

ICU MEDICAL INC/DE
Form DEF 14A
April 10, 2006

ICU MEDICAL, INC.

**951 Calle Amanecer
San Clemente, California 92673**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held May 12, 2006

This Annual Meeting of Stockholders of ICU Medical, Inc. (the Company) will be held by means of remote communication on the Internet at the Company's web site, www.icumed.com, and by conference telephone at (866) 383-8108, passcode 33456299, on Friday, May 12, 2006 at 9:00 a.m., Pacific Daylight Time, for the following purposes:

1. To elect two directors of the Company to serve for a term of three years and until their successors have been elected and qualified;
2. To ratify the selection of McGladrey & Pullen LLP, as independent auditors for the Company for the year ending December 31, 2006;
3. To vote on a proposal to approve performance-based bonuses to be paid to the Company's Chief Executive Officer and Chief Financial Officer if performance goals expressed in terms of the market price of the Company's Common Stock are achieved; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has determined that only holders of Common Stock of record at the close of business on March 27, 2006 will be entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment thereof.

You may attend the Annual Meeting by either clicking on [Investors](#) and then clicking on [Annual Meeting](#) on our web site, www.icumed.com, or calling (866) 383-8108, passcode 33456299, from a touch-tone telephone. If you hold stock certificates registered in your own name, you will need the control number printed on the attachment to the enclosed proxy card to verify that you are a stockholder of record. If your stock is held in street name by your broker or other nominee, you will need to provide the name of your broker or nominee to gain access to the Annual Meeting.

By Order of the Board of Directors

Francis J. O'Brien, Secretary

San Clemente, CA
April 10, 2006

YOUR VOTE IS IMPORTANT

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

THANK YOU FOR ACTING PROMPTLY

How do I submit my proxy?

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

by mailing the enclosed proxy card in the enclosed envelope;

electronically, using the Internet; or

over the telephone by calling a toll-free number.

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

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

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

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

To vote during the meeting, access the Company's website at www.icumed.com, then click on the Investors tab, and click on the icon that says Voting Ballot. You may download and print the ballot. Alternatively, you may request that a ballot be faxed to you by calling Investor Relations at (800) 824-7890 any time before 4:00 PM PDT on May 11, 2006. After you have marked your votes and recorded your control number on your ballot, you may fax the ballot to the Company at (949) 366-8368. Ballots must be received before the polls are closed during the Annual Meeting to be counted. We anticipate that the polls will be open from approximately 9:15 to 9:40 AM PDT on May 12, 2006.

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

Your vote is important. Thank you for voting.

ICU MEDICAL, INC.

**951 Calle Amanecer
San Clemente, California 92673**

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of ICU Medical, Inc. (the Company) for use at the Annual Meeting of Stockholders. That meeting is to be held by means of remote communication on the Internet at the Company's web site, www.icumed.com, and by conference telephone at (866) 383-8108, passcode 33456299, on Friday, May 12, 2006 at 9:00 a.m., Pacific Daylight Time, and at any adjournments thereof, for the purposes set forth herein and in the accompanying Notice.

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The approximate date of mailing of this Proxy Statement and the accompanying proxy is April 10, 2006. This Proxy Statement was also posted on the Company's web site, www.icumed.com, on April 11, 2006.

Attendance by Remote Communication

The Annual Meeting will be held entirely by remote communication on the Internet, as permitted by Delaware law. There will be no physical location at which stockholders may attend the Annual Meeting, but stockholders may attend and participate in the meeting electronically. Stockholders who participate in the Annual Meeting by means of remote communication will be deemed to be present in person and will be able to vote during the Annual Meeting at the times that the polls are open. Stockholders who wish to attend the meeting should go to www.icumed.com, click on the Investors tab and click on the icon that says Annual Meeting or telephone (800) 295-3991, passcode 66006558 at least 10 minutes before the beginning of the meeting to register their attendance and complete the verification procedures to confirm that they were stockholders of record as of March 27, 2006, the record date. Stockholders of record will need to provide the control number on the attachment to the enclosed proxy card to verify their identity.

