

QUIDEL CORP /DE/
Form DEF 14A
April 01, 2011

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**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

QUIDEL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(1) Title of each class of securities to which transaction applies:

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(3) Filing Party:

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QUIDEL CORPORATION
10165 McKellar Court
San Diego, CA 92121
(858) 552-1100

April 1, 2011

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders, which will be held on Tuesday, May 10, 2011, at 8:30 a.m., local time, at the Hyatt Regency, La Jolla at Aventine, 3777 La Jolla Village Drive, San Diego, California, 92122. At the Annual Meeting, you will be asked to consider and vote upon (i) the election of seven 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; (iii) an advisory vote on executive compensation as disclosed in these materials; (iv) the frequency of future advisory votes on executive compensation; 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.

To assure your representation at the Annual Meeting, you are urged to vote on, date, sign and return the enclosed proxy card for which a prepaid, return envelope is provided. Your prompt response is helpful and appreciated.

Our Board of Directors and officers look forward to seeing you at the Annual Meeting.

Sincerely yours,

/s/ Douglas C. Bryant
Douglas C. Bryant
President and Chief Executive Officer
QUIDEL CORPORATION

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QUIDEL CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 10, 2011

To Our Stockholders:

The Annual Meeting of Stockholders of Quidel Corporation will be held on Tuesday, May 10, 2011, at 8:30 a.m., local time, at the Hyatt Regency, La Jolla at Aventine, 3777 La Jolla Village Drive, San Diego, California, 92122, for the following purposes:

1. To elect seven directors designated herein to serve on the Board of Directors to hold office until the 2012 Annual Meeting of Stockholders and until their successors are elected and qualified;
2. To ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2011;
3. To hold an advisory vote on executive compensation;
4. To hold an advisory vote to determine the frequency of future advisory votes on executive compensation; 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 11, 2011 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 seven 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 approval of the Company's executive compensation; and to conduct an advisory vote on executive compensation every THREE YEARS.

All stockholders are cordially invited to attend the Annual Meeting. You are urged to sign, date and otherwise complete the enclosed proxy card and return it promptly in the enclosed envelope whether or not you plan to attend the Annual Meeting. 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.

By Order of the Board of Directors,

/s/ Douglas C. Bryant
Douglas C. Bryant
President and Chief Executive Officer

San Diego, California
April 1, 2011

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QUIDEL CORPORATION

**Principal Executive Offices
10165 McKellar Court
San Diego, California 92121
(858) 552-1100**

PROXY STATEMENT

**ANNUAL MEETING OF STOCKHOLDERS
MAY 10, 2011**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Quidel Corporation for use at the 2011 Annual Meeting of Stockholders to be held on Tuesday, May 10, 2011, at 8:30 a.m., local time, at the Hyatt Regency, La Jolla at Aventine, 3777 La Jolla Village Drive, San Diego, California, 92122, 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 6, 2011.

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 \$5,000 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 11, 2011 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, 33,175,942 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 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 Appointment of Independent Registered Public Accounting Firm) and will not be able to vote your shares on Proposal 1 (Election of Directors), Proposal 3 (Advisory Vote on Executive Compensation) or Proposal 4 (Advisory Vote to Determine the Frequency of Future Advisory Votes on Executive Compensation) and your shares will be counted as a broker non-vote on those proposals. We are not aware of any other matters to be presented at the Annual

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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 be entirely excluded from the vote and will have no effect on its outcome. If a quorum is present at the Annual Meeting, the nominees receiving the greatest number of votes (up to seven directors) will be elected. For Proposal 2 (Ratification of Independent Registered Public Accounting Firm) and Proposal 3 (Advisory Vote on Executive Compensation), the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter is required for approval. With regard to these proposals, abstentions will be counted in tabulations of the votes cast on a proposal presented to stockholders and will have the same effect as a vote against the 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 such proposal. For Proposal 4 (Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation), the frequency option (i.e., every year, every two years or every three years) that receives the plurality of votes cast on this proposal will be deemed the preferred option of stockholders. Unless otherwise designated, each proxy submitted by a stockholder will be voted:

FOR each of the seven nominees named below for election as directors;

FOR ratification of the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2011;

FOR the approval of the Company's executive compensation; and

To conduct an advisory vote on executive compensation every THREE YEARS.

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.

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Our directors are elected at each annual meeting of stockholders. At the Annual Meeting, seven directors will be elected to serve until the next annual meeting of stockholders and until their successors are elected and qualified. The nominees receiving the greatest number of votes (up to seven directors) at the Annual Meeting will be elected. **Our Board of Directors recommends that the stockholders vote FOR the seven nominees named below for the Board of Directors.**

Each of the nominees set forth below for election as a director is an incumbent director. 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 of Directors, unless other directions are given in the proxies.

Name of Nominee	Age	Principal Occupation	Director Since
Thomas D. Brown	62	Retired Senior Vice President and President of the Diagnostics Division of Abbott Laboratories	2004
Douglas C. Bryant	53	President and Chief Executive Officer, Quidel Corporation	2009
Kenneth F. Buechler, Ph.D.	57	Founder and former President and Chief Scientific Officer of Biosite, Inc.	2007
Rod F. Dammeyer	70	President of CAC, L.L.C., a private company providing capital investment and management advisory services	2006
Mary Lake Polan, M.D., Ph.D., M.P.H.	67	Professor and Chair Emeritus, Department of Gynecology and Obstetrics, Stanford University School of Medicine	1993
Mark A. Pulido	58	Chairman of the Board, Quidel Corporation	2002
Jack W. Schuler	70	Co-founder, Crabtree Partners, LLC, a private investment company	2006

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. From 1986 to 1987, Mr. Brown was Divisional Vice President U.S. Sales and, from 1985 to 1986, was Director of Sales. Mr. Brown currently serves on the Board of Directors of Cepheid, a molecular diagnostics company, and Stericycle, Inc., a medical waste management and healthcare compliance services company. Mr. Brown also served on the Board of Directors of Ventana Medical Systems, Inc. until its acquisition in 2008. Mr. Brown holds a Bachelor of Arts degree from the State University of New York at Buffalo.

DOUGLAS C. BRYANT was appointed to our Board of Directors on February 2, 2009 and became our President and Chief Executive Officer on March 1, 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

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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 Asia Pacific. Mr. Bryant has over 27 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 a founder of Biosite, Inc., a diagnostic products and antibody development company. Dr. Buechler served as a Director at Biosite from June 2003 through July 2007 and was President and Chief Scientific Officer of Biosite from October 2004 to July 2007. From March 2003 to October 2004, Dr. Buechler was Biosite's Senior Vice President, Research and Development, and from April 2001 to March 2003, Dr. Buechler was Biosite's Vice President, Research and Development. From January 1994 to April 2001, Dr. Buechler was Biosite's Vice President, Research and was Director of Chemistry from April 1988 to January 1994. Before founding Biosite, Dr. Buechler was a Senior Scientist in the Diagnostics Research and Development Group at Hybritech Incorporated. Dr. Buechler received a B.S. in Chemistry and Ph.D. in Chemistry from Indiana University. Dr. Buechler also serves on the Board of Directors of Sequenom Inc., Sotera Wireless Inc. and Astute Medical Inc.

ROD F. DAMMEYER was appointed to our Board of Directors in February 2006. Mr. Dammeyer is the President of CAC, L.L.C., a private company providing capital investment and management advisory services, and is the retired Vice Chairman of Anixter International, where he served from 1985 until February 2001, and retired managing partner of corporate investments of Equity Group Investments, L.L.C., where he served from 1995 until June 2000. Mr. Dammeyer currently serves as a director of Stericycle, Inc., a medical waste management and healthcare compliance services company. Mr. Dammeyer has also served on the Board of Directors of Ventana Medical Systems, Inc. and GATX Corporation within the past five years. He also serves as a trustee of Van Kampen Investments, Inc. and as an independent trustee of various Invesco Van Kampen mutual funds. He received a B.S. degree in accounting from Kent State University.

MARY LAKE POLAN, M.D., Ph.D., M.P.H. has served on our Board of Directors since 1993. She is 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 Bachelor of Arts 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. She is currently an Adjunct Professor in the Department of Obstetrics and Gynecology at Columbia University School of Medicine. 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 also served on the Board of Directors of Wyeth, a research-based global pharmaceutical and health care products company, until its acquisition in 2009.

MARK A. PULIDO was appointed to our Board of Directors in August 2002. Mr. Pulido has been Chairman of the Company's Board of Directors since May 2004. Prior to his retirement in June 2002, Mr. Pulido served as the Chairman of the Board of BenefitPoint, Inc., an employee benefits technology company, where he also served as its President and Chief Executive Officer. From May 1996 to July 1999, Mr. Pulido was President and Chief Executive Officer of McKesson Corporation, a healthcare services and information technology company. Previously, Mr. Pulido served as President and Chief Executive Officer of Novartis Pharmaceuticals Corporation (formerly Sandoz

Pharmaceuticals Corporation), a research-based pharmaceutical manufacturer, and RedLine Healthcare Corporation (previously owned by Novartis and now a subsidiary of McKesson Corp.), a medical surgical distribution company, during the period from January 1990

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to April 1996. Mr. Pulido is an affiliated executive with Freeman Spogli, a private equity firm, and serves on the Board of Directors of BHC, an industrial products distribution company and Winebow, a leading importer and distributor of premium wines, both Freeman Spogli portfolio companies. Mr. Pulido holds a B.S. degree in Pharmacy from the University of Arizona, College of Pharmacy, and an M.S. degree in Pharmacy Administration from the University of Minnesota.

