company. Mr. Jain was an investment banker at J.P. Morgan Securities, Inc., an investment banking firm, from July 1994 to April 2006. His last position with J.P. Morgan was as Managing Director/Co-Head of Global Healthcare Investment Banking from April 2002 to April 2006.

The following summary of the material terms of the Agreement is qualified in its entirety by the full terms and conditions of the Agreement, a copy of which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

The Agreement provides for an indefinite term, subject to earlier termination as described below, and for the following compensation in respect of Mr. Jain’s services as Chief Executive Officer of the Company:

- an annual base salary \$650,000;
  - an initial non-qualified stock option grant (the “Initial Option”) to purchase shares of the Company’s common stock, at an exercise price equal to the closing price of such stock on the date of grant, with a “Black Scholes” value at grant of \$11.7 million, as follows:
    - fifty percent (50%) of the Initial Option will vest ratably during the period of employment as to twenty-five percent (25%) of the shares subject thereto on each annual anniversary of the Employment Commencement Date and, to the extent vested, such shares will become exercisable based on achievement of milestones related to the price of the Company’s common stock during the period of employment and the term of the Initial Option;
    - the remaining fifty percent (50%) of the Initial Option (the “Time-Based Option”) will vest during the period of employment as to twenty-five percent (25%) of the shares subject thereto on the one (1) year anniversary of the Employment Commencement Date and as to 1/48th of the shares subject thereto on each monthly anniversary thereafter;
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- a restricted stock unit grant (the “Initial RSU”) with a value equal to \$4,000,000 based on the closing price of the Company’s stock underlying the RSU on the date of grant, vesting ratably in equal annual increments over a three (3) year period commencing on the Employment Commencement Date;
- participation in the annual bonus plan of the Company, pursuant to which Mr. Jain’s target bonus opportunity will not be less than one hundred percent (100%) of his base salary (for fiscal year 2014, the amount of the actual bonus payable to Mr. Jain will not be less than 66% of his base salary);
- commencing in 2015, 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;
- paid annual vacation with vacation accrual of not less than 5 weeks per year; and
- certain other benefits and reimbursements.

In the event that Mr. Jain’s employment terminates as a result termination by the Company without “cause” (as defined in the Agreement), by Mr. Jain for “good reason” (as defined in the Agreement), “disability” (as defined in the Agreement) 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 prior to the second (2nd) annual anniversary of the Employment Commencement Date, a lump sum payment in cash equal to three (3) times the sum of (x) his base salary and (y) target bonus for the year of termination;
- if such termination occurs on or following the second (2nd) annual anniversary of the Employment Commencement Date, and not in connection with or following a change in control (as defined in the Agreement), a lump sum payment in cash equal to one (1) times the sum of (x) his base salary and (y) target bonus for the year of termination;
- if such termination occurs on or following the second (2nd) annual anniversary of the Employment Commencement Date and in connection with, or at any time following, a change in control, a lump sum payment in cash equal to two (2) times the sum of (x) his base salary and (y) target bonus for the year of termination;
- Immediate vesting of one hundred percent (100%) of the shares subject to the Time-Based Option and the Initial RSU; 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 (3) years following the termination date, but in no event later the ten (10) year term/expiration date of the applicable option.

In the event of a “change in control” (as defined in the Agreement) during the period of employment, Mr. Jain will vest in one hundred percent (100%) of the shares subject to the Initial Option and Initial RSU, and all performance goals or other vesting criteria will be deemed achieved at target levels.

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 (the “Excise Tax”), such payments of benefits would be (i) delivered in full, or (ii) reduced such that no portion of the payments or benefits would be subject to the Excise Tax, whichever is more favorable on an after tax basis to Mr. Jain.

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*Acting President and Chief Executive Officer*

In connection with Mr. Jain's appointment as the Company's Chief Executive Officer, Steve Riggs, who had been serving as the Company's Acting President and Chief Executive Officer, returned to his position as the Company's Vice President of Operations effective as of February 13, 2014.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

- 10.1 Executive Employment Agreement, dated as of February 7, 2014, by and between ICU Medical, Inc. and Vivek Jain.
- 10.2 Amendment to Executive Employment Agreement, dated as of February 12, 2014, by and between ICU Medical, Inc. and Vivek Jain.
- 99.1 Press Release dated February 12, 2014.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 12, 2014

**ICU MEDICAL, INC.**

/s/ Scott E. Lamb

Scott E. Lamb

*Secretary, Treasurer and Chief Financial Officer*

**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
10.1	Executive Employment Agreement, dated as of February 7, 2014, by and between ICU Medical, Inc. and Vivek Jain.
10.2	Amendment to Executive Employment Agreement, dated as of February 12, 2014, by and between ICU Medical, Inc. and Vivek Jain.
99.1	Press Release dated February 12, 2014.

## Executive Employment Agreement

This Executive Employment Agreement (the “Agreement”) is entered into effective as of this 7th day of February, 2014 (the “Effective Date”) by and between ICU Medical, Inc., a Delaware Corporation (the “Company”) and Vivek Jain (“Executive”) (collectively, the “parties”).

### RECITALS

WHEREAS, the Company desires to employ Executive, and Executive desires to be so employed by the Company, on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

#### I. **Position and Responsibilities**

A. **Position.** As of the day prior to the February 2014 earnings call (the “Employment Commencement Date”), Executive shall be employed by the Company to render services to the Company in the position of Chief Executive Officer of the Company. Executive shall report directly to the Board of Directors of the Company (the “Board”), shall be an executive officer of the Company, shall have all authorities, duties and responsibilities customarily exercised by an individual serving as the chief executive officer of an entity of the size and nature of the Company, and shall be assigned no duties or responsibilities that are materially inconsistent with, or that materially impair his duty to discharge, the foregoing duties and responsibilities.

B. **Board Membership.** Effective as of the Employment Commencement Date, Executive shall be appointed as a member and Chairman of the Board.

C. **No Conflict.** Executive represents and warrants that Executive’s execution of this Agreement, employment with the Company, and the performance of Executive’s proposed duties under this Agreement shall not violate any legally enforceable obligations Executive may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity.

D. **Period of Employment.** The period of Executive’s employment under this Agreement is referred to herein as the “Period of Employment.”

E. **Duties.** During the Period of Employment, the Executive shall devote all of the Executive’s business time, energy, business judgment, knowledge and skill and the Executive’s best efforts to the performance of the Executive’s duties with the Company, provided that the foregoing shall not prevent the Executive from (i) serving on the boards of directors of non-profit organizations with the prior written approval of the Board, (ii) participating in charitable, civic, educational, professional, community or industry affairs, and (iii) managing the Executive’s passive personal investments so long as such activities in the aggregate do not materially interfere or materially conflict with the Executive’s duties hereunder or create a potential business or fiduciary conflict.

