QUIDEL CORP /DE/
Form DEF 14A
April 12, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

Filed by the Registrant ý
Filed by a Party other than the Registrant ¨
Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

ý Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

QUIDEL CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):
ý No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:

(4) Date Filed:

Notice of
2018 Annual
Meeting of
Stockholders
and Proxy
Statement

QUIDEL CORPORATION
12544 High Bluff Drive, Suite 200
San Diego, CA 92130
(858) 552-1100
April 12, 2018
To Our Stockholders:
I am pleased to invite you to attend the Annual Meeting of Stockholders, which will be held on Tuesday, May 15, 2018, at 8:30 a.m., local time, at the San Diego Marriott Del Mar, 11966 El Camino Real, San Diego, California 92130. At the Annual Meeting, you will be asked to consider and vote upon: (i) the election of the eight directors designated herein to the Board of Directors; (ii) the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018; (iii) advisory approval of the Company's executive compensation; (iv) the approval of the adoption of our 2018 Equity Incentive Plan; and (v) such other business as may properly be presented at the Annual Meeting or any adjournments or postponements thereof.
Enclosed are the Notice of the Annual Meeting, the Proxy Statement and accompanying proxy card and a copy of our Annual Report to Stockholders.
It is important that your shares be represented and voted at our Annual Meeting. You may vote your shares via the Internet, by telephone or by completing and returning the enclosed proxy card.
Our Board of Directors, officers and I look forward to seeing you at our Annual Meeting.

Sincerely yours,
Douglas C. Bryant
President and Chief Executive Officer
QUIDEL CORPORATION

QUIDEL CORPORATION
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On May 15, 2018

To Our Stockholders:

The Annual Meeting of Stockholders of Quidel Corporation will be held on Tuesday, May 15, 2018, at 8:30 a.m., local time, at the San Diego Marriott Del Mar, 11966 El Camino Real, San Diego, California 92130, for the following purposes:

1. To elect the eight directors designated herein to serve on the Board of Directors to hold office until the 2019 Annual Meeting of Stockholders and until their successors are elected and qualified;
2. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018;
3. To obtain advisory approval of the Company's executive compensation;
4. To approve the adoption of the Company's 2018 Equity Incentive Plan; and
5. To transact such other business as may properly be presented at the Annual Meeting or any adjournments or postponements thereof.

Only stockholders of record at the close of business on March 21, 2018 are entitled to receive notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

The Board of Directors of Quidel Corporation unanimously recommends that the stockholders vote FOR the eight nominees for the Board of Directors named in the accompanying Proxy Statement; FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm; FOR the advisory approval of the Company's executive compensation; and FOR the adoption of the 2018 Equity Incentive Plan.

All stockholders are cordially invited to attend the Annual Meeting. It is important that your shares be represented and voted at the Annual Meeting whether or not you plan to attend the Annual Meeting. You may vote your shares via the Internet, by telephone or by completing and returning a proxy card. If you attend the Annual Meeting and wish to do so, you may vote your shares in person even if you have signed and returned your proxy card. Specific voting instructions are set forth in the accompanying Proxy Statement and on the proxy card.

By Order of the Board of Directors,
Douglas C. Bryant
President and Chief Executive Officer
QUIDEL CORPORATION

San Diego, California
April 12, 2018

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* Indicates matters to be voted on at the Annual Meeting.

SUMMARY PROXY INFORMATION

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should review this entire Proxy Statement, as well as our Annual Report on Form 10-K for the fiscal year ended 2017.

ANNUAL MEETING

Time and date:	8:30 a.m. (Local Time), May 15, 2018	Record date:	March 21, 2018
Place:	San Diego Marriott Del Mar 11966 El Camino Real San Diego, California 92130	Voting:	Stockholders as of record date are entitled to vote

PROPOSALS AND VOTING RECOMMENDATIONS

Proposal	Board Recommendation	Page Reference
Proposal No. 1 - Election of Eight (8) Directors	FOR All Nominees	3
Proposal No. 2 - Ratification of Ernst and Young LLP as Auditors for 2018	FOR	36
Proposal No. 3 - Advisory (Non-Binding) Vote on Executive Compensation	FOR	37
Proposal No. 4 - Approval of the 2018 Equity Incentive Plan	FOR	38

DIRECTOR NOMINEES

We are seeking your vote FOR all of the director nominees below:

Incumbent director nominees received an average vote of 98.5% of votes cast in 2017

Name	Age	Director Since	Principal Occupation
Thomas D. Brown	70	2004	Retired Senior Vice President and President of the Diagnostics Division of Abbott Laboratories
Douglas C. Bryant	60	2009	President and Chief Executive Officer, Quidel Corporation
Kenneth F. Buechler, Ph.D.	64	2007	Founder and former President and Chief Scientific Officer of Biosite, Inc.
Mary Lake Polan, M.D, Ph.D., M.P.H.	74	1993	Clinical Professor of Obstetrics, Gynecology and Reproductive Sciences, Yale University School of Medicine
Jack W. Schuler	77	2006	Co-founder, Crabtree Partners, LLC, a private investment company
Charles P. Slacik	64	2015	Former Senior Vice President and Chief Financial Officer of Beckman Coulter Inc.
Matthew W. Strobeck, Ph.D.	45	2018	Managing Partner of Birchview Capital and former Partner of Westfield Capital Management.
Kenneth J. Widder, M.D.	65	2014	General Partner, LVP Life Science Ventures

CORPORATE GOVERNANCE HIGHLIGHTS

BOARD COMPOSITION	BOARD ACCOUNTABILITY
ü All independent directors, except for CEO director	ü Annual election of directors
ü Separate Board Chair and CEO roles	ü Annual Board and committee evaluations
ü Independent Board Chair	ü Regularly-held executive sessions of non-management directors
ü Independent chairpersons and members of all Board Committees	ü Robust executive and director equity ownership guidelines
ü Seasoned Board with diverse experience and industry specific expertise	ü Independent Board approval of CEO compensation
ü Balanced Board tenure	

STOCKHOLDER INTERESTS	RISK OVERSIGHT
ü Active stockholder engagement practices	ü Comprehensive risk oversight by the Board and individual committees as well as employees
ü Annual Say on Pay vote	ü Risk management principles implemented in management processes and in employee reporting responsibilities
ü Stockholders may call special meetings	ü Robust risk reporting system which provides timely and comprehensive information to the Board
ü One single voting class	
ü No poison pill	

AUDITOR MATTERS

As a matter of good corporate practice, we are seeking your ratification of Ernst & Young LLP as our independent registered public accounting firm for the 2018 fiscal year.

EXECUTIVE COMPENSATION

Consistent with our Board's recommendation and our stockholders' prior indicated preference, we propose an advisory vote to approve our executive compensation annually. Accordingly, we are seeking your approval, on an advisory basis, of the compensation of our Named Executive Officers, as further described in the "Compensation Discussion and Analysis" section of this Proxy Statement.

For a summary of our executive compensation and 2017 performance highlights, please refer to the "Executive Compensation" section of this Proxy Statement on page 15.

QUIDEL CORPORATION
Principal Executive Offices
12544 High Bluff Drive, Suite 200
San Diego, California 92130
(858) 552-1100

ANNUAL MEETING OF STOCKHOLDERS

May 15, 2018

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Quidel Corporation for use at the 2018 Annual Meeting of Stockholders to be held on Tuesday, May 15, 2018, at 8:30 a.m., local time, at the San Diego Marriott Del Mar, 11966 El Camino Real, San Diego, California 92130, and at any and all adjournments and postponements of the Annual Meeting. This Proxy Statement and the accompanying proxy card will first be sent to stockholders on or about April 12, 2018.

We will pay the expenses in connection with this solicitation. Our employees may solicit proxies by mail, in person, by telephone, facsimile or other electronic means and will not receive any additional compensation for such solicitations. In addition, we have engaged InvestorCom, Inc. to aid in the solicitation of proxies to be voted at the Annual Meeting at an estimated cost of $10,000 plus out-of-pocket expenses. We will also pay brokers or other nominees for the expenses of forwarding soliciting material to beneficial owners.

RECORD DATE AND VOTING

The close of business on March 21, 2018 has been fixed as the record date (the “Record Date”) for determining the stockholders entitled to notice of and to vote at the Annual Meeting. On the Record Date, 37,281,527 shares of our voting common stock were outstanding. Each share of such common stock is entitled to one vote on any matter that may be presented for consideration and action by the stockholders at the Annual Meeting. A quorum is required to transact business at the Annual Meeting. The holders of a majority of the outstanding shares of common stock on the Record Date and entitled to be voted at the Annual Meeting, present in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting and any adjournments and postponements thereof. Abstentions and broker non-votes are counted for the purpose of determining the presence or absence of a quorum for the transaction of business.

Where a stockholder has directed how his or her proxy is to be voted, it will be voted according to the stockholder’s directions. If your shares are held in a brokerage account or by another nominee, you are considered the “beneficial owner” of shares held in “street name,” and this proxy and the related materials are being forwarded to you by your broker or nominee (the “record holder”) along with a voting instruction card. As the beneficial owner, you have the right to direct your record holder regarding how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions. If a proposal is routine, a broker or other entity holding shares for a beneficial owner in street name may vote on the proposal without voting instructions from the owner. If a proposal is non-routine, the broker or other entity may vote on the proposal only if the beneficial owner has provided voting instructions. A “broker non-vote” occurs when the broker or other entity is unable to vote on a proposal because the proposal is non-routine and the beneficial owner does not provide instructions.

If you do not give voting instructions to your record holder prior to the Annual Meeting, the record holder will be entitled to vote your shares in its discretion only on Proposal 2 (Ratification of Selection of Independent Registered Public Accounting Firm) and will not be able to vote your shares on Proposal 1 (Election of Directors), Proposal 3 (Advisory Approval of the Company’s Executive Compensation) or Proposal 4 (Adoption of the 2018 Equity Incentive Plan), and your shares will be treated as a “broker non-vote” on those proposals. We are not aware of any other matters to be presented at the Annual Meeting except for those described in this Proxy Statement. However, if any other matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named as proxies will use their own judgment to determine how to vote your shares. If the Annual Meeting is adjourned, your shares may be voted by the persons named as proxies on the new meeting date as well, unless you have revoked your proxy instructions prior to that time.

With regard to the election of directors, votes may be cast in favor of a director nominee or withheld. Because directors are elected by plurality, broker non-votes will have no effect on its outcome. If a quorum is present at the

Annual Meeting, the eight nominees receiving the greatest number of votes will be elected. For Proposal 2 (Ratification of Selection of Independent Registered Public Accounting Firm), Proposal 3 (Advisory Approval of the Company's Executive Compensation), and Proposal 4 (Approval Adoption of the 2018 Equity Incentive Plan) the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the matter is required for approval. With regard to Proposals 2, 3 and 4, abstentions will be counted in the tabulations of the votes cast and will have the same effect as a vote against such

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proposal, whereas broker non-votes will not be counted for purposes of determining whether a proposal has been approved and accordingly will have no effect on the outcome of the vote on Proposals 3 and 4. Because Proposal 2 (Ratification of Independent Registered Public Accounting Firm) is a routine matter, no broker non-votes are expected with respect to this proposal. Unless otherwise designated, each signed proxy submitted by a stockholder will be voted:

- FOR each of the eight nominees named below for election as directors;
- FOR ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018;
- FOR the advisory approval of the Company's executive compensation; and
- FOR the adoption of the 2018 Equity Incentive Plan.