Beneficial owners whose stock is held for them in street name by their brokers or other nominees may also attend the meeting by going to www.icumed.com, clicking on the Investors tab and clicking on the icon that says Annual Meeting or telephoning (866) 383-8108, passcode 33456299, at least 10 minutes before the beginning of the meeting. Such beneficial owners may not vote at the meeting, and may only cause their shares to be voted by providing voting instructions to the persons who hold the beneficial owners' shares for them. Beneficial owners will need to provide the name of the broker or other nominee that holds their shares to gain access to the meeting.

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

Proxy Information

A stockholder giving a proxy may revoke it at any time before it is exercised by filing with the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if the person executing the proxy is present at the Annual Meeting electronically and elects to vote in person. Subject to such revocation or suspension, all shares represented by each properly executed proxy received by the Company will be voted in accordance with the instructions indicated thereon, and if instructions are not indicated, will be voted in favor of (i) the election of the nominees for director named in, or otherwise nominated as set forth in this Proxy Statement, (ii) the proposal to ratify the selection of independent auditors, (iii) the proposal to approve performance-based bonuses and (iv), in the discretion of the proxy holders, on any other business that comes before the meeting.

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Record Date and Voting

As of March 27, 2006 the outstanding voting securities of the Company consisted of 14,282,815 shares of \$.10 par value Common Stock. Each stockholder of record at the close of business on March 27, 2006 is entitled to one vote for each share then held on each matter submitted to a vote of stockholders. The presence in person electronically or by proxy of holders of a majority of the issued and outstanding Common Stock will constitute a quorum for the transaction of such business as shall properly come before the meeting.

Directors are elected by a plurality of the votes of the shares present in person electronically or by proxy and entitled to vote on the election of directors. As a result, abstentions have no effect on the election of directors. Generally, stockholder approval of other matters, such as the ratification of the selection of independent auditors and approval of the performance-based bonuses, requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the matter. Shares voted to abstain on such a matter will be treated as entitled to vote on the matter and will thus have the same effect as no votes.

The term broker non-votes refers to shares held by a broker in street name that are present by proxy but are not voted on a matter pursuant to rules prohibiting brokers from voting on non-routine matters without instructions from the beneficial owner of the shares. Broker non-votes on such matters are not counted as entitled to vote on a matter in determining the number of affirmative votes required for approval of the matter, but are counted as present for quorum purposes. The election of directors and ratification of the selection of independent certified public accountants are generally considered to be routine matters on which brokers may vote without instructions from beneficial owners. Approval of the performance-based bonuses is a non-routine matter on which brokers may not vote without instructions from beneficial owners.

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Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as to shares of Common Stock owned as of March 27, 2006, by (i) each person who, insofar as the Company has been able to ascertain, beneficially owned more than five percent of the outstanding Common Stock, (ii) each director, (iii) each nominee for election as a director, and (iv) all directors and executive officers as a group. Unless otherwise indicated in the footnotes following the table, and subject to community property laws where applicable, the Company believes that the persons as to whom the information is given have sole voting and investment power over the shares listed as beneficially owned. The business address of the George A. Lopez, M.D. Second Family Limited Partnership, the Lopez Family Trust, George A. Lopez, M.D. and Diana K. Lopez, M.D. is 951 Calle Amanecer, San Clemente, California 92673.

	Shares Owned Beneficially	Percent of Class(1)
George A. Lopez, M.D.	4,081,421(3)	23.8%
George A. Lopez, M.D. Second Family Limited Partnership	1,186,843(2)	8.3%
Neuberger Berman, Inc. 605 Third Avenue, New York, NY 10158-3698	1,832,910(8)	12.8%
Columbia Wanger Asset Management, L.P. 227 West Monroe Street, Suite 3000, Chicago, IL 60606	1,669,312(8)	11.7%
Snow Capital Management, L.P. 2100 Corporate Drive, Suite 300, Pittsburgh, PA 15237	1,434,297(8)	10.0%
Jack W. Brown	50,625(5)	*
John J. Connors	29,375(6)	*
Michael T. Kovalchik III, M.D.	45,437(5)	*
Joseph R. Saucedo	39,375(5)	*
Richard H. Sherman, M.D.	112,176(5)	*
Robert S. Swinney, M.D.	47,125(4)(5)	*
All directors and executive officers as a group (11 persons)	4,644,628(7)	26.4%

