

LUMINEX CORP
Form DEF 14A
April 02, 2018

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒
Filed by a Party other than the Registrant ☐

Check the appropriate box:

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

LUMINEX CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

LUMINEX CORPORATION
12212 Technology Boulevard
Austin, Texas 78727

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 17, 2018

Luminex Corporation (the “Company”) will hold its 2018 annual meeting of stockholders (the “Meeting”) on Thursday, May 17, 2018, at 10:00 a.m., local time, at its corporate headquarters located at 12212 Technology Boulevard, Austin, Texas 78727. At the Meeting, stockholders will act on the following matters:

(1) election of three (3) persons nominated by the Board of Directors to serve as Class III Directors (designated as Proposal 1 in the accompanying proxy statement);

advisory approval of the compensation of the Company's named executive officers, as described in the
(2) Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in the accompanying proxy statement (designated as Proposal 2 in the accompanying proxy statement);

(3) approval of the Luminex Corporation 2018 Equity Incentive Plan (designated as Proposal 3 in the accompanying proxy statement);

ratification of the appointment by the Company's Audit Committee of Ernst & Young LLP as the Company's
(4) independent registered public accounting firm for fiscal 2018 (designated as Proposal 4 in the accompanying proxy statement); and

(5) such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors fixed the close of business on March 19, 2018 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Meeting or any adjournment or postponement thereof. A complete list of such stockholders will be available for examination at our offices in Austin, Texas, during normal business hours for a period of ten days prior to the Meeting.

This year, we are pleased to again furnish our proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice instead of a paper copy of our proxy statement and our annual report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of our stockholders can receive a paper copy of our proxy materials, including the proxy statement, our 2017 Annual Report on Form 10-K and a form of proxy card or voting instruction card. All stockholders who do not receive a notice will receive a paper copy of the proxy materials by mail.

Your attention is directed to the proxy statement for a more complete statement regarding the matters to be acted upon at the Meeting. Our annual report to stockholders is being mailed or made available to our stockholders along with our proxy solicitation materials, but it is not part of the proxy solicitation materials. All stockholders are cordially invited to attend the Meeting. Whether or not you plan to attend the Meeting, we hope you will vote as soon as possible. You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of a proxy or voting instruction card by mail, you may submit your proxy or voting instruction card for the Meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided.

By Order of the Board of Directors,
Richard W. Rew, II
Senior Vice President, General
Counsel and Corporate Secretary
Austin, Texas
April 2, 2018

LUMINEX CORPORATION
12212 Technology Boulevard
Austin, Texas 78727

PROXY STATEMENT

For Annual Meeting of Stockholders
To Be Held May 17, 2018

This proxy statement is being furnished to the stockholders of Luminex Corporation (the “Company,” “Luminex,” “we” or “us”) in connection with the solicitation by the Board of Directors of proxies for use at the 2018 annual meeting of stockholders (the “Meeting”) to be held at the time and place and for the purposes set forth in the accompanying notice, and at any and all adjournments or postponements thereof. This proxy statement and the accompanying proxy card are being distributed and made available on or about April 2, 2018.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 17, 2018: This proxy statement and our annual report to stockholders are available at <http://investor.luminexcorp.com/phoenix.zhtml?c=79403&p=proxy>.

Voting Procedures; General Information

Proposals 1, 2, 3 and 4 will be presented by management at the Meeting. With regard to Proposal 1, the form of proxy permits votes for, withholding of votes, or abstention as to each nominee for director. With regard to Proposals 2, 3 and 4, the form of proxy permits votes for, against, or abstention. If the form of proxy is properly executed, returned, and not revoked, it will be voted in accordance with the specifications, if any, made by the stockholder and, if specifications are not made, will be voted FOR the election of the nominees named in this proxy statement to the Company's Board of Directors, FOR the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures contained in this proxy statement, FOR the approval of the Luminex Corporation 2018 Equity Incentive Plan and FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2018.

If your shares are held by your broker or other nominee, often referred to as in “street name,” you will receive a form from your broker seeking instructions as to how your shares should be voted. If you are a registered stockholder and received a notice of availability of our proxy materials over the Internet, you may vote by telephone or electronically through the Internet by following the instructions included in the notice. If you are a registered stockholder and received paper proxy materials through the mail, you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held in street name, you should contact your broker or nominee to determine whether you will be able to vote by telephone or electronically. If your shares are held in street name and you do not issue instructions to your broker, your broker may vote your shares in its discretion on “routine” matters, but may not vote your shares on “non-routine” matters. The ratification of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2018 (Proposal 4) is deemed a routine matter. Therefore, your broker has discretionary authority to vote your shares on such matter absent specific instructions from you. However, the election of directors (Proposal 1), the non-binding advisory vote on the compensation of our named executive officers (Proposal 2), and the approval of the Luminex Corporation 2018 Equity Incentive Plan (Proposal 3) are non-routine matters. If your broker turns in a proxy card expressly stating that the broker is not voting on non-routine matters (Proposals 1, 2 and 3) as a result of your failure to provide specific instructions, such action is referred to as a “broker nonvote” and your shares will not be voted on Proposals 1, 2 and 3.

It is not expected that any matter not referred to herein will be presented for action at the Meeting. If any other matters are properly brought before the Meeting, including, without limitation, a motion to adjourn the Meeting to another time and/or place for the purpose of, among other things, permitting dissemination of information regarding material developments relating to any of the Proposals, or soliciting additional proxies in favor of the approval of any of the Proposals, the persons named on the accompanying proxy card will vote the shares represented by such proxy upon such matters in their discretion. Should the Meeting be reconvened, all proxies will be voted in the same manner as such proxies would have been voted when the Meeting was originally convened, except for the proxies effectively revoked or withdrawn prior to the time proxies are voted at such reconvened meeting.

Any stockholder giving a proxy may revoke it at any time before it is voted by communicating such revocation in writing to our Corporate Secretary at the address indicated above, by executing and delivering a later-dated proxy or by voting in person at the Meeting.

Quorum; Required Votes and Recommendations

Our only outstanding voting security is our common stock. Holders of record of common stock at the close of business on March 19, 2018, the record date for the Meeting, are entitled to notice of and to vote at the Meeting. On the record date for the Meeting, there were 44,430,825 shares of common stock outstanding and entitled to vote at the Meeting. In deciding all matters, a holder of common stock on the record date shall be entitled to cast one vote for each share of common stock then registered in such holder's name or otherwise beneficially owned.

The holders of a majority of the outstanding shares of the Company's common stock as of the record date must be present in person or be represented by proxy to constitute a quorum and act upon the proposed business. Failure of a quorum to be represented at the Meeting will necessitate an adjournment or postponement and will subject the Company to additional expense. Votes withheld from any nominee for director, abstentions and broker nonvotes are counted as present or represented for purposes of determining the presence or absence of a quorum.

Because Proposal 1 in this proxy statement is in respect of an uncontested director election, Proposal 1 requires the affirmative vote of a majority of the votes cast at the Meeting to elect a nominee, which means that a nominee will be elected only if the number of shares voted “for” that nominee exceeds the number of shares “withheld” from that nominee. Accordingly, each nominee receiving a greater number of shares voted “for” such nominee than “withheld” from such nominee shall be elected as a Class III director. If an incumbent director does not receive a greater number of shares voted “for” such director than “withheld” from such director, then such director must tender his or her resignation to the Board of Directors. If a director nominee who is not an incumbent director fails to receive more “for” votes than votes “withheld” at the Meeting, he or she will not be elected to the Board of Directors. In a contested director election, director nominees are elected by a plurality of the votes cast, which means that the nominees with the most affirmative votes are elected to fill the available seats. Proposals 2, 3 and 4 require the affirmative vote of the holders of a majority of the outstanding shares represented at the Meeting and entitled to vote thereon. The vote for Proposal 2 is advisory and non-binding in nature, but our Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. Votes will be counted by the Company's transfer agent or our Corporate Secretary. Under Delaware law, abstentions are not counted as voting “for” or “against” a particular matter. However, abstentions are included in the number of shares present or represented at the Meeting and entitled to vote, and therefore, abstentions will have the same effect as a vote cast against Proposals 2, 3 and 4. Abstentions will have no effect on the outcome of Proposal 1. Additionally, if a broker turns in a proxy card expressly stating that the broker is not voting on a non-routine matter, such action is referred to as a “broker nonvote.” Broker nonvotes are counted for the purpose of determining the presence or absence of a quorum, but are not counted for determining the number of votes cast, as a broker nonvote is not considered “entitled to vote” on a matter. Accordingly, for purposes of Proposals 2 and 3, broker nonvotes have the effect of reducing the number of affirmative votes required to achieve a majority of the shares present and entitled to vote for such matter by reducing the total number of shares from which such majority is calculated. Broker nonvotes will have no effect on the outcome of Proposal 1.

Our Board of Directors unanimously recommends that you vote:

FOR each of the Class III Director nominees named in this proxy statement;

FOR the advisory approval of the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures contained in this

proxy statement;

FOR the approval of the Luminex Corporation 2018 Equity Incentive Plan; and

FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2018.

CORPORATE GOVERNANCE

We believe that effective corporate governance is critical to our long-term prospects and ability to create value for our stockholders. Our Board of Directors believes that we have in place appropriate charters, policies (including a comprehensive Code of Compliance and Corporate Governance Guidelines), bylaws, procedures and controls that promote and enhance corporate governance, accountability and responsibility with respect to the Company and a culture of honesty and integrity. We will continue to monitor emerging developments and best practices in corporate governance and augment these charters, policies, procedures and controls when required or when our Board determines it would benefit the Company and our stockholders. Our corporate governance policies, including our various Board committee charters, can be viewed at the “Investor Relations” section of our website at www.luminexcorp.com. Information contained on our website, other than the electronic version of our proxy statement provided on our website, is not incorporated into this proxy statement by this or any other reference to our website in this proxy statement, and we do not intend for such information on or linked to our website to constitute part of this proxy statement.

Director Independence

Our Board of Directors consults with the Company’s counsel to ensure that the Board’s independence determinations are consistent with all relevant securities and other laws and regulations regarding the definition of “independent director,” including but not limited to those set forth in pertinent listing standards of The Nasdaq Global Select Market (the “Nasdaq”) as in effect from time to time. To assist in the Board’s independence determinations, each director completed materials designed to identify any relationships that could affect the director’s independence. In addition, through discussion among the directors a subjective analysis of independence was reviewed. The Board has determined that each of the following directors is an “independent director” consistent with the objective requirements of applicable laws and regulations, and that such persons do not otherwise have any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of such person’s independent judgment in carrying out the responsibilities of a director: Robert J. Cresci; Stephen Eck, M.D., Ph.D.; Thomas W. Erickson; Jim D. Kever; G. Walter Loewenbaum II; Kevin M. McNamara; and Edward A. Ogunro, Ph.D. The Board has not established categorical standards or guidelines to make the subjective aspect of these determinations, but considers all relevant facts and circumstances known to the Board. In determining Mr. Erickson's independence, the Board considered Mr. Erickson's service as our interim president and chief executive officer from September 2002 until May 2004 and determined that such service was at a much earlier time in the Company's evolution and not material to his independence analysis today and has, in the observation of the Board, no bearing on Mr. Erickson's independence. Based on such analysis, the Board determined that Mr. Erickson qualifies as an independent director.