#### II. **Compensation and Benefits**

A. **Base Salary.** In consideration of the services to be rendered under this Agreement, during the Period of Employment, the Company shall pay Executive a salary at the rate of six hundred fifty thousand Dollars (\$650,000) per year (“Base Salary”). The Base Salary shall be paid in accordance with the Company’s regularly established payroll practice. Executive’s Base Salary shall be adjusted annually upward (but not downward) as determined by the Board or the Compensation Committee of the Board (the “Compensation

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Committee"). Effective as of the date of each such adjustment, the Base Salary as so changed shall be considered the new Base Salary for all purposes of this Agreement.

B. **Signing Award.**

1. On the date following the February 2014 earnings release on which grants are made to employees generally, as a material inducement to the Executive entering into employment with the Company, the Company shall grant Executive a non-qualified stock option to purchase shares of the Company's common stock at an exercise price equal to the closing price of such stock on the date of grant (the "Initial Option"). The Initial Option shall be subject to the terms of the governing Company equity plan and option agreement and shall have a term of ten (10) years, subject to earlier termination in connection with a termination of employment or a corporate transaction. The Initial Option shall have a "Black Scholes" value at grant of \$11.7 million, based on the "Black Scholes" assumptions used by the Company to calculate the grant date fair value of the Initial Option in accordance with Generally Accepted Accounting Principles. For clarity, the number of shares subject to the Initial Option shall equal (x) \$11.7 million divided by (y) the "Black Scholes" value per share as of the date of grant. 50% of the Initial Option shall be referred to as the "Performance-Based Option" and 50% of the Initial Option shall be referred to as the "Time-Based Option." The Performance-Based Option shall vest ratably during the Period of Employment as to 25% of the shares subject to the Performance-Based Option on each annual anniversary of the Employment Commencement Date; provided that, notwithstanding the foregoing, 50% of the shares subject to the Performance-Based Option shall only become vested and exercisable if the closing price of the Company's common stock is 25% higher than the exercise price for at least thirty (30) consecutive trading days, and the remaining 50% of the shares subject to the Performance-Based Option shall only become vested and exercisable if the closing price of the Company's common stock is 50% higher than the exercise price for at least thirty (30) consecutive trading days, in each case during the Period of Employment and the term of the Performance-Based Option. The Time-Based Option shall vest during the Period of Employment as to 25% of the shares subject to the Time-Based Option on the one (1) year anniversary of the Employment Commencement Date and as to 1/48<sup>th</sup> of the shares subject to the Time-Based Option on each monthly anniversary thereafter.

2. On the date following the February 2014 earnings release on which grants are made to employees generally, as a material inducement to the Executive entering into employment with the Company, the Company shall grant Executive a restricted stock unit ("RSU") award with a value equal to \$4,000,000 based on the closing price of the Company's stock underlying the RSU on the date of grant (such RSU, "Initial RSU"). The Initial RSU shall become vested ratably in equal annual increments over a three (3) year period commencing on the Employment Commencement Date and shall be subject to the terms of the governing Company equity plan and RSU agreement.

C. **Incentive Bonus.** For each calendar year during which this Agreement is in effect, Executive shall participate in an annual bonus plan of the Company pursuant to which Executive's target bonus opportunity shall not be less than one hundred percent (100%) of Executive's Base Salary (the "Target Bonus"). The actual bonus paid may be higher or lower than the Target Bonus for over-or under-achievement of Company and individual objectives, with such individual objectives to be mutually agreed upon by the Board or Compensation Committee, and the Executive; provided, however, for fiscal year 2014, the amount of the actual bonus payable to Executive shall not be less than 66% of Executive's Base Salary. The Target Bonus will be subject to annual adjustment by the Board or the Compensation Committee, in its sole discretion; provided, however, that Executive's Target Bonus may not be decreased without Executive's advance written consent. The Executive must remain employed through the end of the fiscal year to which the Target Bonus relates in order to be eligible to receive a bonus for such year. Any bonus earned by Executive during the Period of Employment shall be paid to him as soon as reasonably practicable after the end of the year for which it is earned, but in no event later than March 15 of the year following the year for which it is earned.

D. **Annual Equity Awards.** Commencing in 2015, Executive shall 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. Any equity awards for Executive shall be subject to the review

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and approval of the Board or the Compensation Committee, in its sole and absolute discretion, and shall be made consistent with past Company practice with respect to CEO level awards. The ultimate level of the Executive's participation in any such plans shall be determined in the sole discretion of the Board or the Compensation Committee from time to time.

E. **Benefits.** During the Period of Employment, Executive shall be eligible to participate in the benefit plans made generally available by the Company to similarly-situated executives (including, but not limited to, 401(k) plans, nonqualified deferred compensation plans, and any medical, dental, vision, life insurance, disability, or fringe benefit plans). Further, during the Period of Employment, Executive shall be eligible to take the daily commuter van from north county San Diego to the Company offices that the Company makes available to all employees of the Company.

F. **Vacation.** During the Period of Employment, Executive shall be entitled to receive paid annual vacation with vacation accrual of not less than 5 weeks per year.

G. **Expenses.** The Company shall reimburse Executive for reasonable travel, lodging, entertainment, meal and other business expenses incurred in the performance of Executive's duties hereunder.

H. **Legal Fees.** The Company shall pay all legal fees and charges of counsel that Executive directly or indirectly incurs in connection with negotiating, documenting, implementing and the ability to accept the Agreement, up to a maximum of \$25,000 which shall be paid no later than thirty (30) days after presentation of an acceptable invoice for such fees and/or charges. Executive agrees to submit appropriate documentation to the Company reflecting such fees and/or charges no later than April 30, 2014. The Company agrees to treat the reimbursement of such legal fees as a non-taxable working condition fringe benefit under Internal Revenue Code Section 132(d).

### III. **At-Will Employment; Termination of employment**

A. **At-Will Employment.** Executive's employment with the Company shall be "at-will" at all times, meaning that either Executive or the Company shall be entitled to terminate Executive's employment with the Company at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of the Company relating to the employment, discipline or termination of its employees. Upon and after such termination, all obligations of Executive and the Company under this Agreement shall cease, except as otherwise provided herein.

