

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

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**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

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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

**GenMark Diagnostics, Inc.**  
(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
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  - 4) Date Filed:  
\_\_\_\_\_



**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Be Held May 25, 2017

The Annual Meeting of Stockholders of GenMark Diagnostics, Inc. (the “Company”) will be held on May 25, 2017, at 2:00 p.m. local time at the Company’s corporate offices located at 5964 La Place Court, Carlsbad, California 92008 for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To elect Daryl J. Faulkner and James Fox, Ph.D. as Class I directors to hold office for a term of three years.
2. To ratify the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017.
3. To approve, on an advisory basis, the compensation of the Company’s named executive officers.
4. To indicate, on an advisory basis, the preferred frequency with which the Company should hold future stockholder advisory votes on the compensation of the Company’s named executive officers.
5. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Only stockholders of record at the close of business on March 29, 2017 will be entitled to notice of, and to vote at, the meeting or any adjournments or postponements thereof.

BY ORDER OF THE BOARD OF DIRECTORS:

James Fox, Ph.D.  
Chairman of the Board

Carlsbad, California  
April 13, 2017

**YOUR VOTE IS IMPORTANT!**

**ALL STOCKHOLDERS ARE INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ENCOURAGE YOU TO READ THIS PROXY STATEMENT AND SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE. THIS WILL ENSURE THE PRESENCE OF A QUORUM AT THE MEETING. FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE INSTRUCTIONS ON THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS (THE “NOTICE”) YOU RECEIVED IN THE MAIL, THE QUESTION “HOW DO I VOTE?” IN THIS PROXY STATEMENT, OR, IF YOU REQUESTED PRINTED PROXY MATERIALS, YOUR ENCLOSED PROXY CARD. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO EVEN IF YOU HAVE PREVIOUSLY SUBMITTED YOUR PROXY OR VOTING INSTRUCTIONS.**

**GenMark Diagnostics, Inc.  
5964 La Place Court  
Carlsbad, CA 92008  
(760) 448-4300**

**PROXY STATEMENT**

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 25, 2017**

**This Proxy Statement and the Company’s 2016 Annual Report are both available at [www.proxyvote.com](http://www.proxyvote.com).**

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## ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 25, 2017

### GENERAL

GenMark Diagnostics, Inc. (the “Company”) has made these proxy materials available to you on the internet, or, upon your request, has delivered printed proxy materials to you, in connection with the solicitation of proxies by the Board of Directors (the “Board”) of the Company for use at the Annual Meeting of Stockholders to be held on May 25, 2017, at 2:00 p.m. local time, at the Company’s corporate offices located at 5964 La Place Court, Carlsbad, California 92008, and at any adjournments or postponements thereof (the “Annual Meeting”). These materials were made available to stockholders on or about April 13, 2017.

### QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

#### 1. What is the purpose of the Annual Meeting?

The Annual Meeting will be held for the following purposes: (a) to elect Daryl J. Faulkner and James Fox, Ph.D. as Class I directors to hold office for a term of three years; (b) to ratify the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017; (c) to approve, on an advisory basis, the compensation of the Company’s named executive officers as described herein; (d) to indicate, on an advisory basis, the preferred frequency with which we should hold future stockholder advisory votes on the compensation of our named executive officers; and (e) to transact such other business that may properly come before the Annual Meeting.

#### 2. Who is soliciting the proxies?

The proxies for the Annual Meeting are being solicited by the Board.

#### 3. Why did I receive a notice in the mail regarding the internet availability of proxy materials (the “Notice”) instead of a full set of proxy materials?

In accordance with rules adopted by the Securities and Exchange Commission (the “SEC”), instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner, we are furnishing the proxy materials to our stockholders over the internet, which include this Proxy Statement and the accompanying Notice, proxy card and the Company’s Annual Report. The Annual Report is not incorporated into this Proxy Statement and shall not be considered a part of this Proxy Statement or soliciting materials. Because you received a Notice by mail, you will not receive a printed copy of the proxy materials, unless you have previously made a permanent election to receive these materials in paper copy. The Notice, which was mailed to most of our stockholders, instructs you how to access and review all of the proxy materials on the internet. The Notice also instructs you how to submit your proxy on the internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

#### 4. How do I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to view our proxy materials for the Annual Meeting on the internet. From our internet site you can instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of printing and mailing these materials on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

#### 5. Who is entitled to vote?

Only record holders of outstanding shares of the Company’s common stock at the close of business on March 29, 2017 are entitled to notice of, and to vote at, the Annual Meeting. At the close of business on March 29, 2017, there were 47,083,767 shares of our common stock outstanding. Each share of common stock is entitled to one vote.

In accordance with Delaware law, a list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting, and for 10 calendar days prior to the Annual Meeting, at 5964 La Place Court, Carlsbad, California 92008, Monday through Friday between the hours of 9:00 a.m. and 4:00 p.m. local time.

**6. Is cumulative voting permitted for the election of directors?**

No. You may not cumulate your votes for the election of directors.

**7. How do I vote?**

If you have shares for which you are the stockholder of record, you may vote those shares by proxy. You may also vote by proxy over the internet by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you may also vote by mail or telephone pursuant to instructions provided on the proxy card. Additionally, shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting.

Most of our stockholders hold their shares as a beneficial owner through a broker or other nominee rather than directly in their own name. If you are the beneficial owner of shares held in “street name,” you may also vote by proxy over the internet by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you may also vote by telephone or mail by following the voting instruction card provided to you by your broker or other nominee. If you do not give instructions to your broker, your shares may constitute “broker non-votes.” Under the rules that govern brokers who are voting shares held in street name, a broker is entitled to vote shares held for a beneficial owner on “routine” matters, such as the ratification of the appointment of Ernst & Young LLP as our independent auditors (Proposal 2), without instructions from the beneficial owner of those shares. On the other hand, absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for a beneficial owner on “non-routine” matters, such as the election of our directors (Proposal 1), the vote to approve, on an advisory basis, the compensation of the our named executive officers (Proposal 3), and the advisory indication of the preferred frequency with which we should hold future stockholder advisory votes on the compensation of our named executive officers (Proposal 4).

If your shares are held in street name, you may not vote your shares in person at the Annual Meeting unless you obtain a “legal proxy” from the broker or nominee that holds the shares giving you the right to vote the shares at the Annual Meeting.

Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

**8. Can I change my vote after I submit my proxy?**

Yes. If you are a stockholder of record, you may revoke a proxy at any time before it is voted at the Annual Meeting by: (a) delivering a proxy revocation or another duly executed proxy bearing a later date to our Corporate Secretary at 5964 La Place Court, Carlsbad, CA 92008; (b) voting again by telephone or over the internet at a later time; or (c) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not revoke a proxy unless you actually vote in person at the meeting. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker or other nominee in accordance with the instructions they provided, or, if you have obtained a legal proxy from your broker or other nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

**9. How are the votes counted and what vote is needed to approve each of the proposals?**

*Proposal 1 - Election of Directors*

In the election of directors, directors are elected by a plurality of the votes, which means that the director nominees receiving the highest number of “FOR” votes will be elected. You may either vote “FOR” or “WITHHOLD” authority to vote for each nominee for director. “WITHHOLD” votes and broker non-votes will not be counted as votes cast, and, therefore, will have no effect on the election of directors.

*Proposal 2 - Ratification of Appointment of Ernst & Young LLP*

The proposal to ratify the appointment of Ernst & Young LLP requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions are considered present and entitled to vote with respect to this proposal and will, therefore, be treated as votes against this proposal.

Broker non-votes will not be considered as present and entitled to vote on this proposal, and, therefore, will have no effect on the vote for this proposal.

*Proposal 3 - Advisory Vote on Compensation of Named Executive Officers*

The proposal to approve, on an advisory basis, the compensation of the Company's named executive officers requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions are considered present and entitled to vote with respect to this proposal and will, therefore, be treated as votes against this proposal. Broker non-votes will not be considered as present and entitled to vote on this proposal, and, therefore, will have no effect on the vote for this proposal.

*Proposal 4 - Advisory Indication of the Preferred Frequency with which Future Advisory Votes on Named Executive Officer Compensation Should be Held*

With respect to the proposal by which stockholders may indicate their preference with which the Company should conduct future advisory votes on the compensation of the Company's named executive officers, we will separately count votes cast for every "1 Year," "2 Years" and "3 Years," as well as abstentions and broker non-votes. Abstentions and broker non-votes will not be counted as votes cast, and, therefore, will have no effect on the vote totals for any of the three options available to stockholders.

If you provide specific instructions with regard to certain proposals, your shares will be voted as you instruct on such proposals. If no instructions are indicated, the shares will be voted as recommended by the Board (i.e., "FOR" the nominees to the Board listed in these materials, "FOR" the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017, "FOR" the approval, on an advisory basis, of the compensation of the Company's named executive officers as set forth in this Proxy Statement, and the option of "1 Year" as the preferred frequency with which the Company should conduct future stockholder advisory votes on executive compensation, unless you submit your proxy card through a broker and your broker does not indicate a vote on a particular matter because your broker has not received voting instructions from you (See Question 7 above)). If the Company receives a proxy card with a broker non-vote, your proxy will be voted "FOR" the ratification of the appointment of Ernst & Young LLP and it will not be included as a vote "FOR" the nominees to the Board, a vote "FOR" or "AGAINST" the proposal to approve, on an advisory basis, the compensation of the Company's named executive officers, or a vote for "1 Year," "2 Years" or "3 Years" with respect to the preferred frequency with which the Company should hold future stockholder advisory votes on executive compensation.

**10. How does the Board recommend that I vote?**

**THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE:**

- **FOR THE PROPOSED NOMINEES FOR ELECTION TO THE BOARD;**
- **FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP;**
- **FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS; AND**
- **FOR THE OPTION OF EVERY "1 YEAR" FOR THE VOTE TO INDICATE THE PREFERRED FREQUENCY WITH WHICH THE COMPANY SHOULD HOLD FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION.**

**11. How many shares must be present to hold the Annual Meeting?**

A majority of the outstanding shares of common stock entitled to vote at the Annual Meeting must be present in person or by proxy in order for there to be a quorum at the Annual Meeting. Both broker non-votes (discussed in Question 7) and stockholders of record who are present at the Annual Meeting in person or by proxy and who abstain from voting, including brokers holding customers' shares of record who cause abstentions to be recorded at the Annual Meeting, will be included in the number of stockholders present at the Annual Meeting for purposes of determining whether a quorum is present.

**12. Who pays the costs of the proxy solicitation?**

The Company will pay all of the costs of soliciting proxies. In addition to solicitation by mail, officers, directors and employees of the Company may solicit proxies personally or by telephone, without receiving additional compensation. The Company, if requested, will also pay brokers and other fiduciaries that hold shares of common stock for beneficial owners for

their reasonable out-of-pocket expenses of forwarding these materials to stockholders. Although the Company has not yet done so, it may retain a firm to assist in the solicitation of proxies in connection with the Annual Meeting. The Company would pay such firm, if any, customary fees, which we expect would be no more than \$10,000 plus related expenses.

**13. Could other matters be presented for a vote at the Annual Meeting?**

The Company is not aware, as of the date hereof, of any matters to be presented for a vote at the Annual Meeting other than those stated in this Proxy Statement. If any other matters are properly brought before the Annual Meeting, the persons named as proxy holders (Hany Massarany and Scott Mendel) will have the discretionary authority to vote the shares represented by the proxy card on those matters. If for any reason any of the nominees are not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

**14. Where can I find the voting results of the Annual Meeting?**

We intend to announce the preliminary voting results at the Annual Meeting and will publish the final results in a current report on Form 8-K, which we expect to file with the SEC within four business days of the Annual Meeting. If the final voting results are unavailable in time to file a current report on Form 8-K with the SEC within four business days after the Annual Meeting, we intend to file a Form 8-K to disclose the preliminary results and, within four business days after the final results are known, we will file an additional current report on Form 8-K with the SEC to disclose the final voting results.

**15. How do I make a stockholder proposal or nominate an individual to serve as a director for next year's annual meeting of stockholders?**

The Company's amended and restated bylaws ("Bylaws") state the procedures for a stockholder to bring a stockholder proposal or nominate an individual to serve as a director of the Board. The Bylaws provide that advance notice of a stockholder's proposal or nomination of an individual to serve as a director must be delivered to our Corporate Secretary at the Company's principal executive offices not earlier than the one hundred twentieth (120th) day, nor later than the close of business on the ninetieth (90th) day, prior to the anniversary of the previous year's annual meeting of stockholders, or January 25, 2018 and February 24, 2018, respectively. However, the Bylaws also provide that in the event that no annual meeting was held in the previous year or the date of the annual meeting is advanced by more than thirty (30) days, or delayed by more than seventy (70) days, from the anniversary date of the Annual Meeting, notice must be received not earlier than the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than one-hundred (100) days prior to the date of such annual meeting, the tenth (10th) day following the day on which the public announcement of the date of such meeting is first made.

In addition to meeting the advance notice provisions mentioned above, the stockholder in its notice must provide the information required by our Bylaws to bring a stockholder proposal to nominate an individual to serve as a director.

A copy of the full text of the provisions of our Bylaws dealing with stockholder nominations and proposals is available to stockholders from our Corporate Secretary upon written request.

Stockholders interested in submitting a proposal for consideration at our 2018 Annual Meeting must do so by sending such proposal to our Corporate Secretary at 5964 La Place Court, Carlsbad, CA 92008, Attention: Corporate Secretary. Under the SEC's proxy rules, the deadline for submission of proposals to be included in our proxy materials for the 2018 Annual Meeting is December 14, 2017. Accordingly, in order for a stockholder proposal to be considered for inclusion in our proxy materials for the 2018 Annual Meeting, any such stockholder proposal must be received by our Corporate Secretary on or before December 14, 2017, and comply with the procedures and requirements set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as the applicable requirements of our Bylaws. Any stockholder proposal received after December 14, 2017 will be considered untimely, and will not be included in our proxy materials. In addition, stockholders interested in submitting a proposal outside of Rule 14a-8 must submit the proposal in writing to our Corporate Secretary no earlier than January 25, 2018 and no later than February 24, 2018, in accordance with the specific procedural requirements contained in our Bylaws. If you would like a copy of these procedures, please contact our Corporate Secretary as provided above, or access our Bylaws on our web site at [www.genmarkdx.com](http://www.genmarkdx.com). Failure to comply with our Bylaw procedures and deadlines may preclude presentation of the matter at our 2018 Annual Meeting.



## BOARD OF DIRECTORS INFORMATION

Our Board currently consists of six members and is divided into three classes. The directors in each class serve three-year terms and in each case until their respective successors are duly elected and qualified.

Daryl J. Faulkner and James Fox, Ph.D. are the two current Class I directors whose terms expire at the Annual Meeting. Each individual is being nominated for re-election as a director.

Directors are elected by a plurality of the votes cast at the Annual Meeting, which means that the two director nominees receiving the highest number of “FOR” votes will be elected as Class I directors. Both of the nominees have indicated their willingness to serve if elected, but if either should be unable or unwilling to stand for election, the shares represented by proxies may be voted for a substitute as the Board may designate, unless a contrary instruction is indicated in the proxy.

The following sets forth information regarding members of our Board, including the director nominees for election at the Annual Meeting, related to their business experience and service on other boards of directors. In addition, we discuss below the qualifications, attributes and skills that led our Board to conclude that each of our directors should serve as a director. While we do not have a stand-alone diversity policy, in considering whether to recommend any director nominee, including candidates recommended by stockholders, we believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant mix of experience, knowledge and abilities that will allow our Board to fulfill its responsibilities. As set forth in our corporate governance guidelines, these criteria generally include, among other things, an individual’s business experience and skills (including skills in core areas such as operations, management, technology, accounting and finance, strategic planning and international markets), as well as independence, judgment, knowledge of our business and industry, professional reputation, leadership, integrity and the ability to represent the best interests of the Company’s stockholders. In addition, the Corporate Governance and Nominating Committee will also consider the ability to commit sufficient time and attention to the activities of the Board, as well as the absence of any potential conflicts with the Company’s interests. The Corporate Governance and Nominating Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. Our Board is responsible for selecting candidates for election as directors based on the recommendation of the Corporate Governance and Nominating Committee.

We believe that our current Board includes individuals with a strong background in executive leadership and management, accounting and finance, and industry knowledge. In addition, each of our directors has a strong professional reputation and has shown a dedication to his or her profession and community. We also believe that our directors’ diversity of backgrounds and experiences results in different perspectives, ideas and viewpoints, which make our Board more effective in carrying out its duties. We believe that our directors hold themselves to the highest standards of integrity and that they are committed to representing the long-term interests of our stockholders.