* Less than one percent

- (1) Based on total shares of Common Stock outstanding plus outstanding options to acquire Common Stock currently exercisable or exercisable within 60 days held by the beneficial owner whose percent of outstanding stock is calculated.
- (2) Dr. George A. Lopez is the general partner of the George A. Lopez, M.D. Second Family Limited Partnership (the Partnership) and holds a one-percent general partnership interest in the Partnership. As general partner, he has the power to vote and power to dispose of the 1,186,843 shares owned by the Partnership and may be deemed to be a beneficial owner of such shares. Trusts for the benefit of Dr. Lopez's children, the Christopher George Lopez Children's Trust and the Nicholas George Lopez Children's Trust, own a 99% limited partnership interest in the Partnership. Dr. Lopez is not trustee of and has no interest in his children's Trusts. Except to the extent of the undivided one percent general partnership interest in the assets of the Partnership, Dr. Lopez disclaims any beneficial ownership of the shares owned by the Partnership.
- (3) Includes options to acquire 2,857,333 shares. Also includes the 1,186,843 shares owned by the Partnership, as to which shares Dr. Lopez disclaims any beneficial ownership except to the extent described in Note (2). Includes 23,223 shares owned by the Lopez Family Trust. Dr. George A. Lopez and his wife, Dr. Diana K. Lopez, are trustees and beneficiaries of the Family Trust; except to the extent of their pecuniary interests as beneficiaries of the Family Trust, the Drs. Lopez disclaim any beneficial ownership of the shares owned by the Family Trust. Does not include 173,950 held by Dr. Diana K. Lopez as Trustee

of the Lopez CRT #1 for the benefit of the Drs. Lopez, as to which shares Dr. George A. Lopez has no voting or investment power and disclaims any beneficial ownership.

- (4) Does not include 750 shares owned by Dr. Swinney's wife as to which he has no voting or investment power and disclaims any beneficial ownership.
- (5) Includes options to acquire 39,375 shares.
- (6) Includes options to acquire 24,375 shares.
- (7) Includes options to acquire 3,308,583 shares.
- (8) Information included solely in reliance on information included in a Statement on Schedule 13D or 13G filed with the Securities and Exchange Commission by the indicated holder.

ELECTION OF DIRECTORS

Nominees and Directors

Two directors, of the seven directors currently constituting the Board of Directors, are to be elected at the Annual Meeting and to hold office until the 2009 Annual Meeting and until their successors are elected and qualified. The Company's Board of Directors is divided into three classes. Each year a different class of directors is elected at the Annual Meeting to a three-year term.

In the election of directors, the proxy holders intend to vote for the election Jack W. Brown and Richard H. Sherman, M.D., who are now members of the Board and whose current terms of office are expiring. It is not anticipated that the nominees will decline or be unable to serve as directors. If, however, that should occur, the proxy holders will vote the proxies in their discretion for any nominee designated to fill the vacancy by the Company's Nominating/Corporate Governance Committee.

<u>Name</u>	<u>Age</u>	<u>Director since</u>	<u>Current Term Expires</u>	<u>Principal Occupation</u>
George A. Lopez, M.D.	58	1984	2007	Chairman of the Board, President and Chief Executive Officer of the Company
Jack W. Brown	66	1992	2006	Former Chairman of the Board and President of Gish Biomedical, Inc., disposable medical devices
John J. Connors, Esquire	66	1992	2008	Patent Attorney, founder, Connors & Associates, a legal network serving inventors and entrepreneurs
Michael T. Kovalchik III, M.D.	60	1989	2008	Physician and Director of Davita Healthcare Kidney Center, Torrington, Connecticut; Chairman Ethics Committee, Charlotte Hungerford Hospital, Torrington, Connecticut
Joseph R. Saucedo	62	2001	2008	Chairman and President of Bolsa Resources, Inc., a management consulting firm
Richard H. Sherman, M.D.	59	1990	2006	Physician and Assistant Chair, Department of

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Name	Age	Director since	Current Term Expires	Principal Occupation
Robert S. Swinney, M.D.	60	1998	2007	Medicine, Bay Health Medical Center, Milford Memorial Hospital, Milford, Delaware Physician and member of the faculty of the Los Angeles County University of Southern California Medical Center

Dr. Lopez is the founder of the Company and has served as Chairman of the Board, President and Chief Executive Officer for more than five years. Dr. Lopez has held various offices and served as a director of the Company since its founding in 1984 with some interruptions in service.