B. **Termination by the Company or by Death.** Executive's employment by the Company, and the Period of Employment, may be terminated at any time by the Company: (i) with Cause (as defined in Section III.F and in compliance with the Notice of Termination conditions below), (ii) without Cause, or (iii) in the event that the Executive has a Disability (as defined in Section III.F). Executive's employment shall terminate automatically upon Executive's death. The Company shall pay to Executive's spouse, beneficiaries or estate, as required by the terms of Executive's will as instructed by the executor of Executive's estate, any compensation then due and owing. Thereafter all obligations of the Company under this Agreement shall cease. Nothing in this Section shall affect any entitlement of Executive's heirs or devisees to the benefits of any life insurance plan or other applicable benefits.

C. **Termination by Executive.** Executive's employment by the Company, and the Period of Employment, may be terminated by notice to the Company which, to the extent such termination is for Good Reason (as defined in Section III.F), shall comply with the Notice of Termination conditions below.

D. **Benefits upon Termination.** If the Executive's employment by the Company is terminated during the Period of Employment for any reason by the Company or by the Executive (in any case, the date that the Executive's employment by the Company terminates is referred to as the "Severance Date"), the Company shall have no further obligation to make or provide to the Executive, and the Executive shall have no further right to receive or obtain from the Company, any payments or benefits except as follows:

1. The Company shall pay the Executive (or, in the event of his death, the Executive's spouse, beneficiaries or estate, as required by the terms of Executive's will as instructed by the executor of

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Executive's estate) any Accrued Obligations (as defined in Section III.F) within ten (10) days after the Severance Date (or such earlier date as may be required by applicable laws);

2. If, during the Period of Employment, the Executive's employment with the Company terminates as a result of an Involuntary Termination (as defined in Section III.F), subject to the Executive's compliance with the obligations in Section III.D.3 hereof, Executive shall be entitled to the following benefits:

(a) If such termination occurs prior to the second (2<sup>nd</sup>) annual anniversary of the Employment Commencement Date, the Company shall pay Executive a lump sum payment in cash equal to three (3) times the sum of (i) his Base Salary (as in effect immediately prior to the Involuntary Termination) and (ii) Target Bonus for the year of termination (assuming all applicable performance goals and all applicable conditions to receiving such Target Bonus for the year are 100% satisfied). If such termination occurs on or following the second (2<sup>nd</sup>) annual anniversary of the Employment Commencement Date, the Company shall pay Executive a lump sum payment in cash equal to one (1) times (or two (2) times in the event such termination occurs in connection with, or at any time following, a Change in Control (as defined in Section III.F)) the sum of (x) his Base Salary (as in effect immediately prior to the Involuntary Termination) and (y) Target Bonus for the year of termination (assuming all applicable performance goals and all applicable conditions to receiving such Target Bonus for the year are 100% satisfied). This payment, as applicable, shall be subject to tax withholding and other authorized deductions and, subject to Annex A, will be made on the sixtieth day following the date of Executive's termination.

(b) Executive shall immediately vest in 100% of the shares subject to the Time-Based Option and the Initial RSU, all shares subject to the Time-Based Option will become immediately exercisable and all restrictions with respect to the Time-Based Option and Initial RSU shall immediately lapse, in each case, as of the Severance Date. In addition, all of Executive's outstanding Company stock options shall remain exercisable, to the extent vested, for a period of three (3) years following the Severance Date, but in no event later than the ten (10) year term/expiration date of the applicable option.

3. **Release.** Any and all amounts payable and benefits or additional rights provided pursuant to Section III.D.2 shall only be payable if the Executive delivers to the Company and does not revoke the general release of claims in favor of the Company set forth in Exhibit A. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following termination.

E. **Exclusive Remedy; No Mitigation.**

1. The Executive agrees that the payments and benefits contemplated by Section III.D (and any applicable acceleration of vesting of an equity-based award in accordance with the terms of such award in connection with the termination of the Executive's employment) shall constitute the exclusive and sole remedy for any termination of his employment and the Executive covenants not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment.

2. Executive shall not be required to mitigate the amount of any payment or benefit contemplated by Section III.D, nor shall any such payment or benefit be reduced by any earnings or benefits that Executive may receive from any other source.

F. **Certain Defined Terms.**

1. As used herein, "Accrued Obligations" means:

(a) any Base Salary, bonus or other amounts that had been earned and accrued but had not yet been paid (including accrued and unpaid vacation time) on or before the Severance Date; and

(b) any reimbursement due to the Executive pursuant to Section II.G for expenses incurred by the Executive on or before the Severance Date.

2. As used herein, "Cause" shall mean:

(a) the Executive's 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 the Executive from the Board which identifies the manner in which the Board believes the Executive has not substantially performed the Executive's duties;

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(b) the Executive's engagement in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company;

(c) the Executive's conviction of, or plea of no contest to, a felony or a crime involving fraud, embezzlement, or theft; or

(d) the Executive's 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.

3. As used herein, "Change in Control" shall mean:

(a) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 50% or more of either (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection 3(a), the following acquisitions shall not constitute a Change in Control: (1) any acquisition from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (4) any acquisition by any corporation pursuant to a transaction which complies with all of clauses (i), (ii) and (iii) of subsection (c) of this subsection 3;

(b) individuals who, as of the date hereof, constitute the members of the Board (the "Incumbent Directors") ceasing for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the Incumbent Directors then in office shall be deemed to be an Incumbent Director (except that this proviso shall not apply to any individual whose initial election as a director occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board); or

(c) the consummation of a reorganization, merger or consolidation involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), unless, immediately following such Business Combination, each of the following three conditions is satisfied: (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries)(such resulting or acquiring corporation is referred to as the "Acquiring Corporation") in substantially the same proportions, relative to one another, as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, (ii) no Person (excluding the Acquiring Corporation or any employee benefit plan (or related trust) maintained or sponsored by the Company or the Acquiring Corporation) beneficially owns, directly or indirectly, 50% or more of the then-outstanding shares of common stock of the Acquiring Corporation, or of the combined voting power of the then-outstanding voting securities of such corporation (except to the extent that such ownership existed prior to the Business Combination) and (iii) a majority of the members of the board of directors of the Acquiring Corporation were Incumbent Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

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4. As used herein, "Disability" or "Disabled" shall mean the Executive's absence from the full-time performance of the Executive's duties with the Company for 180 consecutive calendar days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

5. As used herein, "Good Reason" shall mean the occurrence, without the Executive's written consent, of any of the events or circumstances set forth in clauses (a) through (d) below. Notwithstanding the occurrence of any such event or circumstance, such occurrence shall not be deemed to constitute Good Reason if, prior to the Date of Termination specified in the Notice of Termination given by the Executive in respect thereof, such event or circumstance has been fully corrected and the Executive has been reasonably compensated for any losses or damages resulting therefrom; provided that such right of correction by the Company shall only apply to the first Notice of Termination for Good Reason given by the Executive:

(a) any significant diminution in the Executive's duties, responsibilities or authority;

(b) a material reduction in the Executive's Base Salary;

(c) a requirement that Executive report to a corporate officer or employee instead of reporting directly to the Board;

(d) a material change by the Company (or a successor, if appropriate) in the location at which the Executive performs the Executive's principal duties for the Company to a new location that is either (i) more than 30 miles from the location at which the Executive performs his principal duties for the Company immediately prior to such change, and which results in a material increase in the Executive's daily commuting distance (by way of example, an increase in Executive's one way commute by more than 30 miles would be considered a material increase in the Executive's daily commuting distance); or (ii) a requirement by the Company that the Executive travel on Company business (more than 30 miles from the location at which the Executive performs his principal duties for the Company) to a materially greater extent than required immediately prior to such requirement; or

(e) any material breach by the Company of this Agreement, including any intentional or commercially unreasonable failure of the Company to pay or provide to the Executive any material portion of the Executive's compensation or benefits due under this Agreement or any other material compensation or benefit plan or program within seven days of the date such compensation or benefits are due.

6. As used herein, "Incumbent Directors" shall mean directors who either (A) are members of the Board as of the Effective Date, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

7. As used herein, "Involuntary Termination" shall mean a Good Reason or a termination of the Executive by the Company without Cause. For purposes of clarity, the term Involuntary Termination also includes a termination of the Executive's employment due to the Executive's death or Disability.

8. As used herein, "Notice of Termination" shall mean written notice to the other party hereto for any termination of the Executive's employment by the Company for Cause or by the Executive for Good Reason, given in accordance with Section X. Any Notice of Termination shall: (i) indicate the specific termination provision (if any) of this Agreement relied upon by the party giving such notice; (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination for the Executive's employment under the provision so indicated and (iii) specify the Date of Termination (as defined below). The date on which an employment termination becomes effective (the "Date of Termination") shall be the close of business on the date specified in the Notice of Termination

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(which date shall be 30 days after the date of delivery of such Notice of Termination). In addition, the following terms and conditions apply to the Notice of Termination, as applicable:

(a) The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, to assert any such fact or circumstance in enforcing the Executive's or the Company's right hereunder.

(b) Any Notice of Termination for Cause given by the Company must be given within sixty (60) days of the occurrence of the event(s) or circumstance(s) which constitute(s) Cause. Prior to any Notice of Termination for Cause being given (and prior to any termination for Cause being effective), the Executive shall be entitled to a hearing before the Board at which the Executive may, at the Executive's election, be represented by counsel and at which he shall have a reasonable opportunity to be heard. Such hearing shall be held with not less than fifteen (15) days' prior written notice to the Executive stating the Board's intention to terminate the Executive for Cause and stating in detail the particular event(s) or circumstance(s) which the Board believes constitutes Cause for termination.

(c) Any Notice of Termination for Good Reason given by the Executive must be given within sixty (60) days of the initial occurrence of the event(s) or circumstance(s) which constitute Good Reason.

#### IV. **CHANGE IN CONTROL**

A. **Treatment of Equity Awards.** In the event of a Change in Control during the Period of Employment, with respect to the Initial Option and Initial RSU, Executive will vest in and have the right to exercise, as applicable, 100% of the shares subject to the Initial Option and Initial RSU, all restrictions thereon will lapse, and all performance goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions will be met immediately prior to, and contingent on, the specified effective date of such Change in Control.

B. **Limitation on Payments.** In the event that any of the payments or benefits provided for in this Agreement or otherwise (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) but for this Section IV.B, would be subject to the excise tax imposed by Section 4999 of the Code, then the Executive's payments or benefits under this Agreement or otherwise will be either:

1. delivered in full, or
2. delivered as to such lesser extent which would result in no portion of such payments or benefits being subject

to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by the Executive on an after-tax basis of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments or benefits may be taxable under Section 4999 of the Code. Unless the Company and the Executive otherwise agree in writing, any determination required under this Section IV.B will be made in writing by the Company's independent public accountants at least ten (10) days prior to the date of the Change in Control (the "Accountants"), whose determination will be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this Section IV.B, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section IV.B. The Company will bear all fees and costs payable to the Accountants in connection with any calculations contemplated by this Section IV.B. Any reduction made pursuant to this Section IV.B shall be made in accordance with the following order of priority: (i) stock options whose exercise price exceeds the fair market value of the optioned stock ("Underwater Options") (ii) Full Credit Payments (as defined below) that are payable in cash, (iii) non-cash Full Credit Payments that are taxable, (iv) non-cash Full Credit Payments that are not taxable (v) Partial Credit Payments (as defined below) and (vi) non-cash employee welfare benefits.

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In each case, reductions shall be made in reverse chronological order such that the payment or benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first payment or benefit to be reduced (with reductions made pro-rata in the event payments or benefits are owed at the same time). "Full Credit Payment" means a payment, distribution or benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, that if reduced in value by one dollar reduces the amount of the parachute payment (as defined in Section 280G of the Code) by one dollar, determined as if such payment, distribution or benefit had been paid or distributed on the date of the event triggering the excise tax. "Partial Credit Payment" means any payment, distribution or benefit that is not a Full Credit Payment. In no event shall Executive have any discretion with respect to the ordering of payment reductions.

V. **Termination Obligations**

A. **Return of Property.** Executive agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to Executive's employment belongs to the Company and shall be promptly returned to the Company upon termination of Executive's employment.

B. **Resignation and Cooperation.** Upon termination of Executive's employment, Executive shall be deemed to have resigned from all offices and directorships then held with the Company. Following any termination of employment, Executive shall cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Executive shall also cooperate with the Company in the defense of any action brought by any third party against the Company that relates to Executive's employment by the Company; provided, however, that (except with respect to any such action brought by a former employer of Executive that is related to such prior employment) Executive and the Company shall mutually agree in good faith on a reasonable rate of pay to compensate Executive for his time and efforts to assist the Company in any such defense.

VI. **Inventions and Proprietary Information; Prohibition on Third Party Information**

A. **Confidentiality Agreement.** Executive agrees to sign and be bound by the terms of the Company's Confidentiality and Inventions Agreement, which is attached as Exhibit B ("Confidentiality Agreement").

B. **Non-Disclosure of Third Party Information.** Executive represents and warrants and covenants that Executive shall not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others at any time, including but not limited to any proprietary information or trade secrets of any former employer, if any; and Executive acknowledges and agrees that any violation of this provision shall be grounds for Executive's immediate termination and could subject Executive to substantial civil liabilities and criminal penalties. Executive further specifically and expressly acknowledges that no officer or other employee or representative of the Company has requested or instructed Executive to disclose or use any such third party proprietary information or trade secrets.