JACK W. SCHULER was appointed to our Board of Directors in February 2006. Mr. Schuler has been on the Board of Directors of Stericycle, Inc., a medical waste management and healthcare compliance services company, since March 1989 and currently serves as Lead Director. Mr. Schuler is also a co-founder of Crabtree Partners, LLC, a Chicago-based venture capital firm which was formed in 1995. 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 currently serves on the Board of Directors of Medtronic Inc.. Mr. Schuler also served on the Board of Directors of Ventana Medical Systems, Inc. and Elan Corporation within the last five years. Mr. Schuler holds a B.S. in Mechanical Engineering from Tufts University and an M.B.A. from Stanford University.

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 UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THE NAMED NOMINEES IN PROPOSAL 1.

PROPOSAL 2

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected the firm of Ernst & Young LLP, independent registered public accounting firm, to audit our consolidated financial statements for the fiscal year ending December 31, 2011, and to perform other appropriate accounting and tax services. We are asking our stockholders to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for 2011. Although ratification is not required by our bylaws or otherwise, the Board of Directors is submitting the selection of Ernst & Young LLP to our stockholders as a matter of good corporate practice. If the stockholders do not ratify the appointment of Ernst & Young LLP, the selection of the Company's independent registered public accounting firm will be reconsidered by the Audit Committee. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

One or more representatives of Ernst & Young LLP are expected to be at the Annual Meeting. They will have an opportunity to make a statement, if they so desire, and will be available to respond to appropriate questions.

Vote Required and Board Recommendation

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting is required to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for 2011.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011.

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PROPOSAL 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with recent legislation, we are providing stockholders with an advisory (non-binding) vote on the compensation of our Named Executive Officers (commonly referred to as "say on pay"). Accordingly, you may vote on the following resolution at the 2011 annual meeting:

Resolved, that the stockholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure in this Proxy Statement.

The advisory vote on executive compensation is a non-binding vote on the compensation paid to the Company's Named Executive Officers, as described pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis section, compensation tables, and the narrative discussions, set forth in this proxy statement.

As described in detail under "Compensation Discussion and Analysis", our compensation programs are designed to attract, motivate and retain highly qualified executive officers who are able to achieve corporate objectives and create stockholder value. The Compensation Committee believes the Company's executive compensation programs reflect a strong pay-for-performance philosophy and are well aligned with our stockholders' long-term interests. Stockholders are encouraged to read the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative discussion.

Because the vote on this proposal is advisory in nature, it will not affect any compensation already paid or awarded to our Named Executive Officers and will not be binding on the Board of Directors or the Compensation Committee. However, the Compensation Committee will consider the outcome of the vote when making future executive compensation decisions.

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting is required to approve the advisory vote on executive compensation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU FOR FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

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PROPOSAL 4

**ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE
COMPENSATION**

In addition to providing stockholders with the opportunity to cast an advisory vote on executive compensation, this year we are providing stockholders with an advisory vote on whether the advisory vote on executive compensation should be held every one, two or three years.

The Board believes that a frequency of every three years for the advisory vote on executive compensation is the optimal interval for conducting and responding to a say on pay vote. The Dodd-Frank Act requires the Company to hold the advisory vote on the frequency of the say-on-pay vote at least once every six years.

The proxy card provides stockholders with the opportunity to choose among four options (holding the vote every one, two or three years, or abstaining) and, therefore, stockholders will not be voting to approve or disapprove the Board's recommendation.

Because the vote on this proposal is advisory in nature, it will not be binding on the Board of Directors. However, the Board of Directors will consider the outcome of the vote along with other factors when making its decision about the frequency of future stockholder advisory votes on the compensation of our Named Executive Officers.

The frequency option (i.e., every year, every two years or every three years) that receives the plurality of votes cast on this proposal will be deemed the preferred option of stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE OPTION
OF EVERY THREE YEARS FOR FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION.**

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CORPORATE GOVERNANCE

Board Leadership Structure and Risk Oversight

The Board of Directors believes that separate individuals should hold the positions of Chairman of the Board and Chief Executive Officer, and that the Chairman should not be an employee of the Company. Under our corporate governance principles, the Chairman 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 of Directors 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 of Directors 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 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 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. 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 of Directors at regularly scheduled Board meetings, and more frequently if appropriate, with respect to matters and risks for which the 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 a standing Audit, Nominating and Corporate Governance, and Compensation Committee. The Board of Directors and its committees held an aggregate of 26 meetings during the year ended December 31, 2010, of which eleven were full Board meetings. All directors attended 75% or more of the aggregate of all meetings of the Board of Directors and its committees, if any, upon which the directors served during the year ended December 31, 2010.

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). Mr. Bryant who serves as our President and Chief Executive Officer is not considered to be independent because of his employment with us.

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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 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 met five times during 2010. The current members of the Audit Committee are Mr. Dammeyer (Chairman), Mr. Brown and Dr. Polan. The Audit Committee has been established in accordance with applicable Nasdaq and Securities and Exchange Commission rules and regulations, and our Board of Directors has determined that each of Mr. Dammeyer, Mr. Brown and Dr. Polan is independent within the meaning of Nasdaq Rule 5605(a)(2) as well as the enhanced independence standards contained in Nasdaq Rule 5605(c)(2)(A) and Rule 10A-3 under the Securities Exchange Act of 1934 that relate specifically to members of audit committees. Our Board of Directors has also determined that both Mr. Dammeyer and Mr. Brown qualify as audit committee financial experts within the meaning of the Securities and Exchange Commission's rules and regulations.

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 held six meetings during 2010. The members of the Compensation Committee currently include Mr. Brown (Chairman), Dr. Polan and Mr. Schuler, and our Board of Directors has determined that each of Mr. Brown, Dr. Polan and Mr. Schuler is independent within the meaning of Nasdaq Rule 5605(a)(2).

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

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of stockholders; and overseeing the periodic evaluation of the Board, its committees and each of our incumbent directors.

The Nominating and Corporate Governance Committee held two meetings during 2010. The current members of the Nominating and Corporate Governance Committee are Mr. Schuler (Chairman), Dr. Buechler and Mr. Pulido. Our Board of Directors has determined that each of Mr. Schuler, Dr. Buechler and Mr. Pulido is independent within the meaning of Nasdaq Rule 5605(a)(2).

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.

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 and 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. Successful nominees must have a history of superior performance or accomplishments in their professional undertakings and should have the highest personal and professional ethics and values.

Our Nominating and Corporate Governance Committee will consider stockholder nominations for directors. A stockholder may propose a person for consideration by the committee by submitting the individual's name and qualifications, and other information described below under "Stockholder Proposals", to our Corporate Secretary, Quidel Corporation, 10165 McKellar Court, San Diego, California 92121. 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 each nominee's written consent to serve as a director if elected, a description of all arrangements or understandings between the nominating stockholder and each nominee and information about the nominating stockholder and each nominee. These requirements are further described below under the heading "Stockholder Proposals" and are detailed in our bylaws.

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Director Qualifications

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 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. His background as an executive and service on the boards of other public companies qualifies Mr. Brown as an audit committee financial expert.

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 27 years of industry experience in sales and marketing, product development, manufacturing and service and support in the diagnostics and life sciences markets.

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.

Rod F. Dammeyer. Mr. Dammeyer has a strong financial background as an executive and investment advisor. He is an audit committee financial expert as a result of his prior professional experience as a Certified Public Accountant and experience as an investment advisor and as a member and chairman of the audit committee of other U.S. public companies.

Mary Lake Polan, M.D., Ph.D., M.P.H. Dr. Polan is a prominent medical clinician, researcher, and academian. 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 discussing the Company's performance and strategic direction.

Mark A. Pulido. Mr. Pulido serves as our Chairman of the Board. Mr. Pulido has previously served as an executive in a variety of healthcare companies, including as CEO of McKesson Corporation, a large distribution partner of the Company. Mr. Pulido brings strong leadership to our Board, through his knowledge of commercial market channels and the distributor industry and his extensive executive experience and service on the boards of other companies.

Jack W. Schuler. Mr. Schuler has nearly 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

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utilized by the Company. He also has extensive executive leadership and governance experience through his service on the boards of other companies.

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, 10165 McKellar Court, San Diego, California 92121. 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 seven of our then-current directors attended the 2010 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.

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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 Chairman of the Board of Directors currently receives an annual cash retainer of \$83,600. Each of the other non-employee directors receives an annual cash retainer of \$31,350.

The Chairman of our Audit Committee receives an additional annual cash retainer of \$15,000. The Chairperson for each of the Board's other standing committees receives an additional annual cash retainer of \$7,500.

Board and Committee Meeting Attendance Fees

The non-employee directors receive \$2,200 per Board meeting attended in person and \$2,200 per committee meeting attended in person, but only if the committee meeting is not held on the same day as a Board meeting. Non-employee directors are also reimbursed for out-of-pocket expenses incurred in connection with attendance at Board and committee meetings. The non-employee directors do not receive a fee for attendance at telephonic Board or committee meetings.

Non-Employee Director Deferred Compensation Program

In May 2007, the Board of Directors adopted a non-employee director deferred compensation program. The non-employee director deferred compensation program for 2010 allows non-employee directors to elect on a yearly basis (for the yearly period between the Company's annual meetings of stockholders) to receive his or her (i) annual retainer fee and (ii) compensation for services as a chairperson of any of the Board's standing committees (collectively, the Covered Fees) as follows: (1) 100% of the Covered Fees (plus an additional 20% premium on the Covered Fees) in the form of fully vested restricted stock units (RSUs); or (2) 50% of the Covered Fees in cash and 50% of the Covered Fees (plus an additional 20% premium on that portion of the Covered Fees) in the form of fully vested RSUs.