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Messrs. Brown, Connors and Saucedo and Drs. Kovalchik, Sherman and Swinney have been engaged in their current occupations for more than five years. Mr. Connors previously served as a director from December 1988 to July 1989. Dr. Swinney previously served as a director from 1989 to October 1995.

Board Committees and Attendance at Meetings

The Board of Directors has standing Audit, Compensation and Nominating/Corporate Governance Committees.

Audit Committee. The Board of Directors has an Audit Committee, which consists of Messrs. Brown, Connors and Saucedo (Chairman). As more fully described in the Audit Committee Charter, the Audit Committee oversees the accounting and financial reporting processes of the Company and audits of its financial statements. The Audit Committee met ten times in 2005.

During 2005, the Audit Committee consisted of three directors who are independent directors as defined under the listing standards of the Nasdaq National Market System. The Company's Board of Directors adopted a revised Audit Committee charter on July 25, 2003.

The Board of Directors has determined that Joseph R. Saucedo is an audit committee financial expert and is independent, as both those terms are defined by Securities and Exchange Commission regulations.

Compensation Committee. The Board of Directors has a Compensation Committee, consisting of Messrs. Brown, Connors and Saucedo, Drs. Kovalchik (Chairman), Sherman and Swinney. The Board has determined that all members of the Compensation Committee are independent directors under the listing standards of the Nasdaq Stock Market System. The Compensation Committee operates pursuant to a written charter adopted by the Board of Directors on July 25, 2003, a copy of which can be found on the Company's web site, www.icumed.com. The Compensation Committee, as more fully described in the Compensation Committee Report, discharges the responsibilities of the Board of Directors relating to executive and director compensation, and oversees incentive, equity based and other compensatory plans in which executive officers and key employees of the Company participate, including authorization of the grant of stock options. The Compensation Committee met five times in 2005.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee (the Nominating Committee) consists of Drs. Kovalchik, Sherman (Chairman) and Swinney, each of whom the Board of Directors has determined is independent under the listing standards of the Nasdaq National Market System. The Nominating Committee operates pursuant to a written charter adopted by the Board of Directors on July 25, 2003, a copy of which can be found on the Company's web site, www.icumed.com. The Nominating Committee's role is to recommend to the Board of Directors policies on Board composition and criteria for Board membership, to identify individuals qualified to serve as directors and approve candidates for director and to recommend directors for appointment to committees of the Board of Directors. The Nominating Committee also makes recommendations to the Board of Directors concerning the Company's corporate governance guidelines and codes of ethics and business conduct, oversees internal investigations of conduct of senior executives, if necessary, and conducts evaluations of the performance of the Board of Directors. The Nominating Committee, which was first appointed on October 17, 2003, met twice in 2005.

In evaluating and determining whether to recommend a person as a candidate for election as a director, the Nominating Committee considers, among other things, relevant management and/or industry experience; values such as integrity, accountability, judgment and adherence to high

performance standards; independence pursuant to the guidelines set forth in the listing standards of the Nasdaq National Market System; ability and willingness to undertake the requisite time commitment to Board service; and an absence of conflicts of interest with the Company.

The Nominating Committee may employ a variety of methods for identifying and evaluating nominees for director. The Nominating Committee will assess the need for particular expertise on the Board of Directors, the upcoming election cycle of the Board and whether any vacancies on the Board of Directors are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the

Nominating Committee will consider various potential candidates for director that may come to the Nominating Committee's attention through current directors, the Company's professional advisors, stockholders or others.