Director Qualifications

The Nominating and Corporate Governance Committee may consider whatever factors it deems appropriate in its assessment of a candidate for Board membership; however, candidates nominated to serve as directors, at a minimum, will in the committee’s judgment:

be able to represent the interests of the Company and all of its stockholders and not be disposed by affiliation or interest to favor any individual, group or class of stockholders or other constituency; and possess the background and demonstrated ability to contribute to the Board’s performance of its collective responsibilities, through senior executive management experience, relevant professional or academic distinction, and/or a record of relevant civic and community leadership.

The consideration of a candidate for director will include the Nominating and Corporate Governance Committee's assessment of the individual's background, skills and abilities, and whether such characteristics fulfill the needs of the Board of Directors at that time. As part of the Nominating and Corporate Governance Committee's consideration of a candidate, the committee also believes that the candidate must:

- be of high ethical character and share the core values of Luminex as reflected in our Code of Compliance;
- have a reputation, both personal and professional, consistent with the image and reputation of Luminex;
- be highly accomplished in the candidate's field;
- be an active or former chief executive officer of a public company or a biotechnology company or an active or former leader of another complex organization;
- otherwise have relevant expertise and experience, and be able to offer advice and guidance to the chief executive officer based on that expertise and experience; and
- have the ability to exercise sound business judgment.

The Nominating and Corporate Governance Committee's goal is to assemble a Board that brings a variety of perspectives and skills derived from high quality business and professional experience and which complies with the Nasdaq and Securities and Exchange Commission ("SEC") rules. Our Nominating and Corporate Governance Committee considers the diversity of the composition of our Board and the skill set, background, reputation, and type and length of business experience of our Board members as well as a particular nominee's contributions to that mix. The Nominating and Corporate Governance Committee considers diversity in the context of the Board as a whole and takes into account the personal characteristics, including gender, ethnicity and age, and experience, including financial expertise, educational and professional background, of current and prospective directors. The Nominating and Corporate Governance Committee believes this process best facilitates Board deliberations that reflect a broad range of perspectives, leads to a more effective decision-making process and will build a Board team whose strengths complement each other.

Process for Identifying Director Candidates

The Nominating and Corporate Governance Committee may utilize a variety of methods for identifying nominees for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current Board members, professional search firms, stockholders or other persons. The Nominating and Corporate Governance Committee considers nominees proposed by the Company's stockholders in accordance with the provisions contained in our bylaws. Pursuant to our bylaws, any stockholder may nominate a person for election to our Board of Directors, provided that the nomination is received by the Corporate Secretary not less than 30 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting of stockholders. Each nomination submitted in this manner shall include the name and address of the nominee(s) and all other information with respect to the nominee as required to be disclosed in the proxy statement for the election of directors under applicable rules of the SEC, including the nominee's consent to being named as a nominee and to serving as a director, if elected.

The nominating stockholder shall also provide a completed written questionnaire with respect to the background and qualification of each nominee and any other person or entity that each nominee may represent (which questionnaire shall be provided by the Corporate Secretary) and a written representation and agreement (in the form provided by the Corporate Secretary) that each nominee: (a) has no undisclosed commitment, agreement or understanding with any person or entity as to how such nominee will act or vote on any issue or question as a director; (b) is not a party to any undisclosed commitment, agreement or understanding with any person or entity other than Luminex with respect to compensation, reimbursement or indemnification in connection with service or action as a director of Luminex; (c) will comply with any director stock ownership and trading guidelines of Luminex; and (d) in such nominee's individual capacity and on behalf of any person or entity for whom such nominee may be a representative, has complied and will comply with all applicable corporate governance, conflicts, confidentiality and other policies of Luminex.

Additionally, the nominating stockholder must provide: (a) his or her name and address as it appears in the stock records of Luminex; (b) the number and class of shares of Luminex capital stock beneficially owned by the stockholder and a description in reasonable detail of any hedging, derivative, swap, profit interests, option or other transactions or series of transactions engaged in, directly or indirectly, by such stockholder, or any agreement, arrangement or understanding to which such stockholder is a party, in each case, the effect or intent of which is to mitigate loss to, manage the risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder with respect to shares of capital stock of Luminex, or otherwise to reduce the economic risk or benefit of ownership of shares of capital stock of Luminex to such stockholder, and the agreement of the stockholder to notify Luminex in writing within five business days after the record date for the meeting of any changes to the above information in effect as of the record date for the meeting; (c) all contracts, arrangements, understandings and

relationships with respect to the stockholder's investment in Luminex, and the agreement of the stockholder to notify Luminex in writing within five business days after the record date for the meeting of any changes to the above information in effect as of the record date for the meeting; (d) any material agreement such stockholder may have with any other person or entity in connection with the nomination, and the agreement of the stockholder to notify Luminex in writing within five business days after the record date for the meeting of any changes to the above information in effect as of the record date for the meeting; and (e) a representation as to whether such stockholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of Luminex's outstanding shares required to approve the nomination and/or otherwise to solicit proxies from stockholders in support of the nomination, and as to whether the stockholder intends to appear in person or by proxy at the meeting to propose such nomination.

Our bylaws also provide that certain of the above information also be provided with respect to certain other persons associated with the nominating stockholder. The foregoing is a summary of the requirements for stockholders to nominate persons for election to our Board of Directors, which requirements are set out fully in our bylaws, and the foregoing description is qualified by reference to the full text of our bylaws.

Evaluation of Director Candidates

The chair of the Nominating and Corporate Governance Committee will preliminarily assess a candidate's qualifications and suitability in light of the current needs of the Board, working with management support and seeking Board input, and report such assessment to the Nominating and Corporate Governance Committee members. When feasible, the chair of the Nominating and Corporate Governance Committee will interview candidates whom the chair believes are likely to meet the criteria for Board membership as part of the preliminary assessment process. The report may be made to the Nominating and Corporate Governance Committee at a meeting of the committee or informally to each committee member between meetings.

If it is the consensus of the Nominating and Corporate Governance Committee that a candidate is likely to meet the criteria for Board membership, the chair of the committee will advise the candidate of the committee's preliminary interest. If the candidate expresses sufficient interest, the committee will arrange interviews of the candidate with one or more members of the committee, and request such additional information from the candidate as the committee deems appropriate. The Nominating and Corporate Governance Committee will consider the candidate's qualifications, background, skills and abilities, and whether such characteristics fulfill the needs of the Board at that time, and confer and reach a collective assessment as to the qualifications and suitability of the candidate for Board membership.

If the Nominating and Corporate Governance Committee determines that the candidate is suitable and meets the criteria for Board membership, the candidate will be invited to meet with the senior management of the Company and other members of the Board of Directors, both to allow the candidate to obtain further information about the Company and to give management and the other directors a basis for input to the Nominating and Corporate Governance Committee regarding the candidate. On the basis of its assessment, and taking into consideration input from other Board members and senior management, the Nominating and Corporate Governance Committee will formally consider whether to recommend the candidate's nomination for election to the Board of Directors.

Code of Compliance

We have a Code of Compliance that applies to all of the employees, officers and directors of the Company and its subsidiaries. The purpose of our Code of Compliance is to provide written standards that are reasonably designed to deter wrongdoing and to promote honest and ethical conduct; full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with the SEC and other public communications by the Company; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of violations of the Code of Compliance; and accountability for adherence to the Code of Compliance. Our Code of Compliance also includes a formal policy regarding the approval of related party transactions, which is administered by our Audit Committee. This policy is described more fully below under "Certain Relationships and Related Party Transactions." Each director, officer and employee is required to read and certify that he or she has read, understands and will comply with the Code of Compliance.

Under the Sarbanes-Oxley Act of 2002 and the SEC's related rules, the Company is required to disclose whether it has adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Nasdaq rules also require the Company to adopt a "code of conduct" applicable to the Company's directors, officers and employees that meets the SEC's definition of "code of ethics." Our Code of Compliance meets the SEC's definition of "code of ethics." The Company's employees, including our Chief Executive Officer and senior financial officers, are bound by our Code of Compliance.

A copy of our Code of Compliance can be obtained from the “Investor Relations” section of our website at www.luminexcorp.com. We intend to disclose amendments to, or waivers from, the Code of Compliance (to the extent applicable to our directors, Chief Executive Officer, principal financial officer, principal accounting officer or persons performing similar functions) on our website.

Communications with Members of the Board

Our Board of Directors has established procedures for the Company's stockholders to communicate with members of the Board of Directors. Stockholders may communicate with any of the Company's directors, including the chairperson of any of the committees of the Board of Directors or the presiding director, if any, by writing to a director, care of Corporate Secretary, Luminex Corporation, 12212 Technology Boulevard, Austin, Texas 78727. Appropriate communications will be forwarded to such director(s) by the Corporate Secretary. The Corporate Secretary maintains a log of such communications and transmits such communications to identified director addressee(s) as soon as practical, unless there are safety or security concerns that mitigate against further transmission of the communication, as determined by our Corporate Secretary in consultation with counsel, when necessary. The Board of Directors or individual directors so addressed are advised of any communication withheld for safety or security reasons as soon as practical. If multiple communications are received on a similar topic, the Corporate Secretary may, in his discretion, forward only representative correspondence.

Communications Regarding Accounting Matters

Communications expressing concerns or complaints relating to accounting matters, internal disclosure controls or controls over financial reporting, or auditing matters are handled in accordance with procedures established by the Audit Committee, including, without limitation, a dedicated hotline and email address. Under those procedures, concerns related to accounting matters, internal disclosure controls or controls over financial reporting, or auditing matters are presented by the Company's compliance officer (currently the General Counsel) to the Audit Committee for consideration and, if appropriate, corrective action.

Board Member Attendance at Annual Meeting of Stockholders

The Company strongly encourages each member of the Board of Directors to attend each annual meeting of stockholders. Accordingly, we expect most, if not all, of the Company's directors to be in attendance at the Meeting. All of our directors attended the 2017 annual meeting of stockholders.

Meetings and Committees of the Board of Directors

The Board of Directors and its committees meet periodically during the year as deemed appropriate. During 2017, the Board of Directors met six times. No director attended fewer than 75% of all the 2017 meetings of the Board of Directors and its committees on which each such director served.

The Board of Directors is generally responsible for establishing our broad corporate policies and reviewing and assessing our corporate objectives and strategies, and other major transactions and capital commitments. The Board of Directors currently has five standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Executive Committee and the Strategy and Development Committee. Each of our committees operates under a charter adopted by our Board of Directors. It is the policy of the Board and each committee to periodically review its performance and the effectiveness of its charter and policies, as applicable.