The RSUs are granted under the Company's 2010 Equity Incentive Plan (the 2010 Plan) as of the date of the applicable annual meeting of stockholders, and the number of shares subject to an award of RSUs is calculated based on the closing price of the Company's shares on the date of the applicable annual meeting. In addition, the issuance of shares of the Company's common stock underlying an award of RSUs will not occur until thirty (30) days after the earlier of (i) separation of such non-employee director's service to the Company (as described in Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986 (the code) and related guidance thereunder) or (ii) 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 (as described in Internal Revenue Code Section 409A(a)(2)(A)(v) and related guidance thereunder).

In December 2010, the Board of Directors adopted a non-employee director deferred compensation program to begin in 2011. Participating directors may elect to receive 50% or 100% of the cash value of their Covered Fees in the form of fully vested, restricted stock units plus an additional premium on such percentage of the Covered Fees as additional restricted stock units, which are subject to a one-year vesting requirement (the Premium RSUs). The additional

premium applicable to the 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

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(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.

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 2010 Plan. The Board of Directors suspended the automatic grants in May 2004 on an indefinite basis.

On May 12, 2010, the Board of Directors approved stock option grants to each of the Company's non-employee directors as follows: (i) a grant of 18,965 stock options to the Chairman of the Board (with a Black-Scholes value of approximately \$6.09 per option as of the grant date) and (ii) a grant of 14,449 stock options to each of the Company's other non-employee directors (with a Black-Scholes value of approximately \$6.09 per option as of the grant date). The stock options vest upon the earlier of (x) immediately prior to the annual meeting of the Company's stockholders in 2011, or (y) 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 2010 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	8,800	46,614	89,345	144,759
Kenneth F. Buechler, Ph.D.	8,800	37,617	89,345	135,762
Rod F. Dammeyer	8,800	55,610	89,345	153,755
Mary Lake Polan, M.D., Ph.D., M.P.H.	24,475	18,802	89,345	132,622
Mark A. Pulido	92,400		117,269	209,669
Jack W. Schuler	8,800	46,614	89,345	144,759

- (1) This column reports the amount of cash compensation paid in 2010 for Board service.
- (2) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the fair value of the RSUs granted in 2010, in accordance with ASC Topic 718. Fair value is calculated using the closing price of our common stock on the date of grant. At December 31, 2010, the aggregate number of restricted stock awards, including RSUs, held by each Director was: Mr. Brown 28,786; Dr. Buechler 8,420; Mr. Dammeyer 12,257; Dr. Polan 21,093; Mr. Pulido 21,958; and Mr. Schuler 15,308.
- (3) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the fair value of stock options granted to the directors in 2010. The fair value was estimated using the Black-Scholes option-pricing model in accordance with ASC Topic 718. The fair value per option granted in 2010 was \$6.09 per option, based on assumptions of 4.90 years expected life, expected volatility of 0.51, a risk-free rate of 2.29% and zero dividend yield. At December 31, 2010, the aggregate number of option awards held by each Director was: Mr. Brown 66,749; Dr. Buechler 47,270; Mr. Dammeyer 61,267; Dr. Polan 74,017; Mr. Pulido 143,555; and Mr. Schuler 61,267.

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The following table sets forth the number of shares of our common stock beneficially owned as of March 11, 2011 by (i) those known to be the beneficial owners of more than five percent (5%) of our outstanding common stock, (ii) each of the current directors and nominees for director, (iii) each of the Company's current executive officers named in the Summary Compensation Table herein and (iv) all directors and named executive officers as a group. On March 11, 2011, there were 33,175,942 shares of our common stock outstanding.

Name	Beneficial Ownership of Common Stock(1)(2)	
	Number of Shares	Percent of Class
Beneficial Owners		
FMR LLC(3) 82 Devonshire Street Boston, Massachusetts 02109	4,329,416	13.0%
Entities affiliated with Larry N. Feinberg(4) Oracle Associates LLC 200 Greenwich Avenue, 3rd Floor Greenwich, Connecticut 06820	2,815,727	8.5%
T. Rowe Price Associates, Inc.(5) 100 E. Pratt Street Baltimore, Maryland 21202	2,652,230	8.0%
William Blair & Company, L.L.C..(6) 222 W. Adams Chicago, Illinois 60606	1,497,215	4.5%
Directors and Nominees for Director		
Thomas D. Brown(7)	95,535	*
Douglas C. Bryant(8)	621,905	1.8%
Kenneth F. Buechler, Ph.D.(9)	55,690	*
Rod F. Dammeyer(10)	123,524	*
Mary Lake Polan, M.D., Ph.D., M.P.H.(11)	126,710	*
Mark A. Pulido(12)	165,513	*
Jack W. Schuler(13)	4,408,029	13.3%
Named Executive Officers		
Robert J. Bujarski, J.D.(14)	139,974	*
John M. Radak(15)	200,209	*
Timothy T. Stenzel, M.D., Ph.D.(16)	19,643	*
John D. Tamerius, Ph.D.(17)	168,577	*
All directors and executive officers as a group (11 persons)(18)	6,125,309	18.8%

* Less than one percent

(1)

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. Unless otherwise noted, and subject to applicable community property laws, each executive officer and director has sole voting and dispositive power with respect to the shares indicated. The address for our directors and executive officers is c/o Quidel Corporation, 10165 McKellar Court, San Diego, CA 92121.

- (2) Shares of common stock subject to options exercisable on or within 60 days of March 11, 2011 are deemed outstanding for computing the number of shares and the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage of any other person.

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- (3) Based on information reported in Amendment No. 4 to Schedule 13G filed with the Securities and Exchange Commission on June 6, 2010. Pursuant to the instructions in item 7 of Schedule 13G, Fidelity Management & Research Company (Fidelity), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 4,329,416 shares of common stock as a result of acting as investment adviser to various investment companies as of December 31, 2010.
- (4) Based on information reported in Amendment No. 8 to Schedule 13G filed with the Securities and Exchange Commission on February 8, 2011 by Oracle Partners, L.P., Oracle Associates, LLC and Larry N. Feinberg in which Mr. Feinberg reported beneficial ownership of 2,815,727 shares of common stock with respect to which he has sole voting and dispositive power of 36,000 shares and shared voting and dispositive power of 2,779,727 shares as of December 31, 2010.
- (5) Based on information reported in Amendment No. 8 to Schedule 13G filed with the Securities and Exchange Commission on February 10, 2011 by T. Rowe Price Associates, Inc. and T. Rowe Price Small-Cap Value Fund, Inc. (collectively, Price Associates), in which T. Rowe Price Associates, Inc. reported beneficial ownership of 2,652,230 shares of common stock with respect to which T. Rowe Price Associates, Inc. has sole voting power of 562,930 shares and sole dispositive power of 2,652,230 shares as of December 31, 2010. T. Rowe Price Small-Cap Value Fund, Inc. reported sole voting power of 2,068,500 of such shares and no dispositive power as of December 31, 2010.
- (6) Based on information reported in Schedule 13G filed with the Securities and Exchange Commission on February 8, 2011 by William Blair & Company, L.L.C in which William Blair & Company, L.L.C reported beneficial ownership of 1,497,215 shares of common stock with respect to which they had sole voting and dispositive power of 1,497,215.
- (7) Includes 52,300 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 14,958 shares of common stock underlying an equal number of fully vested restricted stock units for which the individual has no voting or dispositive power over such shares.
- (8) Includes 452,605 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 100,769 restricted shares for which the individual has voting rights, but does not have dispositive power over such shares.
- (9) Includes 32,821 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 8,420 shares of common stock underlying an equal number of fully vested restricted stock units for which the individual has no voting or dispositive power over such shares.
- (10) Includes 46,818 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 10,619 shares of common stock underlying an equal number of fully vested restricted stock units for which the individual has no voting or dispositive power over such shares.
- (11) Includes 59,568 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 6,163 shares of common stock underlying an equal number of fully vested restricted stock units for which the individual has no voting or dispositive power over such shares.
- (12) Includes 124,590 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 7,028 shares of common stock underlying an equal number of fully vested

restricted stock units for which the individual has no voting or dispositive power over such shares.

- (13) Includes 441,961 shares that are held indirectly by the Schuler Family Foundation, 683,843 shares that are held indirectly by three family trusts of his adult children and 65,000 shares held indirectly by Mr. Schuler's spouse. Mr. Schuler disclaims beneficial ownership of the 441,961 shares held indirectly by the Schuler Family Foundation, the 683,843 shares that are held indirectly by three family trusts of his adult children and the 65,000 shares held by his spouse, except to the extent of his pecuniary interest in such shares, if any. In addition, includes 46,818 shares of common stock issuable upon exercise of

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options that are exercisable on or within 60 days of March 11, 2011. Also includes 13,670 shares of common stock underlying an equal number of fully vested restricted stock units for which Mr. Schuler has no voting or dispositive power over such shares.

- (14) Includes 62,518 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 62,895 restricted shares for which the individual has sole voting rights but does not have dispositive power over such shares.
- (15) Includes 178,282 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 9,498 restricted shares for which the individual has sole voting rights but does not have dispositive power over such shares.
- (16) Represents 19,643 restricted shares for which the individual has sole voting rights but does not have dispositive power over such shares.
- (17) Includes 122,394 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011 and 8,606 restricted shares for which the individual has sole voting rights but does not have dispositive power over such shares.
- (18) All directors and executive officers as a group, including 1,178,714 shares of common stock issuable upon exercise of options that are exercisable on or within 60 days of March 11, 2011, and 262,269 shares of common stock underlying an equal number of fully vested restricted stock units for which the individual has no voting or dispositive power over such shares.