Shares may be voted via the Internet, by telephone or by completing and returning a proxy card. Any stockholder has the power to revoke his or her proxy at any time before it is voted at the Annual Meeting by submitting a written notice of revocation to the Secretary of the Company or by timely filing a duly executed proxy bearing a later date. The proxy will not be voted if the stockholder who executed it is present at the Annual Meeting and elects to vote in person the shares represented by the proxy. Attendance at the Annual Meeting will not by itself revoke a proxy.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

PROPOSAL 1
ELECTION OF DIRECTORS

Nominees for Election

Our directors are elected at each annual meeting of stockholders. At the Annual Meeting, eight directors will be elected to serve until the next annual meeting of stockholders and until their successors are elected and qualified. The eight nominees receiving the greatest number of votes at the Annual Meeting will be elected.

Each of the nominees set forth below for election as a director is an incumbent director. Matthew W. Strobeck was recommended by a non-management director and was appointed to the Board effective April 4, 2018. Each of the nominees has consented to serve as a director if elected. Unless authority to vote for any director nominee is withheld in a proxy, it is intended that each proxy will be voted FOR each of the nominees. If, before the Annual Meeting, any of the nominees for director should become unable to serve if elected, it is intended that shares represented by proxies will be voted for such substitute nominees, if any, as may be recommended by our existing Board, unless other directions are given in the proxies.

Name of Nominee	Age	Principal Occupation	Director Since
Thomas D. Brown	70	Retired Senior Vice President and President of the Diagnostics Division of Abbott Laboratories	2004
Douglas C. Bryant	60	President and Chief Executive Officer, Quidel Corporation	2009
Kenneth F. Buechler, Ph.D.	64	Founder and former President and Chief Scientific Officer of Biosite, Inc.	2007
Mary Lake Polan, M.D., Ph.D., M.P.H.	74	Clinical Professor of Obstetrics, Gynecology and Reproductive Sciences, Yale University School of Medicine	1993
Jack W. Schuler	77	Co-founder, Crabtree Partners, LLC, a private investment company	2006
Charles P. Slacik	64	Former Senior Vice President and Chief Financial Officer of Beckman Coulter Inc.	2015
Matthew W. Strobeck, Ph.D.	45	Managing Partner of Birchview Capital	2018
Kenneth J. Widder, M.D.	65	General Partner, LVP Life Science Ventures	2014

Vote Required and Board Recommendation

The nominees for election as directors will be elected by a plurality of the votes of the shares present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting. Our Board of Directors recommends that the stockholders vote FOR the eight nominees named above for election to the Board of Directors.

Biographical Information

THOMAS D. BROWN was appointed to our Board of Directors in December 2004. Prior to his retirement in 2002, Mr. Brown had a 28-year career in the healthcare industry where he held various sales, marketing and executive positions within Abbott Laboratories, a broad-based healthcare company. From 1998 to 2002, Mr. Brown was Senior Vice President and President of the Diagnostics Division. From 1993 to 1998, Mr. Brown was Corporate Vice President Worldwide Commercial Operations. From 1992 to 1993, Mr. Brown was Divisional Vice President Worldwide Commercial Operations. From 1987 to 1992, Mr. Brown was Divisional Vice President and General Manager, Western Hemisphere Commercial Operations. Mr. Brown served on the Board of Directors of Cepheid, a molecular diagnostics company, until its acquisition in November of 2016. Mr. Brown currently serves on the Board of Directors of Stericycle, Inc., a medical waste management and healthcare compliance services company and Accelerate Diagnostics, Inc., a medical diagnostics company. Mr. Brown holds a B.A. degree from the State University of New York at Buffalo.

DOUGLAS C. BRYANT was appointed to our Board of Directors in February 2009 and became our President and Chief Executive Officer in March 2009. Prior to joining us, Mr. Bryant served as Executive Vice President and Chief Operating Officer at Luminex Corporation, managing its Bioscience Group, Luminex Molecular Diagnostics (Toronto), manufacturing, R&D, technical operations and commercial operations. From 1983 to 2007, Mr. Bryant held various worldwide commercial operations positions with Abbott Laboratories including, among others: Vice President of Abbott Vascular for Asia/Japan, Vice President of Abbott Molecular Global Commercial Operations and Vice President of Abbott Diagnostics Global Commercial Operations. Earlier in his career with Abbott, Mr. Bryant was Vice President of Diagnostic Operations in Europe, the Middle East and Africa and Vice President of Diagnostic Operations in Asia Pacific. Mr. Bryant has over 30 years of industry experience in sales and marketing, product development, manufacturing and service and support in both the diagnostics and life sciences markets. Mr. Bryant holds a B.A. in Economics from the University of California at Davis.

KENNETH F. BUECHLER, Ph.D. was appointed to our Board of Directors in November 2007. Dr. Buechler was President, Chief Scientific Officer and co-founder of Biosite Inc. From 1988 to 1994, Dr. Buechler was Biosite's Director of Chemistry. Prior to co-founding Biosite, Dr. Buechler was a senior research scientist for the diagnostics research and development group at Hybritech Incorporated. Dr. Buechler received his Ph.D. in biochemistry and his bachelor's degree in chemistry from Indiana University. Dr. Buechler was a director of Sequenom Inc., a life sciences company, until its acquisition in September 2016. He is currently a director of Astute Medical Inc., a company that develops biomarkers for acute medical conditions, and Edico Genome Inc., a DNA sequencing technology company.

MARY LAKE POLAN, M.D., Ph.D., M.P.H. was appointed to our Board of Directors in February 1993. Dr. Polan was an Adjunct Professor in the Department of Obstetrics and Gynecology at Columbia University School of Medicine from 2007 to 2014 and then in 2015 rejoined the Department of Obstetrics and Gynecology at Yale University School of Medicine as Clinical Professor. She was a Professor and Chair Emerita of the Department of Gynecology and Obstetrics at Stanford University School of Medicine where she served from 1990 to 2005. Dr. Polan received a B.A. degree from Connecticut College, a Ph.D. in Molecular Biophysics and Biochemistry and an M.D. from Yale University School of Medicine and her Masters in Public Health from the University of California, Berkeley. Dr. Polan remained at Yale New Haven Hospital for her residency in Obstetrics and Gynecology, followed by a Reproductive Endocrine Fellowship. Dr. Polan was on the faculty at Yale University until 1990, when she joined Stanford University. Dr. Polan is a practicing clinical Reproductive Endocrinologist with a research interest in ovarian function and granulosa cell steroidogenesis. More recently, Dr. Polan's interests have been in the interaction between the immune and endocrine systems: the role of monokines in reproductive events and gene expression in stress urinary incontinence as well as brain activation in human sexual function. Dr. Polan is also currently a director of NX Prenatal Inc., a private, U.S.-based molecular diagnostics company.

JACK W. SCHULER was appointed to our Board of Directors in February 2006. Mr. Schuler is a co-founder of Crabtree Partners, LLC, a Chicago-based venture capital firm that was formed in 1995. Mr. Schuler has been on the Board of Directors of Stericycle, Inc., a medical waste management and healthcare compliance services company, since 1990 and currently serves as Lead Director. Mr. Schuler also currently serves on the Board of Directors of Accelerate Diagnostics, Inc., a medical diagnostics company and Biodesix, a private diagnostic company focused on Oncology. Prior to 1990, Mr. Schuler held various executive positions at Abbott Laboratories, a broad-based healthcare company, from December 1972 through August 1989, most recently serving as President and Chief Operating Officer. Mr. Schuler also recently served on the Board of Directors of Medtronic Inc. from 1990 through 2013 and Hansen Medical, Inc., a medical technology company, from 2013 until January 2016. Mr. Schuler holds a B.S. in Mechanical Engineering from Tufts University and an M.B.A. from Stanford University.

CHARLES P. SLACIK was appointed to our Board of Directors in November 2015. Mr. Slacik has more than 30 years of executive experience in the health care industry, serving most recently as the Senior Vice President and Chief Financial Officer of Beckman Coulter Inc. from October 2006 until its acquisition in June 2011. Mr. Slacik recently served as a Member of the Board and Chair of the Audit Committee of STAAR Surgical Company, a medical device company, from September 2012 through September 2015 and as a Member of the Board and Chair of the Audit Committee at Sequenom, Inc., a life sciences company, from September 2012 until its acquisition in September 2016.

Mr. Slacik received his B.S. in Accounting and Finance from the University of Connecticut and is a certified public accountant.

MATTHEW W. STROBECK, Ph.D. was appointed to our Board of Directors in March 2018, effective April 4, 2018. Dr. Strobeck is currently the Managing Partner of Birchview Capital. Dr. Strobeck was a Partner and Member of the Management Committee and Advisory Board of Westfield Capital Management from 2008 until 2011, having served as a member of the investment team, specializing in healthcare and life sciences, from May 2003 to June 2008. Dr. Strobeck currently serves on the Boards of Accelerate Diagnostics, a medical diagnostics company; Tepha Inc., a medical device company; Biodesix, a private diagnostic company; and Monteris Medical, a medical device company. Dr. Strobeck received his B.S. from St. Lawrence University, a Ph.D. from the University of Cincinnati, a S.M. from the Harvard University/MIT Health Sciences Technology Program, and an S.M. from the MIT Sloan School of Management.

KENNETH J. WIDDER, M.D. was appointed to our Board of Directors in November 2014. Dr. Widder has more than 30 years of experience working with biomedical companies. He was a General Partner with LVP Life Science Ventures, a venture capital company for biotechnology and medical device start-ups, from 2007 to 2016. Dr. Widder is the Executive Chairman of OrphoMed Inc., a biotechnology start-up, and Chairman and CEO of Sydnexis Inc., an opthalmology start-up company. He is also a member of the Board of Directors of Evoke Pharma Inc., a pharmaceutical company. He holds an M.D. from Northwestern University and trained in pathology at Duke University.

Board Leadership Structure and Risk Oversight

The Board of Directors believes that separate individuals should hold the positions of Chair of the Board and Chief Executive Officer, and that the Chair should not be an employee of the Company. Under our corporate governance principles, the Chair of the Board is responsible for coordinating Board activities, including the scheduling of meetings and executive sessions of the non-employee directors and the relevant agenda items in each case (in consultation with the Chief Executive Officer as appropriate). The Board believes this leadership structure enhances the Board’s oversight of and independence from our management and the ability of the Board to carry out its roles and responsibilities on behalf of our stockholders.

The Company takes a comprehensive approach to risk management. We believe risk can arise in every decision and action taken by the Company, whether strategic or operational. The Company, therefore, seeks to include risk management principles in all of its management processes and in the responsibilities of its employees at every level. Our comprehensive approach is reflected in the reporting processes by which our management provides timely and comprehensive information to the Board to support the Board’s role in oversight, approval and decision-making.

The Board of Directors closely monitors the information it receives from management and provides oversight and guidance to our management team concerning the assessment and management of risk. The Board approves the Company’s high level operating objectives, goals, strategies and policies to set the tone and direction for appropriate risk taking within the business. The Board and its committees then emphasize this tone and direction in its oversight of management’s implementation of the Company’s operating objectives, goals, strategies and policies.