Audit Committee

The Audit Committee, which met seven times in 2017, currently consists of Mr. McNamara, who serves as Chairman, Mr. Cresci, and Dr. Ogunro. The Board of Directors has determined that each member of the Audit Committee meets the independence requirements of the applicable rules of the Nasdaq and the SEC and has a basic understanding of

finance and accounting and is able to read and understand fundamental financial statements. The Board of Directors has further determined that both Mr. McNamara and Mr. Cresci are considered “audit committee financial experts” as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC. The Audit Committee's primary duties and responsibilities are to oversee the Company's accounting and financial reporting processes and audits of the Company's financial statements; oversee the integrity of the Company's systems of internal controls regarding finance, accounting and legal compliance, including the oversight of the Company's internal audit function; oversee the qualifications, independence and performance of the Company's independent registered public accounting firm; pre-approve all audit and permitted non-audit services to be performed by such firm; provide an avenue of free and open communication among the independent registered public accountants, management and the Board of Directors; and to review, approve or ratify certain related party transactions. It is the function of the Audit Committee to help ensure the Company's financial statements accurately reflect the Company's financial position and results of operations. In addition, the Audit Committee, following its review of the audited financial statements, is charged with recommending the audited financial statements to the Board of Directors for inclusion in the Company's annual reports. Additional information regarding the purpose and functions of the Audit Committee is set forth in the “Report of the Audit Committee” provided below.

Compensation Committee

The Compensation Committee, which met seven times in 2017, currently consists of Mr. Kever, who serves as Chairman, Mr. Erickson, and Dr. Eck. The Board of Directors has determined that each member of the Compensation Committee is a “non-employee director” as defined in Rule 16b-3 of the rules promulgated under the Securities Exchange Act of 1934, an “outside director” for the purposes of the Internal Revenue Code of 1986, as amended (the “Code”), and an independent director as defined by the applicable rules of the Nasdaq. Notwithstanding the foregoing, the Compensation Committee has established a sub-committee consisting of Dr. Eck and Mr. Kever for purposes of approving any compensation that may otherwise be subject to Section 162(m) of the Code. This sub-committee met one time in 2017. The Compensation Committee's function is to establish and apply our compensation policies and philosophies to assure that the executive officers, directors and other officers and key employees are compensated in a manner consistent with the compensation policies and objectives adopted by the Compensation Committee, competitive practice and the requirements of the appropriate regulatory bodies. The Compensation Committee is responsible for the appointment, compensation, and oversight of the work of any compensation consultant, legal counsel or other advisor retained by the Compensation Committee as well as the independence evaluation of each such advisor retained by or providing advice to the Compensation Committee. The Compensation Committee also administers our equity incentive plans. Additionally, the Compensation Committee is charged with recommending the “Compensation Discussion and Analysis” to the Board of Directors for inclusion in the Company's proxy statement and incorporation by reference into the Company's Annual Report on Form 10-K. Additional information regarding the functions performed by the Compensation Committee and the process undertaken by the Compensation Committee in the determination of executive compensation is included under “Executive and Director Compensation-Compensation Discussion and Analysis.”

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, which met five times in 2017, currently consists of Mr. Cresci, who serves as Chairman, and Dr. Eck. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is independent as defined by the applicable rules of the Nasdaq. The Nominating and Corporate Governance Committee provides assistance to the Board of Directors in identifying and recommending individuals qualified to serve as directors of the Company, reviews the composition of the Board of Directors, periodically evaluates the performance of the Board of Directors and its committees, and reviews and recommends corporate governance policies for the Company. In addition, the Nominating and Corporate Governance Committee recommends our various committee memberships based upon, among other considerations, a director's available time commitment, background and/or skill set it deems appropriate to adequately perform the responsibilities of the applicable committee.

Strategy and Development Committee

The Strategy and Development Committee, which met four times in 2017, currently consists of Dr. Ogunro, who serves as Chairman, Mr. Shamir, and Dr. Eck. The Strategy and Development Committee oversees the Company's technology-related initiatives, including strategic decisions with respect to existing and new platforms and product offerings, research and development, and intellectual property issues.

Executive Committee

The Executive Committee, which met three times in 2017, currently consists of Mr. Erickson, who serves as Chairman, Mr. Loewenbaum, Dr. Ogunro and Mr. Shamir. The Executive Committee is authorized to act on behalf of the Board of Directors as a whole, to the extent delegated to the committee and otherwise permitted by law. The Executive Committee primarily meets to discuss Company performance and strategy. No formal actions on behalf of

the Board of Directors were taken in 2017 by the Executive Committee.

Executive Sessions of Non-employee Directors

Generally, an executive session of non-employee directors is held in conjunction with each regularly scheduled Board meeting and other times as deemed appropriate. The executive sessions are generally led by Mr. Loewenbaum in his capacity as Chairman of the Board. Currently all non-employee directors qualify as independent pursuant to Nasdaq listing standards. However, if the non-employee directors in the future include one or more directors that do not qualify as independent pursuant to Nasdaq listing standards, at least two meetings per year would also be held solely by our independent directors (and generally at each of our regularly scheduled Board meetings), led by the presiding director in the event the Chairman of the Board was not deemed to be independent. In such an event, the presiding director would then be the current chair of the Nominating and Corporate Governance Committee (currently Mr. Cresci), as further described in our Corporate Governance Guidelines. In 2017, our non-employee directors held five such meetings.

Board Leadership Structure

Our Chairman of the Board position is a non-executive position. Separating the positions of Chairman of the Board and Chief Executive Officer allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman of the Board to lead our Board in its fundamental role of providing advice to and oversight of management. Our Board recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our Chairman, particularly as the Board's oversight responsibilities continue to grow. Our Board believes that having separate positions, with a non-executive director serving as Chairman, is the appropriate leadership structure for our Company at this time and demonstrates our commitment to good corporate governance.

Our Chairman is also a member of the Executive Committee (although he is not the chairman of that Committee) and provides guidance and takes an active role in evaluating our executive officers and corporate strategies. Our Chairman acts as a regular liaison between our Board and our executive management, being available to consult with our executives over business matters and providing our executives the opportunity for immediate consultation and advice on material business decisions. Our Chairman, as noted above, has been determined by our Board to be an "independent director" in accordance with applicable laws and regulations.

Board Role in Risk Oversight

Risk is inherent with every business. Management is responsible for the day-to-day management of risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. Our Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. A fundamental aspect of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The involvement of the full Board of Directors in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company.

We conduct an annual enterprise risk management assessment, which is facilitated by the Company's management team in collaboration with the Company's internal audit department. In this process, we assess risk throughout the Company by conducting surveys and interviews of Company employees and directors soliciting information regarding business risks that could significantly adversely affect the Company, including the achievement of its strategic plan. We then identify any controls or initiatives in place to mitigate any material risk and the effectiveness of any such controls or initiatives. Management then prepares a report for the Board of Directors regarding the key identified risks and how the Company manages these risks to review and analyze both on an annual and ongoing basis. Management attends Board meetings and is available to address any questions or concerns raised by the Board regarding risk management and any other matters. Additionally, the Board of Directors receives periodic updates from management on its cyber security risks and its committees regularly receive presentations from management and key personnel on strategic matters involving our operations.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board assist the Board in fulfilling its oversight responsibilities in certain areas of risk. In particular, the Audit Committee focuses on financial and enterprise risk exposures, including internal controls, and discusses with management and the independent auditor the Company's policies with respect to risk assessment and

risk management. The Audit Committee and the Nominating and Corporate Governance Committee also focus on the Company's compliance with applicable laws and regulations, the Company's Code of Compliance, and related Company policies and procedures. The Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The Nominating and Corporate Governance Committee in fulfilling its risk oversight responsibility assists the Board in fulfilling its duties and oversight responsibilities relating to the Company's compliance with and implementation of new corporate governance principles. The Strategy and Development Committee assists the Board in fulfilling its risk oversight responsibility in reviewing the Company's risks associated with technology-related initiatives, including strategic decisions with respect to existing and new platforms and product offerings, intellectual property related risks, assessment of competitive threats and opportunities, and potential merger and acquisition targets.

Compensation Committee Interlocks and Insider Participation

During 2017, the Compensation Committee of the Board of Directors consisted of Mr. Kever, who served as Chairman, Mr. Erickson, Dr. Eck and, until May 18, 2017, Jay B. Johnston. Mr. Erickson served as our interim president and chief executive officer from September 2002 until May 2004. The Board has determined that because such service was at a much earlier time in the Company's evolution it is not material to his independence analysis today and has, in the observation of the Board, no bearing on Mr. Erickson's independence. Neither Mr. Kever, Mr. Johnston, nor Dr. Eck has ever been an officer or an employee of the Company. No interlocking relationship existed during 2017 between any officer, member of our Board of Directors or the Compensation Committee and any officer, member of the Board of Directors or compensation committee of any other company.

PROPOSAL 1 - ELECTION OF THREE CLASS III DIRECTORS

The number of directors on our Board of Directors is currently fixed at eight. Our certificate of incorporation divides our Board of Directors into three classes, which serve staggered three-year terms. The terms of the Class I, Class II and Class III directors will expire upon the election and qualification of directors at the annual meetings of stockholders to be held in 2019, 2020 and 2018, respectively.

Currently, our Board of Directors is composed of three Class I directors (consisting of Nachum “Homi” Shamir, Robert J. Cresci and Thomas W. Erickson), two Class II directors (consisting of Stephen Eck, M.D., Ph.D. and Jim D. Kever) and three Class III directors (consisting of G. Walter Loewenbaum II, Edward A. Ogunro, Ph.D., and Kevin M. McNamara).

At the Meeting, the stockholders will elect three (3) Class III directors nominated by the Board of Directors. Each of the Class III director nominees is to serve a three-year term until the 2021 annual meeting of stockholders and until a successor is elected and qualified or until such director's earlier resignation or removal. The Board of Directors and its Nominating and Corporate Governance Committee, pursuant to and consistent with the nomination procedures described above under “Corporate Governance,” have nominated Mr. G. Walter Loewenbaum, II, Mr. Kevin McNamara and Dr. Edward A. Ogunro, Ph.D. to re-election as Class III directors. It is the intention of the persons named in the proxy to vote the proxies for the election of each of the aforementioned nominees. Proxies may not be voted for persons other than, or for more persons than, those named in the proxy. If any nominee should be unwilling or become unavailable to serve as a director for any reason, the persons named as proxies reserve full discretion to vote for such other person or persons as may be properly nominated by the Board of Directors. The Board of Directors has no reason to believe that any of the nominees will be unable or unwilling to serve as a director if elected.

Certain information about the Class III nominees for the Board of Directors, and those directors whose terms do not expire at the Meeting, is furnished below.

Class III Director Nominees

G. Walter Loewenbaum II, age 73. Mr. Loewenbaum has served as a member of the Board of Directors since May 1995 and as Chairman of the Board of Directors since September 2002. He served as Vice Chairman of the Board of Directors from April 1998 until January 2000. Mr. Loewenbaum also has served as chairman of the board of directors of 3D Systems (“3D Systems”), a provider of 3-D printing, rapid prototyping and manufacturing solutions, since September 1999, and was previously chairman of the board of directors of Envoy Corporation (“Envoy”), a provider of electronic transaction processing services for the healthcare industry. He holds a B.A. from the University of North Carolina.

Mr. Loewenbaum became involved with Luminex as an original investor in Luminex prior to our initial public offering. As an investment banker and private equity investor, Mr. Loewenbaum has worked with multiple companies in a variety of different industries at different phases of organizational development, ranging from startup to a publicly traded company. He brings depth of knowledge in serving as chairman for public and private companies, building stockholder value and capital market considerations. Mr. Loewenbaum also provides continuity to the Board of Directors, given his service on the Board since Luminex's earliest years of operation.