With the exception of information relating to stock options, restricted stock and restricted stock units we issued, all information with respect to beneficial ownership of shares of common stock referred to in this section is based on filings made by the respective beneficial owners with the Securities and Exchange Commission or information the beneficial owners provided to us.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

The core objectives of our executive compensation program are to (1) support our mission, values and corporate strategies by 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 other 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 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.

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 officers, including those of the 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 longer-term 2010 incentive stock-based awards were awarded to each participating officer in the form of either (at the officer's election): (i) 100% of the award dollar value (based on a Black-Scholes calculation) in non-qualified stock options; or (ii) a split of the award dollar value (based on a Black-Scholes calculation) equally (50/50) between non-qualified stock options and time-based restricted stock. The dollar value of the awards was designed to be competitive with comparable companies based on the responsibilities of the executives. The vesting for the stock options and time-based restricted stock 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. In setting each executive's compensation, the Compensation Committee also considers the scope of the executive's responsibilities, leadership abilities and effectiveness, and management experience. In addition, the Compensation Committee incorporates flexibility into our programs and the assessment process to respond to the evolving business environment. Total compensation therefore has significant variability based on the

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Company's success in any given year and the Compensation Committee's assessment of such individual's contribution to that success.

Our 2011 long-term equity incentive program for our named executive officers includes incentive stock-based awards in the form of both non-qualified stock options 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 restricted stock units have cliff vesting at the end of 3 years, and vesting is dependent on meeting specific EPS goals at the end of the 3 year term.

Design of the compensation program for 2010 was completed without the assistance of an independent outside compensation consultant, although the Compensation Committee engaged a third party compensation consultant in mid-2010, Mr. Michael Reznick of Frederick W. Cook & Co., to assist in structuring and reviewing the Company's compensation programs for 2011, including competitiveness of base salaries, short-term cash incentives, and both short-term and long-term equity incentive programs. Our Compensation Committee considers market data from a variety of sources, including the annual Radford Global Life Sciences Survey and a comparative group of publicly-traded companies. 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. We use these data in reviewing and assessing our executive compensation policies. The companies in the public company peer group were selected based on various factors, including industry, market capitalization and revenues. The companies in the peer group for 2010 include:

Abaxis, Inc.	Luminex Corporation
Celera Corporation	Meridian Bioscience Inc.
Cepheid	Merit Medical Systems, Inc.
Genomic Health, Inc.	Myriad Genetics, Inc.
Genoptix, Inc.	Orasure Technologies, Inc.
Illumina, Inc.	Orchid Cellmark, Inc.
Immucor, Inc.	

Our Compensation Committee utilizes management (and from time to time independent compensation consultants) to gather such market data and provide appropriate analyses. The Compensation Committee does not have a philosophy of setting compensation based on specific formulaic benchmarking comparisons.

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 annually by the Chief Executive Officer in consultation with the Compensation Committee (and/or the Board of Directors).

In 2010, in connection with the setting of the base salary of our executive officers, the Compensation Committee examined survey data for executives with similar responsibilities in comparable companies in the medical device/diagnostics and biotechnology industries, using the 2009 Radford Global Life Sciences Survey, for companies between 150 and 500 employees projected forward for 2010. 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

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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 ensure that the Company receives an appropriate return on its annual incentive investment. The corporate performance goals are selected to require sustained performance and results from senior management that are not easily achievable without extra effort from each individual. Each eligible executive's potential annual award under the annual cash incentive program is expressed as a percentage of base salary earned by the individual during the fiscal year.

Under our traditional annual cash incentive compensation program, the target bonus for our Chief Executive Officer is 80% of salary, for all participating Senior Vice Presidents, 40% of salary, and for all participating Vice Presidents, 30% of salary. In early 2010, the Compensation Committee adopted the 2010 Leadership Incentive Compensation Plan (the "2010 Cash Incentive Plan") which tied payment of incentives to achievement of financial metrics, weighted 60% based on revenue and 40% based on achievement of EBITDA goals. In light of the Company's 2010 financial results, the Compensation Committee determined that thresholds for payment were not reached and no awards would be made under the 2010 Cash Incentive Plan relating to our 2010 fiscal year.

In December 2010, the Compensation Committee approved the 2011 Leadership Incentive Compensation Plan (the "2011 Cash Incentive Plan"). The 2011 Cash Incentive Plan was designed to provide a broader array of incentives for our executive officers and management beyond the traditional objectives used in prior years, which had typically consisted of revenue and EBITDA goals. The Compensation Committee determined it was more appropriate to provide a broader array of incentive targets rather than simply revenue and EBITDA goals to address fluctuations in the severity of an influenza season, as it impacts the Company's results yet the severity of an influenza season is otherwise outside the control of our executive officers and management. Moreover, the 2011 Cash Incentive Plan was designed to encourage improved performance in objectives not related to the intensity of any given flu season and by doing so, is designed to improve long-term performance and results for the Company and its stockholders.

The 2011 Cash Incentive Plan consists of the four components (1) revenue performance on core products; (2) revenue performance on new products; (3) earnings-per-share (EPS); and (4) defined corporate or individual impact goals. Each component of the 2011 Cash Incentive Plan includes targets at minimum, plan/target, and maximum payout. 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 four components and each component will be measured separately. The Compensation Committee may 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). In addition, the number of shares outstanding upon the adoption of the 2011 Cash Incentive Plan will be used for calculating EPS so that changes in the number of shares outstanding do not impact the EPS metric used to calculate that component. The Compensation Committee also retains the right to exercise discretion to award bonuses at the amount funded by the formula provided under the 2011 Cash Incentive Plan.

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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:

Executive Officer	Threshold	Target	Maximum
Douglas C. Bryant President and CEO	0%	80%	120%
John M. Radak Chief Financial Officer	0%	40%	60%
Robert J. Bujarski SVP, General Counsel and Corporate Secretary	0%	40%	60%
Timothy Stenzel, M.D./Ph.D. Chief Scientific Officer	0%	40%	60%
John D. Tamerius, Ph.D. SVP, Clinical/Regulatory	0%	40%	60%

Bonus payouts to our executive officers will be based seventy (70%) percent on achievement of revenue performance and EPS goals and thirty (30%) percent on corporate impact goals.

Each of the above officers was also eligible to elect to participate in the Company's 2011 Employee Deferred Bonus Compensation Program (the "Deferred Program") with respect to any payments received under the 2011 Cash Incentive Plan. Electing officers could elect to receive 50% or 100% of the cash value of his 2011 cash bonus (the "Covered Bonus") (payable (if applicable) per the terms and conditions of the 2011 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 as 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, which are now irrevocable, were made by the following executive officers:

Executive Officer	Amount Deferred	Deferral Period
Douglas C. Bryant President and CEO	100%	4 years
John M. Radak Chief Financial Officer	50%	2 years
Robert J. Bujarski SVP, General Counsel and Corporate Secretary	50%	4 years
Timothy Stenzel, M.D./Ph.D.	0%	N/A

Chief Scientific Officer
John D. Tamerius, Ph.D.
SVP, Clinical/Regulatory

50% 2 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

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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 cancelled 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 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 as a requirement to receive the value of the awards. The number of stock options and/or shares of restricted stock 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. 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 2011 long-term equity incentive program for our named executive officers includes incentive stock-based awards in the form of both non-qualified stock options 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 restricted stock units have cliff vesting at the end of 3 years, and vesting is dependent on meeting specific EPS goals at the end of the 3 year term.

In 2010 and as part of the 2010 long-term equity incentive program, each of our named executive officers received incentive stock-based awards in the form of either (at the officer's election): (i) 100% of the award dollar value (based on a Black-Scholes calculation) in non-qualified stock options; or (ii) a split of the award dollar value (based on a Black-Scholes calculation) equally (50/50) between non-qualified stock options and time-based restricted stock. The vesting for the stock-based 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. As stated previously, the stock options have an exercise price equal to the closing price of the Company's common stock on the date of grant as determined in accordance with the 2010 Plan. Following is a summary of the 2010 long-term equity incentive program awards made to our Named Executive Officers:

Executive Officer	Dollar Value of Aggregate Award	Option Selected	Number of Options/Shares of Time-based Restricted Stock (RS) Awarded	
Douglas C. Bryant President and CEO	\$ 791,384	50/50	25,769	RS Options
John M. Radak Chief Financial Officer	\$ 291,699	50/50	9,498	RS Options
Robert J. Bujarski SVP, General Counsel and Corporate Secretary	\$ 289,421	50/50	9,424	RS Options
			20,442	
			20,282	

Timothy Stenzel, M.D./Ph.D. Chief Scientific Officer	\$ 286,403	50/50	9,326 20,070	RS Options
John D. Tamerius, Ph.D. SVP, Clinical/Regulatory	\$ 264,295	50/50	8,606 18,521	RS Options

In 2009 and as part of the 2009 long-term equity incentive program, each of our eligible named executive officers received incentive stock-based awards in the form of either (at the officer's election): (i) 100% of the

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award dollar value in non-qualified stock options; or (ii) a split of the award dollar value between 75% of the award dollar value in non-qualified stock options and 25% of the award value in time-based restricted stock. The vesting for the stock options is over a four-year period with 50% vesting on the second anniversary of the grant date and then 25% vesting annually thereafter through the fourth anniversary of the grant date, and the vesting of the time-based restricted stock is a cliff-vest on the fourth anniversary of the grant date. The stock options have an exercise price equal to the closing price of the Company's common stock on the date of grant as determined in accordance with the Amended and Restated 2001 Equity Incentive Plan (the 2001 Plan).