### *Nominees for Election as Class I Directors for a term expiring at the Company’s 2020 Annual Meeting of Stockholders*

**Daryl J. Faulkner.** Mr. Faulkner, age 68, has served on the Company’s Board since March 2010. Mr. Faulkner was appointed to the board of directors of Osmetech plc in August 2008, serving as Non-Executive Chairman until December 2008. From January 2009 until November 2016, Mr. Faulkner served on the board of directors of Venaxis, Inc. (formerly AspenBio Pharma, Inc.), an emerging biotechnology company engaged in the research, development, manufacture, and licensing of novel diagnostics and drugs. Mr. Faulkner also served as Executive Chair and Interim Chief Executive Officer of AspenBio Pharma from February 2009 until March 2010. From August 2008 to January 2009, Mr. Faulkner served as a consultant to Qiagen NV, a provider of innovative sample and assay technologies and products, in connection with its integration of Digene Corp., a developer of gene-based diagnostic tests acquired by Qiagen in August 2007. Mr. Faulkner had served as President and Chief Executive Officer and a director of Digene from December 2006 until consummation of Qiagen’s acquisition of Digene in August 2007. From 1998 until March 2006, Mr. Faulkner served in several executive roles at Invitrogen Corp., a life sciences company, including Senior Vice President, Business Segment Management from 2003 until March 2006. Mr. Faulkner received a B.S. in Industrial Relations from the University of North Carolina, Chapel Hill and an M.A. in Business Management from Webster University. We believe Mr. Faulkner is qualified to serve on our Board and serve as Chair of our Corporate Governance and Nominating Committee based on his executive experience in the medical device and molecular diagnostics industries as described above.

**James Fox, Ph.D.** Dr. Fox, age 65, has served on the Company’s Board since September 2010 and has served as our Chairman of the Board since August 2014. Dr. Fox has extensive experience in global technology and healthcare businesses. Dr. Fox led the start-up of Invetech, an Australian contract research and development company that specializes in healthcare products and complex instruments for international markets. Invetech was merged with Australian Securities Exchange listed Vision Systems Limited in 1993, and Dr. Fox took over as Group Managing Director of the combined entity. In January 2007,

Vision Systems Ltd., then a global cancer diagnostics company, was acquired by Danaher Corporation. Prior to Invetech, Dr. Fox spent seven years working as a consultant and director with PA Technology. Dr. Fox currently serves as a director of TTP Group plc and Novasyt, LLC, both privately held companies. Dr. Fox retired from the board of directors of Air New Zealand Ltd. in August 2014 after nearly eight years of service and retired from the board of directors of Biota Pharmaceuticals Inc. in November 2015 after nearly seven years as Chairman and Lead Director. Dr. Fox received his Bachelor's, Master's and Ph.D. degrees in engineering from the University of Melbourne. We believe Dr. Fox is qualified to serve as our Chairman of the Board and to serve as Chair of our Compensation Committee based on his executive experience in the medical device and molecular diagnostics industries as described above.

### ***Class II Directors Continuing in Office until the Company's 2018 Annual Meeting of Stockholders***

**Hany Massarany.** Mr. Massarany, age 55, has served as President and Chief Executive Officer and as a member of the Company's Board since May 2011. From February 2009 to April 2011, Mr. Massarany served as President of Ventana Medical Systems, a supplier of automated diagnostic systems to the anatomical pathology market, and Head of Roche Tissue Diagnostics, a division of F. Hoffman-La Roche Ltd. focused on manufacturing instruments and reagents that automate tissue processing and slide staining diagnostics for cancer. From 1999 to 2009, Mr. Massarany held various global leadership positions with Ventana, including Chief Operating Officer, Executive Vice President Worldwide Operations, Senior Vice President, Corporate Strategy and Development, and Vice President North American Commercial Operations. Prior to Ventana, Mr. Massarany held executive management positions with Bayer Diagnostics and Chiron Diagnostics, working in both the Asia Pacific region and the United States. Mr. Massarany received a B.S. degree in Microbiology and Immunology from Monash University, Australia and an MBA from Melbourne University, Australia. We believe Mr. Massarany is qualified to serve on our Board based on his executive experience in the medical device and molecular diagnostics industries as described above.

**Kevin C. O'Boyle.** Mr. O'Boyle, age 61, has served on the Company's Board since March 2010. From December 2010 until its acquisition by Shire Plc in July 2011, Mr. O'Boyle served as Senior Vice President and Chief Financial Officer of Advanced BioHealing, Inc. From January 2003 until December 2009, Mr. O'Boyle served as the Chief Financial Officer of NuVasive, Inc., an orthopedics company specializing in spinal disorders. Prior to that time, Mr. O'Boyle served in various positions during his six years with ChromaVision Medical Systems, Inc., a publicly held diagnostics company specializing in the oncology market, including as its Chief Financial Officer and Chief Operating Officer. Mr. O'Boyle also held various positions during his six years with Albert Fisher North America, Inc., a publicly held international food company, including Chief Financial Officer and Senior Vice President of Operations. Mr. O'Boyle currently serves on the board of directors of Wright Medical Group N.V., a global orthopedics company, Sientra, Inc., an aesthetics company, and Zeltiq Aesthetics, Inc., all publicly traded companies. Mr. O'Boyle also previously served as a member of the board of directors of Durata Therapeutics, Inc., from April 2012 until its acquisition by Actavis plc in November 2014. Mr. O'Boyle received a Bachelor of Science in Accounting from the Rochester Institute of Technology and successfully completed the Executive Management Program at the University of California Los Angeles, John E. Anderson Graduate Business School. We believe Mr. O'Boyle is qualified to serve on our Board and serve as Chair of our Audit Committee based on his executive experience in the healthcare industry and his financial and accounting expertise as described above.

### ***Class III Directors Continuing in Office until the Company's 2019 Annual Meeting of Stockholders***

**Lisa M. Giles.** Ms. Giles, age 58, has served on the Company's Board since February 2015. Since 2000, Ms. Giles has served as CEO and President of Giles & Associates Consultancy, Inc., a strategy consulting firm serving life science and healthcare industry clients, which she formed in 2000. In 2012, Ms. Giles also founded and currently serves as the CEO of Optivara, Inc., a software (SaaS) company also serving the life sciences industry. Prior to 2000, Ms. Giles served as Vice President of Strategy and Development for G.D. Searle & Company, where she oversaw global pharmaceutical strategic planning, portfolio decision analysis, portfolio optimization and transaction analysis. Ms. Giles previously served as a member of the board of directors of Durata Therapeutics, Inc., from August 2012 until its acquisition by Actavis plc in November 2014. Ms. Giles is a trustee on the board of Northwestern Memorial Hospital Foundation and the emeritus Auxiliary Board of the Art Institute of Chicago. Ms. Giles holds a B.S. from Juniata College and completed the executive management program at Stanford University and The University of Chicago. In 2015, Ms. Giles was recognized by PharmaVoice as one of the "Top 100 Most Influential People in Life Sciences." We believe Ms. Giles is qualified to serve on our Board based on her executive and strategic advisory experience in the healthcare and life science industries as described above.

**Michael S. Kagnoff.** Mr. Kagnoff, age 48, has served on the Company's Board since February 2015. Mr. Kagnoff has served as a partner of the law firm of DLA Piper LLP (US), the Company's outside corporate counsel, since April 2008. Prior to joining DLA Piper LLP (US), Mr. Kagnoff served as a partner of Heller Ehrman LLP. Mr. Kagnoff has advised boards of directors of public and private companies for over 20 years, with a focus on representing life sciences and technology companies on a wide range of topics, including strategic transactions and corporate governance and compensation matters. Mr.

Kagnoff received a B.A. and B.S. degree from the University of Pennsylvania, and a J.D. from the University of California, Berkeley's Boalt Hall School of Law. We believe Mr. Kagnoff is qualified to serve on our Board based on his legal and business experience in the life sciences industry as described above.

### ***Committees of the Board of Directors***

Directors are expected to attend meetings of the Board and any Board committees on which they serve. The Board has three standing committees to facilitate and assist the Board in the execution of its responsibilities: the Audit Committee; the Compensation Committee; and the Corporate Governance and Nominating Committee. Each of these committees has the responsibilities described in the committee's charter, which are available on our website at [www.genmarkdx.com](http://www.genmarkdx.com). Our Board may also establish other committees from time to time to assist in the discharge of its responsibilities.

*Audit Committee.* The Audit Committee currently consists of Kevin C. O'Boyle (Chair), James Fox, Ph.D. and Lisa M. Giles. The Board has determined that all members of the Audit Committee are independent directors under the applicable rules of the NASDAQ Stock Market LLC ("NASDAQ") and Rule 10A-3 of the Exchange Act, and each of them is able to read and fundamentally understand financial statements. The Board has determined that Mr. O'Boyle qualifies as an "audit committee financial expert" as defined by the rules of the SEC. The purpose of the Audit Committee is to oversee both the accounting and financial reporting processes of the Company, as well as audits of its financial statements. The responsibilities of the Audit Committee include appointing and approving the compensation of the independent registered public accounting firm selected to conduct the annual audit of the Company's accounts, reviewing the scope and results of the independent audit, reviewing and evaluating internal accounting policies, and approving all professional services to be provided to the Company by its independent registered public accounting firm. The Audit Committee is governed by a written charter approved by the Board and reviewed annually. The Audit Committee report is included in this Proxy Statement under the caption "Report of the Audit Committee."

*Compensation Committee.* The Compensation Committee currently consists of James Fox, Ph.D. (Chair), Daryl J. Faulkner and Kevin C. O'Boyle. The Board has determined that all of the members of our Compensation Committee are "non-employee directors" as defined in Exchange Act Rule 16b-3, "outside directors" as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and satisfy the independence requirements of NASDAQ. The Compensation Committee administers the Company's benefit and stock plans, reviews and oversees all compensation arrangements for our executive officers, and establishes and reviews general policies relating to the compensation and benefits of our officers and employees. The Compensation Committee meets several times a year to review, analyze and establish the compensation packages for our executive officers. The Compensation Committee determines our Chief Executive Officer's compensation and, as it deems appropriate, leverages competitive industry compensation data. The Compensation Committee is solely responsible for determining our Chief Executive Officer's compensation. Our Chief Executive Officer is not present during this process. For our other executive officers, our Chief Executive Officer prepares and presents to the Compensation Committee performance assessments and compensation recommendations, which it considers as one factor in its deliberations. The other executive officers are not present during this process. For more information, please see the "Compensation Discussion and Analysis" section below. The Compensation Committee is governed by a written charter approved by the Board and reviewed annually. The Compensation Committee report is included in this Proxy Statement under the caption "Report of the Compensation Committee."

*Corporate Governance and Nominating Committee.* The Corporate Governance and Nominating Committee currently consists of Daryl J. Faulkner (Chair), James Fox, Ph.D. and Michael S. Kagnoff. The Board has determined that all of the members of our Corporate Governance and Nominating Committee are independent under the applicable rules of NASDAQ. The Corporate Governance and Nominating Committee's responsibilities include recommending to the Board nominees for possible election to the Board, ensuring that each of the committees of the Board have qualified and independent directors, and providing oversight with respect to corporate governance and succession planning matters. The Corporate Governance and Nominating Committee is governed by a written charter approved by the Board and reviewed annually.

There are no family relationships among our officers and directors, nor are there any arrangements or understandings between any of our directors or officers or any other person pursuant to which any officer or director was, or is, to be selected as an officer or director.

### **Board Leadership Structure**

The position of Chairman of the Board and Chief Executive Officer of the Company were combined until April 30, 2011. Effective May 1, 2011, we separated the positions of Chief Executive Officer and Chairman with the appointment of Hany

Massarany as our Chief Executive Officer. In August 2014, Dr. Fox was appointed Chairman of the Board. Our Board believes that the separation of these positions strengthens the independence of our Board.

### Membership of Committees

	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
Dr. Fox (Chairman)*	X	Chair	X
Mr. Faulkner*	—	X	Chair
Ms. Giles*	X	—	—
Mr. Kagnoff*	—	—	X
Mr. Massarany	—	—	—
Mr. O’Boyle*	Chair	X	—

\* Independent director under NASDAQ and SEC rules.

## CORPORATE GOVERNANCE

During 2016, the Board met seven times, the Audit Committee met four times, the Compensation Committee met seven times, and the Corporate Governance and Nominating Committee met four times. In 2016, all directors attended all (100%) of the meetings of the Board and of the Board committees on which they served, held during the period for which they were directors or committee members.

### Director Independence

In accordance with our corporate governance principles, the majority of our Board members are independent directors. Our Board considers that a director is independent when the director is not an officer or employee of the Company or its subsidiaries, does not have any relationship which would, or could reasonably appear to, materially interfere with independent judgment, and otherwise meets the independence requirements under NASDAQ and SEC rules. Our Board has reviewed the materiality of any relationship that each of our directors has with us, either directly or indirectly. Based on this review, our Board has affirmatively determined that Daryl J. Faulkner, James Fox, Ph.D., Lisa M. Giles, Michael S. Kagnoff and Kevin C. O’Boyle each qualify as independent directors under applicable NASDAQ rules.

### Corporate Governance Guidelines

Our corporate governance guidelines are designed to ensure effective corporate governance of the Company. Our corporate governance guidelines cover topics including, but not limited to, director qualification criteria, director compensation, director orientation and continuing education, communications from stockholders to the Board, succession planning and the annual evaluations of the Board and its committees. Our corporate governance guidelines are reviewed regularly by the Corporate Governance and Nominating Committee and revised when appropriate. The full text of our corporate governance guidelines is accessible to the public at [www.genmarkdx.com](http://www.genmarkdx.com). A printed copy may also be obtained by any stockholder upon request.

### Code of Business Conduct and Ethics

Our Board adopted a code of business conduct and ethics to ensure that our business is conducted in a consistently legal and ethical manner. The code of business conduct and ethics establishes policies pertaining to, among other things, employee conduct in the workplace, securities trading, confidentiality, conflicts of interest, reporting violations and compliance procedures. All of our employees, including our executive officers, as well as members of our Board, are required to comply with our code of business conduct and ethics. The full text of our code of business conduct and ethics is accessible to the public at [www.genmarkdx.com](http://www.genmarkdx.com). A printed copy may also be obtained by any stockholder upon request. Any waiver of the code of business conduct and ethics for our executive officers or directors must be approved by our Board after receiving a recommendation from our Audit Committee. We will disclose future amendments or waivers to our code of business conduct and ethics on our website, [www.genmarkdx.com](http://www.genmarkdx.com), within four business days following the date of the amendment or waiver.

## **Stockholder Recommendations for Director Nominees**

In nominating candidates for election as a director, the Corporate Governance and Nominating Committee will consider a reasonable number of candidates for director recommended by a single stockholder who has held over 0.1% of our common stock for over one year and who satisfies the notice, information and consent provisions set forth in our Bylaws and corporate governance guidelines. Stockholders who wish to recommend a candidate may do so by writing to the Corporate Governance and Nominating Committee in care of the Corporate Secretary, GenMark Diagnostics, Inc., 5964 La Place Court, Carlsbad, CA 92008. For more information about the specific requirements relating to stockholder proposals, see “How do I make a stockholder proposal or nominate an individual to serve as a director for next year’s annual meeting of stockholders?” above. The Corporate Governance and Nominating Committee will use the same evaluation process for director nominees recommended by stockholders as it uses for other director nominees.

## **Identification and Evaluation of Nominees for Directors**

Our Corporate Governance and Nominating Committee uses a variety of methods for identifying and evaluating nominees for director. Our Corporate Governance and Nominating Committee regularly assesses the appropriate size and composition of the Board, the needs of the Board and the respective committees of the Board, and the qualifications of candidates in light of these needs. Candidates may come to the attention of the Corporate Governance and Nominating Committee through stockholders, management, current members of the Board, or search firms. The evaluation of these candidates may be based solely upon information provided to the Corporate Governance and Nominating Committee or may also include discussions with persons familiar with the candidate, an interview of the candidate, or other actions the Corporate Governance and Nominating Committee deems appropriate, including the use of third parties to review candidates.

## **Annual Meeting of Stockholders**

We have a policy of encouraging all of our directors to attend each annual meeting of stockholders. All of our directors attended our 2016 Annual Meeting of Stockholders.

## **Role of the Board in Risk Oversight Process**

The responsibility for the day-to-day management of risk lies with the Company’s management, while the Board is responsible for overseeing the risk management process to ensure that it is properly designed, well-functioning and consistent with the Company’s overall corporate strategy. Each year the Company’s management identifies what it believes are the top individual risks facing the Company. These risks are then discussed and analyzed with the Board. This enables the Board to coordinate the risk oversight role, particularly with respect to risk interrelationships. However, in addition to the Board, the committees of the Board consider the risks within their areas of responsibility. The Audit Committee oversees the risks associated with the Company’s financial reporting and internal controls, the Compensation Committee oversees the risks associated with the Company’s compensation policies and practices, including conducting an annual review of the potential risks associated with the Company’s compensation policies and practices for its employees, and the Corporate Governance and Nominating Committee oversees the risks associated with the Company’s overall governance, corporate compliance policies (for example, policies addressing relationships with health care professionals and compliance with anti-kickback laws) and its succession planning process to understand that the Company has a slate of future, qualified candidates for key management positions.