Our senior executives provide the Board and its committees with regular updates about the Company’s strategies and objectives and the risks inherent within them at Board and committee meetings and in regular reports. Board and committee meetings also provide a venue for directors to discuss issues with management. The Board and committees call special meetings when necessary to address specific issues or take specific actions. In addition, our directors have access to Company management at all levels to discuss any matters of interest, including those related to risk. Those members of management most knowledgeable of the issues often attend Board meetings to provide additional insight into items being discussed, including risk exposures.

The Board of Directors has delegated oversight for matters involving certain specific areas of risk exposure to its three standing committees. Each committee generally reports to the Board at regularly scheduled Board meetings, and more frequently if appropriate, with respect to matters and risks for which that committee provides oversight. The specific responsibilities of each of our Board committees are more fully described below under the headings “Audit Committee,” “Compensation Committee” and “Nominating and Corporate Governance Committee.”

Board of Directors Meetings, Committees of the Board and Related Matters

The Board of Directors currently has standing Audit, Compensation, and Nominating and Corporate Governance Committees. The Board held ten meetings, excluding committee meetings, during the year ended December 31, 2017. All directors attended at least 75% of all meetings of the Board and its committees, if any, upon which the directors served during the year ended December 31, 2017. Dr. Strobeck joined the Board in April 2018. Dr. Buechler currently serves as Chair of the Board. Information about our directors and our Board Committees in 2017 and 2018 follows.

Director Name	Committee		
	Audit	Compensation	Nominating and Corporate Governance
Thomas D. Brown		Chair	
Douglas C. Bryant			
Kenneth F. Buechler, Ph.D.	ü		ü
Mary Lake Polan, M.D., Ph.D., M.P.H.		ü	
Jack W. Schuler			ü
Charles P. Slacik	Chair	ü	
Matthew W. Strobeck, Ph.D.			
Kenneth J. Widder, M.D.	ü		Chair
Number of Committee Meetings Held in 2017:	8	4	1

ü = Committee Member   Chair = Committee Chair

Director Independence

Our Board of Directors has determined that each of our directors, with the exception of Mr. Bryant, is independent within the meaning of Nasdaq Marketplace Rule 5605(a)(2) as adopted by The Nasdaq Stock Market LLC ("Nasdaq"), as well as by enhanced independence standards contained in Nasdaq's rules that relate specifically to audit and compensation committees. Mr. Bryant who serves as our President and Chief Executive Officer is not considered to be independent because of his employment with us.

Audit Committee

The Audit Committee is responsible for assisting the Board of Directors in overseeing our accounting and financial reporting processes and the audits of our consolidated financial statements. In addition, the Audit Committee assists the Board of Directors in its oversight of our compliance with legal and regulatory requirements. Under the Audit Committee's written charter, the specific duties of the Audit Committee include, among others: monitoring the integrity of our financial process and systems of internal controls regarding finance, accounting and legal compliance; selecting our independent registered public accounting firm; monitoring the independence and performance of our independent registered public accounting firm; and providing an avenue of communication among our independent registered public accounting firm, our management and our Board of Directors. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to all of our employees and to our independent registered public accounting firm. The Audit Committee also has the ability to retain, at our expense and without further approval of the Board of Directors, special legal, accounting or other consultants or experts that it deems necessary in the performance of its duties.

The Audit Committee has been established in accordance with applicable Nasdaq and Securities and Exchange Commission ("SEC") rules and regulations. Our Board of Directors has also determined that Mr. Slacik qualifies as an "audit committee financial expert" within the meaning of the SEC's rules and regulations. Information about Mr. Slacik's past business and educational experience is included below under the caption "--Director Qualifications" and above under the caption "--Biographical Information."

Report of the Audit Committee of the Board of Directors

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the consolidated financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017 with management, including a discussion of the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the consolidated financial statements.

The Audit Committee has discussed and reviewed with our independent registered public accounting firm all matters required to be discussed by the Public Company Accounting Oversight Board (PCAOB) Accounting Standard No. 1301 (Communications with Audit Committees), as may be modified or supplemented. The Audit Committee has met with the independent registered public accounting firm to discuss the overall scope and plans for the independent registered public accounting firm's audit, the results of its examinations, its evaluations of our internal controls and the overall quality of our

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accounting and financial reporting. The Audit Committee also discussed with the independent registered public accounting firm its judgments as to the substance and clarity, not just the acceptability, of our accounting principles and financial statement disclosures. The Audit Committee has also considered whether the independent registered public accounting firm's provision of non-audit services to us is compatible with the independent registered public accounting firm's independence.

The Audit Committee also reviewed management's report on its assessment of the effectiveness of our internal control over financial reporting and Ernst & Young LLP's report on the effectiveness of internal control over financial reporting.

The Audit Committee has received from the independent registered public accounting firm a formal written statement describing all relationships between the independent registered public accounting firm and us that might bear on the independent registered public accounting firm's independence consistent with PCAOB Rule 3526 (Communication with Audit Committees Concerning Independence), discussed with the independent registered public accounting firm any relationships that may impact its objectivity and independence, and has satisfied itself as to the independent registered public accounting firm's independence.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board of Directors has approved) that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Audit Committee

Charles P. Slacik (Chair)

Kenneth F. Buechler, Ph.D.

Kenneth J. Widder, M.D.

This Report of the Audit Committee of the Board of Directors does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any Company filing under the Securities Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent the Company specifically incorporates this report.

Independent Registered Public Accounting Firm

Our Audit Committee retained Ernst & Young LLP to serve as our independent registered public accounting firm for the fiscal year ended December 31, 2017. Set forth below are the aggregate fees incurred by the Company for audit and other professional services rendered by our independent registered public accounting firm for the fiscal years ended December 31, 2017 and 2016.

	Fiscal Years Ended December 31,	
	2017	2016
Audit fees(1)	$1,351,770	$1,116,231
Audit-related fees(2)	867,804	—
Tax fees(3)	24,225	7,269
All other fees	—	—
Total fees	$2,243,799	$1,123,500

(1) Audit fees represent fees for professional services provided in connection with the audit of our consolidated financial statements, review of quarterly consolidated financial statements, audit of compliance under Section 404 of the Sarbanes-Oxley Act of 2002, accounting consultations, assistance with and review of documents filed with the SEC and services provided in connection with statutory and regulatory filings.

(2) Audit-related fees consisted primarily of accounting consultations regarding due diligence in connection with the company's acquisition of the Triage and Beckman BNP businesses and application of accounting standards.

(3) For fiscal years 2017 and 2016, tax fees primarily included tax compliance, tax advice and tax planning fees.

Policy on Audit Committee Pre-approval of Audit and Permissible Non-audit Services

The Audit Committee has the responsibility for appointing, compensating, retaining and overseeing the work of the independent registered public accounting firm. The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee may also pre-approve particular services on a case-by-case basis. In assessing requests for services by our independent registered public accounting

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firm, the Audit Committee considers whether such services are consistent with the auditor's independence, whether the independent registered public accounting firm is likely to provide the most effective and efficient service, and whether the service could enhance our ability to manage or control risk or improve audit quality.

All of the audit, audit-related, tax-related and all other fees provided by Ernst & Young LLP in fiscal years 2017 and 2016 (and as described in the footnotes to the table above) were approved in advance by the Audit Committee.

Review and Approval of Related Party Transactions

Our Audit Committee reviews all relationships, transactions and arrangements in which the Company and any director, nominee for director, officer and greater than 5% beneficial holder of Company stock or any immediate family member of any of the foregoing are participants ("Interested Transactions") to determine whether such persons have a direct or indirect material interest and whether to approve, disapprove or ratify an Interested Transaction. We have written policies and procedures for monitoring and seeking approval in connection with any Interested Transaction. Our legal and finance departments assist in monitoring Interested Transactions and our Audit Committee reviews, approves (or disapproves) or ratifies Interested Transactions. In considering whether to approve or ratify an Interested Transaction, the Audit Committee takes into account, among other factors it deems appropriate, whether the Interested Transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar terms and conditions and the extent of the related person's interest in the Interested Transaction. In addition, our written policy provides that no director shall participate in any discussion or approval of an Interested Transaction for which he or she is a related party, except that the director shall provide all material information concerning the Interested Transaction to the Audit Committee.

Related Party Transactions

No director, executive officer, nominee for election as a director or any beneficial holder of more than 5% of our outstanding capital stock had any material interest, direct or indirect, in any reportable transaction with us during the 2017 fiscal year or since the commencement of the current fiscal year, or any reportable business relationship with us during such time.

Compensation Committee

The Compensation Committee is responsible for assisting the Board of Directors in discharging its responsibilities regarding the compensation of our employees and directors. Under the Compensation Committee's written charter, the specific duties of the Compensation Committee include, among other matters: reviewing and approving (or recommending to the Board of Directors for approval) corporate goals and objectives relevant to executive compensation; evaluating our executive officers' performance in light of such goals and objectives; determining (or recommending to the Board of Directors for determination) the compensation levels of our executive officers based on such evaluations; administering our incentive compensation plans, including our equity-based incentive plans; and making recommendations to our Board of Directors regarding our overall compensation structure, policies and programs. The Compensation Committee also has the ability to retain, at our expense and without further approval of the Board of Directors, compensation consultants and advisors that it deems necessary in the performance of its duties.

Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed the "Compensation Discussion and Analysis" in this proxy statement, and discussed that analysis with management. Based on its review and discussions with management, the Compensation Committee recommended to our Board of Directors that the "Compensation Discussion and Analysis" section be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and this Proxy Statement. This report is provided by the following independent directors, who comprise the Compensation Committee:

Compensation Committee
Thomas D. Brown (Chair)
Mary Lake Polan, M.D., Ph.D., M.P.H.
Charles P. Slacik

This Compensation Committee Report does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any Company filing under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates this report.

Compensation Committee Interlocks and Insider Participation

Mr. Brown, Dr. Polan and Mr. Slacik are not current or former officers or employees of ours, and none has engaged in any transaction that would be required to be disclosed in this Proxy Statement by Item 404 of Regulation S-K. There is no relationship that requires disclosure as a compensation committee interlock for purposes of Item 407(e)(4) of Regulation S-K.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting the Board of Directors in identifying qualified individuals to become Board members; recommending the composition of the Board of Directors and its committees; monitoring and assessing the effectiveness of the Board of Directors and its committees; and performing a leadership role in shaping and monitoring our Corporate Governance Guidelines. Under the Nominating and Corporate Governance Committee's written charter, the specific duties of the Nominating and Corporate Governance Committee include, among other matters: identifying, reviewing and recruiting candidates for the Board of Directors for election to the Board; reviewing director candidates recommended by our stockholders; monitoring the independence of current directors and nominees; recommending to the Board of Directors candidates for election or re-election to the Board at each annual meeting of stockholders; and overseeing the periodic evaluation of the Board, its committees and each of our incumbent directors.

Meetings of Non-Management Directors

The non-management members of the Board of Directors regularly meet without any members of management present during regularly scheduled and periodic executive sessions of meetings of the Board of Directors as well as in committee meetings.