In 2008 and as part of the 2008 long-term equity incentive program, each of our named executive officers received a grant consisting entirely of stock options (the 2008 Stock Options). The 2008 Stock Options vest over a period of four years with 50% vesting on the second anniversary of the grant date and quarterly thereafter through the fourth anniversary of the grant date. The 2008 Stock Options have an exercise price equal to the closing price of the Company's common stock on the date of grant as determined in accordance with the 2001 Plan.

Equity Ownership Guidelines

To further align the interests of our directors and executives with those of our other stockholders, the Board of Directors adopted share ownership guidelines in 2004. 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). In addition, 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 2 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 1983 Employee Stock Purchase Plan, shares retained after option exercises, and shares of restricted stock that have no further restrictions remaining. 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. Directors, the Chief Executive Officer, Senior Vice Presidents and Vice Presidents have five years from their election, hire or promotion to satisfy the share ownership guidelines.

Employment and Severance Agreements

We have entered into change of control agreements with each of our executive officers. We have entered into the change in control agreements in order to foster our executive officers' 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 Employment, Change in Control and Severance

Arrangements below in this Proxy Statement.

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Tax Deductibility of Compensation

Section 162(m) of the Code imposes a \$1,000,000 limit on the amount that a public company may deduct for compensation paid to any employee who is the company's CEO as of the close of the taxable year and the next three most highly compensated executive officers, excluding the CEO and CFO. This limitation does not apply to compensation that meets the requirements under Section 162(m) for qualifying performance-based compensation (i.e., compensation paid only if the performance meets pre-established objective goals based on performance criteria approved by stockholders). The Compensation Committee does not currently anticipate that the compensation of any executive officer will materially exceed the limit on deductibility imposed by Section 162(m) of the Code.

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.

Options granted to the Company executives typically vest over a four-year period. Generally, vesting ends when employment ends and the executive has 90 days following the end of employment within which to exercise any vested stock options.

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 2010, the Compensation Committee approved an increase in the annual base salary for Mr. Bryant from \$450,000 to \$468,000. As described above, the Compensation Committee determined that the

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thresholds for payment under the 2010 Cash Incentive Plan were not met, and accordingly, no cash incentive awards were paid for 2010. However, as discussed above under the caption *Executive Compensation Compensation Discussion and Analysis Longer-Term Incentive Awards*, Mr. Bryant was awarded 25,769 time-based restricted stock and 55,458 non-qualified stock options having an aggregate value of \$791,384.

Compensation of the Other Named Executive Officers

In February 2010, the Compensation Committee approved an increase in the base salaries of the Company's other Named Executive Officers as follows:

Executive Officer	Prior Base Salary	2010 Base Salary
John M. Radak Chief Financial Officer	\$ 290,270	\$ 300,429
Robert J. Bujarski SVP, General Counsel and Corporate Secretary	\$ 288,000	\$ 302,400
Timothy Stenzel, M.D./Ph.D. Chief Scientific Officer	\$ 285,000	\$ 290,700
John D. Tamerius, Ph.D. SVP, Clinical/Regulatory	\$ 263,000	\$ 273,520

Dr. Stenzel was hired in September 2009 and earned a total of \$86,596 in base pay in 2009.

As described above, the Compensation Committee determined that the thresholds for payment under the 2010 Cash Incentive Plan were not met, and accordingly, no cash incentive awards were paid for 2010.

As discussed above under the caption *Executive Compensation Compensation Discussion and Analysis Longer-Term Incentive Awards*, Messrs. Radak, Bujarski, Stenzel, and Tamerius were awarded shares of time-based restricted stock and non-qualified stock options as follows:

Executive Officer	Dollar Value of Aggregate Award	Number of Options/Shares of Time-based Restricted Stock (RS) Awarded
John M. Radak Chief Financial Officer	\$ 291,699	9,498 RS 20,442 Options
Robert J. Bujarski SVP, General Counsel and Corporate Secretary	\$ 289,421	9,424 RS 20,282 Options
Timothy Stenzel, M.D./Ph.D. Chief Scientific Officer	\$ 286,403	9,326 RS 20,070 Options
John D. Tamerius, Ph.D. SVP, Clinical/Regulatory	\$ 264,295	8,606 RS 18,521 Options

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The Compensation Committee of the Board of Directors has reviewed the Compensation Discussion and Analysis 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 be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 and this Proxy Statement. This report is provided by the following independent directors, who comprise the Compensation Committee:

Compensation Committee

Thomas D. Brown (Chairman)
 Mary Lake Polan, M.D., Ph.D., M.P.H.
 Jack W. Schuler

This Compensation Committee Report does not constitute soliciting material and should 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 Exchange Act, except to the extent the Company specifically incorporates this report.

Summary Compensation Table

The following table sets forth information relating to fiscal years 2010, 2009 and 2008 compensation of our Chief Executive Officer, Chief Financial Officer, and three other most highly paid persons serving as executive officers as of December 31, 2010.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards (\$)(3)	Option Award Compensation (\$)(4)	Non-	All Other Compensation (\$)(5)	Total (\$)
						Equity Incentive Plan Compensation (\$)		
Douglas C. Bryant President and CEO(6)	2010	482,538		406,350	397,634		8,516	1,295,038
	2009	398,077	328,438	1,236,000	4,585,275		390,446	6,938,236
	2008							
John M. Radak, Chief Financial Officer	2010	310,031		145,453	146,569		33,857	635,910
	2009	290,270	116,108		294,240		33,241	733,859
	2008	288,295			404,625		32,858	725,778
Robert J. Bujarski, SVP, General Counsel and Corporate Secretary(7)	2010	311,261		146,441	145,422		7,850	610,974
	2009	288,000	115,200	72,004	218,956		6,864	701,024
	2008	255,261		1,160,358	381,500		7,399	1,804,518
Timothy T. Stenzel Chief Scientific Officer(8)	2010	300,785		142,501	143,902		8,110	595,298
	2009	86,596		162,392	162,494		199,756	611,238
	2008							
John D. Tamerius SVP, Clinical/Regulatory	2010	282,017		131,646	132,796		55,318	601,777
	2009	263,000	105,200		266,597		92,471	727,268
	2008	249,792			528,052		87,262	865,106

- (1) The amounts shown include cash compensation the executive officers earned or which was deferred pursuant to our 401(k) Plan and the Employee Deferred Compensation Program as described in the Non-qualified Deferred Compensation Program table and the Grants of Plan-Based Awards in Fiscal Year 2010 table.
- (2) For fiscal year 2009, the Compensation Committee determined not to adopt a formal annual cash incentive program and instead implemented a discretionary award program. The Compensation Committee approved the grant of discretionary cash awards to the Company's executive officers at customary target levels of 80% of salary for Mr. Bryant (prorated based on time of employment) and 40% of salary for Mr. Radak, Mr. Bujarski and Dr. Tamerius. Cash payments were made in February 2010, following the year in which the bonuses were earned.

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- (3) This column represents the grant date fair value of service-based restricted stock awards granted during fiscal years 2010, 2009 and 2008 as well as the premium associated with the Q4 2010 Employee Deferred Compensation Program as described in Note (3) in the Nonqualified Deferred Compensation table. Restricted stock awards are valued based on the closing share price on the date of grant. For additional information with respect to the 2010 grants, refer to Note 6 of our financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission. See the Grants of Plan-Based Awards table for information on stock awards granted in 2010 and the Q4 2010 Employee Deferred Compensation Program.
- (4) This column represents the grant date fair value of stock options granted during fiscal years 2010, 2009 and 2008. 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 2010 grants, refer to Note 6 of our financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010. See the Grants of Plan-Based Awards Table for information on options granted in 2010.
- (5) During the year ended December 31, 2010, (a) we made contributions under our 401(k) Plan for Mr. Bryant, Mr. Radak, Mr. Bujarski, Dr. Stenzel and Dr. Tamerius, 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. Dr. Tamerius received compensation of \$40,520 associated with reimbursement for commuting and housing costs while he continues to reside in Northern California but work in San Diego. In addition, Mr. Radak was reimbursed \$25,000 in connection with educational expenses related to obtaining his MBA in 2008. Amounts related to contributions under our 401(k) Plan, life insurance and other compensation for Mr. Bryant, Mr. Radak, Mr. Bujarski, Dr. Stenzel and Dr. Tamerius were as follows:

Components of All Other Compensation

	401(k) Contributions (\$)	Group Term Life Insurance Premiums Compensation (\$)	Other (\$)
Douglas C. Bryant	7,350	1,166	
John M. Radak	7,350	1,507	25,000
Robert J. Bujarski	7,192	658	
Timothy T. Stenzel	7,350	760	
John D. Tamerius	7,350	7,448	40,520

- (6) Mr. Bryant became a Board Director in February 2009 and his role as President and CEO was effective March 1, 2009. See details of this agreement described in the Employment, Change in Control and Severance Arrangements section of this Proxy Statement.
- (7) Mr. Bujarski was re-appointed as the Company's Senior Vice President, General Counsel and Corporate Secretary, effective June 9, 2008.
- (8) Dr. Stenzel became our Chief Scientific Officer in September 2009.

Table of Contents**Grants of Plan-Based Awards in Fiscal Year 2010**

The following table sets forth all plan-based awards granted to our named executive officers during fiscal year 2010.