The Nominating Committee will consider candidates recommended by stockholders. The deadlines and procedures for stockholder recommendations of director candidates are the same as those described below under "Nomination of Directors and Stockholder Proposals." Following verification of the stockholder status of persons proposing candidates, the Nominating Committee will make an initial analysis of the qualifications of any candidate recommended by stockholders or others pursuant to the criteria summarized above to determine whether the candidate is qualified for service on the Company's Board before deciding to undertake a complete evaluation of the candidate. Other than the verification of compliance with procedures and stockholder status, and the initial analysis performed by the Nominating Committee, a potential candidate nominated by a stockholder will be treated like any other potential candidate during the review process by the Nominating Committee.

The Nominating Committee has approved the nominations of Jack W. Brown and Richard H. Sherman, M.D. for reelection as directors at the Annual Meeting. The Nominating Committee considered the candidates' past contributions to the Board of Directors, their willingness to continue to serve and the benefits of continuity in the membership of the Board of Directors and determined that the reelection of the three candidates was appropriate.

The Board of Directors has adopted a Code of Business Conduct and Ethics for Officers, and a copy is available on the Company's website, www.icumed.com.

During 2005, the Board met fifteen times. Each director attended more than 75% of the total of all meetings of the Board and any committees on which he serves.

It is the policy of the Company to invite and encourage all members of the board of directors to attend the annual meeting. In 2005, six directors attended the annual meeting.

Communications with Board of Directors

The Company's Board of Directors has an established process for stockholder communications. Stockholders may contact any of our Directors, including the Chairman, by writing to them c/o ICU Medical, Inc. 951 Calle Amanecer, San Clemente, California 92673. Communications addressed to the Board of Directors will be reviewed by the Secretary of the Company and directed to the Chairman of the Board for further review and distribution to certain or all members of the Board of Directors, if and as appropriate. Communications addressed to individual directors will be forwarded directly to the named director. Stockholders may also contact the Board by sending e-mail to ir@icumed.com.

Any communications directed to the Board of Directors, the Chairman or any other member of the Board that allege or report any complaint or concern regarding accounting, internal accounting controls or auditing matters will be immediately forwarded to the Chairman of the Audit Committee.

Complaints or concerns may be reported in writing or by telephoning our Corporate Governance Hotline at 1-800-886-0868. All calls are confidential.

In the past year, the Board of Directors did not receive any stockholder communications that it considered material and therefore took no action.

Executive Compensation*Compensation Committee Report*

During 2005, the Compensation Committee consisted of six directors who are not employees or former employees of, or consultants to, the Company. The Compensation Committee reviews the performance of the Company and the Chief Executive Officer, sets performance objectives, establishes the compensation of the Chief Executive Officer, recommends to the Board of Directors the compensation of the other executive officers and authorizes the grant of options to employees and awards under the Company's 2005 Long-Term Retention Plan.

The Company's policy in compensating executive officers is to establish methods and levels of compensation that will provide strong incentives to promote the profitability and growth of the Company and reward superior performance and that are sufficiently competitive to attract, retain and motivate highly competent management personnel. Compensation of executive officers includes base salary, performance-based incentive bonuses and stock-based programs, although as explained below, use of stock-based programs has been substantially curtailed starting in 2005.

The Compensation Committee has adopted an executive compensation policy which provides a base salary, incentive bonuses and stock options. Upon achievement of performance objectives, officers other than Dr. Lopez could receive, in addition to base salaries, bonuses in amounts ranging from 20% to 33% of their base salaries, and higher amounts in certain circumstances for unusual achievements. The Compensation Committee believes that incentive bonuses serve to align the interests of the executive officers with the interests of the Company's stockholders.

The base salary paid to Dr. Lopez in 2005 was set by the Compensation Committee in accordance with the Company's executive compensation policy at near the middle of the range of total compensation paid to chief executive officers of companies that the Compensation Committee deemed to be comparable to the Company. Dr. Lopez was granted options to purchase 100,000 shares in the first half of 2005. The executive compensation policy has set the incentive bonuses and the value of stock options to be awarded to Dr. Lopez at a higher percentage of his base salary than that awarded to other officers. The Compensation Committee believes that in view of the Chief Executive Officer's overall responsibility for the success of the Company, it is appropriate that a larger portion of his compensation be contingent on performance.

In 2005, the Compensation Committee decided to substantially curtail the use of stock-based compensation because of changes to accounting rules to require expense for share based payments to be recognized in the income statement. The Compensation Committee believes that if expense is to be recognized, it is more efficient for the Company to use cash rather than shares of the Company's stock, and therefore expects increasing use of cash for incentive payments, including awards under the Long-Term Retention Program.