Kevin M. McNamara, age 62. Mr. McNamara has served as a member of the Board of Directors since May 2003. In addition, he provided financial and strategic consulting services to the Company from October 2001 through December 2002. Since February 2015, Mr. McNamara has served as chief executive officer of Censeo Health LLC, a provider of prospective health risk assessments for health plans and healthcare delivery organizations. Mr. McNamara served as executive vice president, chief financial officer and treasurer of HealthSpring, Inc., a managed care company, from April 2005 through May 2009. Mr. McNamara also served as non-executive chairman from April 2005 through January 2006 of MedAvant Healthcare Solutions (f/k/a ProxyMed, Inc.), a provider of automated healthcare business and cost containment solutions for financial, administrative and clinical transactions in the healthcare payments marketplace, and served as interim chief executive officer and as a director of ProxyMed, Inc. from December 2004 through June 2005. Mr. McNamara previously served as chief financial officer and a director of HCCA International, Inc., a healthcare management and recruitment company from October 2002 to April 2005. Mr. McNamara currently serves on the board of directors of Tyson Foods, Inc. ("Tyson"), a food processing company. Mr. McNamara is a Certified Public Accountant (inactive) and holds a B.S. in Accounting from Virginia Commonwealth University and a M.B.A. from the University of Richmond.

Mr. McNamara brings to the Board of Directors extensive financial expertise, experience managing and growing healthcare industry companies, as well as significant general experience serving on boards and board committees of other public companies. Mr. McNamara's experience overseeing risk assessment, accounting and financial reporting for public and other healthcare companies provides equally valuable experience in his role as chair of our Audit Committee. Mr. McNamara also has experience overseeing public and private capital markets and mergers and acquisitions transactions.

Edward A. Ogunro, Ph.D., age 65. Dr. Ogunro has served as a member of our Board of Directors since May 2009. Dr. Ogunro served as senior vice president, R&D and medical affairs and chief scientific officer at Hospira Inc., a global specialty pharmaceutical and medication delivery company, from April 2004 until December 2007. Prior to Abbott Laboratories' ("Abbott"), a global, broad-based healthcare company, spin-off of Hospira in 2004, Dr. Ogunro served in a number of leadership positions for over 20 years with Abbott, primarily in Abbott's Diagnostics Division, and most recently served as corporate vice president, R&D, medical and regulatory affairs in Abbott's Hospital Products Division. He held numerous other positions with Abbott, including program director for AxSym and divisional vice president for Abbott's Immunodiagnostics and Chemistry R&D Organization. Dr. Ogunro served on the board of directors of the Myeloproliferative Neoplasms Research Foundation (a not for profit organization). Previously, Dr. Ogunro pursued postdoctoral studies and served as an assistant professor at Northwestern University Medical School in Chicago from 1977 to 1982. Dr. Ogunro holds a B.S. in Physiology and Biochemistry from Reading University and a Ph.D. in Biochemistry from London University.

Dr. Ogunro brings to the Board of Directors significant directly relevant technical and operational industry experience in the diagnostics and medical device industry. Dr. Ogunro has substantial experience in managing complex research and development initiatives for large, evolving portfolios of diagnostic and medical device products, and in securing and maintaining regulatory clearance for such products both domestically and internationally. Dr. Ogunro's technical background and direct experience with project management is of particular relevance in his role as Chairman of the Strategy and Development Committee and in guiding Luminex in its research and development investments on new products and markets.

Class I Directors (Term Expires in 2019)

Nachum "Homi" Shamir, age 64. Mr. Shamir joined the Company in October 2014 as President and Chief Executive Officer and was elected to our Board. From 2006 to 2014, Mr. Shamir was the President, Chief Executive Officer and Director of Given Imaging Ltd., a developer of the PillCam capsule, manufacturer and marketer of diagnostic products

for the visualization and detection of disorders of the gastrointestinal tract, which was acquired by Covidien PLC in early 2014. Mr. Shamir currently serves on the board of directors of Cogentix Medical Inc., a manufacturer and distributor of flexible endoscopy products. Mr. Shamir holds a Bachelor of Science from the Hebrew University of Jerusalem and a Masters of Public Administration from Harvard University.

Mr. Shamir brings to the Board of Directors significant experience in managing businesses in the health care, and medical device life science industries. Mr. Shamir has extensive experience in leading the strategic and operational aspects of large and complex, international organizations, with experience in managing manufacturing, research and development, sales and marketing, intellectual property and technology management and international operations. As the President and Chief Executive Officer of Luminex, Mr. Shamir is responsible for management's execution of operational objectives and serves as an integral connection between the Board of Directors and Luminex's management team, enabling alignment between the Board's strategic expectations and the Company's current and future strategy and operations.

Robert J. Cresci, age 74. Mr. Cresci has served as a member of the Board of Directors since December 1996. He has been a Managing Director of Pecks Management Partners Ltd., an investment management firm, since September 1990. Mr. Cresci currently serves on the boards of directors of j2 Global Communications, Inc., a provider of outsourced, value-added messaging and communications services; OFS Capital Corporation, a business development company; Hancock Park Corporate Income, Inc. an affiliate company of OFS Capital Corporation; CIM Commercial Trust Corporation, a real estate investment trust; and Presbia PLC, a medical device company. Mr. Cresci holds an undergraduate degree in Engineering from the United States Military Academy at West Point and holds an M.B.A. in Finance from the Columbia University Graduate School of Business.

Mr. Cresci became involved with Luminex as an early investor in Luminex. Mr. Cresci has extensive experience serving on the boards of directors of private and public companies within the broader healthcare industry and brings a significant depth of knowledge in capital markets considerations. Mr. Cresci's knowledge of the operations of public company boards is particularly useful in his current role as chairman of the Nominating and Corporate Governance Committee. Mr. Cresci also provides continuity to the Board of Directors, given his service on the Board since Luminex's earliest years of operation.

Thomas W. Erickson, age 67. Mr. Erickson has served as a member of the Board of Directors since May 2004. He served as chairman of the board of Western Dental Services, Inc., a dental practice management company, until September 2015. Previously, he served as an interim Chief Executive Officer of Western Dental Services, Inc. and as a Senior Advisor to New Mountain Capital, LLC, a private equity firm, chairman of Inmar, Inc., a reverse logistics and revenue recovery company, chairman and interim president of National Medical Health Card Systems, Inc., a pharmacy benefits manager, chairman of the board of PATHCare, Inc., an operator of long term care facilities, chairman of the board of TransHealthcare, Inc., a health care services company, chairman and interim president and chief executive officer of LifeCare Holdings, Inc., an operator of long-term acute care hospitals, and interim president and chief executive officer and director of Omega Healthcare Investors, Inc., a healthcare focused real estate investment trust. Mr. Erickson was also co-founder, president and chief executive officer of CareSelect Group, Inc., a physician practice management company. Mr. Erickson currently serves on the board of directors of 3D Systems, and American Renal Holdings, Inc., a national provider of kidney dialysis services. Mr. Erickson holds a Bachelor's degree from University of Iowa and an M.B.A. from Southern Methodist University.

Mr. Erickson brings to the Board of Directors extensive experience managing and growing healthcare industry companies, as well as significant general experience serving in leadership roles on boards and board committees of other public companies. In addition, Mr. Erickson served as our interim president and chief executive officer from September 2002 until our hiring of our former chief executive officer in May 2004. Through his substantial experience in the healthcare industry, including his service at Luminex and organizations providing healthcare services and delivery, Mr. Erickson offers valuable insight on Luminex and its product offerings from the perspective of healthcare providers.

Class II Directors (term expires 2020)

Dr. Stephen L. Eck, M.D., Ph.D., age 63. Dr. Eck has served as a member of the Board of Directors since March 2016. Dr. Eck most recently served as the President and CEO of Aravive Biologics, an oncology-focused pharmaceutical company, from April 2017 to March 2018. Dr. Eck was previously the Vice President, Oncology Medical Sciences of Astellas Pharma Global Development, a global pharmaceutical company, since 2011. Prior to joining Astellas Pharma Global Development, Dr. Eck was the Vice President, Translation Medicine & Pharmacogenomics at Eli Lilly & Co., a global pharmaceutical company, from 2007-2011. Dr. Eck holds a B.S. in Chemistry from Kalamazoo College, a Ph.D. in Chemistry from Harvard University and an M.D. from the University of Mississippi.

Dr. Eck brings to the Board of Directors significant directly relevant technical and operational industry experience in the diagnostics industry. Dr. Eck offers substantial experience in managing complex research and development initiatives for large, evolving portfolios of diagnostic and pharmaceutical products, and in securing and maintaining regulatory clearance for such products both domestically and internationally.

Jim D. Kever, age 65. Mr. Kever has served as a member of the Board of Directors since December 1996. He is a founding member of Voyent Partners, L.L.C. (“Voyent”), a private investment company. Mr. Kever served as co-chief executive officer of the transaction services division of WebMD Corporation, a provider of healthcare transaction, information and technology services, from June 2000 to March 2001. From March 1999 through May 2000, Mr. Kever served as chief executive officer of the transaction services division of Quintiles Transnational Corporation, a contract research company providing a wide range of clinical research services for biotech and pharmaceutical clients. From August 1995 through March 1999, Mr. Kever was the president and co-chief executive officer of Envoy. Mr. Kever serves on the board of directors of 3D Systems, and has served as a director of Tyson, ACI Worldwide, Inc., a payment systems company, and Emdeon Corporation, a provider of revenue and payment cycle solutions. Mr. Kever holds a B.S. in business administration from the University of Arkansas and a J.D. from the Vanderbilt University School of Law.

Mr. Kever brings to the Board of Directors extensive experience managing and growing healthcare industry companies. Mr. Kever brings experience in serving on public and private boards. Mr. Kever, through his more recent investment experiences with Voyent, also brings depth of knowledge in managing and growing companies and in capital markets considerations. Mr. Kever also provides continuity to the Board of Directors, given his service on the Board since Luminex's earliest years of operation.

Required Vote; Recommendation of the Board

Election of the Class III directors standing for election will be determined by a majority of the votes cast at the Meeting. A majority of the votes cast means that the number of shares voted “for” a nominee exceeds the number of votes “withheld” from such nominee. Abstentions and broker nonvotes are not counted as votes cast with respect to that director and will have no effect on the outcome of the election of directors. For each of the nominees who is an incumbent director (all of the Class III nominees), if a nominee fails to receive “for” votes representing a majority of the votes cast, the director shall promptly tender his resignation to the Board of Directors, subject to acceptance by the Board of Directors. The Nominating and Corporate Governance Committee would then be charged with making a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors will act on the tendered resignation, taking into account the recommendation of the Nominating and Corporate Governance Committee, and publicly disclose its decision regarding the tendered resignation and the rationale behind its decision. If the Board determines not to accept the resignation of the incumbent director, the incumbent director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal.

The Board of Directors unanimously recommends that stockholders vote FOR the election of each of its nominees for Class III directors.