## COMMUNICATIONS WITH DIRECTORS

Any stockholder who desires to contact any member of the Board or management can write to:

GenMark Diagnostics, Inc.  
Attn: Investor Relations  
5964 La Place Court  
Carlsbad, CA 92008

or send an e-mail to [IR@genmarkdx.com](mailto:IR@genmarkdx.com)

Your letter should indicate that you are a stockholder of the Company. Comments or questions regarding the Company's accounting, internal controls or auditing matters will be referred to members of the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to members of the Corporate Governance and Nominating Committee. For all other matters, our investor relations personnel will, depending on the subject matter:

- forward the communication to the director or directors to whom it is addressed;
- forward the communication to the appropriate management personnel;
- attempt to handle the inquiry directly, for example, where it is a request for information about the Company or it is a stock related matter; or
- not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding ownership of our common stock as of February 15, 2017 (or such other date as provided below) based on information available to us and filings with the SEC by (a) each person known to the Company to own more than 5% of the outstanding shares of our common stock, (b) each director and nominee for director of the Company, (c) our President and Chief Executive Officer, Chief Financial Officer, and each other named executive officer, and (d) all of our directors and executive officers as a group. Each stockholder's percentage ownership is based on 46,794,663 shares of our common stock outstanding as of February 15, 2017. The information in this table is based solely on statements in filings with the SEC or other reliable information.

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (2)	Percent of Class
<b>Principal Stockholders</b>		
FMR LLC <sup>(3)</sup> 245 Summer Street Boston, MA 02210	6,960,646	14.87%
Putnam Investments, LLC <sup>(4)</sup> One Post Office Square Boston, MA 02109	4,082,046	8.72%
T. Rowe Price Associates, Inc. <sup>(5)</sup> 100 East Pratt Street Baltimore, MD 21202	3,879,814	8.29%
JPMorgan Chase & Co. <sup>(6)</sup> 270 Park Avenue New York, NY 10017	3,323,110	7.10%
Cadian Capital Management, LP <sup>(7)</sup> 535 Madison Avenue, 36th Floor New York, NY 10022	3,260,378	6.98%
Prudential Financial, Inc. <sup>(8)</sup> 751 Broad Street Newark, NJ 07102	3,226,656	6.90%
Jennison Associates LLC <sup>(9)</sup> 466 Lexington Avenue New York, NY 10017	3,222,716	6.89%
Black Rock Inc. <sup>(10)</sup> 55 East 52nd Street New York, NY 10055	2,882,021	6.16%

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (2)	Percent of Class
<b>Directors and Named Executive Officers</b>		
James Fox, Ph.D. <sup>(11)</sup>	158,823	*
Daryl J. Faulkner <sup>(12)</sup>	109,069	*
Lisa M. Giles <sup>(13)</sup>	24,037	*
Michael S. Kagnoff <sup>(14)</sup>	37,085	*
Kevin C. O'Boyle <sup>(15)</sup>	104,274	*
Hany Massarany <sup>(16)</sup>	1,119,954	2.36%
Scott Mendel <sup>(17)</sup>	193,983	*
Michael Gleeson <sup>(18)</sup>	365,565	*
Eric Stier <sup>(19)</sup>	154,404	*
Jennifer Williams <sup>(20)</sup>	271,945	*
All directors and executive officers as a group (12 persons) <sup>(21)</sup>	3,624,787	7.5%

\* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.

- (1) Unless otherwise indicated, the address of each beneficial owner is c/o GenMark Diagnostics, Inc., 5964 La Place Court, Carlsbad, California 92008.
- (2) Beneficial ownership of shares and percentage ownership are determined in accordance with the rules of the SEC. In calculating the number of shares beneficially owned by an individual or entity and the percentage ownership of that individual or entity, shares underlying stock options held by that individual or entity that are either currently exercisable or exercisable within 60 days from February 15, 2017 are deemed outstanding. These shares, however, are not deemed outstanding for the purpose of determining the percentage ownership of any other individual or entity. Unless otherwise indicated and subject to community property laws where applicable, the individuals and entities named in the table above have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.
- (3) The foregoing information is based solely upon information contained in a Schedule 13G/A filed with the SEC on February 14, 2017 by FMR LLC (“FMR”), Abigail P. Johnson, and Select Health Care Portfolio. FMR has the sole power to vote or direct the vote of 948,293 shares and the sole power to dispose or direct the disposition of 6,960,646 shares. Abigail P. Johnson is a Director and the Chief Executive Officer of FMR. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, representing 49% of the voting power of FMR. The Johnson family group and all other Series B shareholders have entered into a shareholders’ voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders’ voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR. Neither FMR nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act (“Fidelity Funds”) advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR, which power resides with the Fidelity Funds’ Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds’ Boards of Trustees.
- (4) The foregoing information is based solely upon information contained in a Schedule 13G/A filed with the SEC on January 10, 2017 by Putnam Investments, LLC (“Putnam”). Putnam, in its capacity as a parent holding company, may be deemed to beneficially own 4,082,046 shares that are beneficially owned by its subsidiaries, as follows: Putnam Investment Management, LLC (4,002,717 shares); and Putnam Advisory Company, LLC (79,329 shares). Putnam has the sole power to vote or to direct the vote of 85,203 shares and the sole power to dispose or direct the disposition of 4,082,046 shares.
- (5) The foregoing information is based solely upon information contained in a Schedule 13G/A filed with the SEC on February 7, 2017 by T. Rowe Price Associates, Inc. (“Price Associates”) and certain of its affiliates. Price Associates has the power to vote or direct the vote of 579,605 shares and the sole power to dispose or direct the disposition of 3,879,814 shares. These shares are owned by various individual and institutional investors. Price Associates serves as an investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.



- (6) The foregoing information is based solely upon information contained in a Schedule 13G/A filed with the SEC on January 18, 2017 by JPMorgan Chase & Co. on behalf of itself and its wholly owned subsidiaries JPMorgan Chase Bank, National Association, J.P. Morgan Investment Management Inc., and JPMorgan Asset Management (UK) Ltd. (collectively, “JPMorgan”). JPMorgan has the sole power to vote or to direct the vote of 3,084,377 shares, and sole power to dispose or direct the disposition of 3,323,110 shares.
- (7) The foregoing information is based solely upon information contained in a Schedule 13G filed with the SEC on February 13, 2017 by Cadian Capital Management, LP, Cadian Capital Management GP, LLC, and Eric Bannasch. All securities are directly held by advisory clients (the “Advisory Clients”) of Cadian Capital Management, LP (the “Adviser”). Pursuant to Investment Management Agreements, as amended, between the Advisory Clients and the Adviser, the Adviser exercises exclusive voting and investment power over securities directly held by the Advisory Clients. Cadian Capital Management GP, LLC is the general partner of the Adviser. Eric Bannasch is the sole managing member of Cadian Capital Management GP, LLC.
- (8) The foregoing information is based solely upon information contained in a Schedule 13G/A filed with the SEC on January 24, 2017 by Prudential Financial, Inc. (“Prudential”). Prudential, in its capacity as a parent holding company, may be deemed to beneficially own 3,226,656 shares that are beneficially owned by its subsidiaries as follows: Jennison Associates LLC (“Jennison”) (3,222,716 shares); and Quantitative Management Associates LLC (3,940 shares). Prudential has the sole power to vote or to direct the vote of 26,051 shares, the shared power to vote or to direct the vote of 3,200,605 shares, the sole power to dispose or direct the disposition of 26,051 shares, and the shared power to dispose or to direct the disposition of 3,200,605 shares. Because Prudential indirectly owns 100% of the equity interests of Jennison, Prudential may be deemed to have the power to exercise or direct the exercise of the voting and dispositive power that Jennison may be deemed to have with respect to the shares owned by the portfolio managed by Jennison. Jennison does not file jointly with Prudential; therefore, the shares reported on Jennison’s Schedule 13G/A may be included in the shares reported on Prudential’s Schedule 13G/A. See footnote 9 below.
- (9) The foregoing information is based solely upon information contained in a Schedule 13G/A filed with the SEC on February 3, 2017 by Jennison. Jennison, in its capacity as an investment adviser, may be deemed to beneficially own 3,222,716 shares that are held of record by clients of Jennison. Jennison has the sole power to vote or direct the vote of all such shares, and the shared power to dispose or direct the disposition of all such shares. Jennison furnishes investment advice to several investment companies, insurance separate accounts, and institutional clients. As a result of its role as an investment adviser, Jennison may be deemed to be the beneficial owner of the shares of common stock held by the portfolios it manages. Because Prudential indirectly owns 100% of the equity interests of Jennison, Prudential may be deemed to have the power to exercise or direct the exercise of the voting and/or dispositive power that Jennison may be deemed to have with respect to the shares owned by the portfolios managed by Jennison. Jennison does not file jointly with Prudential; therefore, the shares reported on Jennison’s Schedule 13G may be included in the shares reported on Prudential’s Schedule 13G. See footnote 8 above.
- (10) The foregoing information is based solely upon information contained in a Schedule 13G filed with the SEC on January 30, 2017 by BlackRock, Inc., on behalf of itself and the following subsidiaries: BlackRock (Netherlands) B.V., BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., and BlackRock Investment Management, LLC. BlackRock, Inc. has the power to vote or direct the vote of 2,625,781 shares and the sole power to dispose or direct the disposition of 2,882,021 shares.
- (11) The amount reported includes 72,085 shares of our common stock held by Penashe Holdings Propriety Limited. Dr. Fox is an executive director of Penashe Holdings Propriety Limited and may be deemed to have beneficial ownership of these securities, to the extent of any indirect pecuniary interest in his distributive shares therein.
- (12) The amount reported includes 56,056 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017.
- (13) The amount reported includes 10,324 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017, and 5,500 shares held by the Lisa M. Giles Living Trust. Ms. Giles is a trustee of Lisa M. Giles Living Trust and may be deemed to have beneficial ownership of these securities, to the extent of any indirect pecuniary interest in her distributive shares therein.
- (14) The amount reported includes 10,324 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017.
- (15) The amount reported includes 56,476 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017.
- (16) The amount reported includes 483,870 shares of common stock held by the Massarany Family Trust and 570,402 options to purchase shares of our common stock held by the Massarany Family Trust, which are currently exercisable or exercisable within 60 days of February 15, 2017. Mr. Massarany is a trustee of the Massarany Family Trust and may be deemed to have beneficial ownership of these securities.

- (17) The amount reported includes 80,507 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017, and 72,411 shares held by the Mendel Family Trust. Mr. Mendel is a trustee of the Mendel Family Trust and may be deemed to have beneficial ownership of these securities.
- (18) The amount reported includes 178,141 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017.
- (19) The amount reported includes 107,880 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017.
- (20) The amount reported includes 182,227 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017.
- (21) The amount reported also includes 61,651 shares of our common stock held by the HI Charitable Remainder Uni Trust, 82,934 shares of our common stock held by The Jon Faiz Kayyem and Paige N. Gates Family Trust, dated April 1, 2000, and 569,308 shares of our common stock held by IFIN LP. Dr. Kayyem is trustee of the HI Charitable Remainder Uni Trust, trustee of The Jon Faiz Kayyem and Paige N. Gates Family Trust, dated April 1, 2000, and the President of In-Motion LLC, the general partner of IFIN LP. Dr. Kayyem may be deemed to have beneficial ownership of the shares held by these entities. The amount reported also includes 256,550 options to purchase shares of our common stock currently exercisable or exercisable within 60 days of February 15, 2017 held by Jon Faiz Kayyem, Ph.D.

## EXECUTIVE OFFICERS

Set forth below are the name, age, position, and a brief account of the business experience of each of our executive officers as of April 1, 2017.

Name	Age	Position
Hany Massarany	55	President, Chief Executive Officer and Director
Scott Mendel	50	Chief Financial Officer
Jon Faiz Kayyem, Ph.D.	53	Founder and Senior Vice President, Research and Development
Michael Gleeson	42	Senior Vice President, North American Commercial Operations
James B. McNally	37	Senior Vice President, Marketing and Business Development
Eric Stier	41	Senior Vice President, General Counsel and Secretary
Jennifer Williams	43	Senior Vice President, Human Resources

**Hany Massarany** has served as President and Chief Executive Officer since May 2011. Mr. Massarany’s biography is contained in the section of this Proxy Statement entitled “Class II Directors Continuing in Office until the Company’s 2018 Annual Meeting of Stockholders.”

**Scott Mendel** has served as Chief Financial Officer of the Company since May 2014. Prior to joining the Company, Mr. Mendel served as the Chief Financial Officer of The Active Network, Inc., a global software as a service (SaaS) company that provides technology to organizers of events and activities, from March 2010 through its acquisition by the private-equity firm Vista Equity Partners in December 2013. Prior to joining The Active Network, Mr. Mendel held finance positions at General Electric, a diversified technology, media and financial services company, for over 20 years, including chief financial officer from March 2003 to March 2010 for General Electric’s Healthcare IT division, a leading provider of medical technologies and services. Mr. Mendel earned a B.S. in finance from Indiana University and an M.B.A. from Northwestern University’s Kellogg School of Management.

**Jon Faiz Kayyem, Ph.D.** has served as Senior Vice President, Research and Development since June 2013. Dr. Kayyem previously served as the Company’s Chief Scientific Officer from August 2010 to June 2013. Dr. Kayyem served as President and Chief Executive Officer of the Company from May 2010 to August 2010. From August 2009 to May 2010, Dr. Kayyem served as President and Chief Executive Officer of Osmetech plc and Chairman of the board of directors of Osmetech plc from January 2009 to August 2009. Dr. Kayyem attended Yale University and received a combined M.S. and B.S. in Molecular Biophysics and Biochemistry in 1985. Dr. Kayyem received his Ph.D. in Molecular Biology in 1991 from The California Institute of Technology (“Caltech”). Dr. Kayyem remained at Caltech as a Senior Research Fellow until 1995, when he founded Clinical Micro Sensors to commercialize technical innovations he developed while at Caltech. In 2000, Clinical Micro Sensors was sold to Motorola, Inc., and subsequently purchased by Osmetech plc in 2005. In 2004, Dr. Kayyem left Clinical Micro Sensors and co-founded the biotechnology fund management company, Efficacy Capital Limited, where he served as managing partner until September 2009.

**Michael Gleeson** has served as Senior Vice President, North American Commercial Operations since March 2014. Mr. Gleeson previously served as Senior Vice President, Sales of the Company from March 2012 to March 2014. Prior to that, he held the position of Vice President, U.S. Sales from November 2010 to March 2012. From May 2010 to November 2010, he served as National Sales Director for the Company and in the same capacity for Osmetech Technology, Inc., a wholly-owned subsidiary of Osmetech plc, since November 2009. Mr. Gleeson has over 15 years of experience in Director and Senior Sales Executive roles with both public and privately held companies in the enterprise software and services sector. Before joining the Company, Mr. Gleeson served as Senior Account Executive with Sybase (an SAP company), an industry leader in delivering enterprise and mobile software to manage, analyze and mobilize information from February 2009 to November 2009 and as Director, Financial Services with GuardianEdge Technologies (acquired by Symantec) from February 2006 to November 2008. Mr. Gleeson also held positions with BEA Systems (acquired by Oracle) and Cap Gemini Ernst & Young where he had responsibility in global sales, ISV, OEM and channel sales. Mr. Gleeson holds a B.S. degree in Entrepreneurial Studies from Babson College in Massachusetts.

**James B. McNally** has served as Senior Vice President, Marketing and Business Development since October 2016. Prior to joining the Company, Mr. McNally served as Vice President, Marketing and Strategy for Genalyte, Inc., a diagnostics company that is developing an immunoassay platform for near patient testing, from May 2016 to October 2016. From September 2010 to May 2016, Mr. McNally held roles of increasing responsibility with Volcano Corporation and Philips Volcano, including most recently Director of Marketing and Systems Segment Leader. Prior to joining Volcano Corporation, Mr. McNally held engineering roles with Boston Scientific and Goodrich Corporation and worked in Morgan Stanley's investment banking division. Mr. McNally received a B.S.E. in Electrical Engineering with high honors from Princeton University, an M.S. degree in Optical Sciences from the University of Arizona, and an M.B.A. with high distinction from Harvard Business School.

**Eric Stier** has served as Senior Vice President, General Counsel and Secretary of the Company since May 2013. Mr. Stier previously served as the Company's Vice President, Legal Affairs from November 2012 to May 2013. Prior to joining the Company, Mr. Stier served as Assistant General Counsel of Gen-Probe Incorporated, a publicly traded molecular diagnostics company, from August 2007 through its acquisition by Hologic, Inc. in August 2012. Prior to joining Gen-Probe, Mr. Stier served as a Corporate Associate with the law firm of Latham & Watkins LLP, from September 2002 to August 2007, in the firm's Los Angeles and San Diego offices. Mr. Stier received a B.A. in Behavioral Science and Law from the University of Wisconsin-Madison and a J.D. with honors from the University of Wisconsin Law School.

