

ICU MEDICAL INC/DE
Form DEF 14A
April 11, 2011

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 X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ICU MEDICAL, INC.
(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):

- 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:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

ICU MEDICAL, INC.

951 Calle Amanecer

San Clemente, California 92673-6213

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held May 13, 2011

The 2011 Annual Meeting of Stockholders of ICU Medical, Inc. (the Company) will be held by means of remote communication on the Internet at the Company's web site, www.icumed.com, and by conference telephone at (800) 936-9761 and (408) 774-4587 for international, pass code 51129235, on Friday, May 13, 2011 at 9:00 a.m., Pacific Daylight Time, for the following purposes:

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

The Board of Directors has determined that only holders of common stock of record at the close of business on March 21, 2011 will be entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment thereof.

You may attend the Annual Meeting by either clicking on [Investors](#) and then clicking on [Annual Meeting](#) on our web site, www.icumed.com, or calling (800) 936-9761 and (408) 774-4587 for international, pass code 51129235, from a touch-tone telephone. If you hold stock certificates registered in your own name, you will need the control number printed on the attachment to the enclosed proxy card to verify that you are a stockholder of record. If your stock is held in street name by your broker or other nominee, you will need to provide the name of your broker or nominee to gain access to the Annual Meeting.

Edgar Filing: ICU MEDICAL INC/DE - Form DEF 14A

By Order of the Board of Directors

Scott E. Lamb, Secretary

San Clemente, CA

April 11, 2011

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 13, 2011

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

YOUR VOTE IS IMPORTANT

Even if you plan to attend the Annual Meeting in person by means of remote communication, please complete, sign, date and return the enclosed proxy promptly or submit your proxy over the Internet or by telephone. If you are a stockholder of record and attend the Annual Meeting electronically, you may withdraw your proxy and vote in person via facsimile. You will find information on submitting your proxy over the Internet and by telephone and information about voting in person at the Annual Meeting on the reverse side of this notice.

THANK YOU FOR ACTING PROMPTLY

How do I submit my proxy?

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

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

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

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

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

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

To vote during the meeting, access the Company's website at www.icumed.com, then click on the Investors tab, and click on the icon that says Voting Ballot. You may download and print the ballot. Alternatively, you may request that a ballot be faxed to you by calling Investor Relations at (800) 824-7890 any time before 4:00 PM PDT on May 12, 2011. After you have marked your votes and recorded your control number on your ballot, you may fax the ballot to the Company at (949) 366-8368. Ballots must be received before the polls are closed during the Annual Meeting to be counted. We anticipate that the polls will be open from approximately 9:05 to 9:20 AM PDT on May 13, 2011.

Edgar Filing: ICU MEDICAL INC/DE - Form DEF 14A

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

How can I request proxy materials?

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

Your vote is important. Thank you for voting.

ICU MEDICAL, INC.

951 Calle Amanecer

San Clemente, California 92673

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of ICU Medical, Inc. (the Company) for use at the 2011 Annual Meeting of Stockholders (the Annual Meeting). The Annual Meeting is to be held by means of remote communication on the Internet at the Company's web site, www.icumed.com, and by conference telephone at (800) 936-9761 and (408) 774-4587 for international, pass code 51129235, on Friday, May 13, 2011 at 9:00 a.m., Pacific Daylight Time, and at any adjournments thereof, for the purposes set forth herein and in the accompanying Notice.

The approximate date of mailing of this Proxy Statement, the Annual Report to Stockholders and the proxy card is April 11, 2011. The principal executive offices of the Company are located at 951 Calle Amanecer, San Clemente, California 92673.

Attendance by Remote Communication

The Annual Meeting will be held entirely by remote communication on the Internet, as permitted by Delaware law. There will be no physical location at which stockholders may attend the Annual Meeting, but stockholders may attend and participate in the meeting electronically. Stockholders who participate in the Annual Meeting by means of remote communication will be deemed to be present in person and will be able to vote during the Annual Meeting at the times that the polls are open. Stockholders who wish to attend the meeting should go to www.icumed.com, click on the Investors tab and click on the icon that says Annual Meeting or telephone (800) 936-9761 and (408) 774-4587 for international, pass code 51129235, at least 10 minutes before the beginning of the meeting to register their attendance and complete the verification procedures to confirm that they were stockholders of record as of March 21, 2011, the record date. Stockholders of record will need to provide the control number on the attachment to the enclosed proxy card to verify their identity.