PROPOSAL 2 - ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

As described in “Executive and Director Compensation-Compensation Discussion and Analysis” beginning on page 25 of this proxy statement, the Compensation Committee's goal in setting executive compensation is to provide a compensation program that specifies and rewards executive behavior that is aligned with stockholder interests, effective corporate governance and the successful execution of the Company's business plan and strategies. Additionally, our executive compensation “clawback” provisions allow the Company to recover bonus payments and certain equity awards under certain circumstances, and compliance and ethical behaviors are factors considered in all performance and bonus assessments.

Stockholders are urged to read the Compensation Discussion and Analysis, which discusses how our compensation policies and procedures implement our compensation objectives and philosophies, as well as the Summary Compensation Table and other related compensation tables and narrative disclosure, which describe the compensation of our named executive officers in fiscal 2017. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective in implementing our compensation objectives and philosophies and in achieving the Company's goals and that the compensation of our named executive officers in fiscal 2017 reflects and supports these compensation policies and procedures.

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended and as a matter of good corporate governance, stockholders will be asked at the Meeting to approve the following advisory resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

This advisory vote, commonly referred to as a “say-on-pay” advisory vote, is non-binding on the Board of Directors. Although non-binding, the Board of Directors and the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding our executive compensation programs.

Required Vote; Recommendation of the Board

The “say-on-pay” advisory vote requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Meeting.

The Board of Directors unanimously recommends that stockholders vote FOR Proposal 2.

PROPOSAL 3 - APPROVAL OF THE LUMINEX CORPORATION 2018 EQUITY INCENTIVE PLAN

Our Board of Directors has adopted, effective as of May 17, 2018, and recommends that you approve the Luminex Corporation 2018 Equity Incentive Plan (the “Equity Incentive Plan”). The Equity Incentive Plan will replace the Company’s Third Amended and Restated 2006 Equity Incentive Plan (the “2006 Plan”). If the shareholders approve the adoption of the Equity Incentive Plan, the 2006 Plan will be immediately terminated with respect to future awards, and the remaining authorized shares under the 2006 Plan will become available for grant under the Equity Incentive Plan. The key revisions as compared to the 2006 Plan as reflected in the Equity Incentive Plan are as follows:

- increase the number of shares available for issuance by 3,500,000 shares;
- remove provisions intended to facilitate compliance with the requirements of “performance based compensation” under Section 162(m) of the Code;
- provide that awards of options and stock appreciation rights may not be provided with dividends or dividend equivalents;
- revise the clawback provision to provide that awards shall be subject to mandatory repayment by the participant (i) to the extent set forth in any award agreement or (ii) to the extent the participant becomes subject to (a) any Company-adopted “clawback” policy to comply with applicable laws or (b) applicable laws which impose mandatory recoupment;
- remove the limitation on the number of shares of our common stock that relate to options, stock appreciation rights or performance awards and the limitation on the amount of performance awards that are settled in cash, in each case, that a participant may receive under the Equity Incentive Plan in a calendar year; and
- miscellaneous clarifications to 2006 Plan language.

Nasdaq rules require us to obtain stockholder approval of equity compensation plans, such as the Equity Incentive Plan. The primary purpose of the Equity Incentive Plan is to promote the interests of the Company and its stockholders by, among other things, (i) attracting and retaining key officers, employees and directors of, and consultants to, the Company and its subsidiaries and affiliates, (ii) motivating those individuals by means of performance-related incentives to achieve long-range performance goals, (iii) enabling such individuals to participate in the long-term growth and financial success of the Company, (iv) encouraging ownership of stock in the Company by such individuals, and (v) linking their compensation to the long-term interests of the Company and its stockholders. Increasing the number of shares available for issuance under the Equity Incentive Plan will enable the Company to

continue to attract, retain and motivate key officers, employees and directors. As of March 19, 2018:

1,294,397 shares were available for grant from the 2006 Plan (our only equity incentive plan with shares remaining available for grant). Performance option shares granted in 2018 have been reserved at maximum potential achievement;

awards were outstanding representing 918,702 shares that are “full-value” awards (i.e., restricted shares, restricted stock units or other full-value awards as contemplated by the Equity Incentive Plan);

options representing 3,463,110 shares were outstanding;

the weighted-average exercise price for outstanding options was \$17.93;

the weighted-average remaining term for outstanding options was 5.28 years; and

44,430,825 shares of our common stock were outstanding and the closing price of a share of our common stock on the Nasdaq was \$21.66.

The following table sets forth information related to grants and forfeitures of stock options, restricted shares and restricted share units by the Company in fiscal years 2015, 2016 and 2017 (performance option shares for each of these years equal the shares eligible to vest):

Fiscal Year	Shares Subject to Options Granted	Shares Subject to Options Forfeited	Restricted Shares Granted	Restricted Shares Forfeited	Restricted Share Units Granted	Restricted Share Units Forfeited
2015	1,017,688	21,390	276,271	189,636	127,762	229,631
2016	775,552	197,800	301,419	101,631	99,114	61,370
2017	959,986	122,581	369,715	105,620	100,585	14,504
Total	2,753,226	341,771	947,405	396,887	327,461	305,505

The following table sets forth information related to grants of performance option shares by the Company in fiscal years 2015, 2016 and 2017:

Fiscal Year	Performance Option Shares (at target achievement)	Performance Option Shares (at maximum potential achievement -200%)	Performance Option Shares Awarded and Eligible to Vest (at actual achievement)	Performance Option Shares Cancelled
2015	—	—	—	—
2016	146,146	292,293	204,605	87,688
2017	648,639	1,297,278	959,986	337,292

In addition, from January 1, 2018 through March 19, 2018, the Company granted stock options for the purchase of 751,820 shares of common stock (performance option shares granted in 2018 have been reserved at maximum potential achievement), 364,906 restricted shares of common stock and 54,464 restricted share units.

Background for Request to Submit the Equity Incentive Plan for Approval by Stockholders. In determining to adopt the Equity Incentive Plan and recommend the Equity Incentive Plan for stockholder approval, the Board and the Compensation Committee considered various factors, including the following:

As of March 19, 2018, approximately 1,294,397 shares remain available for grant under the 2006 Plan. Based on historical usage, current share price of our common stock and expected practices, and noting that future circumstances may require the Company to make changes to its expected practices, the Company estimates that the existing shares available for grant under the 2006 Plan would be sufficient to make equity grants for approximately one year.

- If the Equity Incentive Plan is approved, the Company would have 3,500,000 additional shares authorized for issuance for future awards under the plan Equity Incentive Plan.
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The additional shares to be authorized for grant under the Equity Incentive Plan would be dilutive to stockholders by 7.9% based on the outstanding shares as of March 19, 2018.

Based on historical usage and current share price of our common stock, the Company estimates that the additional 3,500,000 shares to be authorized for grant under the Equity Incentive Plan, if approved by the Company's stockholders, should be sufficient for the Company to make equity grants for approximately the next three years, assuming the Company continues to grant awards consistent with its historical usage and expected practices, and noting that future circumstances may require the Company to make changes to our expected practices.

Important Provisions. The Equity Incentive Plan contains a number of provisions that the Company believes are consistent with the interests of the Company's stockholders and sound corporate governance practices, including:

- **Shares Available Under the Plan.** Stockholder approval will be required before any additional shares can be authorized for issuance under the Equity Incentive Plan.

- **No Repricing of Stock Options or Stock Appreciation Rights.** The Equity Incentive Plan prohibits the repricing of stock options or stock appreciation rights without stockholder approval. This restriction applies to both direct repricing (lowering the exercise price of a stock option) and indirect repricing (canceling an outstanding stock option in exchange for cash or another award) other than in connection with a change in control or a substitute award.

- **Seven Year Stock Option and Stock Appreciation Right Term.** Stock options and stock appreciation rights are generally not exercisable after the expiration of seven (7) years following the date of grant.

No Liberal Share Counting. The Equity Incentive Plan prohibits the reuse of shares withheld or delivered to satisfy the exercise price of an option or to satisfy tax withholding requirements with respect to options or stock appreciation rights.

No Discounted Stock Options or Stock Appreciation Rights. All stock options and stock appreciation rights (other than substitute awards) must have an exercise price or base price equal to or greater than the fair market value of the underlying common stock on the date of grant.

- **Minimum Vesting Periods.** Equity awards (other than substitute awards) to employees are generally required to have a vesting period of not less than one year from the date of grant, subject to certain exceptions.

- **Limit on Awards to Non-Employee Directors.** The Equity Incentive Plan imposes a maximum value of equity awards (\$400,000) that may be granted to any non-employee director during any 12-month period.

- **Definition of Change in Control.** The Equity Incentive Plan defines "change in control" in a manner such that a change in control would not be deemed to occur until the actual consummation of the event that results in the change in control, and similarly provides that no award agreement shall define a change in control to have occurred prior to such event.

Independent Committees. The Equity Incentive Plan will be administered by the Compensation Committee, except for non-employee director awards, which will be administered by the Board. Each of the members of the Compensation Committee qualifies as "independent" under the listing standards of Nasdaq.

Clawback Policy. Awards will be subject to mandatory repayment by the participant (i) to the extent set forth in any award agreement or (ii) to the extent the participant becomes subject to (a) any Company-adopted "clawback" policy to comply with applicable laws or (b) applicable laws which impose mandatory recoupment.

The following is a brief summary of the principal features of the Equity Incentive Plan, which is qualified in its entirety by reference to the Equity Incentive Plan itself, a copy of which is attached hereto as Annex A and incorporated herein by reference.

Shares Available for Awards Under the Plan. Under the Equity Incentive Plan, awards may be made in common stock of the Company. Subject to adjustment as provided by the terms of the Equity Incentive Plan, the maximum number of shares of our common stock with respect to which awards may be granted under the Equity Incentive Plan is the

sum of (i) 3,500,000 and (ii) the number of shares available for grant under the 2006 Plan as of the end of the day on May 17, 2018 (assuming approval of this Proposal on the date of the Meeting). Except as adjusted in accordance with the terms of the Equity Incentive Plan, no more than 1,000,000 shares of our common stock authorized under the Equity Incentive Plan may be awarded as incentive stock options.

Each share issued pursuant to an option shall reduce the share reserve by one share. Each share subject to a redeemed portion of a stock appreciation right ("SAR") shall reduce the share reserve by one share. Each share subject to a restricted stock award or a restricted stock unit award shall reduce the share reserve by 1.67 shares. If any award granted under the Equity Incentive Plan or the 2006 Plan (which for purposes of this paragraph should include the Company's Second Amended and Restated 2006 Equity Incentive Plan and the Company's Amended and Restated 2006 Equity Incentive Plan) expires, terminates, is settled in cash (in whole or in part) or is otherwise forfeited or canceled for any reason before it has vested, settled or been exercised in full, the shares subject to such award shall, to the extent of such expiration, cash settlement, forfeiture, or termination, again be available for awards under the Equity Incentive Plan and the share reserve will be increased. Any shares that again become available for grant shall be added back as (i) one share if such shares were subject to options or SARs granted under the Equity Incentive Plan or under the 2006 Plan, and (ii) 1.67 shares if such shares were subject to restricted share or restricted share unit awards granted under the Equity Incentive Plan or under the 2006 Plan. Notwithstanding the foregoing, if an option or SAR is exercised, in whole or in part, by tender of shares or if the Company's tax withholding obligation is satisfied by withholding shares, the number of shares deemed to have been issued under the Equity Incentive Plan shall be the number of shares that were subject to the option or SAR or portion thereof, and not the net number of shares actually issued, and any SARs to be settled in shares shall be counted in full against the number of shares available for issuance under the Equity Incentive Plan, regardless of the number of shares issued upon the settlement of the SAR.