**Jennifer Williams** has served as Senior Vice President, Human Resources since March 2014. Ms. Williams previously served as Senior Vice President, Global Operations & Human Resources of the Company from November 2010 to March 2014. Prior to joining the Company, Ms. Williams held the position of Senior Human Resource Executive with Cerberus Operations and Advisory Company, a private equity firm, from February 2008 to May 2010, responsible for human resources oversight and transformation of global companies in the portfolio. From January 2005 to January 2008, she served as Vice President Human Resources at HD Supply, a wholesale distribution company serving the infrastructure, construction and maintenance markets, initially as part of The Home Depot organization and subsequently spun off in 2007. Previous to that, Ms. Williams led Talent Management for The Home Depot including organization design, succession planning, leadership programs and executive development. Ms. Williams began her career at Honeywell (formerly AlliedSignal) and held positions of increasing responsibility in Quality, Operations, Program Management and Organization Effectiveness. Ms. Williams holds a master's degree in business administration from Case Western Reserve in Organizational Behavior and an undergraduate degree in Industrial and Operations Engineering from the University of Michigan.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

In the last fiscal year, there has not been nor are there currently proposed any transactions or a series of similar transactions to which the Company was or is to be a party in which the amount involved exceeds \$120,000 and in which any director, executive officer, holder of more than 5% of our common stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

### **Company Policy Regarding Related Party Transactions**

We review all relationships and transactions in which the Company and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest in the transaction. Our legal and finance departments are primarily responsible for the development and implementation of processes and controls to obtain information from directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material

interest in the transaction. To identify related-person transactions in advance, the Company's legal department relies on information supplied by its executive officers and directors in the form of questionnaires.

In March 2010, our Board adopted the GenMark Diagnostics, Inc. Related Party Transaction Policy and Procedures. Under this written policy, a "Related Party Transaction" is defined as any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) required to be disclosed pursuant to Item 404 of Regulation S-K, and a "Related Party" means a related person as defined in Item 404 of Regulation S-K.

Under the policy, our Audit Committee reviews the material facts of all Related Party Transactions and either approves or disapproves of the transaction, subject to certain exceptions noted below. In determining whether to approve or ratify a Related Party Transaction, the Committee will take into account, among other factors it deems appropriate, the material terms of the transaction, the nature of the Related Party's interest in the transaction, the significance of the transaction to the Related Party and the nature of the Related Party's relationship with the Company, the significance of the transaction to the Company, and whether the transaction would be likely to impair (or create an appearance of impairing) the judgment of a director or executive officer to act in the best interests of the Company.

The Audit Committee has delegated to the Chair of the Audit Committee the authority to approve or ratify (as applicable) any Related Party Transaction or modification to a Related Party Transaction in which the aggregate amount involved is expected to be less than \$250,000. In connection with each regularly scheduled meeting of the Audit Committee, a summary of each new Related Party Transaction approved or ratified by the Chair in accordance with the policy must be provided to the Audit Committee for its review. If the Related Party Transaction is pending or ongoing, it must be submitted to the Chair of the Audit Committee promptly for ratification or, if appropriate, termination.

No director may participate in any discussion or approval of a Related Party Transaction as to which he or she (or as to which a family member) is a Related Party, except that the director must provide all material information concerning the Related Party Transaction to the Audit Committee.

If any executive officer of the Company becomes aware of a Related Party Transaction that the Audit Committee has not approved or ratified, he or she must promptly inform the Audit Committee. The Audit Committee will then consider all of the relevant facts and circumstances available, and if the Related Party Transaction is pending or ongoing, the Audit Committee may ratify, amend or terminate the transaction. If the Related Party Transaction has been completed, the Committee may ratify or rescind the transaction. In any case, the Audit Committee may direct one or more executive officers, the Company's internal auditors, or the Company's independent auditors to evaluate the Company's internal controls and procedures to determine why the transaction was not submitted to the Committee for prior approval and to report whether any changes to the Company's internal controls and procedures are recommended.

The Audit Committee has reviewed the types of Related Party Transactions described below and determined that each of the following Related Party Transactions are deemed to be pre-approved by the Audit Committee, even if the aggregate amount involved is expected to exceed \$120,000:

- any employment arrangement with, or compensation or benefit for, an executive officer of the Company if (i) the compensation is required to be reported in the Company's proxy statement or would have been required to be reported if the executive officer had been a "named executive officer," and (ii) the Company's Compensation Committee approved such arrangement, compensation or benefit, or such arrangement, compensation or benefit is available to employees generally;
- any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement; and
- any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends).

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under Section 16(a) of the Exchange Act and SEC rules, the Company's directors, executive officers and beneficial owners of more than 10% of any class of equity security are required to file periodic reports of their ownership, and changes in that ownership, with the SEC. Based solely on its review of copies of reports provided to the Company pursuant to Rule 16a-3(e) of the Exchange Act and representations of such reporting persons, the Company believes that during fiscal year 2016, all such SEC filing requirements were satisfied, except that the Company was inadvertently three days late in filing an amended Form 4 on behalf of Ms. Giles to reflect her open market purchase of an additional 177 shares of our common stock on August 12, 2016.

### EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information with respect to all of our equity compensation plans in effect as of December 31, 2016:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders	4,792,019 <sup>(1)</sup>	\$9.53	485,352 <sup>(2)</sup>
Equity compensation plans not approved by stockholders	—	—	—
<b>Total:</b>	4,792,019	\$9.53	347,294

- (1) Consists of stock option awards (2,569,550), restricted stock units (1,766,123), market-based stock units (445,546), and performance stock units (10,800) granted under the Company's 2010 Equity Incentive Plan, as amended (the "2010 Plan").
- (2) As of December 31, 2016, an aggregate of 79,455 shares of common stock were available for issuance under the 2010 Plan and an aggregate of 267,839 shares were available for issuance under the Company's 2013 Employee Stock Purchase Plan (the "ESPP"). The 2010 Plan contains a provision for an automatic increase in the number of shares available for grant each January until and including January 1, 2020, subject to certain limitations, by a number of shares equal to the lesser of 3% of the number of shares of our common stock issued and outstanding on the immediately preceding December 31 or a number of shares approved by our Board. Effective January 1, 2017, an additional 1,396,628 shares became available for grant under the 2010 Plan in accordance with its terms.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

This discussion and analysis of the compensation arrangements of our named executive officers for 2016 should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations and expectations regarding future performance and compensation programs. Compensation policies that we adopt in the future and actual results may differ materially from those described in this discussion.

The following individuals were our named executive officers for 2016:

- Hany Massarany, our President and Chief Executive Officer (our "CEO");
- Scott Mendel, our Chief Financial Officer;
- Michael Gleeson, our Senior Vice President, North American Commercial Operations;
- Eric Stier, our Senior Vice President, General Counsel and Secretary; and
- Jennifer Williams, our Senior Vice President, Human Resources.

While the principal purpose of this Compensation Discussion and Analysis is to review the compensation of our named executive officers, many of the programs discussed apply to other members of senior management who, together with the named executive officers, are collectively referred to herein as our "executive officers" or "executives."

### Executive Summary

We are a molecular diagnostics company focused on developing and commercializing multiplex molecular tests that aid in the diagnosis of complex medical conditions and help guide therapy decisions. We are currently focused on developing and commercializing high value, simple to perform, clinically relevant multiplex molecular tests based on our proprietary eSensor® electrochemical detection technology. We currently sell our XT-8 instrument and related diagnostic and research tests, as well as certain custom manufactured reagents, which collectively we refer to as our XT-8 system, in the United States. In addition, we have developed and are commercializing our sample-to-answer ePlex® instrument and Respiratory Pathogen (RP) Panel in Europe and the United States. We intend to offer a number of additional associated diagnostic tests for use with our ePlex instrument, which we collectively refer to as our ePlex system.

#### *2016 Business Highlights*

During 2016, we delivered strong financial, operational, and stock price performance and executed on a number of efforts designed to support significant future business growth. For example:

- our annual revenue grew to \$49.3 million in 2016, an increase of 25% over 2015;
- we obtained CE Mark of our ePlex instrument and RP Panel in June 2016 and commercially launched the ePlex system in Europe in the second half of 2016;
- we submitted 510(k) applications to the U.S. Food and Drug Administration (the "FDA") for our ePlex instrument and RP Panel in December 2016;
- we secured over 55 agreements with customers in Europe and the United States during 2016, for the placement of over 85 ePlex analyzers;
- we significantly increased the size of our commercial organization to drive impending ePlex adoption;
- we in-sourced a number of key cartridge manufacturing processes to drive cost savings and built-out a dedicated ePlex cartridge manufacturing facility to support significant anticipated future customer demand;
- we secured approximately \$39 million in debt and equity financing in 2016, to drive the European and U.S. launch of our ePlex system and build out its future assay panel menu; and
- our stock price appreciated by approximately 58% during 2016.

#### *2016 Executive Compensation Highlights*

We recognize that our success is in large part dependent on our ability to attract, motivate, and retain talented executives. Accordingly, we strive to design and maintain an executive compensation program that incentivizes strong performance, encourages

teamwork and rapid progress, and closely aligns the interests of our executive officers and stockholders. At the time employee base salaries and long-term incentive compensation in the form of equity awards were determined in early 2016, we expected to launch our ePlex system in Europe in the first half of 2016 and obtain FDA 510(k) clearance of our ePlex instrument and RP panel in the second half of 2016. Given this critical stage in our ePlex program, and that a number of life science and diagnostic companies have recruited our executives and other highly skilled employees, our Compensation Committee believed that it was vital to ensure that our executive compensation program provided incentives for building value, driving the successful launch and commercialization of our ePlex system, and promoting retention of key executives. Our executives are responsible for, and essential to, designing and implementing the strategy to successfully execute our business objectives, drive the rapid adoption of our ePlex system, deliver continued support of our XT-8 system, build stockholder value, and conserve our assets. Compensation decisions made in early 2016 were made with these important goals in mind.

We believe the compensation awarded to our executive officers for 2016 reflects our core objectives, consistent with our overarching compensation philosophy of paying for performance. Specifically, our Compensation Committee, which oversees our executive compensation program, took the following actions with respect to the 2016 compensation of our named executive officers:

- *Base Salary.* We maintained the 2016 base salary of our CEO at its 2015 level, based on an evaluation of competitive market data. In addition, based on a review of peer group data, and in an effort to retain our other key executives at this critical stage for our Company, we increased the base salary levels of each of our other named executive officers by 5% over their 2015 levels.
- *Annual Cash Incentive Plan Awards.* Our annual bonus plan was designed to provide short-term incentive opportunities based on our actual performance as measured by multiple performance objectives linked to our annual operating plan. Consistent with past years, our Compensation Committee established a target bonus for our CEO of 100% of his annual base salary, and 50% of base salary for each of our other named executive officers. Based on actual performance, our named executive officers could have earned between 0% and 200% of their respective target bonus. Bonus opportunities under our 2016 bonus plan were initially based on four performance measures: (1) the CE Mark of our ePlex instrument and RP Panel, as well as additional ePlex panel menu; (2) annual revenue; (3) U.S. FDA 510(k) clearance of our ePlex instrument and RP Panel; and (4) the number of ePlex customer placements. During the middle of 2016, we realized that our expectations of obtaining FDA 510(k) clearance for our ePlex system in the second half of 2016 would almost certainly not occur based on progress to date. The Compensation Committee noted that up to 50% of the bonus opportunity under our 2016 bonus plan was dependent on achieving this goal and would therefore not be achieved. The Compensation Committee further recognized that commercializing ePlex is critical to the Company's long-term success, that management had made strong progress to achieve CE Mark of our ePlex system in Europe in June 2016, and that substantial effort and uncertainty still remained to ensure that the ePlex instrument and RP Panel would be submitted to the FDA for 510(k) clearance in 2016. As a result, in July 2016 our Compensation Committee agreed to modify the performance measure under our 2016 bonus plan related to the FDA 510(k) clearance of our ePlex instrument and RP Panel to instead provide that our employees (including our named executive officers) could obtain between 25% and 50% of target bonus opportunity if we submitted 510(k) applications for our ePlex instrument and RP Panel to the FDA in the second half of 2016. In 2016, we recorded \$49.3 million in total revenues, an increase of 25% over our 2015 performance. We obtained CE Mark of our ePlex system in Europe in the second quarter of 2016, submitted 510(k) applications to the FDA for our ePlex instrument and RP Panel in December 2016, and made significant progress in securing future ePlex instrument placements. As a result, our Compensation Committee determined that our executive officers had achieved approximately 85% performance across all performance measures under the terms of our 2016 bonus plan. For additional information regarding our 2016 bonus plan, see the section entitled "Annual Bonus Awards" below.
- *Long-Term Incentive Compensation.* Because of the overall importance to our success of aggressively pursuing our strategic goals, as well as conserving our cash resources, a significant portion of our executive compensation program has consisted of, and is expected to continue to consist of, long-term incentive compensation in the form of equity-based awards. Consistent with our practice of providing long-term incentive compensation in the form of equity awards, in February 2016 we granted annual equity awards to our named executive officers in the form of restricted stock unit awards, with time-based vesting over a four-year period, and market-based stock units ("MSUs"), which may be earned over a three-year period, with aggregate award values of approximately \$1,571,000, in the case of our CEO, and ranging from \$479,000 to approximately \$554,000 in the case of our other named executive officers. The issuance of stock pursuant to the MSUs is completely dependent on the Company's total stockholder return as compared to the Nasdaq Composite Index (the "Index") over three performance periods: a one-year performance period (December 1, 2016 to December 31, 2016); a two-year performance period (December 1, 2016 to December 31, 2017); and a three-year performance period (December 1, 2016 to December 31, 2018). The applicable portion of the target award for each performance period will be reduced by two

percentage points for each percent by which the Index exceeds our total stockholder return, but with the applicable portion of the target reduced to 0% if the Index exceeds our total stockholder return by 50% or more. The applicable portion of the target award will be increased by two percentage points for each percent by which our total stockholder return exceeds the Index, up to maximum of 200% of the target if our total stockholder return exceeds the Index by 50% or more. At the end of the two- and three-year performance periods, each recipient is eligible to receive any shares that were not earned in the one- and two-year performance periods to the extent that the Company's two-year or three-year total stockholder return, as applicable, exceeds the prior performance results as compared to the Index. As a result of our strong stock price performance during 2016 as compared to the Index, in January 2017 our named executive officers were issued approximately 195% of the shares of our common stock which could have been earned under the MSUs in respect of the one-year performance period. Set forth below are (a) the total target number of MSUs granted to each of our named executive officers in February 2016, (b) the number of MSUs that vested in January 2017 in respect of the one-year performance period, and (c) the actual number of shares issued to each of our named executive officers in January 2017 based on actual performance in respect of the one-year performance period.

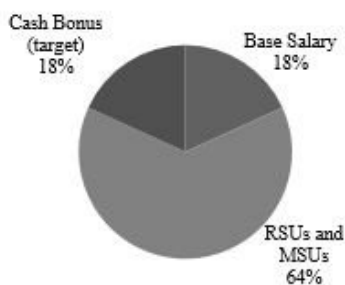
Named Executive Officer	(a)	(b)	(c)
	Total MSUs Granted (#)	1-Year MSUs Vested (#)	Shares Issued (#) @ ~ 195%
Hany Massarany	79,948	26,649	51,867
Scott Mendel	29,094	9,698	18,875
Michael Gleeson	26,939	8,980	17,477
Eric Stier	25,188	8,396	16,341
Jennifer Williams	27,478	9,159	17,826

#### *Pay-For-Performance Assessment*

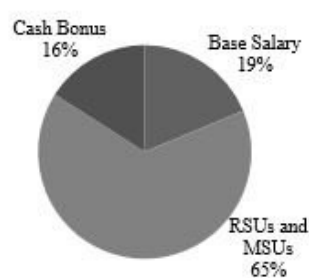
Our executive compensation philosophy, which is embodied in the design and operation of our short-term and long-term incentive compensation plans, ensures that a substantial portion of the compensation for our executive officers is contingent on our ability to meet and exceed our annual and long-term financial and operational objectives. Consequently, we believe that our executive compensation program creates commonality of interest between our executive officers and stockholders for long-term value creation. Our commitment to this philosophy is demonstrated by the following:

- *A majority of target direct compensation is variable in nature and "at risk."* Our executive compensation program provides a majority of the target total direct compensation opportunities for our named executive officers in the form of an annual cash bonus opportunity and equity awards, which derive their value from our stock price performance. As illustrated below, approximately 82% of our CEO's target total direct compensation for 2016 was in the form of variable pay, and, therefore, "at risk." In addition, more than 65% of the compensation reported in the 2016 Summary Compensation Table for our CEO consisted of equity awards.

**Fiscal 2016 CEO Pay Mix**  
(assuming "Target" Cash Bonus)



**Fiscal 2016 CEO Pay Mix**  
(as reported in Summary Comp Table)





- *Annual bonuses are performance-based.* Each year, our annual bonus plan uses multiple performance measures to create incentives for our named executive officers to achieve our specific annual financial and operational objectives for the year. As noted above, our Compensation Committee directly linked the vast majority of potential bonus payouts under our 2016 bonus plan to satisfying various ePlex regulatory and commercialization milestones. As a result of our 2016 performance, our executive officers earned approximately 85% of their target bonus under our 2016 bonus plan.
- *Executive equity compensation is directly linked to stock price performance.* By design, the MSUs directly link the number of shares which may be issued to executive officers (and therefore the overall value delivered) to the Company's stock price performance as compared to the Index over a three-year period. As noted above, our Compensation Committee granted MSUs to our executive officers in February 2016, in an effort to align executive compensation with stockholder value creation. Based on actual performance, recipients may be issued between 0% and 200% of the target number of MSUs. As a result of our strong stock price performance during 2016 as compared to the Index, in January 2017 our named executive officers were issued approximately 195% of the shares of our common stock which could have been earned under the MSUs in respect of the one-year performance period.