Beneficial owners whose stock is held for them in street name by their brokers or other nominees may also attend the meeting by going to www.icumed.com, clicking on the Investors tab and clicking on the icon that says Annual Meeting or telephoning (800) 936-9761 and (408) 774-4587 for international, pass code 51129235, at least 10 minutes before the beginning of the meeting to register their attendance and complete the verification procedures to confirm that they were stockholders of record as the record date. Such beneficial owners may not vote at the meeting, and may only cause their shares to be voted by providing voting instructions to the persons who hold the beneficial owners' shares for them. Beneficial owners will need to provide the name of the broker or other nominee that holds their shares to gain access to the meeting.

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

Proxy Information

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

Record Date and Voting

As of March 21, 2011 the outstanding voting securities of the Company consisted of 13,726,401 shares of \$0.10 par value common stock. Each stockholder of record at the close of business on March 21, 2011 is entitled to one vote for each share held as of that date on each matter submitted to a vote of stockholders. The presence in person electronically or by proxy of holders of a majority of the issued and outstanding common stock will constitute a quorum for the transaction of such business as shall properly come before the meeting.

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

- Election of Directors and Advisory Vote on the Frequency of the Executive Compensation Advisory Vote: The election of directors and the advisory vote on the frequency of holding the executive compensation advisory vote will be decided by a plurality of the votes. The three director nominees receiving the most votes will be elected, and the option of every year, every two years or every three years receiving the most votes will be the preferred frequency of the stockholders. Abstentions and broker non-votes have no effect on these matters.
- All other Matters (ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm, advisory vote on executive compensation and the approval of the 2011 Stock Incentive Plan): Stockholder approval of all other matters requires the votes cast affirmatively exceed the votes cast negatively on the respective matters. Shares voted to abstain on such matters and broker non-votes are not counted as votes cast affirmatively or negatively and will have no effect on the vote for these matters.

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

Board Recommendations

The Board of Directors recommends that you vote:

- FOR the election of the three nominees for election to the Board of Directors to serve for a term of three years and until their successors have been elected and qualified;

Edgar Filing: ICU MEDICAL INC/DE - Form DEF 14A

- FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the year ended December 31, 2011;
- FOR the approval, on an advisory basis, of our executive compensation;
- FOR the option of holding the executive compensation advisory vote every THREE years; and
- FOR the approval of the ICU Medical, Inc. 2011 Stock Incentive Plan.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as to shares of common stock owned as of March 21, 2011, by (i) each person who, insofar as the Company has been able to ascertain, beneficially owned more than five percent of the outstanding common stock, (ii) each director, (iii) each nominee for election as a director, (iv) each named executive officer, and (v) all directors and executive officers as a group. Unless otherwise indicated in the footnotes following the table, and subject to community property laws where applicable, the Company believes that the persons as to whom the information is given have sole voting and investment power over the shares listed as beneficially owned. The business address of Company's directors and officers, the George A. Lopez, M.D. Second Family Limited Partnership and the Lopez Family Trust is 951 Calle Amanecer, San Clemente, California 92673.

	Shares owned beneficially (1)	Percent of class (1)
George A. Lopez, M.D.	2,877,949(2)	19.1%
George A. Lopez, M.D. Second Family Limited Partnership	1,186,843(3)	8.6%
Wellington Management Company, LLP 75 State Street, Boston, MA 02109	1,503,523(13)(14)	11.0%
River Road Asset Management, LLC 462 South Fourth Street, Suite 1600, Louisville, KY 40202	1,108,581(13)(15)	8.1%
BlackRock, Inc. 40 East 52nd Street, New York, NY 10022	932,826(13)(16)	6.8%
Jack W. Brown	68,250(4)	*
John J. Connors	40,425(5)	*
Michael T. Kovalchik III, M.D.	55,262(6)	*
Joseph R. Saucedo	57,000(4)	*
Richard H. Sherman, M.D.	129,801(4)	*
Robert S. Swinney, M.D.	64,750(4)(7)	*
Alison D. Burcar	4,234(8)	*
Richard A. Costello	52,781(9)	*
Scott E. Lamb	17,851(10)	*
Steven C. Riggs	61,796(11)	*
All directors and named executive officers as a group (11 persons)	3,430,099(12)	22.1%

* Represents less than 1% of our outstanding common stock.