Shares issued by the Company as substitute awards granted solely in connection with the assumption of outstanding awards previously granted by a company acquired by the Company, or with which the Company combines ("Substitute Awards"), do not reduce the number of shares available for awards under the Equity Incentive Plan.

In addition, the Equity Incentive Plan imposes individual limitations on the amount of certain awards in order to facilitate compliance with Sections 422 and 409A of the Code.

With certain limitations and exceptions, awards made under the Equity Incentive Plan will be equitably and proportionately adjusted by the Compensation Committee of the Board of Directors (the "Committee"), as deemed appropriate by the Committee, to prevent dilution or enlargement of benefits or potential benefits intended to be made available under the Equity Incentive Plan in the event of any stock dividend, reorganization, recapitalization, stock split, combination, merger, consolidation, change in laws, regulations or accounting principles or other relevant unusual or nonrecurring event affecting the Company.

Eligibility and Administration. Current and prospective officers, employees, and directors of, and consultants to, the Company or its subsidiaries or affiliates are eligible to be granted awards under the Equity Incentive Plan. As of March 19, 2018, approximately 906 individuals were eligible to participate in the Equity Incentive Plan. However, the Company has not at the present time determined who will receive the shares of common stock that will be authorized for issuance under the Equity Incentive Plan or how such shares will be allocated and the number of individuals actually receiving equity will be significantly less than the number of individuals eligible under the Equity Incentive Plan. The Committee will administer the Equity Incentive Plan, except with respect to awards to non-employee directors, for which the Equity Incentive Plan will be administered by the Board of Directors. The Committee will be composed of not less than two non-employee directors, each of whom will be a "Non-Employee Director" for purposes of Section 16 of the Exchange Act and Rule 16b-3 thereunder and will be an independent director as defined by the listing standards of the Nasdaq. Subject to the terms of the Equity Incentive Plan, the Committee is authorized to select participants, determine eligibility for participation and decide all questions concerning eligibility for and the amount of awards under the Equity Incentive Plan, determine the type and number of awards to be granted, determine and later amend (subject to certain limitations) the terms and conditions of any award, interpret and specify the rules and regulations relating to the Equity Incentive Plan, and make all other determinations which may be necessary or desirable for the administration of the Equity Incentive Plan.

In addition, the Equity Incentive Plan authorizes the Committee to grant awards as an alternative to, or as the form of payment for grants or rights earned or payable under, other bonus or compensation plans, arrangements or policies of the Company, grant Substitute Awards on such terms and conditions as the Committee may prescribe, and, subject to compliance with the incentive stock option rules under Section 422 of the Code and the nonqualified deferred compensation rules under Section 409A of the Code, make all determinations under the Equity Incentive Plan concerning any participant's separation from service with the Company, including whether such separation occurs by reason of cause, good reason, disability, retirement, or in connection with a change in control and whether a leave constitutes a separation from service.

Stock Options and Stock Appreciation Rights. The Committee is authorized to grant stock options, including both incentive stock options, which can result in potentially favorable tax treatment to the participant, and non-qualified stock options. The Committee is also authorized to grant SARs, either with or without a related option. The grant of an option or SAR occurs when the Committee by resolution, written consent, or other appropriate action determines to grant such option or SAR for a particular number of shares of our common stock to a particular participant at a particular option price or grant price, or such later date as the Committee shall specify in such resolution, written consent or other appropriate action. The Committee may specify the terms of such grants subject to the terms of the Equity Incentive Plan. The exercise price per share subject to an option and the grant price of a SAR is determined by the Committee at the time granted, but may not be less than the fair market value of a share of common stock on the date of the grant, except in the case of Substitute Awards. In the case of Substitute Awards or awards granted in connection with an adjustment in the form of options or SARs, such grants shall have an option price (or grant price) per share that is intended to maintain the economic value of the award that was replaced or adjusted as determined by the Committee. The maximum term of each option or SAR, the times at which each option or SAR will be exercisable, and the provisions requiring forfeiture of unexercised options at or following separation from service generally are fixed by the Committee, except that no option or SAR may have a term exceeding seven years. Incentive stock options that are granted to holders of more than ten percent of the Company's voting securities are subject to certain additional restrictions, including a five-year maximum term and a minimum exercise price of 110% of fair market value on the date of the grant.

A stock option or SAR may be exercised in whole or in part at any time, with respect to whole shares only, within the period permitted thereunder for the exercise thereof. Stock options and SARs shall be exercised by written notice of intent to exercise the stock option or SAR and, with respect to options, payment in full to the Company of the amount of the option price for the number of shares with respect to which the option is then being exercised. An award agreement may provide that the period of time over which an option, other than an incentive stock option, or SAR may be exercised shall be automatically extended if on the scheduled expiration of such award, the participant's exercise of such award would violate applicable securities law. However, during the extended exercise period the option or SAR may be exercised only to the extent such award was exercisable in accordance with its terms immediately prior to such scheduled expiration date and such extended exercise period shall end not later than 30 days after the exercise of such option or SAR first would no longer violate such laws.

Payment of the option price shall be made in (i) cash or cash equivalents or, (ii) at the discretion of the Committee, by transfer, either actually or by attestation, to the Company of unencumbered shares previously acquired by the participant, valued at the fair market value of such shares on the date of exercise (or the next trading date, if the date of exercise is not a trading date), together with any applicable withholding taxes, such transfer to be upon such terms and conditions as determined by the Committee, (iii) by a combination of (i) or (ii), or (iv) by any other method approved or accepted by the Committee in its sole discretion, including, if the Committee so determines, (x) a cashless (broker-assisted) exercise that complies with applicable laws or (y) withholding shares (net-exercise) otherwise deliverable to the participant pursuant to the option having an aggregate fair market value at the time of exercise equal to the total option price. Until the participant has been issued the shares subject to such exercise, he or she possesses no rights as a stockholder with respect to such shares. The Company reserves the right to establish, decline to approve or terminate any program or procedures for the exercise of options by means of a method set forth in subsection (iv) above, including with respect to one or more participants specified by the Company notwithstanding that such program or procedures may be available to other participants.

Except as otherwise provided by the Committee at or after grant, an option or SAR ceases to become exercisable upon a separation from service of the holder thereof. Subject to the satisfaction of the required minimum vesting period, the Committee may determine in its discretion that an option or SAR may be exercised following any such separation from service, whether or not exercisable at the time of such separation. However, in no event may an option or SAR

be exercised after the original stated expiration date of such award specified in the applicable award agreement, except as otherwise provided in the Equity Incentive Plan.

Except for Substitute Awards, or the death or disability of the participant, or in the event of a change in control, options and SARs shall have a vesting period of not less than one (1) year from the date of grant, or in the case of an award to a non-employee director, the greater of (a) the approximately one year period beginning with the Company's annual meeting of stockholders and ending immediately prior to the next succeeding annual meeting of the Company's stockholders or (b) fifty (50) weeks from the date of grant; provided, that the Committee has the discretion to waive this requirement with respect to an award at grant, so long as the total number of shares that are issued pursuant to awards having an originally stated vesting period of less than one year from the date of grant shall not exceed 5% of the share reserve.

Restricted Shares and Restricted Share Units. The Committee is authorized to grant restricted shares and restricted share units. Restricted shares are shares of the Company's common stock subject to transfer restrictions as well as forfeiture upon certain separations from service prior to the end of a restricted period or other conditions specified by the Committee in the award agreement. A participant granted restricted shares generally has most of the rights of a stockholder of the Company with respect to the restricted shares, including the right to receive dividends and the right to vote such shares. None of the restricted shares may be transferred, encumbered or disposed of during the restricted period or until after fulfillment of the restrictive conditions.

Each restricted share unit has a value equal to the fair market value of a share of our common stock on the date of grant. The Committee determines, in its sole discretion, the restrictions applicable to the restricted share units. The applicable award agreement will specify whether a participant will be credited with dividend equivalents on any vested restricted share units at the time of any payment of dividends to stockholders on shares of our common stock. Except as determined otherwise by the Committee, restricted share units may not be transferred, encumbered or disposed of, and such units shall terminate, without further obligation on the part of the Company, unless the participant remains in continuous employment (or other service-providing capacity) of the Company for the restricted period and any other restrictive conditions relating to the restricted share units are met. Restricted share units are subject to similar transfer restrictions as restricted shares, except that no shares are actually awarded to a participant who is granted restricted share units on the date of grant, and such participant shall have no rights of a stockholder with respect to such restricted share units until the restrictions set forth in the applicable award agreement have lapsed.

Except for Substitute Awards, or the death or disability of the participant, or in the event of a change in control, restricted stock awards and restricted stock unit awards shall have a vesting period of not less than one (1) year from the date of grant, or in the case of an award to a non-employee director, the greater of (a) the approximately one year period beginning with the Company's annual meeting of stockholders and ending immediately prior to the next succeeding annual meeting of the Company's stockholders or (b) fifty (50) weeks from the date of grant; provided, that the Committee has the discretion to waive this requirement with respect to an award at grant, so long as the total number of shares that are issued pursuant to awards having an originally stated vesting period of less than one year from the date of grant shall not exceed 5% of the share reserve.

Performance Awards. A performance award consists of a right that is denominated in cash or shares of the Company's common stock, valued in accordance with the achievement of certain performance goals during certain performance periods as established by the Committee, and payable at such time and in such form as the Committee shall determine. Performance awards may be paid in a lump sum or in installments following the close of a performance period or on a deferred basis, as determined by the Committee. A participant's rights to any performance award may not be transferred, encumbered or disposed of in any manner, except by will or the laws of descent and distribution or as the Committee may otherwise determine.

Performance awards are subject to certain specific terms and conditions under the Equity Incentive Plan. Performance goals for participants will be based upon one or more of the following performance measures selected by the Committee: (a) earnings before interest, taxes, depreciation, amortization and/or stock compensation; (b) operating (or gross) income or profit; (c) operating efficiencies; (d) return on equity, assets, capital, capital employed or investment; (e) after tax operating income; (f) net income; (g) earnings or book value per share; (h) financial ratios; (i) cash flow(s); (j) total sales or revenues or sales or revenues per employee; (k) production (separate work units or SWUs); (l) stock price or total stockholder return; (m) dividends; (n) debt or cost reduction, controls or objectives; (o) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions, joint ventures or collaborations or divestitures; (p) sales by market, market segment or product type or group; (q) gross profit margin (dollars or percent of sales) by business unit, product groups or areas of the world; or (r) any combination thereof. Each goal may be expressed on an absolute and/or relative basis,

may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or any subsidiary, operating unit or division of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, stockholders' equity and/or shares outstanding, or to assets or net assets. The Committee may appropriately adjust any evaluation of performance under criteria set forth in the Equity Incentive Plan to exclude any of the following events that occur during a performance period: (i) asset impairments or write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year, (vi) the effect of adverse federal, governmental or regulatory action, or delays in federal, governmental or regulatory action, and (vii) any other event that the Committee determines is not directly related to the operations of the Company or not within the reasonable control of the Company's management. Notwithstanding the foregoing, the Committee may in its discretion waive any performance goals and/or other terms and conditions relating to a performance award; provided, the minimum vesting period requirements (inclusion of applicable performance periods) of the Equity Incentive Plan shall apply to such awards.