Director Nominations

The Nominating and Corporate Governance Committee regularly assesses the appropriate size of the Board of Directors and whether any vacancies on the Board of Directors are expected due to retirement or otherwise. The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating director candidates. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current directors, professional search firms, stockholders or other persons.

Once the Nominating and Corporate Governance Committee has identified a prospective nominee, the Nominating and Corporate Governance Committee will evaluate the prospective nominee in the context of the then-current composition of the Board of Directors and will consider a variety of other factors, including the prospective nominee's business, technology, medical, scientific, industry, finance and financial reporting experience and other attributes that would be expected to contribute to an effective Board of Directors. The Nominating and Corporate Governance Committee seeks to identify nominees who possess a wide range of experience, skills, and areas of expertise, knowledge and business judgment. Nominees must have the attributes described below under the caption "--Director Qualifications."

Our Nominating and Corporate Governance Committee will consider stockholder recommendations for directors. A stockholder may propose a person for consideration by the committee by submitting the individual's name and qualifications to our Corporate Secretary, Quidel Corporation, 12544 High Bluff Drive, Suite 200, San Diego, CA 92130. The Nominating and Corporate Governance Committee will consider each stockholder-recommended candidate in the same manner and under the same criteria used to evaluate all other candidates. As described in our Corporate Governance Guidelines, in evaluating the suitability of individuals to serve as members of our Board of Directors, the Board of Directors and Nominating and Corporate Governance Committee consider a number of factors, including: experience at a policy-making level; strategic thinking; depth of understanding of the Company's industry, including relevant technology, leadership and objectivity; and a general understanding of marketing, financing and other disciplines relevant to the success of a publicly-traded company and sound principles of corporate governance in today's business environment. The Board of Directors and the Nominating and Corporate Governance Committee evaluate each individual in the context of Board functions as a whole and in light of the then-current needs of the Board at that point in time, with the objective of providing independent, diversified and effective representation of the interests of our stockholders.

In addition, stockholders who wish to nominate candidates for election to the Board of Directors at any annual meeting must follow the procedures set forth in our bylaws, including providing timely written notice, in proper form, of the intent to make such a nomination. To be timely, the notice must be received within the time frame discussed below in this Proxy Statement under the heading "Stockholder Proposals." To be in proper form, the notice must, among other matters, include the information specified in our bylaws. These requirements are further described below under the heading "Meeting and Other Information--Stockholder Proposals" and are detailed in our bylaws.

Director Qualifications

Members of our Board of Directors should possess the highest personal and professional ethics, integrity, judgment and values, and be committed to representing the long-term interests of our stockholders. As described in our Corporate Governance Guidelines, our Board of Directors is particularly interested in maintaining a mix that includes the following attributes:

- History of superior performance or accomplishments in professional undertakings;
- Highest personal and professional ethics and values and sound principles of corporate governance in today's business environment;
- A depth of understanding of the Company's industry, including relevant technology, leadership and objectivity and a general understanding of marketing, finance and other disciplines relevant to the success of a publicly-traded company;
- Diversity of background and personal experience;
- Fit of abilities and personality with those of current and potential directors in building a Board of Directors that is effective, collegial and responsive to the needs of our business; and
- Independence and an absence of conflicting time commitments.

We believe our Board members represent a desirable mix of backgrounds, skills and experiences, and they all share the personal attributes of effective directors, which are described above. Below are some of the specific experiences and skills of our current directors:

Thomas D. Brown. Mr. Brown has a strong record of operational success and extensive knowledge of the diagnostics industry and technology utilized by the Company through his various executive leadership positions at Abbott Laboratories. He also has extensive executive leadership and governance experience through his service on the boards of other companies.

Douglas C. Bryant. Mr. Bryant is our President and Chief Executive Officer. Mr. Bryant has a background of strong executive experience in the diagnostics industry in the U.S. and internationally. He brings over 30 years of industry experience in sales and marketing, product development, manufacturing and service and support in the diagnostics and life sciences markets. In addition, as our President and Chief Executive Officer, the Board believes it is appropriate for him to be a member of our Board.

Kenneth F. Buechler, Ph.D. Dr. Buechler has extensive experience in the field of diagnostics as a scientist and through his founding of Biosite, Inc. He also has extensive executive leadership and governance experience through his service on the boards of other companies.

Mary Lake Polan, M.D., Ph.D., M.P.H. Dr. Polan is a prominent medical clinician, researcher and academician. She has extensive experience in the area of women's health, which is an important area for us. As a medical doctor, Dr. Polan brings an important practicing physician perspective in evaluating and overseeing the Company's performance and strategic direction.

Jack W. Schuler. Mr. Schuler has more than 40 years of experience as an executive, director and investor in the healthcare industry. Mr. Schuler has extensive knowledge of the diagnostics industry and technology utilized by the Company. He also has extensive executive leadership and governance experience through his service on the boards of other companies.

Charles P. Slacik. Mr. Slacik has a strong financial background as an executive. He is an audit committee financial expert as a result of his prior professional experience as a Certified Public Accountant, experience as a chief financial officer of a large medical device company and as a former member and chair of an audit committee of another U.S. public company.

Matthew W. Strobeck. Dr. Strobeck has a strong investment banking background and experience investing in and working with healthcare and life sciences companies. Dr. Strobeck currently serves on the boards of various diagnostic and medical device companies.

Kenneth J. Widder, M.D. Dr. Widder has more than 30 years of experience working with biomedical companies. Dr. Widder also has a strong background related to investments in emerging healthcare companies and serves on the boards of several other companies. As a medical doctor, trained in pathology, Dr. Widder provides valuable insight from the perspective of both an executive and that of a physician.

Communications with the Board of Directors

Our stockholders may communicate with our Board of Directors, a committee of our Board of Directors or an individual director by sending a letter addressed to the Board, a committee or a director c/o Corporate Secretary, Quidel Corporation, 12544 High Bluff Drive, Suite 200, San Diego, CA 92130. All communications will be compiled by our Corporate Secretary and forwarded to the Board of Directors, the committee or the director accordingly.

Director Attendance at Annual Meetings

Our Board of Directors has adopted a policy that encourages our directors to attend our annual stockholder meetings. All of our continuing directors attended the 2017 annual meeting of stockholders.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all our officers, directors and employees. If we grant any waiver, including any implicit waiver, to our principal executive, financial or accounting officers (or persons performing similar functions), we will disclose the nature of such amendment or waiver on our website at www.quidel.com or in a report on Form 8-K in accordance with applicable rules and regulations.

Access to Corporate Governance Documentation and Other Information Available on Our Website

Our Code of Business Conduct and Ethics, the current charters for each of the Audit, Compensation and Nominating and Corporate Governance Committees and the Company's Corporate Governance Guidelines are accessible via our website at www.quidel.com through the "Investor Relations" link under the heading "Corporate Governance."

DIRECTOR COMPENSATION

The current compensation and benefit program for non-employee directors is designed to achieve the following goals: compensation should fairly pay directors for work required for a company of our size and scope; compensation should align directors' interests with the long-term interests of our other stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand. The table below relating to non-employee directors' compensation includes the following compensation elements:

Annual Cash Retainers

The Chair of the Board of Directors currently receives an annual cash retainer of $92,400. Each of the other non-employee directors receives an annual cash retainer of $40,150.

The Chair of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee receives an additional annual cash retainer of $15,000, $10,000 and $7,500, respectively.

Non-Employee Director Deferred Compensation Program

In December 2010, the Board of Directors adopted a non-employee director deferred compensation program that began in 2011. Participating directors may elect on a yearly basis (for the yearly period between the Company's annual meetings of stockholders) to receive 50% or 100% of the cash value of the director's (i) annual retainer fee and (ii) compensation for services as a chair of any of the Board's standing committees (collectively, the "Covered Fees") in the form of fully vested, restricted stock units plus an additional premium on such percentage of the Covered Fees, also in the form of additional restricted stock units, which are subject to a one-year vesting requirement (the "Director Premium RSUs"). The additional premium applicable to the Director Premium RSUs shall be determined based on the length of time of the deferral period (between the date of grant and the date the shares of common stock underlying the RSUs are selected to be issued) selected by the participating director as follows: (i) if one (1) year from the date of grant, a premium of 10% on the amount deferred of the Covered Fees; (ii) if two (2) years from the date of grant, a premium of 20% on the amount deferred of the Covered Fees; or (iii) if four (4) years from the date of grant, a premium of 30% on the amount deferred of the Covered Fees. The RSUs are granted under the Company's 2016 Equity Incentive Plan (or applicable successor plan) as of the date of the applicable annual meeting of stockholders, and the number of shares awarded as RSUs is calculated based on the closing price of the Company's shares on the date of the applicable annual meeting.

For 2017/2018 only, the Compensation Committee determined it was appropriate to modify the non-employee deferred compensation program to provide for stock payments in lieu of fully vested, restricted stock units if directors elect to participate and agree to hold such stock for a selected deferral period. The table below illustrates the amount of stock payments to each non-employee director for 2017:

Name	Amount Deferred	Deferral Period	Covered Fees RSUs	Premium RSUs
Thomas D. Brown	100 %	2 years	2,022	404
Kenneth F. Buechler, Ph.D.	100 %	2 years	3,725	745
Mary Lake Polan, M.D., Ph.D., M.P.H.	100 %	4 years	1,618	485
Jack W. Schuler	100 %	4 years	1,618	485
Charles P. Slacik	100 %	2 years	1,111	222
Kenneth J. Widder, M.D.	100 %	4 years	1,921	576

Periodic Equity Awards

The Board of Directors periodically assesses potential equity awards to non-employee directors in lieu of an annual automatic grant of stock options, as contemplated under the 2016 Plan. The Board of Directors suspended the automatic grants program in May 2004 on an indefinite basis.

On May 16, 2017, the Board of Directors approved stock option and RSU grants with a total valuation of $115,500 for the Chairman of the Board and $100,000 for the remaining non-employee directors. The award was targeted to approximate a 50/50 valuation split between stock option and RSU grants. Accordingly, grants were made to each of the Company's non-employee directors as follows: (i) a grant of 5,851 stock options and 2,328 RSUs to the Chair of the Board (with a Black-Scholes value of approximately $9.87 per option as of the grant date and a fair value based on the closing price of our common stock per RSU on the date of grant) and (ii) a grant of 5,065 stock options and 2,016 RSUs to each of the Company's non-employee directors (with a Black-Scholes value of approximately $9.87 per option as of the grant date and a fair value based on

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the closing price of our common stock per RSU on the date of grant). The stock options and RSUs vest upon the one-year anniversary of the grant date. The exercise price for the stock options was equal to the closing price of the Company's common stock as of the grant date in accordance with the Company's Amended and Restated 2016 Equity Incentive Plan. The options have a ten-year term.

Director Compensation Table

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Total ($)
Thomas D. Brown	50,150	60,016	49,992	160,158
Kenneth F. Buechler, Ph.D.	92,400	76,210	57,749	226,359
Mary Lake Polan, M.D., Ph.D., M.P.H.	40,150	62,025	49,992	152,167
Jack W. Schuler	40,150	62,025	49,992	152,167
Charles P. Slacik	55,150	55,502	49,992	160,644
Kenneth J. Widder, M.D.	47,650	64,282	49,992	161,924

(1) This column reports the amount of Covered Fees, including cash payments and Covered Fees deferred in return for RSUs (Covered Fees RSUs).