### *Executive Compensation Policies and Practices*

We endeavor to maintain sound governance standards consistent with our executive compensation policies and practices. The Compensation Committee evaluates our executive compensation program on an ongoing basis to ensure that it is consistent with our short-term and long-term goals given the dynamic nature of our business and the market in which we compete for executive talent. The following policies and practices were in effect during 2016:

- *Independent Compensation Committee.* Our Compensation Committee is comprised solely of independent directors who have established effective means for communicating with our stockholders regarding their executive compensation ideas and concerns.
- *Independent Compensation Committee Advisor.* The Compensation Committee engaged its own compensation consultant to assist with its 2016 compensation review. This consultant performed no consulting or other services for the Company during 2016.
- *Annual Executive Compensation Review.* Our Compensation Committee conducts an annual review and approval of our compensation strategy, including a review of our compensation peer group used for comparative purposes.
- *Annual Compensation-Related Risk Review.* Our Compensation Committee conducts an annual assessment of our compensation-related risk profile, including our compensation policies and practices, to ensure that our compensation-related risks are not reasonably likely to have a material adverse effect on the Company.
- *Executive Compensation Policies and Practices.* Our compensation philosophy and related corporate governance policies and practices are complemented by several specific compensation practices that are designed to align our executive compensation with long-term stockholder interests, including the following:
  - *Compensation At-Risk.* Our executive compensation program is designed so that a significant portion of compensation is "at risk" based on corporate performance, as well as equity-based to align the interests of our executive officers and stockholders.
  - *No Retirement Plans.* We do not currently offer, nor do we have plans to provide, pension arrangements, retirement plans, or nonqualified deferred compensation plans or arrangements to our executive officers, other than our broad-based 401(k) defined contribution plan, as described in more detail below.
  - *No Special Health or Welfare Benefits.* Our executive officers participate in broad-based Company-sponsored health and welfare benefits programs on the same basis as our other full-time, salaried employees.
  - *Limited Perquisites.* We do not consider perquisites or other personal benefits to be a significant component of our executive compensation program. Accordingly, we provide only limited perquisites and other personal benefits, if any, to our executive officers, which, if provided, are generally *de minimis* in value.

- *No Tax Reimbursements.* We do not provide any tax reimbursement payments (including “gross-ups”) on any perquisites or other personal benefits or on any severance or change-in-control payments or benefits.
- *Stock Ownership Policy.* We have adopted a stock ownership policy for our executive officers and Board members that requires them to maintain ownership of our common stock with a value equal to two or three times their annual base salary or director retainer, as applicable, depending on position.
- *Hedging Prohibited.* We prohibit our directors and executive officers from engaging in short-term or speculative transactions involving the Company's securities, such as publicly traded options, short sales, puts and calls, and hedging transactions. This prohibition also applies to holding our securities in a margin account and “short sales against the box.”
- *Stock Option Repricing Prohibited.* Our equity compensation plan prohibits the repricing of stock options and other equity awards without stockholder approval.

#### *Results of Most Recent Stockholder Advisory Vote on Executive Compensation*

Following our 2011 Annual Meeting of Stockholders, our Board determined that we would hold a stockholder advisory vote on the compensation of our named executive officers, a so-called "say-on-pay" vote, every year. Most recently, at our 2016 Annual Meeting of Stockholders, over 80% of the votes cast on the say-on-pay proposal approved our 2015 executive compensation program, policies and practices. We believe that our stockholders supported the compensation arrangements established by our Compensation Committee for our named executive officers in 2015, at least in part due to our Compensation Committee's commitment to align pay with performance. The Compensation Committee has not made any material changes to our executive officer compensation program as a result of our stockholders' 2016 say-on-pay vote. Our Compensation Committee will continue to consider our stockholders' views when making future decisions regarding the structure and implementation of our executive compensation program.

#### **Overview of Compensation Objectives**

We recognize that our success is in large part dependent on our ability to attract and retain talented employees. We endeavor to create and maintain an executive compensation program based on performance, teamwork and rapid progress and to align the interests of our executive officers and stockholders. As such, we have designed our executive compensation program to achieve the following objectives:

- attract and retain highly-talented, experienced executives in our industry;
- motivate and reward executives whose knowledge, skills and performance contribute to our success, including our key financial, operational and strategic goals;
- align compensation with our business and financial objectives and the short-term and long-term interests of our stockholders; and
- offer total compensation that is competitive and fair.

To meet these objectives, the principal components of our 2016 executive compensation program consisted of base salary, annual cash bonus opportunities, and long-term incentive compensation in the form of equity awards. Each of the components has a role in meeting the objectives above. The mix of compensation components is designed to reward and provide incentives for both short-term and long-term performance. We intend to continue to set our compensation policies with the goal of achieving the compensation objectives identified above with the same overall components of compensation. Additionally, we believe that attracting and retaining high caliber executives and providing them with appropriate performance incentives are critical steps to help us achieve our corporate goals and build long-term value for our stockholders.

#### **Roles of the Compensation Committee, Chief Executive Officer and Compensation Consultant**

The Compensation Committee of our Board is responsible for the compensation programs for our executive officers and reports to the full Board on its decisions and other actions. In this role, the Compensation Committee reviews and approves annually all compensation decisions relating to our executives, including our CEO.

Our CEO attends Compensation Committee meetings and has been and will continue to be involved in the determination of compensation for our other executive officers. Typically, our CEO makes recommendations to the Compensation Committee

regarding base salary and incentive-based compensation for our other executive officers based on our financial and operational results and an assessment of each individual executive officer’s contribution toward those results. Our CEO does not make a recommendation as to any element of his own compensation and does not attend any deliberations of the Compensation Committee when his compensation is discussed.

As previously noted, at least annually our Compensation Committee conducts a review of our executive compensation program and the target total direct compensation opportunity and each individual compensation component for our named executive officers. In the course of its deliberations, the Compensation Committee reviews our CEO’s compensation recommendations (as described above) as well as several additional factors, including the competitive market analysis prepared by its compensation consultant (which it uses to enhance its understanding of the competitive market for executive talent and to assess competitive positioning), our financial and operational performance, each individual executive officer’s contributions to that performance, his or her individual performance for the past completed fiscal year and expected future contributions, his or her role and responsibilities, his or her tenure with the Company, his or her individual experience, skills, and expertise, the demand for such specific experience, skills, and expertise, his or her retention risk, internal equity, and the financial impact of our compensation decisions on key financial and other measures, such as our equity “burn rate.” Our Compensation Committee does not weigh these factors in any specific manner, and, given the range of factors considered, does not target any specific percentile level or percentile range for any individual compensation component or overall target total direct compensation opportunity.

Our Compensation Committee has retained Compensia, a national compensation consulting firm that reports directly to the Compensation Committee, to assist the committee with reviewing and analyzing the key elements of our executive compensation program. As part of its engagement, Compensia has conducted interviews with members of senior management and the Compensation Committee to learn more about our business operations and strategy, key performance metrics and strategic goals, and the labor markets in which we compete. As part of its engagement, the Compensation Committee has directed Compensia to develop recommendations and performance measures for consideration and potential approval by the Compensation Committee, including developing and updating as appropriate a peer group of companies which the committee uses to assess our compensation programs, policies and practices. Our Compensation Committee has assessed the independence of Compensia, taking into account, among other things, the factors set forth in Exchange Act Rule 10C 1 and the listing standards of the NASDAQ Stock Market, and has concluded that no conflict of interest exists with respect to the work Compensia performs for our Compensation Committee.

### **Competitive Positioning**

An important step in structuring the compensation packages for newly hired executive officers, as well as gauging the competitiveness of the compensation packages for existing executive officers, is the identification and evaluation of compensation packages offered to similarly situated executive officers of a peer group of companies. Our Compensation Committee believes that it is important when making its compensation decisions to be informed as to the current practices of comparable publicly-held companies. To this end, our Compensation Committee directed Compensia, as part of its engagement, to develop and regularly update as appropriate a comparative group of peer companies, as well as to perform analyses of competitive performance and compensation levels for that peer group. As part of the process, Compensia presented to our Compensation Committee, and the committee approved, the following peer group for purposes of assisting the committee in assessing our executive compensation program for 2016:

Myriad Genetics	Abaxis	Merrimack Pharmaceuticals	Rockwell Medical
Cepheid	Nektar Therapeutics	Enzo Biochem	Veracyte
Bio-Techne	Quidel	Foundation Medicine	Exelixis
Affymetrix	Meridian Bioscience	Pacific Biosciences	Exact Sciences
Genomic Health	Sequenom	SurModics	Unilife
Luminex	OraSure Technologies	NanoString Technologies	Navidea Biopharmaceuticals

This compensation peer group was developed by Compensia and approved by our Compensation Committee after taking into account input from management and considering a number of factors, including: competition for labor and/or investment capital; the industry in which the companies operate; and their respective revenues, market capitalization, and number of employees.

## Elements of Compensation

For 2016, the principal components of our executive compensation program consisted of base salary, annual cash bonus opportunities, and long-term incentive compensation in the form of equity awards. In 2016, the long-term equity awards consisted of restricted stock units and MSUs. Our executive officers are also eligible to participate in our health and welfare benefits plans, which are generally available to all of our employees and are further described below. The following summarizes our objectives for each of the principal components of executive compensation for 2016:

### *Base salaries:*

- rewards individuals' current contributions to the Company; and
- compensates individuals for their expected day-to-day performance.

### *Annual bonus awards:*

- aligns executive compensation with annual corporate performance objectives;
- enables us to attract, retain and reward individuals who contribute to our success; and
- motivates individuals to enhance the value of our Company.

### *Long-term incentive compensation:*

- aligns individuals' incentives with the long-term interests of our stockholders;
- rewards individuals for potential long-term contributions; and
- provides the potential for increased executive retention.

We emphasize annual and long-term incentive compensation over fixed (base salary) compensation. As part of its evaluation of the compensation of our executive officers, our Compensation Committee reviews not only the individual components of compensation, but also their target total direct compensation opportunity and the mix between fixed and variable compensation. We believe this approach has allowed us to attract and retain highly talented and experienced executive officers. In addition, we believe this approach rewards our executive officers when we achieve our corporate objectives as well as enables us to preserve working capital. If our corporate objectives are not achieved and/or our stock price does not appreciate, a significant portion of the compensation for our executive officers is at risk. In this manner, our executive compensation program is directly aligned with the interests of our stockholders and is structured to reward overachievement of our corporate objectives and the creation of long-term stockholder value.

Based on the Compensation Committee's pay-for-performance philosophy and focus on linking executive compensation with long-term stockholder interests, in February 2016 the Compensation Committee approved a compensation strategy for our executive officers which generally sought to establish base salaries in the lower range of the Company's compensation peer group, and annual cash bonus and long-term incentive compensation in the form of equity awards in the higher range of the Company's compensation peer group.

## Base Salaries

Base salary is the principal fixed component of our executive compensation program and is intended to reward individual contributions to the Company and compensate our executive officers for their expected day-to-day performance. Our Compensation Committee's overall strategy is to maintain base salary as a nominal portion of each executive officer's target total direct compensation opportunity. The Compensation Committee initially establishes base salaries for our executive officers through arm's-length negotiation at the time of hire and principally based on a total compensation package that considers prior base salary but generally seeks to set this compensation component in the lower range of the competitive market. The base salaries of our executive officers are then reviewed annually by our Compensation Committee, with significant input from our CEO for our other executive officers, to determine whether any adjustment is warranted.

In determining whether to adjust the base salaries of our executive officers, our Compensation Committee considers the recommendations of our CEO, the competitive market analysis prepared by its compensation consultant, its desired market positioning for this compensation component, and the other factors described above. After evaluating the foregoing, in February 2016 our Compensation Committee determined that it would not adjust the base salary for our CEO, and that it would increase the base salaries of our other named executive offices by 5%, in each case based on an evaluation of competitive market data.

## Annual Bonus Awards

Our annual bonus awards are designed to align short-term incentive compensation with our annual performance. To support this objective, each year our Compensation Committee approves an annual bonus plan. Each of our executive officers is eligible to participate in the bonus plan. The bonus plan is designed to align each executive officer's efforts with our key financial, operational and strategic goals by providing an opportunity for each executive officer to earn an annual bonus with the award payments based on our success in achieving our annual corporate objectives.

### *The 2016 Bonus Plan*

The Compensation Committee is responsible for establishing the target annual bonus opportunities for our executive officers under our annual bonus plan. Typically, the target annual bonus opportunity for each executive officer is expressed as a percentage of his or her annual base salary. For purposes of our 2016 bonus plan, the target annual bonus opportunity for our CEO was 100% of his annual base salary and the target annual bonus opportunity for each of our other named executive officers was 50% of each individual's respective annual base salary, based in part to ensure internal pay equity among our executive officers.

Bonus payouts for 2016 were initially based on four performance measures: (1) the CE Mark of our ePlex instrument and RP Panel, as well as additional ePlex panel menu; (2) annual revenue; (3) U.S. FDA 510(k) clearance of our ePlex instrument and RP Panel; and (4) the number of ePlex customer placements. The Compensation Committee established the revenue performance measure under the 2016 bonus plan in recognition that this metric measures the growth of the Company and provides an indication of future success. The Compensation Committee included performance measures related to the European and U.S. regulatory clearance of our ePlex system and the number of ePlex customer placements under the 2016 bonus plan in order to create incentives for management to achieve key operational goals designed to directly translate into future financial performance. The Compensation Committee believed these goals were appropriate to include in the 2016 bonus plan used to determine executive officer cash bonus awards.

The initial performance measures under our 2016 bonus plan and the related performance achievement levels, as approved by the Compensation Committee in February 2016, were as follows:

Performance Measure	Performance Level (Corresponding % of Target Bonus Achieved)			
	Q1	Q2	Q3	Q4
<b>ePlex CE Mark/EU Launch</b>				
- ePlex instrument and RP Panel	45%	25%	15%	10%
- Two Additional ePlex Assay Panels		15%	10%	5%
- Third ePlex Assay Panel			10%	5%
- Fourth ePlex Assay Panel				10%
<b>Annual Revenue</b>	<b>&gt;\$59 million</b> (35%)	<b>\$54 million</b> (25%)	<b>\$50 million</b> (20%)	<b>&lt;\$47 million</b> (0%)
<b>U.S. 510(k) Clearance of ePlex instrument and RP Panel*</b>			<b>Q3</b> (50%)	<b>Q4*</b> (25%)
<b>ePlex Instrument Placements</b>	<b>&gt;175</b> (35%)	<b>125</b> (25%)	<b>75</b> (20%)	<b>&lt;25</b> (0%)

\*In July 2016, this performance measure under our 2016 bonus plan was adjusted from the achievement of U.S. 510(k) FDA clearance of our ePlex instrument and RP Panel to the 510(k) submission of the ePlex instrument and RP Panel to the FDA, as further described below.

With respect to the performance measures related to the CE mark and U.S. FDA 510(k) clearance of our ePlex instrument and various assay panels, failure to achieve the designated milestones during 2016 would result in a 0% contribution toward the overall bonus payout attributed to that particular performance measure. With respect to the performance measures related to our annual revenues and the number of ePlex analyzer placements, (a) achievement of less than the threshold performance level would result in a 0% contribution toward the overall bonus payout attributed to that particular performance measure, and (b) any levels of achievement between the designated levels for such performance measures would result in an achievement level

based on linear interpolation between the applicable performance levels. Based on performance, our executive officers could have earned between 0% and 200% of their target annual cash bonus opportunity under the 2016 bonus plan.

Our Compensation Committee believed the targeted numbers of ePlex customer placements, and the deadlines established by which our ePlex instrument and initial set of ePlex panels would achieve CE/EU launch, initiate clinical studies, and be submitted to the FDA for 510(k) clearance, were in each case uncertain and challenging to obtain. In addition, our Compensation Committee also recognized that, at the time the performance measures and related achievement levels were established, there would be a considerable degree of difficulty in achieving the goals, particularly due to the inherent complexity and unpredictability of the product development and manufacturing process.

During the middle of 2016, we realized that our expectations of obtaining FDA 510(k) clearance for our ePlex system in the second half of 2016 would almost certainly not occur based on progress to date. The Compensation Committee noted that up to 50% of the bonus opportunity under our 2016 bonus plan was dependent on achieving this goal and would therefore not be achieved. The Compensation Committee recognized that commercializing ePlex is critical to the Company's long-term success, that management had made strong progress to achieve CE Mark of our ePlex system in Europe in June 2016, and that substantial effort and uncertainty still remained to ensure that the ePlex instrument and RP Panel would be submitted to the FDA for 510(k) clearance in 2016. As a result, in July 2016 our Compensation Committee agreed to modify the performance measure under our 2016 bonus plan related to obtaining FDA 510(k) clearance of our ePlex system for all Company employees, including our named executive officers, to instead provide that eligible participants could obtain between 25% and 50% of target bonus opportunity if we submitted 510(k) applications for our ePlex instrument and RP Panel to the FDA in the second half of 2016.