For purposes of the share counting provisions of the Equity Incentive Plan, a performance award that is not settled in cash shall be treated as (i) an option award if the amounts payable thereunder will be determined by reference to the appreciation of a share, and (ii) a restricted share award if the amounts payable thereunder will be determined by reference to the full value of a share.

Other Stock-Based Awards. The Committee is authorized to grant any other type of awards that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of our common stock. The Committee will determine the terms and conditions of such awards, consistent with the terms of the Equity Incentive Plan; provided, however, that the minimum vesting period requirements of the Equity Incentive Plan applicable to restricted stock and restricted stock units shall apply to such awards. For purposes of the share counting provisions of the Equity Incentive Plan, any other stock-based award that is not settled in cash shall be treated as (i) an option award if the amounts payable thereunder will be determined by reference to the appreciation of a share, and (ii) a restricted share award if the amounts payable thereunder will be determined by reference to the full value of a share.

Non-Employee Director Awards. The Board of Directors may provide that all or a portion of a non-employee director's annual retainer and/or retainer fees or other awards or compensation as determined by the Board of Directors be payable in non-qualified stock options, restricted shares, restricted share units and/or other stock-based awards, including unrestricted shares, either automatically or at the option of the non-employee director. The Board of Directors will determine the terms and conditions of any such awards, including those that apply upon the termination of a non-employee director's service as a member of the Board of Directors. Non-employee directors are also eligible to receive other awards pursuant to the terms of the Equity Incentive Plan, including options and SARs, restricted shares and restricted share units, and other stock-based awards upon such terms as the Committee may determine. With respect to awards made to members of the Committee, the Equity Incentive Plan will be administered by the Board of Directors. The maximum number of shares subject to awards granted during any twelve month period to any non-employee director shall not exceed \$400,000 in total value. The Board of Directors may not, without the approval of the Company's stockholders, increase this non-employee director limit.

Separation from Service. The Committee will determine the terms and conditions that apply to any award upon a participant's separation from service with the Company, its subsidiaries and affiliates, and may provide such terms in the applicable award agreement or in its rules or regulations.

Change in Control. Unless otherwise provided by the Committee, or in an award agreement or by a contractual agreement between the Company and a participant, if, within one year following a Change in Control (as defined in the Equity Incentive Plan), a participant separates from service with the Company (or its successor) by reason of (a) death; (b) disability; (c) normal retirement or early retirement; (d) for Good Reason (as defined in the Equity Incentive Plan) by the participant; or (e) involuntary termination by the Company for any reason other than for Cause (as defined in the Equity Incentive Plan), all outstanding awards of such participant shall vest, become immediately exercisable and payable and have all restrictions lifted.

Additionally, in the event of a Change in Control, subject to certain conditions provided for in the Equity Incentive Plan: (i) the Committee may take such actions as it deems appropriate to provide for the acceleration of the exercisability, vesting and/or settlement in connection with such Change in Control of each or any outstanding award or portion thereof and shares acquired pursuant thereto upon such conditions (if any), including termination of the participant's service prior to, upon, or following such Change in Control, to such extent as the Committee shall determine, (ii) the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the consent of any participant, either assume or continue the Company's rights and obligations under each or any award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding award or portion thereof a substantially equivalent award with respect to the Acquiror's stock, as applicable (in the event of such an assumption, continuation or substitution, the Acquiror must grant the rights set forth in the paragraph above to the participants in respect of such assumed, continued or substituted awards), (iii) the Committee may, in its discretion and without the consent of any participant, determine that, upon the occurrence of a Change in Control, each or any award or a portion thereof outstanding immediately prior to the Change in Control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested share (and each unvested share, if so determined by the Committee) subject to such canceled award in (a) cash, (b) stock of the Company or of a corporation or other business entity party to the Change in Control, or (c) other property which, in any such case, shall be in an amount having a fair market value equal to the fair market value of the consideration to be paid per share in the Change in Control, reduced by the exercise or purchase price per share, if any, under such award (which payment may, for the avoidance of doubt, be \$0, in the event the per share exercise or purchase price of an award is greater than the per share consideration in connection with the Change in Control); and (iv) the Committee may, in its discretion, provide that in the event of a Change in Control, (a) any outstanding performance awards relating to performance periods ending prior to the Change in Control which have been earned but not paid shall become immediately payable, (b) all then-in-progress performance periods for performance awards that are outstanding shall end and either any or all participants shall be deemed to have earned an award equal to the relevant target award opportunity for the performance period in question or, at the Committee's discretion, the Committee shall determine the extent to which performance criteria have been met with respect to each such performance award, if at all, and (c) the Company shall cause to be paid to each participant such partial or full performance awards, in cash, shares or other property as determined by the Committee, within thirty days of such Change in Control, based on the Change in Control consideration, which amount may be \$0 if applicable.

Amendment and Termination. The Board of Directors may amend, alter, suspend, discontinue or terminate the Equity Incentive Plan or any portion of the Equity Incentive Plan at any time, except that stockholder approval must be obtained for any such action if such approval is necessary to comply with any tax or regulatory requirement with which the Board of Directors deems it desirable or necessary to comply. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate any award, either prospectively or retroactively. The Committee does not have the power, however, to (i) lower the option price of any option after it is granted, (ii) reduce the grant price of any SAR after it is granted, (iii) cancel any option when the option price exceeds the fair market value of the underlying shares in exchange for cash or another award (other than in connection with a Change in Control or a Substitute Award), (iv) cancel any SAR when the grant price exceeds the fair market value of the underlying shares in exchange for cash or another award (other than in connection with a Change in Control or a Substitute Award), or (v) take any other action with respect to an option or SAR that would be treated as a repricing under the rules and regulations of the Nasdaq, in each case without the approval of the Company's stockholders. The Committee also may not materially and adversely affect the rights of any award holder without the participant's consent.

Other Terms of Awards. The Company may take action, including the withholding of amounts from any award made under the Equity Incentive Plan, to satisfy withholding and other tax obligations. Except as permitted by the

applicable award agreement, awards granted under the Equity Incentive Plan generally may not be pledged or otherwise encumbered and are not transferable except by will or by the laws of descent and distribution, or as permitted by the Committee in its discretion.

Awards to Non-U.S. Participants. The Committee is authorized to determine which service providers outside the United States shall be eligible to participate in the Equity Incentive Plan. The Committee may grant awards to eligible persons who are foreign nationals and/or reside outside the United States on such terms and conditions different from those specified in the Equity Incentive Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of the Equity Incentive Plan. The Committee is authorized to adopt, amend or rescind rules, procedures or sub-plans relating to the operation and administration of the Equity Incentive Plan to accommodate the specific requirements of local laws, procedures, and practices.

Company Clawback Policy. Any award granted pursuant to the Equity Incentive Plan will be subject to mandatory repayment by the participant to the Company (i) to the extent set forth in any award agreement or (ii) to the extent that such participant is, or in the future becomes, subject to (a) any “clawback” or recoupment policy adopted by the Company to comply with the requirements of any applicable laws or (b) applicable laws which impose mandatory recoupment, under circumstances set forth in such applicable laws.

Effective Date. No new awards may be granted under the Equity Incentive Plan after the tenth anniversary of the effective date of such plan.

Certain Federal Income Tax Consequences. The following is a brief description of the Federal income tax consequences generally arising with respect to awards under the Equity Incentive Plan.

Tax consequences to the Company and to participants receiving awards will vary with the type of award. Generally, a participant will not recognize income, and the Company is not entitled to take a deduction, upon the grant of an incentive stock option, a nonqualified option, a SAR, a restricted share award or a restricted share unit award. A participant will not have taxable income upon exercising an incentive stock option (except that the alternative minimum tax may apply). Upon exercising an option other than an incentive stock option, the participant must generally recognize ordinary income equal to the difference between the exercise price and fair market value of the freely transferable and non-forfeitable shares of common stock acquired on the date of exercise. Similarly, the exercise of a SAR will result in ordinary income on the value of the SAR to the individual at the time of exercise.

If a participant sells shares of common stock acquired upon exercise of an incentive stock option before the end of two years from the date of grant and one year from the date of exercise, the participant must generally recognize ordinary income equal to the difference between (i) the fair market value of the shares of common stock at the date of exercise of the incentive stock option (or, if less, the amount realized upon the disposition of the incentive stock option shares of common stock), and (ii) the exercise price. Otherwise, a participant’s disposition of shares of common stock acquired upon the exercise of an option (including an incentive stock option for which the incentive stock option holding period is met) or SAR generally will result in short-term or long-term capital gain or loss measured by the difference between the sale price and the participant’s tax basis in such shares of common stock (the tax basis generally being the exercise price plus any amount previously recognized as ordinary income in connection with the exercise of the option or SAR).

The Company generally will be entitled to a tax deduction equal to the amount recognized as ordinary income by the participant in connection with an option or SAR. The Company generally is not entitled to a tax deduction relating to amounts that represent a capital gain to a participant. Accordingly, the Company will not be entitled to any tax deduction with respect to an incentive stock option if the participant holds the shares of common stock for the incentive stock option holding periods prior to disposition of the shares.

Upon an award of restricted shares, the participant will recognize ordinary income on the fair market value of the common stock at the time restricted shares vest unless a participant makes an election under Section 83(b) of the Code to be taxed at the time of grant. The participant also is subject to capital gains treatment on the subsequent sale of any common stock acquired through the vesting of a restricted share award. For this purpose, the participant’s basis in the common stock is its fair market value at the time the restricted share becomes vested (or is granted, if an election under Section 83(b) is made). Payments made under restricted share units or performance awards are taxable as ordinary income at the time the shares or payments due thereunder are paid or otherwise made available to, and are transferable by, the participant.

Section 162(m) of the Code generally disallows a public company's tax deduction for compensation paid in excess of \$1 million in any tax year to its chief executive officer and certain other highly compensated executives. The Committee will not necessarily limit executive compensation to amounts deductible under Section 162(m) of the Code, however, if such limitation is not in the best interests of the Company and its stockholders.

Although the Company intends to administer the Equity Incentive Plan so that awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any award under the Equity Incentive Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local or foreign law. The Company shall not be liable to any participant for any tax, interest, or penalties such that participant might owe as a result of the grant, holding, vesting, exercise, or payment of any award under the Equity Incentive Plan.

The foregoing discussion is general in nature and is not intended to be a complete description of the Federal income tax consequences of the Equity Incentive Plan. This discussion does not address the effects of other Federal taxes or taxes imposed under state, local or foreign tax laws. Participants in the Equity Incentive Plan are urged to consult a tax advisor as to the tax consequences of participation.

The Equity Incentive Plan is not intended to be a “qualified plan” under Section 401(a) of the Code.

Required Vote; Recommendation of the Board

The approval of the Equity Incentive Plan requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Meeting.