- (1) Based on total shares of common stock outstanding plus outstanding options to acquire common stock currently exercisable or exercisable within 60 days held by the beneficial owner whose percent of outstanding stock is calculated.
- (2) Includes options to acquire 1,357,187 shares. Also includes the 1,186,843 shares owned by the George A. Lopez, M.D. Second Family Limited Partnership (the Partnership), as to which shares Dr. Lopez disclaims any beneficial ownership except to the extent described in Note (3). Includes 4,002 shares owned by the Lopez Family Trust. Dr. Lopez is a trustee and beneficiary of the Lopez Family Trust. Includes 173,950 shares held by Dr. Lopez as Trustee of the Lopez Charitable Remainder Trust #1 for the benefit of Dr. Lopez.
- (3) Dr. Lopez is the general partner of the Partnership and holds a one percent general partnership interest in the Partnership. As general partner, he has the power to vote and power to dispose of the 1,186,843 shares owned by the Partnership and may be deemed to be a beneficial owner of such shares. Trusts for the benefit of Dr. Lopez's children, the Christopher George Lopez Children's Trust and the Nicholas George Lopez Children's Trust, own a 99% limited partnership interest in the Partnership. Dr. Lopez is not a trustee of and has no interest in his children's Trusts. Except to the extent of the undivided one percent general partnership interest in the assets of the Partnership, Dr. Lopez disclaims any beneficial ownership of the shares owned by the Partnership.
- (4) Includes options to acquire 57,000 shares.

- (5) Includes options to acquire 40,125 shares.
- (6) Includes options to acquire 52,500 shares.
- (7) Does not include 750 shares owned by Dr. Swinney's wife as to which he has no voting or investment power and disclaims any beneficial ownership.
- (8) Includes options to acquire 4,125 shares
- (9) Includes options to acquire 52,263 shares.
- (10) Includes options to acquire 16,250 shares.
- (11) Includes options to acquire 60,000 shares.
- (12) Includes options to acquire 1,810,450 shares.
- (13) Information included solely in reliance on information included in statements filed with the Securities and Exchange Commission (SEC) pursuant Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, by the indicated holder.
- (14) Wellington Management Company, LLP stated in its Schedule 13G/A filing with the SEC on February 14, 2011 that, of the 1,503,423 shares beneficially owned, it has shared voting power with respect to 1,038,023 shares and shared dispositive power with respect to all 1,503,423 shares.
- (15) River Road Asset Management, LLC stated in its Schedule 13G filing with the SEC on February 14, 2011 that, of the 1,108,581 shares beneficially owned, it has sole voting power with respect to 937,091 shares and sole dispositive power with respect to all 1,108,581 shares.
- (16) BlackRock, Inc. stated in its Schedule 13G/A filing with the SEC on February 4, 2011 that, of the 932,826 shares beneficially owned, it has sole voting and sole dispositive power with respect to all 932,826 shares.

None of the Company's shares owned by its directors or officers has been pledged as security, and Company policy prohibits pledging or hypothecating any of the Company's securities owned by its directors and officers.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

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

Executive Summary

Over the last decade, through two recessions, ICU Medical has been profitable and generated positive operating cash flow in every year, earning \$213 million and generating \$294 million of cash from operating activities. Over the last five years, ICU Medical has earned \$131 million and

Edgar Filing: ICU MEDICAL INC/DE - Form DEF 14A

generated \$188 million of cash from operating activities, cumulatively, and used \$103 million of available cash to purchase 2.8 million shares of its common stock. During this same five year period the Company went through a strategic and portfolio transformation, including the acquisition of a division for critical care products, the significant growth of custom IV systems and the investment in and the expansion of a direct sales force and distribution allowing for greater growth and the large expansion of our customer base.

In 2010, ICU had a record year with revenue of \$285 million and operating income of \$49 million, including 23% revenue growth, 30% operating income growth and \$67 million in EBITDA. This performance is a direct result of actions taken by Dr. Lopez and the ICU Medical leadership team over the last few years investing in the Company to expand our portfolio of products and markets, expanding our contract relationships with group purchasing organizations (GPOs) and direct customers, increasing our investments in these new products and markets and greatly expanding our sales, marketing, distribution and manufacturing capabilities for continued global growth and profitability for the Company.

Edgar Filing: ICU MEDICAL INC/DE - Form DEF 14A

Despite a challenging economic environment in 2010, we delivered strong financial results as seen in the year over year comparison set forth below. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for a more detailed description of our fiscal year 2010 financial results.

	2010		2009		Change %
Total revenue (in millions)	\$	284.6	\$	231.5	23%
Net income (in millions)	\$	30.9	\$	26.6	16%
Net income per share (diluted)	\$	2.23	\$	1.77	26%

Our fiscal year 2010 financial performance was a key factor in the compensation decisions and outcomes for the fiscal year. For 2010, payment of semi-annual merit bonuses was based on achievement of the following financial goals, each of which was exceeded by the Company: (i) \$265.0 million in total revenue, (ii) \$39.0 million in operating income and (iii) \$1.82 diluted earnings per share.