VII. **dispute resolution**

A. Executive and the Company ("the parties") agree that any dispute arising out of or related to his employment shall be resolved by final and binding arbitration, except where subsection (6) below specifically allows a different remedy. Any arbitration proceeding shall be conducted in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association. Executive and the Company further agree that the following dispute resolution procedures shall apply:

1. The parties shall use their best efforts to resolve any such dispute informally. If the matter is not resolved, the parties agree that the dispute shall be resolved by binding arbitration. If the parties are unable to jointly select a single arbitrator, they will obtain a list of five (5) arbitrators from the American Arbitration Association and select a single arbitrator by striking names from the list (each party may strike up to three (3) names and an arbitrator shall be selected from the remaining name(s), or the procedure shall be repeated until one name is selected by both parties).

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2. The arbitrator shall have the authority to determine whether the conduct complained of violates the complainant's legal rights and, if so, to grant any relief authorized by law, subject to the exclusions of subsection (6) below.

3. Where Executive initiates such arbitration, Executive shall be required to pay administrative fees to the arbitrator not to exceed the amount of the then-current filing for a similar civil action filed in the Superior Court of San Francisco County, California. The Company will pay the remaining costs of any arbitration fees, deposits and administrative costs assessed by the arbitrator. Each party shall pay its own costs and attorney's fees; however, the arbitrator shall have the power to award attorneys' fees, expert witness fees, and costs to the prevailing party to the extent provided by applicable law.

4. Arbitration shall be the exclusive final remedy for any dispute between the parties, such as disputes involving claims for discrimination or harassment (such as claims under the Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, or the Age Discrimination in Employment Act), wrongful termination, breach of contract, breach of public policy, physical or mental harm or distress or any other disputes.

5. The arbitrator shall prepare a written decision containing the essential findings and conclusions on which the award is based so as to ensure meaningful judicial review of the decision. The arbitrator shall apply the same substantive law, with the same statutes of limitations and same remedies that would apply if the claims were brought in a court of law. The arbitrator shall have the authority to rule on a motion to dismiss and/or summary judgment by either party, and the arbitrator shall apply the standards governing such motions under the California Code of Civil Procedure.

6. The parties agree that the arbitration award shall be enforceable in any court having jurisdiction to enforce this Agreement; however, either party may bring an action in a court of competent jurisdiction regarding or related to matters involving the Company's confidential, proprietary or trade secret information, including, but not limited to, any rights under the Confidentiality Agreement, attached hereto as Exhibit B, or regarding or related to inventions that Executive may claim to have developed prior to joining the Company or after joining the Company, pursuant to California Labor Code Section 2870.

7. BY AGREEING TO THIS BINDING ARBITRATION PROVISION, BOTH EXECUTIVE AND THE COMPANY AGREE TO GIVE UP ALL RIGHTS TO TRIAL BY JURY.

#### VIII. **Amendments; Waivers; Remedies**

This Agreement may not be amended or waived except by a writing signed by Executive and by a duly authorized representative of the Company other than Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

#### IX. **Assignment; Binding Effect**

A. **Assignment.** The performance of Executive is personal hereunder, and Executive agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or a sale of any or all or substantially all of its assets.

B. **Binding Effect.** Subject to the foregoing restriction on assignment by Executive, this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliates, officers, directors, agents, successors and assigns of the Company; and the heirs, devisees, spouses, legal representatives and successors of Executive.

#### X. **Notices**

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered: (a) by hand; (b) by a nationally recognized overnight courier service; or (c) by United States first class registered or certified mail, return receipt requested, to the

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principal address of the other party, as set forth below. The date of notice shall be deemed to be the earlier of (i) actual receipt of notice by any permitted means, or (ii) five business days following dispatch by overnight delivery service or the United States Mail. Executive shall be obligated to notify the Company in writing of any change in Executive's address. Notice of change of address shall be effective only when done in accordance with this paragraph.

Company's Notice Address:

ICU Medical, Inc.  
951 Calle Amanecer  
San Clemente, CA 92673

with a copy to:

Morrison & Foerster LLP  
755 Page Mill Road  
Palo Alto, CA 94304-1018  
Attn: Michael T. Frank

Executive's Notice Address:

Vivek Jain  
PO Box 676303  
Rancho Santa Fe, CA 92067

XI. **Severability**

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. In the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall reduce the time period or scope to the maximum time period or scope permitted by law.

XII. **Taxes**

All amounts paid or provided under this Agreement shall be subject to Annex A, as applicable, and paid less all applicable state and federal tax withholdings (if required) and any other withholdings required by any applicable jurisdiction or authorized by Executive.

XIII. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

XIV. **Interpretation**

Each party recognizes that this is a legally binding contract and acknowledges and agrees that they have had the opportunity to consult with legal counsel of their choice. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. The Executive agrees and acknowledges that he has read and understands this Agreement, is entering into it freely and voluntarily, and has been advised to seek counsel prior to entering into this Agreement and has had ample opportunity to do so. Sections and section headings contained in this Agreement are for reference purposes only, and shall not

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affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

**XV. OBLIGATIONS SURVIVE TERMINATION OF EMPLOYMENT**

Executive agrees that any and all of Executive's obligations under this agreement, including but not limited to Exhibit B, shall survive the termination of employment and the termination of this Agreement.

**XVI. Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

**XVII. Authority**

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

**XVIII. Entire Agreement**

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive's employment by the Company and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein (including the Confidentiality Agreement attached as Exhibit B). This Agreement supersedes all prior and contemporaneous agreements of the parties hereto that directly or indirectly bears upon the subject matter hereof. To the extent that the practices, policies or procedures of the Company, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control.

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In Witness Whereof, the parties have duly executed this Agreement as of the date first written above.

ICU MEDICAL, INC.  
/s/ Steven C. Riggs  
Acting President and Chief Executive Officer  
Title

February 4, 2014  
Date

VIVEK JAIN  
/s/ Vivek Jain  
Signature

February 7, 2014  
Date

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## ANNEX A

### SECTION 409A ADDENDUM

To the extent that any reimbursement of expenses or in-kind benefits provided to Executive under the Agreement or otherwise are subject to the provisions of Section 409A, any such payments, reimbursements and/or benefits (i) shall be paid or reimbursed promptly but no later than December 31st of the year following the year in which the expense was incurred, (ii) shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided, in any other taxable year and (iii) shall not be subject to liquidation or exchange for another benefit.