(2) This column represents the grant date fair value with respect to the RSUs and Director Premium RSUs granted in 2017. For additional information on the valuation assumptions with respect to the 2017 Director grants of options and RSUs, see "--Periodic Equity Awards" above and Note 6 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017. At December 31, 2017, the aggregate number of restricted stock awards, including RSUs and Premium RSUs, held by each Director was: Mr. Brown 24,295; Dr. Buechler 18,537; Dr. Polan 16,737; Mr. Schuler 25,754; Mr. Slacik 6,441; and Dr. Widder 5,652.

(3) This column represents the grant date fair value with respect to the stock options granted to the directors in 2017. For additional information on the valuation assumptions with respect to the 2017 grants of options and RSUs, see "--Periodic Equity Awards" above and Note 6 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017. At December 31, 2017, the aggregate number of option awards held by each Director was: Mr. Brown 82,280; Dr. Buechler 99,225; Dr. Polan 94,434; Mr. Schuler 5,065; Mr. Slacik 16,095; and Dr. Widder 22,440.

2018 Director Compensation

Consistent with the Compensation Committee's annual review of our director compensation program, the Compensation Committee reviewed the amount of compensation paid to our non-employee directors. In connection with its review of our director compensation program, the Compensation Committee considered prior discussions with its independent compensation consultant, Deloitte Consulting LLP, and publicly available director compensation data from the companies in our peer group, as well as other information. Upon the conclusion of this process, the Compensation Committee determined, and recommended to our Board of Directors, that the annual equity awards to our non-employee directors should be awarded 100% in the form of restricted stock units rather than 50% restricted stock units and 50% stock options because the Compensation Committee believed that awards of restricted stock units would better align with the Company's peer group compensation practices, and it wanted to ensure that the Company would continue to remain competitive in its ability to retain and attract qualified directors. In addition, the Compensation Committee determined it was appropriate to reinstate the non-employee deferred compensation program for 2018/2019 on previous terms as described above and to remain in place annually thereafter. Our Board of Directors unanimously approved the recommended changes to the compensation paid to our directors consistent with the Compensation Committee's recommendation, to take effect as of the Company's 2018 Annual Meeting of Stockholders.

Director Stock Ownership Guidelines

We believe that each director should have a meaningful equity investment in our Company. Our director stock ownership guidelines were recently revised to increase the ownership threshold to provide that directors are encouraged to own Common Stock equal in value to three times the total annual base compensation for non-employee directors. Directors are expected to acquire and maintain this share ownership threshold within five years of joining the Board of Directors. All directors meet these ownership guidelines or are in compliance with the guidelines and are retaining equity awards until compliance is reached.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Throughout this proxy statement, the individuals who served as our Chief Executive Officer and Chief Financial Officer during fiscal year 2017, as well as the other individuals listed in the Summary Compensation Table below, are referred to as the “Named Executive Officers.”

Executive Summary

Most of our compensation decisions are determined in the first few months of our fiscal year, after review of our performance and the performance of our Chief Executive Officer and the other executive officers. We believe the compensation of all of our Named Executive Officers for 2017 aligned well with both our performance in 2017 and the objectives of our executive compensation policies. Our 2017 performance highlights included:

- Closed on acquisition of the Triage® MeterPro® Cardiovascular (CV) and toxicology business and B-type Naturietic Peptide (BNP) assay business run on Beckman Coulter analyzers from Alere Inc. (together, the "Triage and BNP Businesses");
- Generated $277.7 million in total revenue (45% increase compared to 2016);
- Generated $107.5 million in Influenza product revenue (50% increase compared to 2016);
- Received 510(k) clearance from the FDA for three new Sofia® assays (Influenza A+B, RSV, and Strep A+) for use on Sofia 2 instrumented system and four new Solana® assays (GBS, C. difficile, and RSV + hMPV); and
- Improved diversification of product portfolio through acquisition of non-seasonal cardiovascular, toxicology and eye health products.

Overview and Philosophy

The core objectives of our executive compensation program are to (1) support our mission, values and corporate strategies by adopting a “pay for performance” philosophy that provides incentives to our executive officers and employees for support of these core principles; (2) align the interests of management with those of our stockholders; and (3) attract, retain and motivate high quality executives. Towards these objectives, our compensation program is designed with the following principles:

- Provide an opportunity for the Company to communicate to our executive officers and employees our performance expectations and priorities directly through the selection of performance measures on which compensation is based, and calibrate payouts with achievement of those performance measures;
- Align pay such that management shares in value created from their efforts, and the Company’s compensation expense is correlated to its profitability and stockholder returns;
- Balance rewards appropriately between efforts and results;
- Offer a competitive total compensation opportunity; and
- Have a significant portion of total compensation paid to our executive officers in equity and dependent upon the achievement of performance goals of the Company.

Our compensation program focuses on both short and long-term results and is composed of three key elements: (1) base salaries, which reflect individual performance and responsibilities; (2) annual cash incentive opportunities, which are a function of the performance of the Company; and (3) longer-term stock-based incentive opportunities under our equity incentive plans, generally in the form of stock options or restricted stock unit grants, which link the interests of senior management with our other stockholders. Each of our compensation elements is designed to simultaneously fulfill one or more of our core objectives.

When setting compensation for 2018 and in determining compensation policies, the Compensation Committee took into account the results of the stockholder advisory votes on executive compensation that took place in May 2017. In that vote, which was advisory and not binding, our stockholders approved the compensation of our Named Executive Officers as disclosed in the Proxy Statement for the 2017 Annual Meeting of Stockholders with over 99% of votes cast in favor of the compensation of our Named Executive Officers. The Compensation Committee also considered prior advice of Deloitte Consulting LLP ("Deloitte Consulting"), which was engaged in 2016 to advise on the Company's executive compensation programs, and continued to apply the same general compensation principles and philosophy, while making some adjustments to the Company's compensation programs. We currently hold annual advisory votes on executive compensation.

Administration

The Compensation Committee of the Board of Directors administers the Company's executive compensation programs and approves (or recommends to the Board of Directors for approval) salaries of all executive officers, including those of the

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senior executive officers named in the Summary Compensation Table. The Compensation Committee is responsible for reporting to the Board of Directors and administering all other elements of executive compensation, including annual cash incentive and equity awards.

Compensation Plan Design and Key Elements Used to Achieve Compensation Objectives

The cash components of salary and annual incentive bonus are targeted to be moderate, yet competitive in relation to salaries and annual incentive bonuses paid to officers in similar positions in comparable companies.

Our 2017 and 2018 long-term equity incentive programs for our Named Executive Officers included incentive stock-based awards in the form of both non-qualified stock options, time-based restricted stock units and performance-based restricted stock units. The vesting for the non-qualified stock option awards is over a four-year period with 50% vesting on the second anniversary of the grant date and the remainder vesting 25% annually thereafter. The stock options have an exercise price equal to the closing price of the Company's common stock on the date of grant. The vesting for the time-based restricted stock units is 100% on the four-year anniversary of the grant date. The vesting for the performance-based restricted stock units are over a three-year time period and are tied to the achievement of net revenue growth targets, subject to certain adjustments such as influenza season volatility or acquisition or divestiture activities.

The Compensation Committee engaged Deloitte Consulting to conduct a review of the competitiveness of the Company's executive compensation programs in the latter half of 2016 in connection with the Company's 2017 executive compensation programs and has previously engaged third-party compensation consultants to review competitiveness of base salaries, short-term cash incentives, and both short-term and long-term equity incentive programs. Our executive compensation program design builds on the analysis and direction of these consultants, taking into account data from the annual Radford Global Life Sciences Survey and incorporates review of comparative groups of publicly-traded companies with similar revenue and employee population profiles. The Radford Global Life Sciences Survey provides data from participating companies with respect to their compensation practices in numerous areas and with respect to various positions, including senior management positions. The companies in our public company peer group were selected based on various factors, including industry, market capitalization, revenues and number of employees.

For 2017, the Compensation Committee determined that it was appropriate to update the peer group as follows, including adding the new peers identified below:

Abaxis, Inc.	Luminex Corporation
Cepheid	Meridian Bioscience Inc.
Exact Sciences Corporation (New)	Merit Medical Systems, Inc.
Genmark Diagnostics, Inc. (New)	NanoString Technologies, Inc. (New)
Genomic Health, Inc.	Natus Medical Incorporated
Harvard Bioscience, Inc. (New)	Orasure Technologies, Inc.
Heska Corporation (New)	

For 2018, the Compensation Committee determined that it was appropriate to update the peer group as follows, including adding the new peers identified below:

Abaxis, Inc.	Merit Medical Systems, Inc.
Bio-Techne Corporation (New)	Myriad Genetics, Inc. (New)
Dex Com, Inc. (New)	Natus Medical Incorporated
Exact Sciences Corporation	Neogen Corporation (New)
Genomic Health, Inc.	NeoGenomics, Inc. (New)
Haemonetics Corporation (New)	Orasure Technologies, Inc.
Luminex Corporation	

GenMark Diagnostics, Inc., Harvard Bioscience, Inc., Heska Corporation, Meridian Bioscience, Inc. and NanoString Technologies, Inc. were removed from our peer group for 2018 due to poor size compatibility in light of our acquisition of the Triage and BNP Businesses in late 2017. In addition, Cepheid was removed because it was acquired by Danaher Corporation.

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Our Compensation Committee utilizes management (and from time to time independent compensation consultants, such as Deloitte Consulting in 2016) to gather market data and provide analyses of our peers' compensation programs. The Compensation Committee does not have a philosophy of setting compensation based on specific formulaic benchmarking comparisons, but it does take into account the guidance of compensation consultants and reviews peer group data and the Radford Global Life Sciences Survey data in setting moderate, yet competitive compensation. In 2017, our Compensation Committee decided to align our executive compensation practices more closely with our peer group, in part based on the advice of Deloitte Consulting, and chose to more evenly allocate the equity incentive awards between stock options and restricted stock units, with 50% of the shares awarded provided in the form of non-qualified stock options and 50% of the equity incentive shares awarded in the form of restricted stock units. In addition, our Compensation Committee determined it would be in the interest of stockholders to evenly split the restricted stock units between time-based restricted stock units and performance-based restricted stock units in both 2017 and 2018.

Base Salary

Base salaries are reviewed annually and are targeted to be moderate, yet competitive in relation to salaries paid to officers in similar positions in comparable companies. With the exception of the Chief Executive Officer, whose performance is reviewed directly by the Board of Directors, performance of all other executive officers is reviewed through regular conversations on goals and achievement with the Chief Executive Officer in consultation with the Compensation Committee (and/or the Board of Directors).

In 2017, in connection with the setting of the base salary of our executive officers, the Compensation Committee considered peer group analysis and also examined survey data for executives with similar responsibilities in comparable companies in the medical device/diagnostics and biotechnology industries, using a custom report from the 2017 Radford Global Life Sciences Survey data based on companies with a similar number of employees compared to our company. The base salaries of each of our executive officers were set taking into account comparable data for salaries relevant for their positions, and then modified to further take into account our executive officers' experience and skills.

