

ICU MEDICAL INC/DE
Form DEF 14A
April 04, 2016

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

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))

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 16, 2016

The 2016 Annual Meeting of Stockholders ("Annual Meeting") of ICU Medical, Inc. (the "Company") will be held virtually, via live webcast at www.virtualshareholdermeeting.com/ICUI2016 on Monday, May 16, 2016 at 9:00 a.m., Pacific Daylight Time, for the following purposes:

1. To elect seven directors of the Company to serve for a term of one year or 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, 2016;
3. To hold an advisory vote to approve our named executive officer compensation; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has determined that only holders of Common Stock of record as of the close of business on March 24, 2016 will be entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment thereof.

You may attend the Annual Meeting virtually by visiting www.virtualshareholdermeeting.com/ICUI2016.

By Order of the Board of Directors
Scott E. Lamb, Secretary
San Clemente, CA
April 4, 2016

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 16, 2016

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

YOUR VOTE IS IMPORTANT

Whether or not you expect to attend the Annual Meeting via live webcast, please vote as soon as possible to ensure your vote is counted at the meeting. Please complete, sign, date and return the enclosed proxy promptly or submit your proxy over the Internet or by telephone. If you are a stockholder of record and attend the virtual Annual Meeting, you may withdraw your proxy and vote 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 virtual Annual Meeting 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;

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- 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, visit www.virtualshareholdermeeting.com/ICUI2016 and cast your vote. 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 13, 2016. After you have marked your votes and recorded your control number on your ballot, you may fax the ballot to the Company at (949) 366-4264. 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 16, 2016.

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 proxy card, you may call our toll-free telephone number at (800) 824-7890; email us at ir@icumed.com or visit our web site at www.icumed.com.

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 2016 Annual Meeting of Stockholders (the "Annual Meeting"). The Annual Meeting is to be held virtually at www.virtualshareholdermeeting.com/ICUI2016, on Monday, May 16, 2016 at 9:00 a.m., Pacific Daylight Time, and at any adjournments thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders.

The approximate date of mailing of this Proxy Statement, the Annual Report to Stockholders and the proxy card is April 4, 2016. The principal executive offices of the Company are located at 951 Calle Amanecer, San Clemente, California 92673.

Attendance

The Annual Meeting will be held entirely virtually, 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 virtual Annual Meeting will be deemed to be present in person and will be able to vote during the Annual Meeting at the times that the polls are open. Stockholders who wish to attend the meeting should go to www.virtualshareholdermeeting.com/ICUI2016, 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 24, 2016, the record date. Stockholders of record will need to provide the control number on the attachment to the enclosed proxy card to verify their identity.

Beneficial owners whose stock is held for them in street name by their brokers or other nominees may also attend the meeting by going to www.virtualshareholdermeeting.com/ICUI2016, 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) the approval, on an advisory basis, of our named executive officer compensation and (iv) in the discretion of the proxy holders, any other business that comes before the meeting. Currently, no matter is expected to be considered at the Annual Meeting other than the proposals set forth in the accompanying Notice of Annual Meeting of

Stockholders. However, if any other matters are properly brought before the Annual Meeting for action, it is intended that the shares of our Common Stock represented by proxies will be voted by the persons named as proxies on the proxy card in accordance with their discretion on such matters.

Record Date and Voting

As of March 24, 2016 the outstanding voting securities of the Company consisted of 16,009,610 shares of \$0.10 par value Common Stock. Each stockholder of record at the close of business on March 24, 2016 is entitled to one vote for each share held as of that date on each matter submitted to a vote of stockholders. The presence in person electronically or by proxy of holders of a majority of the issued and outstanding Common Stock will constitute a quorum for the transaction of such business as shall properly come before the meeting.

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

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

Ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm: Stockholder approval of this matter requires the affirmative vote of a majority of the outstanding shares of common stock of the Company entitled to vote thereon and present in person or by proxy. Abstentions and broker non-votes will therefore have the same effect as an "Against" vote with respect to this proposal.

Advisory Vote on our Named Executive Officer Compensation: Stockholder approval of this matter requires the affirmative vote of a majority of the outstanding shares of common stock of the Company entitled to vote thereon and present in person or by proxy. Abstentions will therefore have the same effect as an "Against" vote with respect to this proposal, but broker non-votes are not counted as 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 approval of the election of directors and the advisory vote to approve named executive officer compensation are considered non-routine matters on which your brokers may not vote without instructions from beneficial owners.

Board Recommendations

The Board of Directors recommends that you vote:

FOR the election of the seven nominees for election to the Board of Directors to serve for a term of one year or until their successors have been elected and qualified;

FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the year ended December 31, 2016; and

FOR the approval, on an advisory basis, of our named executive officer compensation.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as to shares of Common Stock owned as of March 14, 2016, by (a) each director, (b) each named executive officer and (c) all directors and executive officers as a group. Unless otherwise indicated in the footnotes following the table, and subject to community property laws where applicable, the Company believes that the persons as to whom the information is given have sole voting and investment power over the shares listed as beneficially owned. The business address of the Company's directors and officers, the George A. Lopez, M.D. Second Family Limited Partnership and the Lopez Family Trust is 951 Calle Amanecer, San Clemente, California 92673.