Name and Principal Position	Grant Date	Estimated Future Payouts			All Other Stock Awards: Number of Shares of Stock (#)(2)	All Other Option Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards (\$/sh)(4)	Grant Date Fair Value of Stock and Option Awards (5)
		Threshold (\$)	Target (\$)	Maximum (\$)				
Douglas C. Bryant President & CEO	1/18/2010				25,769	55,458	15.28	791,384
	1/18/2010	1	374,400	561,600				
	9/27/2010				5,970			75,600
John M. Radak Chief Financial Officer	1/18/2010				9,498	20,442	15.28	291,699
	1/18/2010	1	120,172	180,257				
	9/27/2010				153			1,941
Robert J. Bujarski SVP, General Counsel & Corporate Sec.(7)	1/18/2010				9,424	20,282	15.28	289,421
	1/18/2010	1	120,960	181,440				
	9/27/2010				1,157			14,654
Timothy T. Stenzel Chief Scientific Officer	1/18/2010				9,326	20,070	15.28	286,403
	1/18/2010	1	116,280	174,420				
John D. Tamerius SVP, Clinical/ Regulatory(8)	1/18/2010				8,606	18,521	15.28	264,295
	1/18/2010	1	109,408	164,112				
	9/27/2010				70			883

- (1) These columns show the potential value of the payout for each named executive officer under the 2010 annual cash incentive program if the threshold, target or 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 not achieved in fiscal year 2010 and no payout will be made.
- (2) This column shows the number of time based stock awards granted in 2010 to the named executive officers and the restricted stock units granted under the Q4 2010 Employee Deferred Compensation Program. The time-based stock awards for Mr. Bryant, Mr. Radak, Mr. Bujarski, Dr. Stenzel and Dr. Tamerius were granted on January 18, 2010 and 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. The Q4 2010 Employee Deferred Compensation Program awards were granted on September 27, 2010, with shares vesting and awarded on January 3, 2011 in exchange for his election to defer a percentage of

his or her base salary applicable to the period from September 27, 2010 through December 31, 2010. Refer to the Q4 2010 Employee Deferred Compensation Program as described in the Nonqualified Deferred Compensation table.

- (3) This column shows the number of stock options granted in 2010 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.
- (4) 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.
- (5) This column shows the full grant date fair value of stock awards, restricted stock units under the Employee Deferral Compensation Program and stock options under ASC Topic 718 granted to the named executive officers in 2010. For stock awards, 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 financial statements over the award's vesting schedule, unless the named executive leaves the Company. For the

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restricted stock units under the Employee Deferral Compensation Program the fair value is equal to (i) the amount of his or her salary deferred under the Program divided by the average of the market closing prices for the Company's common stock over the period from September 27, 2010 through December 31, 2010, multiplied by (ii) 1.2, as a premium. For stock options, fair value is calculated using the Black-Scholes value on the grant date and is the amount that the Company would expense in its 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 financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010.

Outstanding Equity Awards at 2010 Fiscal Year-End

The following table provides information on the holdings of stock option and restricted stock awards by the named executive officers as of December 31, 2010. This table includes unexercised and unvested stock options, unvested restricted stock awards, or restricted stock awards with performance conditions that have not yet been satisfied. 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, 2010, which was \$14.45. For additional information about the option awards and stock awards, see the description of "Longer-term Equity Incentive Awards" in the "Compensation Discussion and Analysis" section.

	Option Awards(1)					Stock Awards		
	Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	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 (\$)
C. Bryant and CEO	2/2/2009		700,000	12.36	2/2/2019	2/2/2009(2)	75,000	1,083,750
	4/10/2009		205,212	8.50	4/10/2019			
	1/18/2010		55,458	15.28	1/18/2020	1/18/2010	25,769	372,362
Radak Financial Officer	2/1/2007	100,000		13.42	2/1/2017	9/27/2010(4)	1,015	14,667
	4/7/2008	33,718	20,232	16.77	4/7/2018			

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	4/10/2009		75,640	8.50	4/10/2019			
	1/18/2010		20,442	15.28	1/18/2020	1/18/2010	9,498	137,246
						9/27/2010(4)	26	376
ujarski	6/9/2008	31,250	18,750	17.38	6/9/2018	6/9/2008(3)	45,000	650,250
eral Counsel	4/10/2009		56,287	8.50	4/10/2019			
orate Secretary	1/18/2010		20,282	15.28	1/18/2020	1/18/2010	9,424	136,177
						9/27/2010(4)	197	2,847
T. Stenzel	9/1/2009		21,977	15.75	9/1/2019	9/1/2009	10,317	149,081
entific Officer	1/18/2010		20,070	15.28	1/18/2020	1/18/2010	9,326	134,761
amerius	2/16/2001	3,000		4.81	2/16/2011			
ical/Regulatory	2/22/2002	5,625		5.70	2/22/2012			
	2/27/2003	9,000		3.19	2/26/2013			
	3/19/2004	11,719		7.50	3/19/2014			
	3/21/2006	11,000		12.23	3/20/2016			
	4/7/2008	16,646	9,987	16.77	4/7/2018			
	11/10/2008	24,648	24,647	15.71	11/10/2018			
	4/10/2009		68,534	8.50	4/10/2019			
	1/18/2010		18,521	15.28	1/18/2020	1/18/2010	8,606	124,357
						9/27/2010(4)	12	173

(1) Stock options are service-based and vest over four years. For stock options granted prior to 2008, the first 25% vests on the first anniversary of grant and the remaining options vest quarterly in equal increments over the remainder of the four-year vesting period. For stock options granted in 2008, the first 50% vest on the second anniversary of the grant date and the remaining options vest quarterly in equal increments over the remainder of the four-year vesting period. For stock options granted in 2009, the first 50% vest

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on the second anniversary of the grant date and the remaining options vest annually thereafter through the remaining four-year vesting period.

- (2) Represents restricted stock awards granted to Mr. Bryant upon his appointment as the Company's President and CEO. The stock award vests ratably over four years, with one quarter of the award vesting on each anniversary of the grant date.
- (3) Represents restricted stock awards granted to Mr. Bujarski upon his re-appointment as the Company's Senior Vice President, General Counsel and Corporate Secretary effective June 9, 2008. The stock award is a time-based restricted stock award, with a three-year cliff vesting provision.
- (4) Represents stock awards for the 20% premium component related to the Q4 2010 Employee Deferred Compensation Program as detailed in the Nonqualified Deferred Compensation table.

Option Exercises and Stock Vested in Fiscal Year 2010

The following table sets forth stock options that were exercised by, and restricted stock that vested for, the named executive officers during fiscal year 2010.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(3)
Douglas C. Bryant President and CEO			25,000(1)	341,750
John M. Radak Chief Financial Officer			16,083(2)	228,057
Robert J. Bujarski SVP, General Counsel and Corporate Secretary			15,364(2)	217,861
Timothy T. Stenzel Chief Scientific Officer				
John D. Tamerius SVP, Clinical/Regulatory			10,362(2)	146,933

- (1) During 2010, restrictions lapsed with respect to 25,000 shares of restricted stock held by Mr. Bryant. The market price for our common stock on the date of vesting was \$13.67 per share.
- (2) During 2010, restrictions lapsed with respect to restricted stock awards granted on March 30, 2007 that were subject to specified performance objectives related to revenue and EBITDA growth, which were measured at December 31, 2009. The shares were released to the executives on March 30, 2010. The number of shares used in the calculation is the actual payout of shares based upon the performance measurements. The market price for our common stock on the date of vesting was \$14.18 per share.

- (3) The value realized on vesting equals the closing price of the Company's common stock on the vesting date (the date the restrictions lapsed) multiplied by the number of shares with respect to which restrictions lapsed on such date.

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The following table sets compensation deferred by each of the named executive officers during fiscal year 2010.

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions	Contributions	Earnings	Withdrawals/	Balance
	in Last FY	in Last FY	in Last	in last FY	at Last FYE
	\$(2)	\$(3)	FY	(\$)	\$(1)
			(\$)		
Douglas C. Bryant President and CEO	63,000	12,600			75,600
John M. Radak Chief Financial Officer	1,618	323			1,941
Robert J. Bujarski SVP, General Counsel and Corp. Secretary	12,212	2,442			14,654
Timothy T. Stenzel Chief Scientific Officer					
John D. Tamerius SVP, Clinical/Regulatory	736	147			883

- (1) The Q4 2010 Employee Deferred Compensation Program allowed all employees that are members of the Company's management-review board to participate in the Program. Under the Q4 2010 Employee Deferred Compensation Program, each participant received a restricted stock unit award that vested on January 3, 2011 in exchange for his election to defer a percentage of his base salary applicable to the period from September 27, 2010 through December 31, 2010 (the "Covered Period"). Upon vesting of the restricted stock unit award, the participant received shares of the Company's common stock equal to (i) the amount of his salary deferred under the Program divided by the average of the market closing prices for the Company's common stock over the Covered Period, and (ii) then multiplying the result of the foregoing by 1.2, as a premium. Pursuant to this program, Messrs. Bryant, Radak, Bujarski, Stenzel and Tamerius received the following stock awards on January 3, 2011: 5,970 (including 1,015 shares relating to the 20% premium component); 153 (including 26 shares relating to the 20% premium component); 1,157 (including 197 shares relating to the 20% premium component); 0; and 70 (including 12 shares relating to the 20% premium component), respectively.
- (2) Represents the salary deferred by the named executive officers; such amounts are included in the Salary column of Summary Compensation Table for 2010.
- (3) Represents the 20% premium above the deferred salary amount as described above; such amounts are included in the Stock Awards column of the Summary Compensation Table for 2010.