Annual Cash Incentive Awards

Our annual cash incentive program provides the potential for receipt of competitive levels of annual incentive cash compensation and is designed to reward senior management for their contributions to annual corporate objectives. Under our annual cash incentive program, each participating officer is entitled to receive a cash bonus based on achievement of certain corporate goals in the particular fiscal year. Goals and payouts are calibrated to strike the appropriate balance between being reasonably achievable, and thereby motivating executives, while targeting improved performance. The balance is intended to result in the Company receiving an appropriate return on its annual incentive investment. The corporate performance goals are selected to require sustained performance and results from senior management. Each eligible executive's potential annual award under the annual cash incentive program is expressed as a percentage of base salary during the fiscal year.

In February 2017, the Compensation Committee approved the 2017 Executive Incentive Compensation Plan (the "2017 Cash Incentive Plan"). For 2017, the Compensation Committee determined it was appropriate to streamline the incentive targets to a limited set of key components. Similar to prior plans, the 2017 Cash Incentive Plan was designed to encourage improved performance in objectives not related to the intensity of any given influenza season and by doing so was designed to improve long-term performance and results for the Company and its stockholders. Consistent with prior years, the target bonus for the 2017 Cash Incentive Plan was 125% of annual base salary for our Chief Executive Officer and 75% of annual base salary for other executive officers. Under the 2017 Cash Incentive Plan, the maximum bonus was increased to 175% of annual base salary for our Chief Executive Officer and 100% of annual base salary for our other executive officers.

The 2017 Cash Incentive Plan consisted of the following three components: (1) revenue performance; (2) EBITDA; and (3) achievement of commercial channel efficiencies. Each component of the 2017 Cash Incentive Plan included targets at minimum, plan/target and maximum payout. The minimum targets served as the threshold upon which the incentive pool would begin to fund for that component. Achievement of the components at plan/target earn the target cash incentive opportunity. Payouts are calculated along a linear continuum from minimum to plan/target and from plan/target to maximum with the maximum target serving as the point at which the management team earns the highest possible cash incentive opportunity. The minimum target must be met in order for a portion of the bonus to be paid relative to any one of the three components and each component is measured separately. The Compensation Committee could adjust the targets to take into account acquisitions and the variability in severity of the influenza season (so that management is neither enriched nor penalized for factors outside management's control). The Compensation Committee also retained the right to exercise discretion to award bonuses at a lower amount than the amount funded by the formula provided under the 2017 Cash Incentive Plan.

The following table represents the threshold, target and maximum bonus for each of the Company's Named Executive Officers as a percent of such employee's annual base salary for the 2017 Cash Incentive Plan:

Executive Officer	Threshold	Target	Maximum
Douglas C. Bryant President and CEO	62.5 %	125 %	175 %
Randall J. Steward Chief Financial Officer	37.5 %	75 %	100 %
Robert J. Bujarski SVP, Business Development and General Counsel	37.5 %	75 %	100 %
Werner Kroll, Ph.D. SVP, Research and Development	37.5 %	75 %	100 %
Edward K. Russell SVP, North America Commercial Operations	37.5 %	75 %	100 %

Bonus payouts to our executive officers for 2017 were based 40% on achievement of revenue performance; 40% on EBITDA goals; and 20% on achievement of channel efficiencies.

On February 20, 2018, the Compensation Committee approved payout, effective February 23, 2018, to executive officers under the 2017 Cash Incentive Plan for achievement of financial goals at 111% of target for the CEO and 109% for other executive officers. Achievement of the financial goals, on an acquisition adjusted basis, was based on achievement of (i) revenue performance at 43% of a possible 40% for the CEO and 42% of a possible 40% for other executive officers , (ii) EBITDA target at 40% of a possible 40%, and (iii) achievement of channel efficiencies at 28% of a possible 20% for the CEO and 27% of a possible 20% for other executive officers. The difference in achievement percentages for CEO payouts compared to other executive officers was based on the CEO's higher bonus target percentages. The bonuses earned by Mr. Bryant, Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell were $797,599, $306,610, $304,730, $304,110 and $304,689, respectively.

In January 2018, the Compensation Committee approved the 2018 Executive Incentive Compensation Plan (the "2018 Cash Incentive Plan"). For 2018, the Compensation Committee determined it was appropriate to continue to streamline the incentive targets to a limited set of key components. Similar to the 2017 Cash Incentive Plan, the 2018 Cash Incentive Plan was designed to encourage improved performance in objectives not related to the intensity of any given influenza season and by doing so, was designed to improve long-term performance and results for the Company and its stockholders. The 2018 Cash Incentive Plan consists of the following three components: (1) revenue performance; (2) EBITDA; and (3) integration targets (synergies and sale/leaseback transaction for the Summers Ridge property). Each component of the 2018 Cash Incentive Plan includes targets at minimum, plan/target and maximum payout with the exception of the sale/leaseback transaction target. The minimum targets serve as the threshold upon which the incentive pool will begin to fund for that component. Achievement of the components at plan/target will earn the target cash incentive opportunity. Payouts will be calculated along a linear continuum from minimum to plan/target and from plan/target to maximum with the maximum target serving as the point at which the management team will earn the highest possible cash incentive opportunity. The minimum target must be met in order for a portion of the bonus to be paid relative to any one of the three components and each component will be measured separately. The Compensation Committee may adjust the targets to take into account acquisitions, divestitures and the variability in severity of the influenza season (so that management is not penalized for factors outside management's control). The Compensation Committee also retains the right to exercise discretion to award bonuses at a lower amount than the amount funded by the formula provided under the 2018 Cash Incentive Plan.

The following table represents the threshold, target and maximum bonus for each of the Company's Named Executive Officers as a percent of such employee's annual base salary for the 2018 Cash Incentive Plan:

Executive Officer	Threshold	Target	Maximum
Douglas C. Bryant President and CEO	62.5 %	125 %	175 %
Randall J. Steward Chief Financial Officer	37.5 %	75 %	100 %
Robert J. Bujarski SVP, Business Development and General Counsel	37.5 %	75 %	100 %
Werner Kroll, Ph.D. SVP, Research and Development	37.5 %	75 %	100 %
Edward K. Russell SVP, North America Commercial Operations	37.5 %	75 %	100 %

Bonus payouts to our executive officers for the 2018 Cash Incentive Plan will be based 40% on achievement of revenue performance; 40% on EBITDA goals; 15% on achievement of synergy targets; and 5% on achievement of the sale/leaseback target.

Deferred Bonus Program

Each of the above officers are eligible to elect to participate in the Company's Employee Deferred Bonus Compensation Program (the "Employee Deferred Program") with respect to any payments received under the 2018 Cash Incentive Plan and future cash incentive plans. The Compensation Committee suspended the Employee Deferred Program for 2017 but reinstated the program for 2018 and annually thereafter. Consequently, electing officers could elect to receive 50% or 100% of the cash value of his 2018 cash bonus (the "Covered Bonus") (payable (if applicable) per the terms and conditions of the 2018 Cash Incentive Plan) in the form of fully vested, restricted stock units (the "Converted RSUs") plus an additional premium on such percentage of the Covered Bonus in the form of additional restricted stock units, which are subject to a one-year vesting requirement (the "Premium RSUs"). The additional premium applicable to the Premium RSUs will be determined based on the length of time of the deferral period (between the date of grant and the date the shares of common stock underlying the Converted RSUs are selected to be issued) selected by the participating employee as follows: (i) if one (1) year from the date of grant, a premium of 10% on the amount deferred of the Covered Bonus; (ii) if two (2) years from the date of grant, a premium of 20% on the amount deferred of the Covered Bonus; or (iii) if four (4) years from the date of grant, a premium of 30% on the amount deferred of the Covered Bonus.

Elections for the Employee Deferred Program for 2018, which are now irrevocable, were made by the following executive officers:

Executive Officer	Amount Deferred	Deferral Period
Douglas C. Bryant President and CEO	50 %	4 years
Randall J. Steward Chief Financial Officer	50 %	1 year
Robert J. Bujarski SVP, Business Development and General Counsel	50 %	4 years
Werner Kroll, Ph.D. SVP, Research and Development	50 %	4 years

The Converted RSUs will be fully vested on the grant date. The Premium RSUs will be fully vested on the first anniversary of the grant date. Subject to the terms and conditions in the grant award agreement, the issuance of the shares of common stock underlying Converted RSUs will be issued as soon as administratively practicable after the earliest of: (1) the end of the deferral period selected by the participating employee, (2) the participating employee's separation from service to the Company, and (3) a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company (a "Change in Control"). The shares of common stock underlying the Premium RSUs will have the same applicable issuance periods as outlined in the foregoing sentence for Converted RSUs with acceleration of the one-year vesting requirement in connection with a Change in Control, provided, however, that if a participating employee's service is terminated for any reason (outside of a Change in Control) prior to the one-year vesting requirement, the Premium RSUs shall be forfeited and canceled as of the date of such termination of service.

Longer-Term Equity Incentive Awards

Longer-term equity-based incentive awards in the form of stock options and/or restricted stock units are intended to align the interests of management with those of the Company's other stockholders and promote retention of our executives by using continued service, and in the case of certain awards, the achievement of specified performance levels, as a requirement to receive the value of the awards. The number of stock options and/or shares of restricted stock units granted is related to the individual's level of responsibility and allows executives to share in the value they help create. Generally, the Compensation Committee does not consider an executive's stock holdings or outstanding equity awards in determining the number of equity awards to be granted; however, the Compensation Committee does take into consideration the total number of outstanding shares of our common stock, the relative dilution to stockholders, as well as our gross equity burn rate, issued equity overhang and total equity overhang in determining the number of equity awards to be granted. The Compensation Committee believes that the Company's executive officers should be fairly compensated each year relative to market pay levels of the Company's peer group. The Compensation Committee views longer-term equity incentives as a primary compensation means for retaining executives.

Our 2017 long-term equity incentive program for our Named Executive Officers included incentive stock-based awards in the form of both non-qualified stock options, time-based restricted stock units and performance-based restricted stock units. The vesting for the non-qualified stock option awards is over a four-year period with 50% vesting on the second anniversary of the grant date and the remainder vesting 25% annually thereafter. The stock options have an exercise price equal to the closing price of the Company's common stock on the date of grant. With the 2017 equity incentive awards, the Compensation Committee determined to more evenly weight the number of shares awarded for of the long-term incentive award between stock options and restricted stock units to align executive compensation with peer group practices. In 2017, 50% of the equity incentive award shares were provided in the form of non-qualified stock options and 50% of the equity award shares were provided in the form of restricted stock units. The restricted stock units were divided equally between time-vested restricted stock units and performance-based restricted stock units to better align with corporate performance goals. The vesting for the time-based restricted stock units is 100% on the four-year anniversary of the grant date. The vesting for the performance-based restricted stock units is over a three-year time period and is tied to the achievement of net revenue growth targets, as adjusted for influenza revenue volatility.