We obtained CE Mark for our ePlex instrument and RP Panel in June 2016. In addition, we recorded \$49.3 million in total revenues in 2016. Finally, we recorded 75 customer placements and installable placement contracts for our ePlex instrument in 2016. As a result, our Compensation Committee determined that our executive officers had achieved approximately 85% performance as calculated for all performance measures under the terms of our 2016 bonus plan, which resulted in the cash payments to our named executive officers under the heading "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table below.

### **Long-Term Incentive Compensation**

In addition to annual bonus awards, we provide long-term incentive compensation in the form of equity awards to our executive officers. Because of the overall importance to our success of aggressively pursuing our strategic goals, as well as conserving our cash resources, a significant portion of our executives' compensation has consisted of, and is expected to continue to consist of, equity-based awards. We believe that equity awards help further our compensation objectives by encouraging our executive officers to remain with the Company through at least the multi-year vesting period for these awards and providing them with an incentive to continue to focus on our long-term financial performance and increasing stockholder value, while conserving working capital and aligning stockholder objectives.

Generally, these equity awards have consisted of options to purchase shares of our common stock, restricted stock awards or units, MSUs, and performance stock awards. In February 2016, our Compensation Committee determined that our named executive officers would receive an annual equity award comprising restricted stock units and MSUs.

#### *Equity Grant Practices*

Generally, our named executive officers receive an equity award in connection with their initial hire, following promotions, and on an annual basis. To assist our Compensation Committee, we have developed guidelines for initial and annual equity awards. The guidelines for initial awards are based on the executive officer's position and the competitive market analysis prepared by our Compensation Committee's compensation consultant, while the guidelines for annual awards are based on this competitive market analysis and the other factors described above.

When granting equity awards to a newly-hired executive officer, our Compensation Committee also considers the individual's background and historical compensation levels in order to determine the value of the equity award to be granted to him or her.

## 2016 Equity Awards

Consistent with our practice of providing long-term incentive compensation in the form of equity awards, in February 2016 we granted annual equity awards to our named executive officers in the form of stock restricted stock unit awards and MSUs with aggregate award values of approximately \$1,571,000, in the case of our CEO, and ranging from \$479,000 to approximately \$554,000 in the case of our other named executive officers.

The restricted stock units vest over four years, with 25% of the shares subject to the award vesting on the first anniversary of the grant date and the remaining shares subject to the award vesting in equal quarterly installments over the following three years, subject to each executive officer's continued employment through each vesting date.

The shares of our common stock which may be earned pursuant to the MSUs are completely dependent on the Company's total stockholder return as compared to the Index over three performance periods: a one-year performance period (December 1, 2016 to December 31, 2016); a two-year performance period (December 1, 2016 to December 31, 2017); and a three-year performance period (December 1, 2016 to December 31, 2018). The applicable portion of the target award for each performance period will be reduced by two percentage points for each percent by which the Index exceeds our total stockholder return but with the applicable portion of the target reduced to 0% if the Index exceeds our total stockholder return by 50% or more. The applicable portion of the target award will be increased by two percentage points for each percent by which our total stockholder return exceeds the Index, up to maximum of 200% of the target if our total stockholder return exceeds the Index by 50% or more. At the end of the two- and three-year performance periods, each recipient is eligible to receive any shares that were not earned in the one- and two-year performance periods to the extent that the Company's two-year or three-year total stockholder return, as applicable, exceeds the prior performance results as compared to the Index. For purposes of calculating the difference in performance between our total stockholder return and the Index under the MSUs, the average per share closing price for the 30 market trading days ending on the last market trading day of the applicable performance period, and the average per share closing price for the 30 market trading days ending on the last market trading day immediately preceding the first day of the applicable performance period, are used.

As a result of our strong stock price performance during 2016 as compared to the Index, in January 2017 our named executive officers were issued approximately 195% of the shares of our common stock which could have been earned under the MSUs in respect of one-year performance period. Set forth below are (a) the total target number of MSUs granted to each of our named executive officers in February 2016, (b) the number of MSUs that vested in January 2017 in respect of the one-year performance period, and (c) the actual number of shares issued to each of our named executive officers in January 2017 based on actual performance in respect of the one-year performance period.

<u>Named Executive Officer</u>	(a) <u>Total MSUs Granted (#)</u>	(b) <u>1-Year MSUs Vested (#)</u>	(c) <u>Shares Issued (#) @ ~ 195%</u>
Hany Massarany	79,948	26,649	51,867
Scott Mendel	29,094	9,698	18,875
Michael Gleeson	26,939	8,980	17,477
Eric Stier	25,188	8,396	16,341
Jennifer Williams	27,478	9,159	17,826

In February 2014, we granted our CEO performance stock units. These performance stock units are completely at risk, as the shares subject to this award may only be earned if we obtain regulatory clearance of various ePlex panel menu within a defined timeline. If regulatory clearance is not obtained, or if regulatory clearance is obtained later than provided for in the award agreement, the performance stock units associated with those milestones will be forfeited. In January 2017, our CEO forfeited all 10,800 performance stock units (which had a grant date fair value of \$132,840 as reported in the 2014 Summary Compensation Table below) that could have been earned in respect of the 2016 performance period as a result of our inability achieve the designated milestones during 2016. In order for our CEO to earn any shares of our common stock in the final performance period (2017) pursuant to the performance stock awards granted to him in February 2014, we would need to satisfy all performance conditions for prior years as well as those established for 2017; provided that no shares of our common stock that could have been earned in respect of prior performance periods which have been forfeited could again be subsequently earned.

## Other Benefits

In order to attract, retain, and pay market levels of compensation, we also provide our executive officers with the following benefits:

- *Health Insurance.* We provide each of our executive officers and their spouses, qualifying domestic partners and children the same health, dental, and vision insurance coverage that we make available to our other eligible employees.
- *Life and Disability Insurance.* We provide each of our executive officers with the same disability and life insurance as we make available to our other eligible employees.
- *Retirement Benefits.* Our executive officers and other qualifying employees are eligible to participate in our 401(k) defined contribution plan. We do not currently make matching contributions to participants in the 401(k) plan, however, we have previously made matching contributions and we may choose to do so again in the future. We do not provide pension arrangements or post-retirement health coverage for our executive officers or employees.
- *Employee Stock Purchase Plan.* In May 2013, our stockholders approved the ESPP, which allows all participants to acquire our common stock at a discount price. The ESPP has a six-month look-back and allows participants to buy our stock at a 15% discount to the lower of the market price on the first or last day of the applicable six-month offering period with up to 10% of the participant's base salary or a maximum of \$25,000 annually.
- *Limited Perquisites and other Personal Benefits.* We have limited the perquisites and other personal benefits that we make available to our executive officers. Our executive officers are entitled to relocation expenses on their initial hire and other benefits with *de minimis* value that are not otherwise available to all of our employees. In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make him or her more efficient and effective, or for recruitment, motivation or retention purposes. All future practices with respect to perquisites or other personal benefits will be subject to review and approval by our Compensation Committee.

## Employment Agreements

We have entered into a written employment agreement with Mr. Massarany, our CEO. We also have extended written employment offer letters to our other named executive officers, including Mr. Mendel, our Chief Financial Officer. We believe that these employment arrangements were necessary to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

In filling our executive positions, our Board or the Compensation Committee, as applicable, was aware that it would be necessary to recruit candidates with the requisite experience and skills to manage a growing business in a dynamic and ever-changing industry. Accordingly, the Compensation Committee recognized that it would need to develop competitive compensation packages to attract qualified candidates in a highly-competitive labor market. At the same time, our Board or the Compensation Committee, as applicable, was sensitive to the need to integrate new executive officers into the executive compensation structure that it was seeking to develop, balancing both competitive and internal equity considerations.

Each of these employment arrangements provides for "at will" employment and sets forth the initial compensation arrangements for the executive officer, including an initial base salary, an annual cash bonus opportunity, and a recommendation for an initial equity award.

For a detailed description of the employment arrangements with our named executive officers, see "Employment Agreements" below.

### *Post-Employment Compensation Arrangements*

Our employment arrangements with our CEO and Chief Financial Officer provide them with the opportunity to receive various payments and benefits in the event of an involuntary termination of employment under certain specified circumstances, including an involuntary termination of employment in connection with a change in control of the Company. In addition, in the event of a change in control of the Company, all outstanding equity awards held by our executive officers will automatically become fully vested, exercisable or payable, as applicable.



We provide these arrangements to encourage our executive officers to work at a dynamic and rapidly growing business where their long-term compensation largely depends on future stock price appreciation. These arrangements are intended to, among other things, mitigate a potential disincentive for our executive officers when they are evaluating a potential acquisition of the Company, particularly when the services of the executive officers may not be required by the acquiring entity. In such a situation, we believe that these arrangements are necessary to encourage retention of the executive officers through the conclusion of the transaction, and to ensure a smooth management transition. These arrangements have been drafted to provide each of our executive officers, including our named executive officers, with treatment that is competitive with current market practices.

For a detailed description of the post-employment compensation arrangements of our named executive officers, see “Potential Payments Upon Termination or Change of Control” below.

## **Other Compensation Policies**

### *Hedging Policy*

We have adopted a securities trading policy that prohibits our executive officers and Board members from engaging in hedging and other inherently speculative transactions with respect to our stock. The equity awards granted to our executive officers and other senior employees are designed to tie the value of these awards to long-term stockholder value. Our Compensation Committee believes that it is essential that executive officers and directors be prevented from using hedging and derivative transactions to undermine or circumvent the objectives of these arrangements. As a result, we maintain a securities trading policy that prohibits these individuals from engaging in short sales, transactions in put or call options, hedging transactions, or any other inherently speculative transaction with respect to our securities. This prohibition also applies to holding our securities in a margin account and “short sales against the box.”

### *Stock Ownership Policy*

In April 2014, we adopted a stock ownership policy for our executive officers and Board members that, subject to a phase-in period, requires these individuals to maintain ownership of our stock equal to three times their annual base salary or annual director retainer, as applicable, in the case of our CEO and the other members of our Board, and two times their annual base salary in the case of all other officers. All of our executive officers and Board members are either already in compliance, or are expected to be in compliance by the required phase-in date, with the terms of the policy.

### *Compensation Recovery (“Clawback”) Policy*

Our Compensation Committee has not yet established a policy to recover bonuses and other incentive compensation from our executive officers if the performance objectives that led to the payment determination were to be restated, or found not to have been met to the extent originally believed by our Compensation Committee. As a public company, if we are required to restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws as a result of misconduct, our CEO and Chief Financial Officer may be legally required to reimburse us for any bonus or other incentive-based or equity-based compensation they receive, in accordance with the provisions of Section 304 of the Sarbanes-Oxley Act of 2002. Further, the Dodd-Frank Wall Street Reform and Consumer Protection Act requires that the SEC promulgate rules which would require that, in the event we are required to restate our financial statements, we “claw back” any bonuses and other incentive compensation paid based on financial performance that would not have been paid if based on the restated financial performance. The SEC has not yet finalized its “claw back” rules and we expect that our Board will re-evaluate the potential adoption of a “claw back” policy once such rules have been promulgated.

## **Tax and Accounting Considerations**

To the extent possible, we attempt to provide compensation that is structured to maximize favorable accounting, tax and similar benefits for the Company.

### *Deductibility of Executive Compensation*

Section 162(m) of the Code limits the Company’s tax deductibility of annual compensation in excess of \$1 million paid to our CEO and any of our three other most highly compensated executive officers, other than our Chief Financial Officer. Qualifying performance-based compensation will not be subject to this deduction limit if certain requirements are met. Our Compensation Committee regularly reviews and considers the deductibility of executive compensation under Section 162(m) in designing our compensation programs and arrangements. While we will continue to monitor our compensation programs in

light of Section 162(m), the Compensation Committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of our stockholders. As a result, our Compensation Committee may conclude that paying compensation at levels that are not deductible under Section 162(m) is nevertheless in the best interests of our stockholders.

#### *Accounting for Stock-Based Compensation*

Our Compensation Committee considers accounting treatment in designing compensation plans and arrangements for our executive officers and other employees. Chief among these is Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“ASC Topic 718”), the standard which governs the accounting treatment of stock-based compensation awards.

ASC Topic 718 requires us to recognize in our consolidated statement of operations all share-based payments to employees, including grants of options to purchase shares of our common stock, restricted stock and restricted stock unit awards, performance stock units, and MSUs based on their fair values. ASC Topic 718 also requires us to recognize the compensation cost of these share-based payment awards in our income statements over the period that an award recipient is required to render service in exchange for the option or other award (which, generally, will correspond to the award’s vesting schedule).

#### **2016 Summary Compensation Table**

The following table sets forth information concerning compensation earned for services rendered by our named executive officers for the fiscal years ended December 31, 2016, 2015 and 2014. The compensation described in this table does not include medical insurance or other benefits which are available generally to all of our salaried employees.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Stock Awards \$(1)(2)</b>	<b>Option Awards \$(1)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>All Other Compensation \$(3)</b>	<b>Total</b>
Hany Massarany	2016	450,000	1,571,029	—	383,548	774	2,405,351
<i>President, Chief Executive Officer and Director</i>	2015	467,308	1,501,082	1,124,477	97,875	430	3,191,172
	2014	450,000	649,982	1,251,295	252,000	414	2,603,691
Scott Mendel	2016	332,923	553,550	—	143,191	414	1,030,078
<i>Chief Financial Officer</i>	2015	332,308	305,697	229,097	34,800	280	902,182
	2014	189,539	533,809	465,162	56,951	166	1,245,627
Michael Gleeson	2016	260,096	512,547	—	111,868	180	884,691
<i>Senior Vice President, North American Commercial Operations</i>	2015	259,616	521,083	390,506	27,188	187	1,198,580
	2014	245,385	217,451	560,581	70,000	180	1,093,597
Eric Stier	2016	244,531	479,232	—	105,177	180	829,120
<i>Senior Vice President, General Counsel and Secretary</i>	2015	244,039	477,660	357,964	25,556	280	1,105,499
Jennifer Williams	2016	260,096	522,800	—	111,868	180	894,944
<i>Senior Vice President, Human Resources</i>	2015	259,616	434,236	325,422	27,188	187	1,046,649
	2014	250,000	205,121	513,866	70,000	162	1,039,149

- (1) Amounts reported reflect the grant date valuation of the awards determined in accordance with ASC Topic 718. For more information, see Note 5 in the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the SEC on February 28, 2017.
- (2) The amounts reported in 2016 and 2015 reflect the grant date fair value of restricted stock units and MSUs granted in February 2016 and 2015, respectively. The amounts reported for 2014 for all named executive officers reflect the grant date fair value of (a) annual restricted stock units granted in March 2014, and (b) restricted stock units granted in March 2015 in respect of the 2014 performance period.
- (3) All amounts reported consist of life insurance benefits.

## 2016 Grant of Plan-Based Awards Table

The following table sets forth information regarding grants of plan-based awards to our named executive officers during the fiscal year ended December 31, 2016.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock and Option Awards \$(4)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Hany Massarany		—	450,000	900,000					
	2/18/16				—	79,948	159,896		394,943
	2/18/16						250,231		1,176,086
Scott Mendel		—	168,000	336,000					
	2/18/16				—	29,094	58,188		143,724
	2/18/16						87,197		409,826
Michael Gleeson		—	131,250	262,500					
	2/18/16				—	26,939	53,878		133,079
	2/18/16						80,738		379,469
Eric Stier		—	123,400	246,800					
	2/18/16				—	25,188	50,376		124,429
	2/18/16						75,490		354,803
Jennifer Williams		—	131,250	262,500					
	2/18/16				—	27,478	54,956		135,741
	2/18/16						82,353		387,059

- (1) Amounts reported represent the threshold, target and maximum cash bonus amounts that could have been earned under our 2016 bonus plan.
- (2) Amounts reported represent the threshold, target and maximum number of shares that may be issued based on actual performance under the MSUs granted to our named executive officers in February 2016. MSUs vest in three installments on each of December 31, 2016, December 31, 2017, and December 31, 2018. For additional information regarding these awards, see the “Outstanding Equity Awards at December 31, 2016 Table” below.
- (3) Amounts reported reflect annual grants of restricted stock units made under the 2010 Plan, which vest 25% on the first anniversary of the grant date and in equal quarterly installments thereafter over the following three years.
- (4) Amounts reported represent the grant date valuation of the awards determined in accordance with ASC Topic 718. For more information, see Note 5 in the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the SEC on February 28, 2017.

## Outstanding Equity Awards at December 31, 2016 Table

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2016.