Employment, Change in Control and Severance Arrangements

On January 20, 2009, we announced the appointment of Douglas C. Bryant as our new President and Chief Executive Officer. Mr. Bryant's employment with us and his service as a member of the Board of Directors commenced on February 2, 2009. Ms. Mason continued in her capacity as our President and Chief Executive Officer as well as a Board Director until March 1, 2009, when Mr. Bryant's appointment as President and Chief Executive Officer became effective.

In connection with the appointment of Mr. Bryant as our President and Chief Executive Officer, on January 16, 2009, Mr. Bryant entered into an employment agreement with us. Mr. Bryant's employment agreement sets forth the terms of his employment with us and provides for, among other matters: (i) a minimum base salary of \$450,000 per annum, subject to adjustment upward by the Board of Directors or its Compensation Committee; (ii) an annual cash incentive bonus based upon attainment of performance goals set by the Board of Directors or its Compensation Committee with a target of at least 80% of base salary and a maximum opportunity of up to 120% of base salary; (iii) an inducement bonus of \$200,000 with a gross up

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for taxes, payable during his first week of employment; (iv) non-qualified stock options to purchase up to 700,000 shares of the Company's common stock; and (v) 100,000 shares of time-based restricted stock.

Under his employment agreement, Mr. Bryant is an at-will employee, which means that either Mr. Bryant or we may terminate his employment at any time for any reason. However, and except in the context of a change in control, if Mr. Bryant's employment with us is terminated without cause or he terminates his employment for good reason (as defined in the employment agreement) and thereafter delivers and does not revoke a general release, he is entitled to a severance payment equal to eighteen (18) months of his then-current base salary and payment of health insurance premiums for a period of eighteen (18) months following termination. Amounts payable to Mr. Bryant upon a change in control of the Company are generally governed by his change in control agreement, dated as of January 16, 2009, which is described below.

Messrs. Radak, Bujarski, Stenzel and Tamerius are each at will employees of the Company with compensation arrangements that include, among other matters: (i) a minimum base salary, currently of \$300,429, \$302,400, \$290,700 and \$273,520 per annum, respectively and (ii) eligibility for an annual bonus in accordance with the Company's bonus plan. In addition, except in the context of a change of control, if we terminate Mr. Bujarski's or Mr. Radak's employment without cause, such officer would be entitled to a severance payment equal to six months of his annual salary.

Each of Mr. Bryant, Mr. Radak, Mr. Bujarski, Dr. Stenzel and Dr. Tamerius has entered into a change in control agreement with us, which provides for the payment of severance benefits in the event of termination of employment in connection with a change in control of the Company. The severance benefits are payable if their respective employment with us is terminated within 30 days prior to or three years following a change in control, unless terminated for cause or the termination is the result of a voluntary resignation (which does not include resignations stemming from a material adverse change in responsibilities, status, compensation, authority or location of work place) or their death or disability.

The severance benefits under the change in control agreements generally consist of a lump sum cash payment equal to two times the sum of (i) such executive's highest annual salary rate within the three year period ending on the date of termination plus (ii) an amount equal to the annualized average of all bonuses paid to the executive during the two-year period immediately before the date of termination. In addition, the change in control agreements provide for: payment of \$25,000 to help defray the legal, tax and accounting fees and other costs associated with transitional matters; continued coverage for two years under our group medical insurance, group dental insurance, group-term life insurance and disability insurance programs unless and to the extent the executive obtains concurrent coverage through another program in which case our coverage will be terminated or reduced as applicable; and immediate vesting and exercisability of any and all unvested stock options and restricted stock of the executive (unless previously waived or otherwise expressly agreed to by the executive).

Potential Post-Employment Payments

As described above, our named executive officers have employment, severance and/or change of control agreements with us. The table below illustrates the compensation that would be payable by the Company to each named executive officer in the event of a change in control of the Company or a termination of the named executive officer's employment with the Company for various described reasons, sometimes referred to in this section as a triggering event. In accordance with applicable rules of the Securities and Exchange Commission, the following discussion assumes:

that the triggering event in question, the death, disability, change in control or termination occurred on December 31, 2010, the Friday prior to the last day of our 2010 fiscal year end which fell on Sunday January 2,

2011; and

the calculations provided below are based on the closing market price of our common stock as of December 31, 2010, which was \$14.45.

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In addition, in connection with any actual termination of employment, the Board of Directors or the Compensation Committee may determine to enter into an agreement providing additional benefits or amounts, or altering the terms of benefits described below, as deemed appropriate by the Compensation Committee or the Board of Directors. The actual amounts that would be paid upon a named executive officer's termination of employment can only be determined at the time of such executive's separation from the Company. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may be higher or lower than reported below. Factors that could affect these amounts include our stock price at the time of termination and determinations by our Board of Directors.

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Name and Principal Position	Potential Executive Benefits and Payments	Termination				Change in Control (Qualifying Termination) Total \$
		Voluntary Termination Total (\$)	Retirement Total (\$)	Involuntary, Not for Cause or Voluntary, Involuntary, Good Reason Total (\$)	for Cause Termination Total (\$)	
Douglas C. Bryant President & CEO	Base Salary(1)			702,000		936,000
	Short-term Incentive Bonus(2) Equity					328,438
	Restricted Stock Awards Unvested and accelerated(3)					1,542,379
	Stock Options Unvested and accelerated(4)					2,684,011
	Healthcare, Life and Disability(5)					
	Accrued Vacation Pay(6)	44,514	44,514	44,514	44,514	44,514
	Other Payments(7)					25,000
John M. Radak Chief Financial Officer	Base Salary(1)			150,215		600,858
	Short-term Incentive Bonus(2) Equity					116,108
	Restricted Stock Awards Unvested and accelerated(3)					139,456
	Stock Options Unvested and accelerated(4)					450,058
	Healthcare, Life and Disability(5)					39,335
	Accrued Vacation Pay(6)	15,449	15,449	15,449	15,449	15,449
	Other Payments(7)					25,000
Robert J. Bujarski SVP, General Counsel and Corporate Secretary	Base Salary(1)			151,200		604,800
	Short-term Incentive Bonus(2) Equity					115,200
	Restricted Stock Awards Unvested and accelerated(3)					803,145
	Stock Options Unvested and accelerated(4)					334,907
	Healthcare, Life and Disability(5)					39,335
	Accrued Vacation Pay(6)	42,823	42,823	42,823	42,823	42,823
	Other Payments(7)					25,000
Timothy T. Stenzel Chief Scientific Officer	Base Salary(1)					581,400
	Short-term Incentive Bonus(2) Equity					
	Restricted Stock Awards Unvested and accelerated(3)					283,841

	Stock Options					
	Unvested and accelerated(4)					
	Healthcare, Life and					
	Disability(5)					39,335
	Accrued Vacation Pay(6)	5,792	5,792	5,792	5,792	5,792
	Other Payments(7)					25,000
John D. Tamerius	Base Salary(1)					547,040
SVP, Clinical/ Regulatory	Short-term Incentive Bonus(2)					105,200
	Equity					
	Restricted Stock Awards					
	Unvested and accelerated(3)					125,368
	Stock Options					
	Unvested and accelerated(4)					407,773
	Healthcare, Life and					
	Disability(5)					28,842
	Accrued Vacation Pay(6)	49,970	49,970	49,970	49,970	49,970
	Other Payments(7)					25,000

(1) Payable in one lump sum upon termination.

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- (2) This amount represents two times the average bonus amounts earned for 2010 and 2009. The 2009 bonus was paid out in February 2010 and there was no bonus earned in 2010. This amount is payable in one lump sum upon termination.
- (3) This represents the value of unvested restricted stock awards, including stock awards associated with the Q4 2010 Employee Deferred Compensation Program as detailed in the Nonqualified Deferred Compensation table. The officers have waived their right to automatic acceleration of the restrictions relating to certain restricted shares; however, the restrictions on such shares may be accelerated at the discretion of the Board of Directors and are included in the table above.
- (4) This represents the intrinsic value of in-the-money unvested stock options (based on a market price of \$14.45 per share as of the last full business day prior to the end of our fiscal year 2010).
- (5) Per the change in control agreements, for two years, coverage is continued under our group medical and group dental insurance programs unless and to the extent the executive obtains concurrent coverage through another program in which case our coverage will be terminated or reduced as applicable. In addition, if Mr. Bryant's employment is terminated without cause or he terminates his employment for good reason (as defined in his employment agreement) and thereafter does not revoke a general release, he is entitled to receive payment of health insurance premiums for a period of eighteen months following termination.
- (6) Payable in one lump sum upon termination.
- (7) Each executive officer's change in control agreement provides for payment of \$25,000 to help defray the legal, tax and accounting fees and other costs associated with transitional matters.

SECURITIES AVAILABLE FOR ISSUANCE UNDER OUR EQUITY COMPENSATION PLANS

The following table provides information with respect to our equity compensation plans as of December 31, 2010, which plans were as follows: the 1983 Employee Stock Purchase Plan; the 1990 Employee Stock Option Plan; the 1996 Non-Employee Director Plan; the 1998 Stock Incentive Plan, the 2001 Plan and the 2010 Plan. The 1990 Employee Stock Option Plan, the 1996 Non-Employee Director Plan and the 1998 Stock Incentive Plan have been terminated, and thus no additional awards will be made under such plans.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	3,166,113(1)	\$ 12.25	2,093,307(2)

Equity compensation plans not
approved by security holders

Total	3,166,113(1)	\$	12.25	2,093,307(2)
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(1) Excludes 351,000 shares of unvested restricted stock issued at a purchase price of \$0.01 under our 2010 Plan and 60,858 restricted stock units under our 2010 Plan.