Further, the severance payments set forth in Section III.D. are intended to satisfy the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations under Section 409A of the Internal Revenue Code of 1986, as amended. To the extent the severance payments do not satisfy this rule, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to the Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and any guidance promulgated thereunder (“Section 409A”) (together, the “Deferred Payments”) will be paid or otherwise provided until Executive has had a “separation from service” within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Executive has had a “separation from service” within the meaning of Section 409A. Each payment and benefit payable under the Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. In addition, to the extent that the payment of any amount pursuant to Section III.D.2 is considered deferred compensation under Section 409A, any such payment scheduled to occur during the first sixty (60) days following the termination of employment pursuant to Section III.D.2 shall not be paid until the sixtieth (60<sup>th</sup>) day following such termination and shall include payment of any amount that was otherwise scheduled to be paid prior thereto.

Notwithstanding anything to the contrary in the Agreement, if Executive is a “specified employee” within the meaning of Section 409A at the time of Executive’s termination (other than due to death), then the Deferred Payments that would otherwise have been payable within the first six (6) months following Executive’s separation from service, will be paid on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive’s separation from service, but in no event later than seven months after the date of such separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive’s separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit.

The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to the Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

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## EXHIBIT A

### General Release of Claims

You hereby enter into this General Release of Claims (the "Release") on the terms described below with ICU Medical, Inc., a Delaware corporation (the "Company"). In consideration of the payments and benefits set forth in Section III.D.2 of the Employment Agreement entered into by and between you and the Company, dated February 7, 2014 (the "Employment Agreement") and for other good and valuable consideration, the sufficiency of which you hereby agree to and acknowledge, you hereby waive and release to the maximum extent permitted by applicable law any and all claims or causes of action, whether or not now known, against the Company or its predecessors, successors, or past or present subsidiaries, officers, directors, agents, attorneys, employees, stockholders, assigns and employee benefit plans, with respect to any matter including, without limitation, any matter related to your employment with the Company or the termination of that employment relationship. This waiver and release includes, without limitation, claims under the Employee Retirement Income Security Act (ERISA); claims for attorneys' fees or costs; claims of wrongful discharge, constructive discharge, emotional distress, defamation, invasion of privacy, fraud, breach of contract, and breach of the covenant of good faith and fair dealing; any claims of discrimination, harassment, or retaliation based on sex, age, race, national origin, disability or on any other basis, under Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act, or any other federal, state, or local law prohibiting discrimination and/or harassment; and claims under the California Labor Code, the California Business and Professions Code, and all other laws and regulations relating to employment.

You expressly waive and release any and all rights and benefits under Section 1542 of the *Civil Code of the State of California* (or any analogous law of any other state), which reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his OR HER favor at the time of executing the release, which, if known by him OR HER, must have materially affected his or HER settlement with the debtor."

You understand and agree that claims or facts in addition to or different from those which are now known or believed by you to exist may hereafter be discovered, but it is your intention to release all claims that you have or may have against the parties set forth above, whether known or unknown, suspected or unsuspected.

The waiver and release contained in this Release does not apply to (i) your rights under California Labor Code section 2802 and your indemnification rights under any indemnification agreement entered into by and between you and the Company and the Company's internal governing documents, or (ii) any claim which, as a matter of law, cannot be released by private agreement. If any provision of the waiver and release contained in this Release is found to be unenforceable, it shall not affect the enforceability of the remaining provisions and a court shall enforce all remaining provisions to the full extent permitted by law.

You acknowledge and agree that, as of the date of this Release, you have been paid all compensation for all of your services with the Company and you are not entitled to any further money or benefits from the Company.

At all times in the future, you will remain bound by the Confidentiality and Inventions Agreement entered into by and between you and the Company, dated March 3, 2014 (the "Confidentiality Agreement").

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Nothing contained in this Release shall constitute or be treated as an admission by you or the Company of any liability, wrongdoing, or violation of law.

You agree that you will not disclose to others the fact or terms of this Release, except that you may disclose such information to your spouse or to your attorney or accountant in order for such individuals to render services to you.

You agree not to disparage the Company or to say or write anything that portrays the Company, its products or personnel in a negative light. The Company agrees to direct its officers and directors not to disparage you or to make any public comments that portray you in negative light.

This Release constitutes the entire agreement between you and the Company and any affiliate of the Company regarding the subject matter of this Release. This Release supersedes any other agreements, representations or understandings, whether oral or written and whether express or implied, which relate to the subject matter of this Release with the exception of the Confidentiality Agreement. You understand and agree that this Release may be modified only in a written document signed by you and a duly authorized officer of the Company.

This Release shall be construed and interpreted in accordance with the laws of the State of California.

The provisions of this Release are severable. If any provision of this Release is held invalid or unenforceable, such provision shall be deemed deleted from this Release and such invalidity or unenforceability shall not affect any other provision of this Release, the balance of which will remain in and have its intended full force and effect; provided, however that if such invalid or unenforceable provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to have been modified so as to be valid and enforceable to the maximum extent permitted by law.

You agree that this Release may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one agreement. Execution of a facsimile copy or scanned image shall have the same force and effect as execution of an original, and a facsimile signature or scanned image shall be deemed an original and valid signature.

To accept this Release, please sign and date this Release and return it to me. You have until 5:00 p.m. PT on February 10, 2014 to review and consider this Release and to provide me with an executed copy thereof. Please indicate your agreement with the above terms by signing below.

Sincerely,

ICU MEDICAL, INC.

By: /s/ Steven C. Riggs  
(Signature)

Name: Steven C. Riggs

Title: Acting President and Chief Executive Officer

You have up to twenty-one (21) days after receipt of this Release within which to review it and to discuss with an attorney of your own choosing, at your own expense, whether or not you wish to sign it. Furthermore, you have seven (7) days after you have signed this Release during which time you may revoke

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this Release. If you wish to revoke this Release, you may do so by delivering a letter of revocation to Scott Lamb, the Company's Chief Financial Officer, no later than the close of business on the seventh day after you sign this Release. Because of the revocation period, you understand that this Release shall not become effective or enforceable until the eighth (8th) day after the date you sign this Release.

My agreement with the terms of this Release is signified by my signature below. Furthermore, I acknowledge that I have read and understand this Release and that I sign this release of all claims voluntarily, with full appreciation that at no time in the future may I pursue any of the rights I have waived in this Release.

Signed /s/ Vivek Jain      Dated: February 7, 2014  
Vivek Jain

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**EXHIBIT B**

**Confidentiality and Inventions Agreement**

### **Amendment to Executive Employment Agreement**

This Amendment to Executive Employment Agreement (this "Amendment") is entered into as of February 12, 2014 by and between ICU Medical, Inc., a Delaware corporation (the "Company") and Vivek Jain ("Executive").