In 2017, Mr. Bryant, Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell were awarded non-qualified stock options, shares of time-based restricted stock units, and shares of performance-based restricted stock units as follows:

Executive Officer	Dollar Value of Aggregate Award	Number of Options/Time Based Restricted Stock Units (RSUs)/performance-based restricted stock units (PSUs)
Douglas C. Bryant President and CEO	$ 1,199,985	20,250 RSUs 20,249 PSUs 40,499 Options
Randall Steward Chief Financial Officer	$ 449,991	7,594 RSUs 7,593 PSUs 15,187 Options
Robert J. Bujarski SVP, Business Development and General Counsel	$ 424,984	7,172 RSUs 7,171 PSUs 14,343 Options
Werner Kroll, Ph.D. SVP, Research and Development	$ 424,984	7,172 RSUs 7,171 PSUs

		14,343 Options
Edward K. Russell SVP, North America Commercial Operations	$ 424,984	7,172 RSUs 7,171 PSUs 14,343 Options

In February 2018, the Board confirmed that the performance targets related to the PSUs were fully achieved and that the shares fully vested early upon achievement of $277.7 million in total annual revenues for the fiscal-year ended 2017, which exceeded the performance target of achieving $255.0 million in annual revenues during any one of the 2017 to 2019 fiscal years. Consequently, common stock was issued on February 15, 2018 pursuant to the PSUs awarded on February 15, 2017.

Our 2018 long-term equity incentive program for our Named Executive Officers includes incentive stock-based awards in the form of non-qualified stock options, time-based restricted stock units and performance-based restricted stock units similar to the 2017 program, with the exception that the net revenue growth targets will not be adjusted for influenza revenue volatility and may be adjusted for future acquisition or divestiture activity.

Equity Ownership Guidelines

To further align the interests of our directors and executives with those of our other stockholders, the Board of Directors has adopted share ownership guidelines. Under these guidelines, each non-employee director, the Chief Executive Officer, each Senior Vice President and each Vice President is required to retain and hold 50% of the shares acquired under any equity incentive award granted on or after March 19, 2004 (after subtracting shares sold to pay for option exercise costs, and relevant federal and state taxes which are assumed to be at the highest marginal tax rates). The foregoing share retention rule applies unless such director or officer beneficially owns shares with a value at or in excess of the following share ownership guidelines:

- Chief Executive Officer — 3 times then-current annual base salary,
- Senior Vice Presidents — 2 times then-current annual base salary,
- Vice Presidents — 1 times then-current annual base salary, and
- Non-employee directors — 3 times then-current annual cash retainer.

The value of an individual’s shares for purposes of the share ownership guidelines is deemed to be the greater of the then-current fair market value of the stock, or the individual’s cost basis in the stock. Shares counted in calculating the share ownership guidelines include shares beneficially owned outright, whether from open market purchases, purchases through the Company’s Employee Stock Purchase Plan, shares retained after option exercises, shares of restricted stock that have no further restrictions remaining, and vested restricted stock units. In addition, in the case of vested, unexercised, in-the-money stock options, the in-the-money value of the stock options will be included in the share ownership guidelines calculation. Individuals have five years from their election, hire or promotion to satisfy the share ownership guidelines. All officers and directors meet these ownership guidelines or are in compliance with the guidelines for retaining equity awards until compliance is reached.

Restrictions on Trading Securities (Including Hedging and Pledging)

We have an insider trading policy that prohibits employees and directors from engaging in speculative transactions involving our securities. Accordingly, hedging transactions involving our securities, including, but not limited to purchase of stock on margin, short sales, buying or selling puts or calls, and any other similar transactions or arrangements that have an economic consequence of establishing downside price protection are prohibited. Our insider trading policy also prohibits officers and directors from pledging stock, subject to special Board approval. No special approvals have been provided to allow any current officer or director to pledge stock.

Pay Recoupment Policy

The 2017 and 2018 Cash Incentive Plans contain provisions providing for pay recoupment in compliance with applicable legislation and regulation. The Board expects to enact a pay recoupment policy when the regulations mandated by the Dodd-Frank Act are implemented by the SEC. At a minimum, the policy will comply with the Dodd-Frank Act and related regulations.

Employment and Severance Agreements

We have entered into change of control agreements with each of our executive officers in order to foster their objectivity in making decisions with respect to any pending or threatened change in control transaction and to alleviate certain risks and uncertainties with regard to our executive officers’ financial and professional security that might be created by a pending or threatened change in control transaction. The details of the change in control agreements and any employment or severance arrangements entered into with our executive officers are provided under the caption “Employment, Change in Control and Severance Arrangements” below in this Proxy Statement.

Tax Deductibility of Compensation

In general, Section 162(m) of the U.S. tax code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of $1,000,000 per year per person to the executives designated in Section 162(m) of the

Code, including, but not limited to, its chief executive officer and other highly compensated executives of such corporation whose compensation is required to be disclosed in its proxy statement. The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our covered executive officers in excess of $1,000,000 will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

Prior to the repeal of Section 162(m)'s performance-based exemption, we in general sought to structure our compensation programs in a manner intended to comply with Section 162(m), although our Compensation Committee reserved the right to provide compensation (such as base salary and service-based vesting RSUs) if, in its judgment, such payments were necessary to achieve our compensation objectives and in the best interests of the Company and its stockholders. However, despite the Compensation Committee's efforts to structure certain compensation elements in a manner intended to be exempt from Section 162(m) and therefore not subject to its deduction limits, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation repealing Section 162(m)'s exemption from the deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will.

While we will continue to consider the tax effect (including with respect to the expected lack of deductibility under amended Section 162(m)) of compensation decisions, the principal consideration behind our selection of components of executive compensation continues to be whether the component can facilitate achievement of our executive compensation program objectives. In this regard, for 2018, we have not made any changes to the basic structure of our executive compensation program.

Stock Option Grant Practices

As described above, the Company uses stock options as part of its overall compensation program. The stock option awards provide individuals with the right to purchase a specified number of shares of the Company's stock at a specific price. The Company sets the exercise price of the stock options that it awards at or above the closing price of the Company's stock on the grant date. Accordingly, the option grant will have value to the individual only if he or she continues in our service during the vesting period and then generally only if and to the extent that the market price of the underlying shares of common stock appreciates over the option term.

Awards of equity-based compensation to our executive officers, such as options, are determined and approved by the Board of Directors or the Compensation Committee. Equity grants are typically made at the time of hire for executives and then annually as part of the overall executive compensation review. The specific terms of the awards are determined based on the position of the individual in the organization and as part of the applicable annual equity incentive program.

New hire grants are approved by the Board of Directors or the Compensation Committee when the executive's hire is approved, with the actual option grant issued on the first date of employment and the exercise price of such options being set at the closing price of the Company's common stock on that date. Annual performance grants made as part of the overall executive compensation program are generally made as of the date of Board or Compensation Committee approval. This typically occurs prior to the end of the first quarter, with grants effective on the date of Board or Compensation Committee approval and at a price at or above the closing price on the grant date.

Perquisites and Other Benefits

The Compensation Committee believes that the Named Executive Officers should participate in the same benefit programs as the Company's other employees and that special executive perquisites should be minimal. Consistent with this philosophy, the Named Executive Officers participate in the Company's employee benefit plans on the same terms as other employees. These plans include medical and dental insurance, disability coverage, life insurance, the employee stock purchase plan and the 401(k) Plan.

Compensation of the Chief Executive Officer

Our Chief Executive Officer participates in the same executive compensation program provided to our other executive officers and senior management as described above. The Compensation Committee's approach to setting compensation for the Chief Executive Officer is to be competitive with comparable companies and to have a significant portion of total compensation depend upon the achievement of performance goals for the Company.

In February 2017, the Compensation Committee approved an increase in the annual base salary for Mr. Bryant from $558,846 to $574,846. As described above, the Compensation Committee approved payout, effective February 23, 2018, under the 2017 Cash Incentive Plan for combined achievement of revenue performance, EBITDA goals and channel efficiencies at 111% of target, and accordingly, Mr. Bryant earned a payout of $797,599. As discussed above under the caption "--Longer-Term Equity Incentive

Awards," in 2017, Mr. Bryant was also awarded 20,250 time-based restricted stock units, 20,249 performance-based restricted stock units, and 40,499 non-qualified stock options.

Compensation of the Other Named Executive Officers

In February 2017, the Compensation Committee approved an increase in the base salaries of Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell. Base salaries were approved as follows:

Executive Officer	Prior Base Salary	2017 Base Salary
Randall J. Steward Chief Financial Officer	$ 365,058	$ 375,058
Robert J. Bujarski SVP, Business Development and General Counsel	$ 362,759	$ 372,759
Werner Kroll, Ph.D. SVP, Research and Development	$ 350,127	$ 372,000
Edward K. Russell SVP, North America Commercial Operations	$ 362,708	$ 372,708

As described above, the Compensation Committee approved payout, effective February 23, 2018, under the 2017 Cash Incentive Plan for combined achievement of revenue performance, EBITDA goals and channel efficiencies at 109% of target for non-CEO executive officers, and, accordingly, Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell earned a payout of $306,610, $304,730, $304,110 and $304,689, respectively.

As discussed above under the caption "--Longer-Term Equity Incentive Awards," in 2017, Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell were awarded shares of time-based and performance-based restricted stock units and non-qualified stock options.

CEO Pay Ratio Disclosure

We are providing the following information regarding the relationship of the annual total compensation of our CEO and that of our "median employee," 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. The pay ratio information provided below is a reasonable estimate calculated in a manner consistent with these new pay ratio disclosure rules.

For our 2017 fiscal year:

- The estimated median of the annual total compensation of all of our employees, excluding the CEO, was $85,881;
- The annual total compensation of our CEO, as reported in the Summary Compensation Table below, was $2,583,548; and
- The ratio of the annual total compensation of our CEO to the median of the annual total compensation of all other employees was estimated to be 30 to 1.

In determining the pay ratio information provided above, we first identified our "median employee" for the 2017 fiscal year by using the following methodology, as permitted by the SEC's pay ratio disclosure rules:

- We selected October 1, 2017 as the date upon which we would identify our employee population and median employee, and, from our tax and payroll records, we compiled a list of 640 total U.S.-based full-time, part-time, temporary and seasonal employees who were employed on that date. We excluded 14 employees working outside the United States from the calculation (approximately 2.1% of our workforce), consisting of approximately 1, 8, 1, 1, 2, and 1 employees working in China, Germany, Korea, Saudi Arabia, Canada and the UK, respectively.
- We used total cash compensation during the 2017 fiscal year as a consistently applied compensation measure to identify our median employee from the employees on the list. For this purpose, we define total cash compensation as the sum of base wages and annual incentives payable in cash during the year. We did not annualize the total cash compensation of any permanent employees who were employed for less than the full year.

Once our median employee was identified in the manner described above, we calculated the annual total compensation of the median employee using the same methodology that we used to determine the annual total compensation of the CEO, as reported in the Summary Compensation Table below.

It should be noted that the SEC's pay ratio disclosure rules provide reporting companies with a great deal of flexibility in determining the methodology used to identify the median employee and the pay ratio. As such, our methodology may differ materially from the methodology used by other companies to prepare their pay ratio disclosures, which may contribute to a lack of comparability between our pay ratio and the pay ratio reported by other companies, including those within our industry.

Summary Compensation Table

The following table sets forth information relating to fiscal years 2017, 2016 and 2015 compensation of our Chief Executive Officer, Chief Financial Officer and three other most highly paid persons serving as executive officers as of December 31, 2017.