(2) Includes (i) 93,229 shares of common stock available for issuance under our 1983 Employee Stock Purchase Plan and (ii) 2,000,078 shares of common stock available for issuance, as of December 31, 2010, under our 2010 Plan, pursuant to which incentive stock awards may be granted, including restricted stock.

**COMPENSATION COMMITTEE INTERLOCKS AND
INSIDER PARTICIPATION IN COMPENSATION DECISIONS**

Mr. Brown, Dr. Polan and Mr. Schuler 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

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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.

AUDIT COMMITTEE MATTERS

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 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 financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010 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 financial statements.

The Audit Committee has discussed and reviewed with our independent registered public accounting firm all matters required to be discussed by the Statement on Auditing Standards No. 114 (The Auditor's Communication With Those Charged With Governance), 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 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 the Public Company Accounting Oversight Board (PCAOB) Rule 3526 (Communication with Audit Committees Concerning Independence), as may be modified or supplemented, 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 financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2010.

Audit Committee

Rod F. Dammeyer (Chairman)

Thomas D. Brown

Mary Lake Polan, M.D., Ph.D., M.P.H.

This Report of the Audit Committee of the Board of Directors does not constitute soliciting material and should 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.

Table of Contents**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, 2010. Set forth below are the aggregate fees paid or accrued for audit and other professional services rendered by our independent registered public accounting firm for the fiscal years ended December 31, 2010 and 2009.

	Fiscal Years Ended December 31,	
	2010	2009
Audit fees(1)	\$ 801,500	\$ 624,500
Audit-related fees(2)	398,655	31,365
Tax fees(3)	205,300	180,279
All other fees		
Total fees	\$ 1,405,455	\$ 836,144

- (1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements, review of quarterly financial statements, audit of compliance under Section 404 of the Sarbanes-Oxley Act of 2002, and services provided in connection with statutory and regulatory filings. For fiscal 2010, fees also included audit work related to the Company's acquisition of Diagnostic Hybrids Inc. and the Company's S-3 registration statement.
- (2) Audit-related fees consisted primarily of accounting consultations regarding application of accounting standards and due diligence fees.
- (3) For fiscal year 2009, tax fees primarily included tax compliance fees of \$180,279. For fiscal year 2010, tax fees primarily included tax compliance fees and fees associated with an R&D tax credit study.

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 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 2010 and 2009 (and as described in the footnotes to the table above) were approved in advance by the Audit Committee.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the U.S., our directors and executive officers and persons who own more than 10% of our common stock are required to report their initial beneficial ownership of our common stock and any subsequent changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established, and we are required to disclose in this Proxy Statement any late filings during the year ended December 31, 2010. To our knowledge, all of the reports during 2010 were timely filed, except for the grants associated with our Q4 2010 Employee Deferred Compensation Program. Mr. Bryant, Mr. Radak, Mr. Bujarski and Dr. Tamerius did not file a Form 4 at the commencement of the term on September 27, 2010, but a Form 4 was filed at the end of the term when the shares were vested and granted on January 3, 2011.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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, 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 2010 fiscal year or since the commencement of the current fiscal year, or any reportable business relationship with us during such time.

STOCKHOLDER PROPOSALS

Our amended and restated bylaws require that a stockholder give timely written notice to our Corporate Secretary of any proposal such stockholder proposes to bring before a stockholders meeting or any proposal for the nomination of a director. Such written notice must be given, either by personal delivery or U.S. mail, postage prepaid, to the Corporate Secretary, Quidel Corporation, 10165 McKellar Court, San Diego, California 92121. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the address provided above not less than 60 days or more than 90 days prior to the scheduled annual meeting. However, if less than 60 days' notice or prior public disclosure of the date of the scheduled annual meeting is given or made, notice by the stockholder, to be timely, must be received not later than the close of business on the 10th day following the day on which the notice of the date of the scheduled annual meeting was mailed or the day on which the public disclosure was made.

Any notice to the Corporate Secretary must include as to each matter the stockholder proposes to bring before the meeting:

a brief description of the business desired to be brought before the meeting and the reason for conducting the business at the annual meeting,

the stockholder's name and address, as they appear on our records,

the class and number of shares that the stockholder beneficially owns,

any material interest of the stockholder in the business requested to be brought before the meeting, and

any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934 in his or her capacity as a proponent of the stockholder proposal.

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A stockholder's notice to the Corporate Secretary regarding a nomination for the election of directors must set forth:

as to each person whom the stockholder proposes to nominate for election or re-election as a director:

the person's name, age, business address and residence address,

the person's principal occupation or employment,

the class and number of shares of capital stock beneficially owned by the person, and

any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934; and

as to the stockholder giving the notice:

the name and address of the stockholder, as they appear on our records, and

the class and number of shares of stock that are beneficially owned by the stockholder on the date of the stockholder notice. If the Board of Directors so requests, any person nominated for election to the Board shall furnish to our Corporate Secretary the information required to be set forth in the notice of nomination pertaining to the nominee.

Any eligible stockholder who desires to have a proposal considered for inclusion in our proxy solicitation materials for our 2012 annual meeting of stockholders must be received in writing by our Corporate Secretary at 10165 McKellar Court, San Diego, California 92121 no later than December 8, 2011. To be included in our proxy solicitation materials, proposals must be submitted in accordance with our bylaws, as described above, and must comply with Securities and Exchange Commission regulations promulgated under Rule 14a-8 of the Exchange Act of 1934, as amended.

Nothing in this section shall be deemed to require us to include in our proxy solicitation materials relating to any annual meeting any stockholder proposal or nomination that does not meet all of the requirements for inclusion established by the Securities and Exchange Commission.

ANNUAL REPORT

Our 2010 Annual Report to Stockholders has been mailed to stockholders concurrently with this Proxy Statement. The Company incorporates by reference herein the information set forth in our Annual Report on Form 10-K under Item 1 relating to the executive officers of the Company.

A copy of our Annual Report on Form 10-K and each of our other periodic and current reports, including any amendments thereto, as filed with the Securities and Exchange Commission, are available, free of charge, on our website, *www.quidel.com*, as soon as reasonably practicable after such materials are filed or furnished to the Securities and Exchange Commission. **In addition, a copy of our Annual Report on Form 10-K, without exhibits, and/or exhibits to the Form 10-K, will be furnished, free of charge upon written request to the Investor Relations department at Quidel Corporation, 10165 McKellar Court, San Diego, California 92121. In addition, you may obtain such documents by calling (858) 646-8031 or e-mail our Investor Relations department at *ir@quidel.com*.**

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 10, 2011

Our annual report on Form 10-K for the year ended December 31, 2010 and proxy materials can be accessed electronically over the internet at www.proxyvote.com. These filings may also be reviewed through the Securities and Exchange Commission website at www.sec.gov.

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FORWARD LOOKING STATEMENTS

This proxy statement contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and involve substantial risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include, but are not limited to, statements made in the CD&A section of this proxy statement regarding the anticipated effects of our compensation structure and programs. Quidel Corporation undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements should be evaluated together with the many uncertainties that affect Quidel Corporation's business, particularly those mentioned under the heading "Risk Factors" in Quidel Corporation's Annual Report on Form 10-K which accompanies this proxy statement, and in the periodic reports that Quidel Corporation files with the SEC on Form 10-Q and Form 8-K.

OTHER BUSINESS

We know of no other matters to be submitted at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as the Board of Directors may recommend.

San Diego, California
April 1, 2011

Stockholders are urged to specify their choices on, date, sign and return the enclosed proxy card in the accompanying prepaid, return envelope. Prompt response is helpful and your cooperation greatly appreciated.

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**ANNUAL MEETING OF STOCKHOLDERS OF
QUIDEL CORPORATION**

May 10, 2011

**Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting To Be Held on
May 10, 2011:**

The Notice & Proxy Statement, 10-K Wrap is/are available at www.proxyvote.com.

QUIDEL CORPORATION

Annual Meeting of Stockholders to be held on May 10, 2011

This proxy is solicited by the Board of Directors

This proxy statement is being sent to you in connection with this request and has been prepared for the Board of Directors by our management. The undersigned, a Stockholder of QUIDEL CORPORATION, a Delaware corporation, hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders, the Annual Report to Stockholders and the accompanying Proxy Statement for the Annual Meeting to be held on Tuesday, May 10, 2011, at 8:30 a.m., local time, at the Hyatt Regency, La Jolla at Aventine, 3777 La Jolla Village Drive, San Diego, California 92122, and, revoking any proxy previously given, hereby appoints Douglas C. Bryant and John M. Radak, and each of them individually, proxies and attorneys-in-fact, each with full power of substitution and revocation, and each with all power that the undersigned would possess if personally present, to vote QUIDEL CORPORATION Common Stock held by the undersigned at such meeting and any postponements or adjournments of such meeting, as set forth on the reverse, and in their discretion upon any other business that may properly come before the meeting.

Address Changes/Comments:

(If you noted any Address Changes and/or Comments above, please mark
corresponding box on the reverse side.)

IMPORTANT: SIGNATURE REQUIRED ON REVERSE SIDE

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***QUIDEL CORPORATION
10165 MCKELLAR COURT
SAN DIEGO, CA 92121***

VOTE BY INTERNET www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

NOTE: To transact such other business as may properly be presented at the Annual Meeting or any adjournments or postponements thereof. Unless otherwise specified, this proxy will be voted FOR the election of each nominee for director listed on this proxy card in proposal 1; FOR proposals 2 and 3; and in the discretion of the proxy holders on all other business that comes before the meeting.

For address changes/comments, mark here. o
(see reverse for instructions)

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN
BOX]

Date

Signature (Joint Owners)

Date

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