April 7, 2006

COMPENSATION COMMITTEE

Michael T. Kovalchik III, M.D., Chairman
 Jack W. Brown
 John J. Connors
 Joseph R. Saucedo
 Richard H. Sherman, M.D.
 Robert S. Swinney, M.D.

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Summary of Cash and Certain Other Compensation

The following table shows the compensation earned for the past three years by each of the Company's executive officers whose 2005 compensation exceeded \$100,000 (the "named executive officers").

SUMMARY COMPENSATION TABLE

Name and Position	Annual Compensation			Long Term Compensation	All Other Compensation
	Year	Salary (\$)	Bonus (1)	Securities Underlying	

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		Annual Compensation		Long Term Compensation	
				Options #(1)	(\$)
George A. Lopez	2005	\$ 500,000	\$ 550,000	100,000(2)	\$ 85,089(3)
Chairman of the Board,	2004	340,000	0	100,000(2)	62,508(3)
President and Chief Executive Officer	2003	340,000	187,000	200,000(2)	48,069(3)
Francis J. O'Brien	2005	290,000	130,000	12,500(2)	3,056(4)
Secretary, Treasurer and	2004	230,000	0	12,500(2)	2,562(4)
Chief Financial Officer	2003	222,000	27,750	25,000(2)	2,500(4)
Richard A. Costello	2005	202,500	115,000	10,000(2)	2,531(4)
Vice President of Sales	2004	190,000	140,009(5)	10,000(2)	2,375(4)
	2003	183,333	30,000	20,000(2)	2,500(4)
Steven C. Riggs	2005	180,000	94,000	7,000(2)	1,955(4)
Vice President of Operations	2004	150,000	0	3,500(2)	1,875(4)
	2003	130,667	18,900	7,000(2)	2,033(4)
Alison D. Burcar	2005	120,000	60,000	5,000(2)	0
Vice President of Marketing	2004	113,249	0	2,500(2)	0
	2003	90,000	8,500	5,000(2)	50(4)

- (1) Bonus amounts are included in the year earned rather than the year actually paid; a portion is paid in the following year.
- (2) Options to acquire shares of the Company.
- (3) Includes dollar value of life insurance premiums paid by the Company, based on the cost of term life insurance, plus the dollar value, on an actuarial basis, of the net cash surrender value accruing to the Diana Lopez Insurance Trust as owner of the life insurance policy on Dr. Lopez of \$81,006 in 2005, \$59,956 in 2004 and \$45,569 in 2003 and Company matching contributions under Section 401(k) retirement plan for employees of \$4,083 in 2005, \$2,562 in 2004 and \$2,500 in 2003.
- (4) Company matching contribution under section 401(k) retirement plan.
- (5) Paid after achievement of a designated goal set in 2001.

Annual salary amounts for 2006 are: Dr. Lopez \$500,000; Mr. O'Brien \$290,000; Mr. Costello \$190,000; Mr. Riggs \$231,000; Ms. Burcar \$135,000.

Stock Option Grants

Options to purchase Common Stock of the Company were granted in 2005 to employees under the ICU Medical, Inc. 2003 Stock Option Plan (2003 Plan), which provides for the grant of options to purchase up to 1,500,000 shares. The exercise price of options granted under the 2003 Plan is the fair market value of the Common Stock on the date of grant. All options granted under the 2003 Plan expire ten years from issuance and vest in equal annual amounts on the first, second and third anniversary of issuance. The Company granted options to purchase 171,500 shares of Common Stock under the 2003 Plan in 2005.

OPTION GRANTS IN LAST FISCAL YEAR

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term	
	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in 2005	Exercise or Base Price Per Share (\$/Sh)	Expiration Date	5% \$(1)	10% \$(1)
George A. Lopez, M.D.	100,000	67%	\$32.92	4/16/15	\$2,070,321	\$5,246,600
Francis J. O'Brien	12,500	8%	32.92	4/16/15	258,790	655,825
Richard A. Costello	10,000	7%	32.92	4/16/15	207,032	524,660