#### **RECITALS**

WHEREAS, the Company and Executive have entered into that certain Executive Employment Agreement dated as of February 7, 2014 (the "Agreement"); and

WHEREAS, the Company and Executive desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Company and Executive hereby agree to amend the Agreement as follows:

#### **A M E N D M E N T**

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.
2. Amendment. The first sentence of Section I.A of the Agreement is hereby amended to read in its entirety as follows: "As of February 13, 2014 (the "Employment Commencement Date"), Executive shall be employed by the Company to render services to the Company in the position of Chief Executive Officer of the Company."
3. Miscellaneous. Except as expressly modified hereby, all terms, conditions and provisions of the Agreement shall continue in full force and effect. In the event of any inconsistency or conflict between the Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control. This Amendment and the Agreement constitute the entire and exclusive agreement between the parties with respect to this subject matter. All previous discussions and agreements with respect to this subject matter are superseded by the Agreement and this Amendment.

[Signature Page Follows]

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**Signature Page to Amendment to Executive Employment Agreement**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized representatives, effective as of the date first written above.

**ICU MEDICAL, INC.**

**By: /s/ Steven C. Riggs**

**Name: Steven C. Riggs**

**Title: Acting President and Chief Executive Officer**

**VIVEK JAIN**

**/s/ Vivek Jain**

## **ICU Medical, Inc. Announces Fourth Quarter and Fiscal Year 2013 Results**

*Company Appoints Mr. Vivek Jain as New Chief Executive Officer and Chairman*

*Full Year 2013 Operating Cash Flow Totaled \$64.0 million*

*Earnings Conference Call to be Held on February 20, 2014*

**SAN CLEMENTE, Calif.-February 12, 2014-ICU Medical, Inc.**, (Nasdaq: ICUI), a leader in innovative medical devices used in infusion therapy, oncology and critical care applications, today announced specific financial results for fourth quarter and fiscal year ended December 31, 2013. In addition, in a separate release today, the Company announced that Mr. Vivek Jain has been appointed the Company's Chief Executive Officer and will serve as Chairman on ICU Medical's Board of Directors, effective February 13, 2014. Mr. Jain joins ICU Medical after departing as president of the Procedural Solutions division for CareFusion (NYSE: CFN).

### **Fiscal Year 2014 Guidance**

Due to the timing of the appointment of the Company's new Chief Executive Officer, the Company expects to provide 2014 guidance on the day of its earnings conference call, February 20, 2014.

### **Fourth Quarter and Full Fiscal Year 2013 Results**

Fourth quarter of 2013 revenue was \$77.9 million, compared to \$82.7 million in the same period last year. Net income for the fourth quarter of 2013 was \$13.3 million, or \$0.86 per diluted share, as compared to net income of \$12.3 million, or \$0.82 per diluted share, for the fourth quarter of 2012. The fourth quarter of 2013 net income had a tax rate of 3.1% compared to same period last year tax rate of 34.8%. The lower tax rate was due to a one-time benefit from a change in foreign tax legislation. For the fiscal year ended December 31, 2013, revenue was \$313.7 million, compared to \$316.9 million in the same period last year. Net income for the fiscal year ended December 31, 2013 was \$40.4 million, or \$2.65 per diluted share, compared to net income of \$41.3 million, or \$2.80 per diluted share, for the same period last year.

"We are pleased with our continued strong operating cash flow during the fourth quarter of 2013 and our continued growth in oncology; however, this was offset by lower than expected critical care and infusion therapy revenue," said Scott Lamb, ICU Medical's Chief Financial Officer. "Fourth quarter international sales were up 18.3%, while domestic sales were down 13.6%. Gross margins were 49.7% as we continued to benefit from a favorable product mix."

"Entering 2014, we are very excited to have Mr. Jain leading our Company as we focus on a number of key initiatives that we believe will better utilize our strong portfolio of products and solid operational platforms. In addition, we expect to utilize our strong free cash flow and balance sheet to enhance shareholder value" concluded Mr. Lamb.

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Revenues by market segment for the fiscal years ended December 31, 2013 and 2012 were as follows:

(dollars in millions)			
Market Segment	2013	2012	Change
Infusion Therapy	\$ 211.2	\$ 215.3	-1.9%
Critical Care	\$ 51.5	\$ 55.5	-7.3%
Oncology	\$ 37.5	\$ 30.3	23.7%
Other	\$ 13.5	\$ 15.8	-14.3%
	<u>\$ 313.7</u>	<u>\$ 316.9</u>	<u>-1.0%</u>

The Company ended the fourth quarter with a strong balance sheet. As of December 31, 2013, cash, cash equivalents and investment securities totaled \$296.9 million and working capital was \$367.4 million. Additionally, the Company generated operating cash flow of \$64.0 million for the fiscal year of 2013.

### Conference Call

The Company will be conducting a conference call concerning its fourth quarter and fiscal year results on February 20<sup>th</sup> at 4:30 p.m. EST (1:30 p.m. PST). The call can be accessed at 800-936-9761 (U.S. and Canada) or 408-774-4587 (international), conference ID number 90674287. The conference call will be simultaneously available by webcast, which can be accessed by going to the Company's website at [www.icumed.com](http://www.icumed.com), clicking on the Investors tab, clicking on the Webcast icon and following the prompts. The webcast will also be available by replay.

### About ICU Medical, Inc.

ICU Medical, Inc. (Nasdaq:ICUI) develops, manufactures and sells innovative medical technologies used in vascular therapy, oncology, and critical care applications. ICU Medical's products improve patient outcomes by helping prevent bloodstream infections, protecting healthcare workers from exposure to infectious diseases or hazardous. The Company's complete product line includes custom IV systems, closed delivery systems for hazardous drugs, needlefree IV connectors, catheters and cardiac monitoring systems. ICU Medical is headquartered in San Clemente, California. More information about ICU Medical, Inc. can be found at [www.icumed.com](http://www.icumed.com).