Stock Ownership of Management

	Shares of Common Stock Owned	Options Exercisable Within 60 Days	Total Shares Beneficially Owned	Percent of Outstanding Shares (1)	
Joseph R. Saucedo	1,936	48,784	50,720	*	
Richard H. Sherman, M.D.	68,407	30,534	98,941	*	
Robert S. Swinney, M.D.	17,758	48,784	66,542	*	(2)
George A. Lopez, M.D.	1,389,759	358,512	1,748,271	10.7	%(3)
David C. Greenberg	500	—	500	*	(4)
Elisha W. Finney	—	—	—	—	
Vivek Jain	55,765	364,011	419,776	2.6	%
Scott E. Lamb	4,381	166,992	171,373	1.1	%
Alison D. Burcar	832	50,921	51,753	*	
Tom McCall	429	19,198	19,627	*	
Steven C. Riggs	1,378	102,377	103,755	*	
All directors and executive officers as a group (11 persons)	1,541,145	1,190,113	2,731,258	15.9	%

* 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) Does not include 1,125 shares owned by Dr. Swinney's wife as to which he has no voting or investment power and disclaims any beneficial ownership.
- (3) Includes 986,843 shares owned by the George A. Lopez, M.D. Second Family Limited Partnership (the "Partnership"), representing 6.2% of the total shares of common stock outstanding as of March 14, 2016. Dr. Lopez is the general partner of the Partnership and holds a 1% general partnership interest in the Partnership. As general partner, he has the power to vote and power to dispose of the 986,843 shares owned by the Partnership and may be deemed to be a beneficial owner of such shares. Trusts for the benefit of Dr. Lopez's children, the Christopher George Lopez Children's Trust and the Nicholas George Lopez Children's Trust, 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.

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.

(4) Includes 500 shares held by David C. Greenberg, TTEE David C. Greenberg, Declaration of Trust.

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5% or More Beneficial Ownership

Name and Address of Beneficial Owner	Shares of Common Stock Owned	Percent of Outstanding Shares	
BlackRock Fund Advisors 55 East 52nd Street, New York, NY 10055	1,585,176	9.9	% (1)(2)
The Vanguard Group, Inc. 100 Vanguard Blvd, Malvern, PA 19355	1,305,293	8.2	% (1)(3)
Renaissance Technologies Holdings Corporation 800 Third Avenue, New York, NY 10022	812,800	5.1	% (1)(4)

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- Information included solely in reliance on information included in statements filed with the Securities and Exchange Commission ("SEC") pursuant to Section 13(d) or Section 13(g) of the Securities Act of 1934, as amended, by the indicated holder.
- (1) BlackRock, Inc. stated in its Schedule 13G/A filing with the SEC on January 26, 2016 that, of the 1,585,176 shares beneficially owned, it has sole voting power with respect to 1,541,043 shares and sole dispositive power with respect to all 1,585,176 shares.
- (2) The Vanguard Group, Inc. stated in its Schedule 13G/A filing with the SEC on February 11, 2016 that, of the 1,305,293 shares beneficially owned, it has sole voting power with respect to 26,567 shares, shared voting power with respect to 1,100 shares, sole dispositive power with respect to 1,278,526 shares and shared dispositive power with respect to 26,767 shares.
- (3) Renaissance Technologies Holdings Corporation stated in its Schedule 13G filing with the SEC on February 12, 2016 that, of the 812,800 shares beneficially owned, it has sole voting power with respect to 722,205 shares, it has sole dispositive power with respect to all 762,185 shares and shared dispositive power with respect to 50,615 shares.
- (4)

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes important information regarding the executive compensation program at ICU Medical, Inc. It details our compensation philosophy, objectives regarding the compensation of our named executive officers, our policies, and practices, and determinations related to executive compensation specific to 2015 and moving into 2016. The term “named executive officers” represents the five current executive officers in the compensation tables below: Vivek Jain, Chief Executive Officer (“CEO”) and Chairman of the Board; Scott E. Lamb, Treasurer and Chief Financial Officer (“CFO”); Steve C. Riggs, Vice President of Operations; Alison D. Burcar, Vice President & General Manager of Infusion Systems; and Tom McCall, Vice President & General Manager of Critical Care.

Fiscal year 2015 revenue was \$341.7 million. GAAP net income was \$45.0 million, or \$2.73 per diluted share. Our adjusted diluted earnings for fiscal year 2015 were \$3.96 per share. Also, Adjusted EBITDA was \$113.9 million for fiscal year 2015. Please see “Annex A” for a reconciliation of the non-GAAP measures, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for a more detailed description of our fiscal year 2015 financial results.

(in millions, except per share data)

	2015	2014	2013	2012	2011
Total revenue	\$341.7	\$309.3			