Name and Principal Position	Year	Salary ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Douglas C. Bryant	2017	574,846	853,719	346,266	797,599	11,118	2,583,548
President and CEO	2016	558,846	256,010	549,005	391,192	10,014	1,765,067
	2015	542,540	379,026	899,993	316,844	9,714	2,148,117
Randall J. Steward	2017	375,058	320,142	129,849	306,610	12,702	1,144,361
Chief Financial Officer	2016	365,058	82,221	228,753	153,324	12,702	842,058
	2015	345,050	124,986	374,998	132,293	12,402	989,729
Robert J. Bujarski	2017	372,759	302,351	122,633	304,730	9,030	1,111,503
SVP, Business Development and General	2016	362,759	96,851	205,873	152,359	9,030	826,872
Counsel	2015	345,050	128,045	337,491	132,293	8,730	951,609
Werner Kroll, Ph.D.	2017	372,000	302,351	122,633	304,110	12,702	1,113,796
SVP, Research and Development	2016	350,127	96,036	205,873	147,053	11,046	810,135
	2015	339,900	112,485	337,491	130,318	10,746	930,940
Edward K. Russell	2017	372,708	302,351	122,633	304,689	9,606	1,111,987
SVP, North America Commercial Operations	2016	362,708	81,601	205,873	152,337	9,030	811,549

(1) The amounts shown reflect base salary compensation for the executive officers as increased in February 2017.

(2) This column represents the grant date fair value of service-based and performance-based restricted stock awards granted during fiscal years 2017, 2016 and 2015 as well as (i) for 2015, the Premium RSUs associated with the 2015 Employee Deferred Bonus Compensation Program; and (ii) for 2016, the Premium RSUs associated with the 2016 Employee Deferred Bonus Compensation Program as described in Note (1) in the Nonqualified Deferred Compensation table. For the year ended December 31, 2017, the deferred bonus compensation program was suspended temporarily by the Board. Restricted stock awards are valued based on the closing share price on the date of grant. For additional information with respect to the 2017 grants, refer to Note 6 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC. See the “Grants of Plan-Based Awards in Fiscal Year 2017” table for information on stock awards granted in 2017.

(3) This column represents the grant date fair value of stock options granted during fiscal years 2017, 2016 and 2015. The grant date fair value of option awards is determined using the Black-Scholes option pricing model. For additional information on the valuation assumptions with respect to the 2017 grants, refer to Note 6 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017. See the “Grants of Plan-Based Awards in Fiscal Year 2017” Table for information on options granted in 2017.

(4) This column represents the approved awards to each executive officer under the 2017 Cash Incentive Plan, the 2016 Cash Incentive Plan, and the 2015 Cash Incentive Plan and 2015 ICP+ Plan. Each executive officer could also elect to participate in the 2016 Employee Deferred Bonus Compensation Program and the 2015 Employee Deferred Bonus Compensation Program with respect to any payments received under the 2016 Cash Incentive Plan and the 2015 Cash Incentive Plan, respectively. The cash bonus under the 2017 Cash Incentive Plan was paid in early 2018. The cash component of the bonus under the 2016 Cash Incentive Plan was paid out in early 2017. The cash component of the bonus under the 2015 Cash Incentive Plan and the 2015 ICP+ Plan were paid in early 2016. For 2015 and 2016, the amounts shown are inclusive of the cash component and deferred Covered Bonus

component of the electing officers' award, but do not include the Premium RSUs component which is included as a component of the amounts in the "Stock Awards" column.

(5) During the year ended December 31, 2017, (a) we made contributions under our 401(k) Plan for Mr. Bryant, Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell and (b) we funded a group term life insurance plan providing life insurance in an amount equal to two times the executive officer's annual salary, a benefit that is provided to all

employees. Amounts related to contributions under our 401(k) Plan, life insurance and other compensation for Mr. Bryant, Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell were as follows:

Components of All Other Compensation

	401(k) Contributions ($)	Group Term Life Insurance Premiums Compensation ($)
Douglas C. Bryant	7,950	3,168
Randall J. Steward	7,950	4,752
Robert J. Bujarski	7,950	1,080
Werner Kroll, Ph.D.	7,950	4,752
Edward K. Russell	7,950	1,656

Grants of Plan-Based Awards in Fiscal Year 2017

The following table sets forth all plan-based awards granted to our Named Executive Officers during fiscal year 2017.

Name and Principal Position	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock (#)(3)	All Other Option Awards: Number of Securities Underlying Options: (#)(4)	Exercise or Base Price of Option Awards ($/sh)(5)	Grant Date Fair Value of Stock and Option Awards ($)(6)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Douglas C. Bryant	2/15/2017	—	—	—		20,249		20,250	40,499	21.08	1,199,985
	2/15/2017(1)	359,279	718,558	1,005,981				—	—	—	—
Randall J. Steward	2/15/2017	—	—	—		7,593		7,594	15,187	21.08	449,991
	2/15/2017	140,647	281,294	375,058				—	—	—	—
Robert J. Bujarski	2/15/2017	—	—	—		7,171		7,172	14,343	21.08	424,984
	2/15/2017(1)	139,785	279,569	372,759				—	—	—	—
Werner Kroll, Ph.D.	2/15/2017	—	—	—		7,171		7,172	14,343	21.08	424,984
	2/15/2017(1)	139,500	279,000	372,000				—	—	—	—
Edward K. Russell	2/15/2017	—	—	—		7,171		7,172	14,343	21.08	424,984
	2/15/2017(1)	139,766	279,531	372,708				—	—	—	—

(1) This row shows the potential value of the payout under the “Estimated Future Payouts” column for each Named Executive Officer under the 2017 Cash Incentive Plan program if the threshold, target and maximum goals were satisfied for all performance measures. The business measurements, performance goals and salary and bonus multiples for determining the payout are described in the “Compensation Discussion and Analysis” section. The performance measurements were achieved in fiscal year 2017 in the aggregate at the 111% level for Mr. Bryant and at the 109% level for the other NEOs and payouts were made as described under the heading “—Annual Cash Incentive Awards” in the “Compensation Discussion and Analysis” section and in Note (4) to the “Summary Compensation Table.”

(2) This column shows the potential number of awards to be paid out for each Named Executive Officer related to the performance-based restricted stock units if the target is achieved. The performance-based restricted stock units for Mr. Bryant, Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell were granted on February 15, 2017 and vest over three years, the vesting of which is subject to the achievement of net revenue growth targets, as adjusted for influenza revenue volatility. As described in the “Compensation Discussion and Analysis” section, in February 2018, the Board confirmed that the performance targets related to the performance-based restricted stock units were fully achieved and that the shares fully vested on February 18, 2018 upon early achievement of net revenue growth targets.

(3) This column shows the number of time-based restricted stock units granted in 2017 to the Named Executive Officers. The time-based restricted stock units for Mr. Bryant, Mr. Steward, Mr. Bujarski, Dr. Kroll and Mr. Russell were granted on February 15, 2017 and have cliff vesting at the end of four years.

(4)

This column shows the number of stock options granted in 2017 to the Named Executive Officers. These options vest and become exercisable ratably over four years, with one half of the award vesting on the two-year anniversary of the grant date and the remaining vesting annually thereafter through the remaining four-year vesting period.

(5) This column shows the exercise price for the stock options granted, which was the closing price of our common stock on the date of grant.

(6) This column shows the full grant date fair value under ASC Topic 718 of time-based restricted stock units, performance-based restricted stock units and stock options granted to the Named Executive Officers in 2017. For the time-based restricted stock units and performance-based restricted units, fair value is calculated using the closing price of our common stock on the grant date. The grant date fair value is the amount that the Company would expense in its consolidated financial statements over the award's vesting schedule, unless the named executive leaves the Company. For stock options, fair value is calculated using the Black-Scholes value on the grant date and is the amount that the Company will expense in its consolidated financial statements over the award's vesting schedule, unless the named executive leaves the Company. For additional information on the valuation assumptions, refer to Note 6 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017.

Outstanding Equity Awards at 2017 Fiscal Year-End

The following table provides information on the holdings of stock options, restricted stock units and performance based stock units by the Named Executive Officers as of December 31, 2017. This table includes unexercised and unvested stock options and unvested restricted stock units or performance based stock units. Each equity grant is shown separately for each Named Executive Officer. The vesting schedule for each grant is shown following this table, based on the option or stock award grant date. The market value of the stock awards is based on the closing market price of our common stock as of December 31, 2017, which was $43.35. For additional information about the option awards and stock awards, see the description of "Longer-Term Equity Incentive Awards" in the "Executive Compensation" section.

	Option Awards(1)					Stock Awards			
Name	Option Grant Date	Number of Securities Underlying Unexercised Options — Exercisable (#)	Number of Securities Underlying Unexercised Options — Unexercisable (#)	Option Exercise Price($)	Option Expiration Date	Stock Award Grant Date		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Douglas C. Bryant	2/2/2009	293,212	—	12.36	2/2/2019			—	—
	1/18/2010	55,458	—	15.28	1/18/2020			—	—
	3/2/2011	85,918	—	12.63	3/2/2021			—	—
	3/2/2012	120,393	—	15.19	3/2/2022			—	—
	2/25/2013	96,217	—	22.21	2/25/2023			—	—
	2/24/2014	69,766	23,255	27.57	2/24/2024	2/24/2014	(2)	1,061	45,994
	2/5/2015	46,924	46,923	23.41	2/5/2025	2/5/2015	(2)	6,407	277,743
	2/10/2016	—	93,847	15.40	2/10/2026	2/10/2016	(2)	12,815	555,530
						12/31/2016	(3)	2,808	121,727
	2/15/2017	—	40,499	21.08	2/15/2027	2/15/2017	(2)	20,250	877,838
						2/15/2017	(4)	20,249	877,794
Randall J. Steward	2/24/2014	28,621	9,541	27.57	2/24/2024	2/24/2014	(2)	436	18,901
	2/5/2015	19,552	19,551	23.41	2/5/2025	2/5/2015	(2)	2,669	115,701
	2/10/2016	—	39,103	15.40	2/10/2026	2/10/2016	(2)	5,339	231,446
	2/15/2017	—	15,187	21.08	2/15/2027	2/15/2017	(2)	7,594	329,200
						2/15/2017	(4)	7,593	329,157
Robert J. Bujarski	2/24/2014	—	7,156	27.57	2/24/2024	2/24/2014	(2)	327	14,175
	2/5/2015	—	17,596	23.41	2/5/2025	2/5/2015	(2)	2,402	104,127
	2/10/2016	—	35,192	15.40	2/10/2026	2/10/2016	(2)	4,805	208,297
						12/31/2016	(3)	1,094	47,425
	2/15/2017	—	14,343	21.08	2/15/2027	2/15/2017	(2)	7,172	310,906
						2/15/2017	(4)	7,171	310,863
Werner Kroll, Ph.D.	5/27/2014	—	6,620	22.85	5/27/2024	5/27/2014	(5)	10,940	474,249
						5/27/2014	(5)	17,505	758,842
	2/5/2015	—	17,596	23.41	2/5/2025	2/5/2015	(2)	2,402	104,127
	2/10/2016	—	35,192	15.40	2/10/2026				