Name	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units that have not Vested	Market Value of Shares or Units that have not Vested (1)
Hany Massarany	4/5/11	275,000	—	\$ 3.95	4/05/21 <sup>(2)</sup>	—	—
	3/6/13	72,186	4,814	\$10.89	3/06/23 <sup>(2)</sup>	—	—
	3/6/13	—	—	—	—	3,125 <sup>(3)</sup>	\$ 38,250
	3/6/14	110,490	50,244	\$12.30	3/06/24 <sup>(2)</sup>	—	—
	3/6/14	—	—	—	—	10,800 <sup>(4)</sup>	\$ 132,192
	2/19/15	79,979	94,521	\$13.17	2/19/25 <sup>(2)</sup>	—	—
	2/19/15	—	—	—	—	28,468 <sup>(5)</sup>	348,448
	2/19/15	—	—	—	—	27,028 <sup>(3)</sup>	\$ 330,823
	2/18/16	—	—	—	—	53,299 <sup>(6)</sup>	\$ 652,380
	2/18/16	—	—	—	—	250,231 <sup>(3)</sup>	\$ 3,062,827
Scott Mendel	5/13/14	54,251	29,751	\$ 9.43	5/13/24 <sup>(2)</sup>	—	—
	5/13/14	—	—	—	—	20,163 <sup>(3)</sup>	\$ 246,795
	2/19/15	16,294	19,258	\$13.17	2/19/25 <sup>(2)</sup>	—	—
	2/19/15	—	—	—	—	5,798 <sup>(5)</sup>	\$ 70,968
	2/19/15	—	—	—	—	5,505 <sup>(3)</sup>	\$ 67,381
	2/18/16	—	—	—	—	19,396 <sup>(6)</sup>	\$ 237,407
	2/18/16	—	—	—	—	87,197 <sup>(3)</sup>	\$ 1,067,291
Michael Gleeson	2/23/09	56,816	—	\$ 6.49	2/23/19 <sup>(2)</sup>	—	—
	3/6/13	—	—	—	—	1,375 <sup>(3)</sup>	\$ 16,830
	3/6/13	30,937	2,063	\$10.89	3/06/23 <sup>(2)</sup>	—	—
	3/6/14	—	—	—	—	4,687 <sup>(3)</sup>	\$ 57,369
	3/6/14	49,500	22,500	\$12.30	3/6/24 <sup>(2)</sup>	—	—
	2/19/15	—	—	—	—	9,382 <sup>(3)</sup>	\$ 114,836
	2/19/15	27,775	32,825	\$13.17	2/19/25 <sup>(2)</sup>	—	\$ —
	2/19/15	—	—	—	—	9,833 <sup>(5)</sup>	\$ 120,968
	2/18/16	—	—	—	—	17,959 <sup>(6)</sup>	\$ 219,818
	2/18/16	—	—	—	—	80,738 <sup>(3)</sup>	\$ 988,233
Eric Stier	11/5/12	30,000	—	\$ 8.50	11/5/22 <sup>(2)</sup>	—	—
	3/6/13	—	—	—	—	592 <sup>(3)</sup>	\$ 7,246
	3/6/14	42,625	19,375	\$12.30	3/06/24 <sup>(2)</sup>	—	—
	3/6/14	—	—	—	—	4,062 <sup>(3)</sup>	\$ 49,719
	2/19/15	25,460	30,090	\$13.17	2/19/25 <sup>(2)</sup>	—	—
	2/19/15	—	—	—	—	9,059 <sup>(5)</sup>	\$ 110,882
	2/19/15	—	—	—	—	8,601 <sup>(3)</sup>	\$ 105,276
	2/18/16	—	—	—	—	16,792 <sup>(6)</sup>	\$ 205,534
	2/18/16	—	—	—	—	74,490 <sup>(3)</sup>	\$ 923,998

Jennifer Williams	5/28/10	71,000	—	\$ 6.00	5/28/20 <sup>(2)</sup>	—	—
	3/6/13	30,936	2,064	\$ 10.89	3/06/23 <sup>(2)</sup>	—	—
	3/6/13	—	—	—	—	1,375 <sup>(3)</sup>	\$ 16,830
	3/6/14	45,375	20,625	\$ 12.30	3/06/24 <sup>(2)</sup>	—	—
	3/6/14	—	—	—	—	4,375 <sup>(3)</sup>	\$ 53,550
	2/19/15	23,145	27,355	\$ 13.17	2/19/25 <sup>(2)</sup>	—	—
	2/19/15	—	—	—	—	8,236 <sup>(5)</sup>	\$ 100,809
	2/19/15	—	—	—	—	7,819 <sup>(3)</sup>	\$ 95,705
	2/18/16	—	—	—	—	18,319 <sup>(6)</sup>	\$ 224,225
	2/18/16	—	—	—	—	82,353 <sup>(3)</sup>	\$ 1,008,001

- (1) The market value was determined by multiplying the number of stock awards by the closing price of our common stock on NASDAQ on December 31, 2016 of \$12.24.
- (2) Represents stock options that vest 25% on the first anniversary of the grant date, with the remaining shares vesting in equal monthly installments thereafter over the following three years. All option grants have a term of ten years.
- (3) Represents restricted stock awards or units that vest 25% on the first anniversary of the grant date, with the remaining shares vesting in 12 equal quarterly installments thereafter, contingent upon continued service to the Company.
- (4) Represents performance stock units that vest 25% in each of the following four years based on the achievement of particular product and commercialization milestones.
- (5) Represents MSUs which vest in three installments on each of December 31, 2015, December 31, 2016 and December 31, 2017. Based on actual performance, each individual may earn between 0% and 200% of the target number of MSUs granted. Amounts reported represent the target number of MSUs outstanding on December 31, 2016.
- (6) Represents MSUs which vest in three installments on each of December 31, 2016, December 31, 2017 and December 31, 2018. Based on actual performance, each individual may earn between 0% and 200% of the target number of MSUs granted. Amounts reported represent the target number of MSUs outstanding on December 31, 2016.

#### 2016 Option Exercises and Stock Vested Table

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 (\$)(1)
Hany Massarany	—	—	119,387	\$ 1,214,542
Scott Mendel	—	—	42,321	\$ 432,487
Michael Gleeson	—	—	46,253	\$ 457,996
Eric Stier	—	—	36,763	\$ 383,738
Jennifer Williams	—	—	44,399	\$ 440,423

- (1) The value realized on vesting is determined by multiplying (x) the number of shares that vested during 2016, times (y) the closing price of our common stock on NASDAQ on the applicable vesting date.

## Potential Payments Upon Termination or Change of Control

Post-termination benefits for our named executive officers are established pursuant to the terms of their individual employment agreements and equity awards. In the event of a change in control of the Company, all outstanding equity awards held by our executive officers will automatically become fully vested, exercisable or payable, as applicable. The following table sets forth the amounts payable to each of our named executive officers based on (a) the acceleration of unvested equity awards upon a change in control of the Company, and (b) an assumed termination of employment as of December 31, 2016 related to certain designated events.

Name	Value of Acceleration of Unvested Equity Awards Upon Change in Control	Value if Involuntarily Terminated Without Cause	Value if Voluntarily Terminated by Executive for Good Reason	Value if Terminated Due to Death or Disability	Value if Involuntarily Terminated following a Change in Control
Hany Massarany	\$5,053,024 <sup>(1)</sup>	\$5,600,899 <sup>(2)</sup>	\$5,600,899 <sup>(2)</sup>	\$5,503,024 <sup>(3)</sup>	\$6,148,774 <sup>(4)</sup>
Scott Mendel	\$1,970,423 <sup>(1)</sup>	\$166,462 <sup>(5)</sup>	—	—	\$2,136,885 <sup>(6)</sup>
Michael Gleeson	\$1,681,730 <sup>(1)</sup>	—	—	—	\$1,681,730 <sup>(1)</sup>
Eric Stier	\$1,553,957 <sup>(1)</sup>	—	—	—	\$1,553,957 <sup>(1)</sup>
Jennifer Williams	\$1,674,807 <sup>(1)</sup>	—	—	—	\$1,674,807 <sup>(1)</sup>

- (1) Amounts reported reflect the value attributable to the immediate acceleration of unvested equity awards upon a change of control event based on the closing price of our common stock on NASDAQ on December 31, 2016 of \$12.24 per share.
- (2) The amount reported reflects (a) a severance payment equal to Mr. Massarany's base salary at the time of termination (\$450,000), plus the last annual bonus paid to Mr. Massarany (\$97,875), and (b) the value attributable to the immediate acceleration of unvested equity awards upon such termination event based on the closing price of our common stock on NASDAQ on December 31, 2016 of \$12.24 per share (\$5,053,024), in each in accordance with the terms of Mr. Massarany's employment agreement.
- (3) The amount reported reflects a prorated portion of Mr. Massarany's annual bonus payable in accordance with our 2016 bonus plan (or \$450,000, assuming a qualifying termination event on December 31, 2016), and the value attributable to the immediate acceleration of unvested equity awards upon such termination event based on the closing price of our common stock on NASDAQ on December 31, 2016 of \$12.24 per share (\$5,053,024), in each in accordance with the terms of Mr. Massarany's employment agreement.
- (4) The amount reported reflects: (a) a severance payment equal to (\$1,095,750), representing the product of two multiplied by (i) Mr. Massarany's base salary at the time of termination (\$450,000), plus (ii) the last annual bonus paid to Mr. Massarany (\$97,875); and (b) the value attributable to the immediate acceleration of unvested equity awards upon such termination event based on the closing price of our common stock on NASDAQ on December 31, 2016 of \$12.24 per share (\$5,053,024), in each in accordance with the terms of Mr. Massarany's employment agreement.
- (5) Mr. Mendel would be entitled to six months' base salary continuation if his employment is terminated without cause.
- (6) The amount reported reflects: (a) six months' salary continuation (\$166,462); and (b) the value attributable to the immediate acceleration of unvested equity awards upon such termination event based on the closing price of our common stock on NASDAQ on December 31, 2016 of \$12.24 per share (\$1,970,422), in each in accordance with the terms of Mr. Mendel's employment agreement.

## Employment Agreements

### *Hany Massarany*

On April 5, 2011, we entered into an employment agreement with Mr. Massarany, pursuant to which he was appointed as our President and CEO, effective May 1, 2011.

Pursuant to the terms of his employment agreement, Mr. Massarany's annual base salary is \$450,000, less applicable withholdings, which amount shall be reviewed at least annually for potential increases by our Board based on performance. Mr. Massarany's target annual bonus opportunity was established at 100% of his base salary. Mr. Massarany may earn up to 150% of his target annual bonus opportunity based on the achievement of certain milestones and objectives established by the Compensation Committee

In connection with entering into the employment agreement, Mr. Massarany was awarded 275,000 stock options at an exercise price equal to the fair market value on the grant date and 176,739 restricted shares of common stock, in each case pursuant to the terms of the 2010 Plan. Subject to continued employment, the options vest over four years, with 25% of the options vesting on the first anniversary of the grant date, and 75% of the options vesting in equal monthly installments thereafter over the following three years, subject to acceleration upon a change of control of the Company. Subject to continued employment, the shares of restricted stock vest over four years, with the shares vesting in equal quarterly installments beginning on July 5, 2011, subject to acceleration upon a change of control of the Company. In the event of a change of control transaction in which our stockholders receive cash consideration, all of Mr. Massarany's stock options shall be exchanged for (i) a cash payment equal to the number of shares subject to the options multiplied by (ii) the excess of the fair market value of each share over the exercise price, and all equity awards will become fully vested.

Subject to the following paragraph, in the event Mr. Massarany's employment is terminated without cause (as defined below) or Mr. Massarany terminates his employment for good reason (as defined below), he will be entitled to receive (i) any accrued benefits during his time of service, (ii) a severance payment equal to his base salary at the time of termination, plus the last annual bonus paid to Mr. Massarany, (iii) immediate acceleration of the vesting of his outstanding equity awards, and (iv) during the one year period following his termination of employment, reimbursement for any payments made to continue his healthcare coverage, subject to certain limitations. Payment of the foregoing benefits is conditioned upon Mr. Massarany's compliance with the surviving terms of his employment agreement, his execution of a specified general release of claims, and his cooperation with pending litigation during a one-year period following his termination.

If Mr. Massarany's employment is terminated without cause or Mr. Massarany terminates his employment for good reason within six months preceding or 24 months following a change in control of the Company (as defined in the 2010 Plan), then, in lieu of the benefits described above, Mr. Massarany will be entitled to receive (i) any accrued benefits during his time of service, (ii) a severance payment equal to the product of two multiplied by (a) his base salary at the time of termination, plus (b) the last annual bonus paid to Mr. Massarany, (iii) immediate acceleration of the vesting of his outstanding equity awards, and (iv) during the two year period following his termination of employment, reimbursement for any payments made to continue his healthcare coverage, subject to certain limitations.

In the event Mr. Massarany's employment is terminated for cause, except with respect to any obligations which accrued during his time of service, all other obligations under his employment agreement will automatically become terminated. In addition, in the event of Mr. Massarany's death or disability, he will become entitled to receive (i) any accrued benefits during his time of service, (ii) a prorated portion of his annual bonus payable in accordance with our then-current bonus plan, and (iii) immediate acceleration of the vesting of his outstanding equity awards.

For the purposes of Mr. Massarany's employment agreement "cause" means:

- any act or omission that constitutes a material breach by Mr. Massarany of any of his material obligations under the agreement or his Employee Innovations and Proprietary Rights Agreement with the Company, after a written demand for substantial performance is delivered to Mr. Massarany by the Board that specifically identifies the manner in which the Board believes that Mr. Massarany has materially breached his obligations under the agreement and Mr. Massarany's failure to cure such alleged breach not later than 30 days following his receipt of such notice;
- Mr. Massarany's conviction of, or plea of nolo contendere to, any felony;
- Mr. Massarany's ongoing willful refusal to follow the proper and lawful directions of the Board after a written demand for substantial performance is delivered to him by the Board that specifically identifies the manner in

which the Board believes that Mr. Massarany has refused to follow its instructions and Mr. Massarany's failure to cure such refusal not later than 30 days following his receipt of such notice; or

- any acts or omissions constituting willful misconduct by Mr. Massarany (including any violation of federal securities laws) which is materially and demonstrably injurious to the financial condition or business reputation of the Company and its subsidiaries, taken as a whole.

For the purposes of Mr. Massarany's employment agreement, "good reason" means termination of Mr. Massarany's employment because of the occurrence of any of the following events, without Mr. Massarany's prior written consent:

- a material breach of Mr. Massarany's employment agreement by the Company (including, but not limited to, a removal of Mr. Massarany from the office of Chief Executive Officer for a reason other than cause or his disability);
- Mr. Massarany's failure to be elected or re-elected to the Board;
- a material diminution in Mr. Massarany's then authority, duties or responsibilities;
- a reduction by the Company in Mr. Massarany's base salary or target bonus amount; or
- relocation of Mr. Massarany's base office to an office that is more than 30 highway miles from Mr. Massarany's base office prior to such relocation.

In addition, in connection with Mr. Massarany's termination of employment in connection with a change in control of the Company (as defined in the 2010 Plan), the term "good reason" also includes (a) the Company's failure to obtain a satisfactory agreement from any successor to assume and agree to perform Mr. Massarany's employment agreement and (b) upon or within 24 months following a change in control, either (i) Mr. Massarany is not the chief executive officer of the publicly traded entity resulting from such change in control or of the publicly traded parent of such entity, in either case reporting directly to the board of directors of such publicly traded entity or its publicly traded parent, or (ii) there is no publicly traded entity resulting from such change in control and no publicly traded parent of such entity.

The terms of Mr. Massarany's employment agreement were established through arms-length negotiation at the time of his hire, and reflect the terms the Compensation Committee believed were necessary and appropriate to secure his services as our Chief Executive Officer given his significant industry knowledge and experience. In addition, the Company has provided Mr. Massarany with greater compensation and benefits (including post-employment compensation) than that provided to the Company's other executive officers to reflect his level of responsibility and the increased risk faced by Mr. Massarany as the Company's President and Chief Executive Officer. The Compensation Committee believes that Mr. Massarany's competitive compensation package is critical in motivating and retaining him as a highly valued chief executive officer.

### ***Scott Mendel***

On May 7, 2014, we entered into an employment offer letter with Mr. Mendel appointing him as our Chief Financial Officer, effective May 13, 2014. Pursuant to his employment offer letter, Mr. Mendel's base salary was established at \$320,000. Mr. Mendel's annual bonus opportunity was established at 50% of his base salary pursuant to the Company's performance incentive bonus program. In connection with his commencement of employment, Mr. Mendel was granted 53,764 restricted stock units and a stock option to purchase 84,002 shares of the Company's common stock, in each case as an inducement grant under Nasdaq Listing Rule 5635(c)(4). Subject to continued employment, Mr. Mendel's stock options vest 25% on the first anniversary of the grant date, with the remaining shares subject to the option vesting in equal monthly installments over the following three years. Mr. Mendel's restricted stock units vest 25% on the first anniversary of the grant date, with the remaining shares subject to the award vesting in equal quarterly installments over the following three years. Under the terms of Mr. Mendel's offer letter, he will be eligible to receive six months' salary continuation, including health care and benefits coverage, if his employment is terminated by the Company for reasons other than cause.

The terms of Mr. Mendel's employment offer letter were established through arms-length negotiation at the time of his hire, and reflect the terms the Compensation Committee believed were necessary and appropriate to secure his services as our Chief Financial Officer given his significant industry knowledge and experience.