### Forward Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements contain words such as "will," "expect," "believe," "could," "would," "estimate," "continue," "build," "expand" or the negative thereof or comparable terminology, and may include (without limitation) information regarding the Company's expectations, goals or intentions regarding the future, including, but not limited to, statements regarding exploring new global strategic alliances, utilizing strong free cash flow to enhance shareholder value through an expanded share repurchase program and potential future acquisitions, the Company's focus on future key initiatives, better utilizing the Company's products and balance sheet, the Company's being positioned for further investments in its product portfolio and expansion of its market presence and delivering value to shareholders. These forward-looking statements are based on Management's current expectations, estimates, forecasts and projections about the Company and assumptions Management believes are reasonable, all of which are subject to risks and uncertainties that could cause actual results and events to differ materially from those stated in the forward-looking statements. These risks and uncertainties include, but are not limited to, decreased demand for the Company's products, decreased free cash flow, changes in product mix, increased competition from competitors, lack of continued growth or improving efficiencies and unexpected changes in the Company's arrangements with its largest customers. Future results are subject to risks and uncertainties, including the risk factors, and other risks and uncertainties, described in the Company's filings with the Securities and Exchange Commission, which include those in the Annual Report on Form 10-K for the year end

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ed December 31, 2012. Forward-looking statements contained in this press release are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

**Contact:**

ICU Medical, Inc.  
Scott Lamb, Chief Financial Officer  
(949) 366-2183

ICR, LLC.  
John Mills, Partner  
(310) 954-1105

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**ICU MEDICAL, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Amounts in thousands, except per share data)

(Unaudited)

	December 31,	
	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 226,022	\$ 146,900
Investment securities	70,869	79,259
Cash, cash equivalents and investment securities	296,891	226,159
Accounts receivable, net of allowance for doubtful accounts of \$1,208 and \$998 at December 31, 2013 and 2012, respectively	45,318	49,127
Inventories	34,451	36,333
Prepaid income taxes	5,966	2,320
Prepaid expenses and other current assets	7,319	7,271
Deferred income taxes	4,351	4,293
Total current assets	394,296	325,503
PROPERTY AND EQUIPMENT, net	87,861	85,937
GOODWILL	1,478	1,478
INTANGIBLE ASSETS, net	8,490	9,952
DEFERRED INCOME TAXES	7,518	5,642
	\$ 499,643	\$ 428,512
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 11,335	\$ 11,308
Accrued liabilities	15,551	17,810
Total current liabilities	26,886	29,118
DEFERRED INCOME TAXES	3,630	5,247
INCOME TAX LIABILITY	4,402	3,290
COMMITMENTS AND CONTINGENCIES	0	0
<b>STOCKHOLDERS' EQUITY:</b>		
Convertible preferred stock, \$1.00 par value Authorized-500 shares; Issued and outstanding- none	0	0
Common stock, \$0.10 par value - Authorized-80,000 shares; Issued 15,103 shares at December 31, 2013 and 14,855 at December 31, 2012, outstanding 15,102 shares at December 31, 2013 and 14,458 shares at December 31, 2012	1,510	1,486
Additional paid-in capital	78,495	63,770
Treasury stock, at cost - 1 shares at December 31, 2013 and 397 shares at December 31, 2012	(49)	(15,128)
Retained earnings	382,576	342,158
Accumulated other comprehensive gain (loss)	2,193	(1,429)
Total stockholders' equity	464,725	390,857
	\$ 499,643	\$ 428,512

**ICU MEDICAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in thousands, except per share data)

(Unaudited)

	Year ended December 31,		
	2013	2012	2011
<b>REVENUES:</b>			
Net sales	\$ 313,056	\$ 316,322	\$ 301,642
Other	660	547	553
<b>TOTAL REVENUE</b>	<b>313,716</b>	<b>316,869</b>	<b>302,195</b>
<b>COST OF GOODS SOLD</b>	<b>158,984</b>	<b>160,359</b>	<b>159,841</b>
Gross profit	154,732	156,510	142,354
<b>OPERATING EXPENSES:</b>			
Selling, general and administrative	90,376	84,604	85,287
Research and development	12,407	10,630	8,588
Legal settlement	0	0	(2,500)
Gain on sale of assets	0	0	(14,242)
Total operating expenses	102,783	95,234	77,133
Income from operations	51,949	61,276	65,221
<b>OTHER INCOME</b>	<b>765</b>	<b>563</b>	<b>1,201</b>
Income before income taxes	52,714	61,839	66,422
<b>PROVISION FOR INCOME TAXES</b>	<b>(12,296)</b>	<b>(20,558)</b>	<b>(21,753)</b>
<b>NET INCOME</b>	<b>\$ 40,418</b>	<b>\$ 41,281</b>	<b>\$ 44,669</b>
<b>NET INCOME PER SHARE</b>			
Basic	\$ 2.75	\$ 2.90	\$ 3.23
Diluted	\$ 2.65	\$ 2.80	\$ 3.15
<b>WEIGHTED AVERAGE NUMBER OF SHARES</b>			
Basic	14,688	14,223	13,835
Diluted	15,274	14,725	14,161

**ICU MEDICAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in thousands)

(Unaudited)

	Year ended December 31,		
	2013	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 40,418	\$ 41,281	\$ 44,669
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,506	19,001	18,294
Provision for doubtful accounts	185	(237)	648
Provision for warranty and returns	671	220	—
Stock compensation	5,434	5,563	4,016
Loss (gain) on disposal of property and equipment	(36)	212	(42)
Gain on sale of assets	—	—	(14,242)
Bond premium amortization	2,715	2,585	1,294
Changes in operating assets and liabilities:			
Accounts receivable	3,556	(5,395)	6,232
Inventories	2,319	4,573	3,170
Prepaid expenses and other assets	(383)	(415)	(920)
Accounts payable	(31)	(1,536)	2,673
Accrued liabilities	(2,215)	1,199	1,684
Deferred revenue	—	—	(254)
Income taxes, including excess tax benefits and deferred income taxes	(8,119)	(780)	(2,735)
Net cash provided by operating activities	64,020	66,271	64,487
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property and equipment	(18,415)	(19,160)	(15,824)
Proceeds from sale of assets	49	10	16,201
Proceeds from insurance	—	—	2,781
Intangible asset additions	(1,080)	(1,145)	—
Purchases of investment securities	(86,022)	(98,876)	(90,502)
Proceeds from sale of investment securities	92,348	77,798	41,610
Net cash used by investing activities	(13,120)	(41,373)	(45,734)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from exercise of stock options	18,004	14,844	7,974
Proceeds from employee stock purchase plan	2,457	2,220	1,828
Tax benefits from exercise of stock options	8,672	4,567	4,288
Purchase of treasury stock	(3,033)	—	(11,956)
Net cash provided by financing activities	26,100	21,631	2,134
Effect of exchange rate changes on cash	2,122	781	(147)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>79,122</b>	<b>47,310</b>	<b>20,740</b>
CASH AND CASH EQUIVALENTS, beginning of period	146,900	99,590	78,850
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 226,022</b>	<b>\$ 146,900</b>	<b>\$ 99,590</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>			
Cash paid during the year for income taxes	\$ 12,172	\$ 16,741	\$ 20,110
<b>NON-CASH INVESTING ACTIVITIES</b>			
Accrued liabilities for property and equipment	\$ 212	\$ 427	\$ 418