### **Risk Considerations**

Our Compensation Committee considers, in establishing and reviewing our overall executive compensation program, whether the program encourages taking unnecessary or excessive risks. During the first quarter of 2016, management, with the input of our human resources and legal departments, reviewed our compensation practices and policies to identify whether they



believed these practices and policies created excessive or unnecessary risks. These findings were presented to the Compensation Committee and the Board for consideration. After consideration of the information presented, the Compensation Committee and the Board concluded that our overall executive compensation program does not encourage unnecessary or excessive risk taking. In reaching its determination, the Board noted that our compensation policies and practices are structured to address company-wide risk, and the combination of base salary, annual incentive bonuses and stock-based incentive awards with multi-year vesting periods is balanced and serves to motivate our employees to accomplish our business plan without creating risks that are reasonably likely to have a material adverse effect on our Company.

## DIRECTOR COMPENSATION

Our annual director compensation cycle runs from July 1 of a particular calendar year through June 30 of the following calendar year. The amounts payable for Board membership during 2016 are set forth below.

Position	2016 Annual Retainer
Board Membership	\$75,000
Chairman of the Board	\$40,000
Chair of Audit Committee	\$15,000
Chair of the Compensation Committee	\$10,000
Chair of the Corporate Governance and Nominating Committee	\$6,000
Audit Committee Members other than Chair	\$6,000
Compensation Committee Members other than Chair	\$5,000
Corporate Governance and Nominating Committee Members other than Chair	\$4,000

Upon joining the Board, non-employee directors typically receive an initial grant of options to purchase shares of our common stock. These stock option awards have an exercise price per share equal to the fair market value on the grant date with such awards generally vesting over four years, with 25% of the options vesting on the first anniversary of the grant date and the remainder of the options vesting in equal monthly installments over the subsequent three years.

We do not pay any compensation to a director who is also an employee of the Company. The table below sets forth the compensation (cash and equity) received by our non-employee directors in 2016. Fees are prorated based on length of service for non-employee directors serving a portion of the year. The Board has the discretion to allocate the portion of the fees payable in cash and the portion of the fees payable in equity awards. The Board determined that the Board fees payable in respect of 2016 service would be paid 25% in cash and 75% in equity awards. Equity awards granted for annual director fees are granted on a date determined by the Board or the Compensation Committee, have an exercise price per share equal to the fair market value of the Company's common stock on the grant date (in the case of stock options), and vest 100% on the first anniversary of the grant date (unless the director does not stand for re-election, in which case such award vests 100% on the day immediately prior to the termination of such director's term of service). Any cash fees are payable quarterly within thirty (30) days of the beginning of each quarter. Each non-employee director is also entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board and any committee(s) on which he or she serves.

### 2016 Director Compensation Table

The following table sets forth the compensation for our non-employee directors for the fiscal year ended December 31, 2016.

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)	Totals (\$)
Daryl J. Faulkner <sup>(3)</sup>	21,500	64,500	86,000
James Fox, Ph.D. <sup>(4)</sup>	33,750	101,251	135,001
Lisa M. Giles <sup>(5)</sup>	20,250	60,754	81,004
Michael S. Kagnoff <sup>(6)</sup>	19,750	59,252	79,002
Kevin C. O'Boyle <sup>(7)</sup>	23,750	71,250	95,000

- (1) Pursuant to the Company's director compensation policy in effect for 2016, non-employee directors received approximately 75% of their compensation in the form of restricted stock units.
- (2) In 2016, each non-employee director received the following number of restricted stock units as payment in respect of director fees: Mr. Faulkner (9,021); Dr. Fox (14,161); Ms. Giles (8,497); Mr. Kagnoff (8,287); and Mr. O'Boyle (9,965). Each of these restricted stock units vest 100% on the first anniversary of the grant date.
- (3) As of December 31, 2016, Mr. Faulkner held 56,056 options to purchase shares of our common stock and 9,021 restricted stock units.
- (4) As of December 31, 2016, Dr. Fox held no options to purchase shares of our common stock and 14,161 restricted stock units.

- (5) As of December 31, 2016, Ms. Giles held 19,062 options to purchase shares of our common stock and 8,497 restricted stock units.
- (6) As of December 31, 2016, Mr. Kagnoff held 19,062 options to purchase shares of our common stock and 8,287 restricted stock units.
- (7) As of December 31, 2016, Mr. O'Boyle held 56,476 options to purchase shares of our common stock and 9,965 restricted stock units.

### **Potential Payments upon Termination or Change of Control**

In accordance with provisions of our 2010 Plan, upon a change in control of the Company (as defined in the 2010 Plan), all outstanding equity awards held by our non-employee directors will become immediately exercisable and vested in full.

### **REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on this review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

### **THE COMPENSATION COMMITTEE**

James Fox, Ph.D. (Chair)  
Daryl J. Faulkner  
Kevin C. O'Boyle

### **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

As of December 31, 2016, the Compensation Committee consisted of James Fox, Ph.D. (Chair), Daryl J. Faulkner and Kevin C. O'Boyle. All of the members of the Compensation Committee are non-employee directors. No members of the Compensation Committee have a relationship that would constitute an interlocking relationship as defined by SEC rules.

### **REPORT OF THE AUDIT COMMITTEE**

As of December 31, 2016, the Audit Committee consisted of Kevin C. O'Boyle (Chair), James Fox, Ph.D., and Lisa M. Giles. Under the guidance of a written charter adopted by the Board, the purpose of the Audit Committee is to oversee the accounting and financial reporting processes of the Company and audits of its financial statements. The responsibilities of the Audit Committee include appointing and providing for the compensation of our independent registered public accounting firm. Each member of the Audit Committee meets the independence and qualification standards for Audit Committee membership set forth in the listing standards provided by NASDAQ.

Management has primary responsibility for the system of internal controls and the financial reporting process. The independent registered public accounting firm has the responsibility to express an opinion on the financial statements based on an audit conducted in accordance with generally accepted auditing standards. The independent registered public accounting firm is also responsible for auditing the Company's internal control over financial reporting. The Audit Committee appointed Ernst & Young LLP to audit the Company's financial statements and the effectiveness of the related systems of internal control over financial reporting for the 2016 year.

The Audit Committee is kept apprised of the progress of the documentation, testing and evaluation of the Company's system of internal controls over financial reporting, and provides oversight and advice to management. In connection with this oversight, the Committee receives periodic updates provided by management and Ernst & Young LLP at each regularly scheduled Audit Committee meeting. The Committee also holds regular private sessions with Ernst & Young LLP to discuss their audit plan for the year, the financial statements and risks of fraud. At the conclusion of the process, management provides the Audit Committee with, and the Audit Committee reviews, a report on the effectiveness of the Company's internal control over financial reporting, as well as Ernst & Young LLP's Report of Independent Registered Public Accounting Firm included in the Company's Annual Report on Form 10-K.

The Audit Committee pre-approves all services to be provided by the Company's independent registered public accounting firm, Ernst & Young LLP. Pre-approval is required for audit services, audit-related services, tax services and other

services. In some cases, the full Audit Committee provides pre-approval for up to a year, related to a particular defined task or scope of work and subject to a specific budget. In other cases, a designated member of the Audit Committee may have delegated authority from the Audit Committee to pre-approve additional services, and such pre-approval is later reported to the full Audit Committee. See “Principal Accountant Fees and Services” below for more information regarding fees paid to Ernst & Young LLP for services in 2015 and 2016.

In this context and in connection with the audited financial statements contained in the Company’s Annual Report on Form 10-K, the Audit Committee:

- reviewed and discussed the audited financial statements as of and for the fiscal year ended December 31, 2016 with the Company’s management and Ernst & Young LLP, the Company’s independent registered public accounting firm;
- discussed with Ernst & Young LLP the matters required to be discussed by Auditing Standard No. 16, “Communication with Audit Committees,” as adopted by the Public Company Accounting Oversight Board in Rule 3200T;
- received and reviewed the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the Audit Committee concerning independence, discussed with the independent registered public accounting firm its independence, and concluded that the non-audit services performed by Ernst & Young LLP are compatible with maintaining its independence;
- based on the foregoing reviews and discussions, recommended to the Board that the audited financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the SEC; and
- instructed the independent registered public accounting firm that the Audit Committee expects to be advised if there are any subjects that require special attention.

The Audit Committee met four times in 2016. This report for 2016 is provided by the members of the Audit Committee of the Board.

**THE AUDIT COMMITTEE**

Kevin C. O’Boyle (Chair)

James Fox, Ph.D.

Lisa M. Giles

## Principal Accountant Fees and Services

The Audit Committee has appointed Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017, and is asking our stockholders to ratify this appointment.

In the event the stockholders fail to ratify the appointment, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditing firm at any time during the year if the Audit Committee believes that such a change would be in the best interests of the Company's stockholders.

The following table presents the fees for professional audit services and other services rendered by Ernst & Young LLP for 2016 and 2015.

	Fiscal Year 2016	Fiscal Year 2015
Audit fees <sup>(1)</sup>	\$ 595,060	\$ 749,488
Tax fees <sup>(2)</sup>	150,497	164,750
<b>Total</b>	<b>\$ 745,557</b>	<b>\$ 914,238</b>

- (1) Audit fees represent fees and out-of-pocket expenses whether or not yet invoiced for professional services provided in connection with the audit of the Company's financial statements and Sarbanes-Oxley Act compliance, review of the Company's quarterly financial statements, review of registration statements on Forms S-3 and S-8, and audit services provided in connection with other regulatory filings.
- (2) Tax fees consist of fees for professional services performed by Ernst & Young LLP with respect to tax compliance, tax advice and tax planning.

All fees paid to Ernst & Young LLP for 2016 and 2015 were pre-approved by the Audit Committee.

## PROPOSAL 1

### ELECTION OF DIRECTORS

At the Annual Meeting, our stockholders will vote on the election of two Class I directors to serve for a three-year term until our Annual Meeting of Stockholders in 2020 and until their successors are elected and qualified. The Board has unanimously nominated Daryl J. Faulkner and James Fox, Ph.D. for election to the Board as Class I directors. The nominees have indicated that they are willing and able to serve as directors. If either Mr. Faulkner or Dr. Fox becomes unable or unwilling to serve, the accompanying proxy may be voted for the election of such other person as shall be designated by the Board. The proxies being solicited will be voted for no more than two nominees at the Annual Meeting.

The Class I directors will be elected by a plurality of the votes cast in person or by proxy at the Annual Meeting assuming a quorum is present, which means that the director nominees receiving the highest number of "FOR" votes will be elected. "WITHHOLD" votes and broker non-votes will not be counted as votes cast and, therefore, will have no effect on the election of directors. Stockholders do not have cumulative voting rights in the election of directors.

**The Board unanimously recommends a vote "FOR" the election of Daryl J. Faulkner and James Fox, Ph.D. as Class I directors.**

Unless otherwise instructed, it is the intention of the persons named in the accompanying proxy card to vote shares represented by properly executed proxy cards for the election of each of Mr. Faulkner and Dr. Fox.

## **PROPOSAL 2**

### **RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

At the Annual Meeting, our stockholders will be asked to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will have the opportunity to make statements if they desire to do so. Such representatives are also expected to be available to respond to appropriate questions.

In the event our stockholders fail to ratify the appointment, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditing firm at any time during the year if the Audit Committee believes that such a change would be in the best interests of the Company's stockholders.

#### **Voting and Board of Directors' Recommendation**

The proposal to ratify the appointment of Ernst & Young LLP requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions are considered present and entitled to vote with respect to this proposal and will, therefore, be treated as votes against this proposal.

**The Board unanimously recommends a vote "FOR" Proposal 2.**

## PROPOSAL 3

### ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

The Board is providing stockholders with the opportunity to cast an advisory vote on the compensation of our named executive officers. This proposal, commonly known as a "Say on Pay" proposal, gives you, as a stockholder, the opportunity to endorse or not endorse our executive compensation program and related policies and practices as they relate to the compensation of our named executive officers.

The Say on Pay vote is advisory, and therefore not binding on the Board or the Compensation Committee. Although the vote is non-binding, the Board and the Compensation Committee will review the voting results, seek to determine the cause or causes of any significant unfavorable vote, and take them into consideration when making future decisions regarding our executive compensation program.

We design our executive compensation program to implement our core objectives of providing competitive pay, pay for performance, and alignment of management's interests with the interests of our stockholders. Stockholders are encouraged to read the Compensation Discussion and Analysis section of this Proxy Statement for a more detailed discussion of how our executive compensation program reflects our core objectives, including the information under the heading "Executive Summary" beginning on page 18 of this Proxy Statement.

#### Voting and Board of Directors' Recommendation

The Board believes the Company's executive compensation program uses appropriate structures and sound practices that are effective in achieving our core objectives. Accordingly, the Board recommends that you vote in favor of the following resolution:

**"RESOLVED**, that the stockholders of GenMark Diagnostics, Inc. approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules, including the Compensation Discussion and Analysis and Executive Compensation sections of this Proxy Statement."

The proposal to approve, on an advisory basis, the compensation of our named executive officers requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions are considered present and entitled to vote with respect to this proposal and will, therefore, be treated as votes "against" this proposal. Broker non-votes with respect to this proposal will not be considered as present and entitled to vote on this proposal, which will therefore reduce the number of affirmative votes needed to approve this proposal.

**The Board unanimously recommends a vote "FOR" Proposal 3.**



**PROPOSAL 4**  
**ADVISORY VOTE ON THE FREQUENCY OF**  
**SOLICITING FUTURE STOCKHOLDER ADVISORY VOTES ON**  
**THE COMPENATION OF OUR NAMED EXECUTIVE OFFICERS**

Pursuant to the Dodd-Frank Act and related rules of the SEC, we are providing our stockholders with the opportunity to indicate their preference as to how frequently we should present an advisory vote to our stockholders regarding the compensation of our named executive officers (similar to Proposal 3). Stockholders may indicate their preference to do so once every year, every two years, or every three years.

After careful consideration of this Proposal, our Board has determined that an advisory vote on executive compensation that occurs every year is the most appropriate selection and embodies our Compensation Committee's and Board's commitment to open dialogue with our stockholders regarding key corporate governance issues, including matters relating to executive compensation. The Board believes that an annual advisory vote on executive compensation will provide a useful process for our stockholders to provide meaningful input to the Compensation Committee and the Board on our executive compensation philosophy, policies and practices. While the Board believes that its recommendation is appropriate at this time, stockholders are not voting to approve or disapprove the Board's recommendation. Instead, our stockholders are being asked to indicate their preference, on an advisory basis, as to whether a non-binding stockholder advisory vote on the approval of our named executive officer compensation practices should be held every year, every two years, or every three years.

Stockholders may cast a vote on their preferred voting frequency by choosing the option of every "1 Year," "2 Years" or "3 Years," or abstain from voting, in response to the resolution presented below:

**"RESOLVED**, that the option of once every "1 Year," "2 Years" or "3 Years" that receives the highest number of stockholder votes cast for this resolution will be determined to be the preferred frequency with which the Company is advised to hold a non-binding stockholder advisory vote to approve the compensation of its named executive officers, as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure)."

The option that receives the highest number of votes cast by stockholders will be the preferred frequency selected by our stockholders in response to the resolution presented above. As an advisory vote, this proposal is non-binding, will not be construed as overruling a decision by the Compensation Committee, the Board or the Company, and will not create or imply any additional fiduciary duties of the Compensation Committee, the Board or the Company or imply any change to such fiduciary duties. Nevertheless, the Compensation Committee, the Board and the Company highly value the opinions of our stockholders, and intend to consider the outcome of this vote when making future decisions regarding how often to submit a non-binding advisory vote to our stockholders regarding the compensation of our named executive officers.

**Our Board of Directors unanimously recommends a vote for the option of "1 Year" for Proposal 4.**

## OTHER MATTERS

As of the time of preparation of this Proxy Statement, neither the Board nor management intends to bring before the meeting any business other than the matters referred to in the Notice of Annual Meeting and this Proxy Statement. If any other business should properly come before the meeting, or any adjournment or postponement thereof, the persons named in the proxy will vote on such matters according to their best judgment.

## STOCKHOLDERS SHARING THE SAME ADDRESS

In accordance with notices previously sent to many stockholders who hold their shares through a bank, broker or other holder of record (a "Street-Name Stockholder") and share a single address, if applicable, only one Annual Report and Proxy Statement is being delivered to that address unless contrary instructions from any stockholder at that address were received. This practice, known as "householding," is intended to reduce the Company's printing and postage costs. However, any such Street-Name Stockholder residing at the same address who wishes to receive a separate copy of this Proxy Statement or accompanying Annual Report to Stockholders may request a copy by contacting the bank, broker or other holder of record, or the Company by telephone at: (760) 448-4300 or by mail at 5964 La Place Court, Carlsbad, CA 92008. The voting instruction sent to a Street-Name Stockholder should provide information on how to request (1) householding of future Company materials or (2) separate materials if only one set of documents is being sent to a household. If it does not, a stockholder who would like to make one of these requests should contact the Company as indicated above.

BY ORDER OF THE BOARD OF DIRECTORS:

A handwritten signature in black ink, appearing to read "James Fox", written in a cursive style.

James Fox, Ph.D.  
Chairman of the Board

Carlsbad, California  
April 13, 2017