The Board of Directors unanimously recommends that stockholders vote FOR Proposal 3.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth, as of December 31, 2017, certain information with respect to shares of our common stock authorized for issuance under our equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Restricted Stock Units	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
	(A) (2)	(B) (3)	(C)
Equity compensation plans approved by security holders (1)	3,509,316	\$ 18.10	2,760,970
Equity compensation plans not approved by security holders	—	\$ —	—
Total	3,509,316		2,760,970

(1) Includes approximately 423,000 shares that are issuable upon vesting of outstanding restricted stock units and 407,000 shares reserved for the Luminex Corporation Employee Stock Purchase Plan. The remaining balance consists of outstanding stock option grants.

(2) Includes performance option shares granted in 2017 reserved at maximum potential achievement.

(3) The weighted average exercise price does not take into account the shares issuable upon vesting of outstanding restricted stock units, which have no exercise price.

PROPOSAL 4 - RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company and to perform other accounting services, if appropriate, for the year ending December 31, 2018. Such appointment will be presented to the stockholders for ratification at the Meeting. A representative of Ernst & Young LLP is expected to be present at the Meeting to respond to questions from stockholders and will be given the opportunity to make a statement if so desired.

Stockholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm is not required by the Company's bylaws or otherwise. However, the Audit Committee is submitting the selection of Ernst & Young LLP to the stockholders for ratification. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Fees paid to Ernst & Young LLP for services provided during the years ended December 31, 2017 and 2016 are presented below.

Audit Fees. The aggregate audit fees billed to us by Ernst & Young LLP for professional services rendered for the audit of our annual consolidated financial statements, for the reviews of the consolidated financial statements included in our quarterly reports on Form 10-Q, for the audit of management's report on the effectiveness of our internal control over financial reporting, as required under Section 404 of the Sarbanes-Oxley Act of 2002 and other services that are normally provided by the independent auditor in connection with statutory and regulatory filings totaled \$590,000 for 2017 and \$913,100 for 2016.

Audit-Related Fees. The aggregate fees billed to us by Ernst & Young LLP for assurance and related services with regard to the performance of the audit or review of the Company's consolidated financial statements, and for the review of the Company's internal controls over financial reporting, not described above under "Audit Fees," totaled \$103,950 for 2017 and \$0 for 2016.

Tax Fees. The aggregate tax fees billed to us by Ernst & Young LLP for professional services rendered for tax compliance, tax advice and tax planning totaled \$0 for 2017 and \$33,574 for 2016.

All Other Fees. There were no fees billed by Ernst & Young LLP for products or services other than those described above for 2017 and 2016.

The Restated Audit Committee Charter, among other things, requires the Audit Committee to pre-approve all audit and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor. The Audit Committee has adopted a pre-approval policy in order to ensure that the performance of audit and non-audit services by the independent auditor does not impair the auditor's independence. The policy provides for the general pre-approval of specific types of services, gives guidance to management as to the specific type of services that are eligible for pre-approval and provides cost limits for each such service on an annual basis. The policy requires specific pre-approval of all other permitted services. Requests or applications to provide services that require separate approval by the Audit Committee are submitted by the Company's chief financial officer to the Audit Committee and must include a statement as to whether, in the chief financial officer's view, the request or application is consistent with the SEC's rules on auditor independence. The Audit Committee may delegate pre-approval authority to one or more of its members who shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

All audit related services, tax services and other services provided in 2017 and 2016 were pre-approved by the Audit Committee. The Audit Committee concluded that the provision of such services by Ernst & Young LLP was compatible with the maintenance of the firm's independence in the conduct of its auditing functions.

Required Vote: Recommendation of the Board

Approval of this proposal requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the matter.

The Board of Directors unanimously recommends that stockholders vote FOR Proposal 4.

REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

To the Stockholders of Luminex Corporation:

The Board of Directors maintains an Audit Committee comprised of three independent directors. The Board of Directors and the Audit Committee believe that the Audit Committee's current member composition satisfies the rules of the SEC and Nasdaq that govern audit committee composition, including the requirement that audit committee members meet the heightened independence requirements as contemplated by the applicable rules of the Nasdaq Global Select Market. The Audit Committee operates under a written charter, which was adopted by the Board of Directors (as amended to date, the "Restated Audit Committee Charter"). A copy of the Restated Audit Committee Charter may be viewed on the "Investor Relations" section of our website at www.luminexcorp.com.

Pursuant to the Restated Audit Committee Charter, the Audit Committee oversees the financial reporting process on behalf of the entire Board of Directors. The Audit Committee is responsible for the appointment, compensation and oversight of the work of Luminex's independent registered public accountants. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. Our independent registered public accountants are responsible for performing an independent audit of Luminex's financial statements in accordance with standards established by the Public Company Accounting Oversight Board, expressing an opinion on the conformity of our audited financial statements to generally accepted accounting principles and auditing the effectiveness of Luminex's internal control over financial reporting and issuing a report thereon. In fulfilling its oversight responsibilities, the Audit Committee reviews and discusses with management and the independent registered public accountants the audited and interim financial statements included in our reports filed with the SEC in advance of the filings of such reports.

The Audit Committee has reviewed and discussed the audited financial statements with management and the independent registered public accountants. Furthermore, the Audit Committee has discussed with the independent registered public accountants the matters required to be discussed by the Statement on Auditing Standards No. 1301, as amended (Communications with Audit Committee). The Audit Committee has also received the written disclosures and the letter from the independent registered public accountants required by applicable requirements of the Public Company Accounting Oversight Board, regarding the independent registered public accountants' communications with the audit committee concerning independence, and has discussed with the independent registered public accountants the independent registered public accountants' independence.

The Audit Committee discussed with the independent registered public accountants the overall scope and plans for their audit. The Audit Committee met with the independent registered public accountants, with and without management present, to discuss the results of their examination, their evaluation of Luminex's internal controls requirements under Section 404 of the Sarbanes-Oxley Act of 2002, and the overall quality of Luminex's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board of Directors approved) that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC.

SUBMITTED BY THE AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS

Kevin M. McNamara (Chairman)
Robert J. Cresci
Edward A. Ogunro, Ph.D.

EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis is presented in the following order:

Overview of Strategic Business Decisions Impacting Executive Compensation

Key Compensation Actions and Decisions for 2017

Our Approach to Executive Compensation and Our Decision Making Process

Peer Group and Additional Data

Role of the Compensation Committee and its Independence

Role of Management

Role of the Independent Consultant

2017 Executive Compensation Review

Compensation Mix

Base Salary

Annual Cash-Based Incentive Compensation

Long-Term Equity-Based Incentives

Additional Disclosures

Risk Considerations Related To Executive Compensation

2018 - A Preview

Overview of Strategic Business Decisions Impacting Executive Compensation

Over the past several years, the Company has transitioned its focus from being a technology-based tools company to competing as a market-based diagnostic company and has established itself as a market leader in the molecular diagnostic market. Our business with the customers in our Licensed Technology Group (“LTG”) remains an integral element of our strategy with market leading alliances that have established and validated the effectiveness of our technologies across the life science marketplace. To drive our ongoing objectives, we are (i) focusing on the demands of our key markets, (ii) developing and delivering market leading molecular diagnostic platforms and assays, (iii) developing next generation products that address the unmet needs of our customers, (iv) actively pursuing market opportunities that could accelerate our business strategies, and (v) further investing for growth in our LTG. In 2017, the Company followed the strategy described above and focused on developing our next generation products, while achieving our major product development, regulatory, and financial milestones for the year. The Company had two significant product development and regulatory goals for 2017, which were included as elements of our cash-based incentive compensation program. The first goal was to develop and clear key ARIES® assays for sale in the U.S. and to obtain a CE mark for the ARIES® Norovirus assay in Europe. The second product development goal was to begin clinical trials on the VERIGENE® II System by the end of the second quarter and to move the product to design transfer before the end of 2017. We achieved the first goal by receiving FDA In Vitro Diagnostics (“IVD”) clearance of three key ARIES® assays for sale in the U.S. and a CE mark in Europe for the ARIES® Norovirus assay in 2017. With respect to the second goal, while we did not begin the clinical trials on the VERIGENE II System by the end of the second quarter, we did move the product into design transfer before the end of 2017 and it is on track for release in 2018.

In 2017, we achieved most of our product development goals and exceeded our financial goals. Specifically, we achieved record revenue of \$306.6 million and over \$37.1 million of operating profit. As discussed below, targeted operational goals and financial goals were the basis for significant portions of performance compensation for our named executive officers in 2017 to incentivize our executives to achieve these objectives.

During 2017, the Company advanced its transition toward leadership in the molecular diagnostic market by growing sales in our MDx sample to answer portfolio by 47% over the prior year. We also continued our revenue growth in our LTG. The Company accelerated the inclusion and development of additional sample to answer systems, including the continued expansion of our Verigene® and ARIES® product line offerings that provide our customers automated

molecular platforms for both syndromic and targeted molecular diagnostic testing.

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In 2018, we intend to continue to focus on building sustainable stockholder value by (i) leveraging the success of our LTG group and exploring alternatives to enhance growth; (ii) continuing to broaden the menus of our ARIES® and Verigene® platforms to further expand market adoption and address market needs; (iii) investigating new technologies to enhance our value proposition; and (iv) utilizing our strong balance sheet to accelerate growth. We are focused on building on our direct sales model and installed base of systems while executing on a market introduction of new products. We anticipate growth will accelerate over time with the expansion of available products, FDA and other clearances for additional systems and assays, and the introduction of new technology. These strategic goals inform the incentives and goals we initiate for our compensation plans, particularly in the near term.

Key Compensation Actions and Decisions for 2017

Based on Company performance and in conjunction with our commitment to focus upon “pay for performance”, provide compensation transparency, and pursue competitive pay practices in our industry, we implemented the following key compensation actions in 2017:

- We made market based merit adjustments ranging from a 4.8% to 7.0%, to our named executive officers’ base salaries, which remained near or below the peer group median.

We continued utilization of a financial matrix goal for our annual cash-based incentive compensation plan based on revenue and operating profit for all plan participants (which goal accounted for 50% of such plan). We established key research and development, departmental and other key project goals for our annual cash-based incentive compensation plan with aggressive timelines to incent timely completion of new products (which goals accounted for 50% of the President and CEO’s and 40% of each of the other named executive officer’s goals for such plan). We paid the President and CEO 124% of his target cash bonus and other named executive officers were paid between 116.5% and 119% of their cash bonuses targets pursuant to our annual cash-based incentive compensation plan. This was the result of the Company’s financial and operational performance during the year, including over-achieving the cash incentive plan financial goals for revenue and operating profit and the achievement (or with respect to the President and CEO, over-achievement) of project goals for assay development.

We continue to review the appropriate long-term incentive opportunities for our executive officers in order to best align stockholder and management interests. While considering all strategies, we granted a mix of performance-based stock options (“Performance Options”) and restricted stock (“Restricted Stock”) to our named executive officers in 2017. The Compensation Committee (the “Committee”) granted 25% of the grant date fair value of each named executive officer’s equity compensation award in the form of Restricted Stock vesting ratably over four years with the remaining 75% in the form of Performance Options that vest ratably over four years upon achievement of certain financial targets consistent with the financials goals in the annual cash-based incentive plan. The Committee continues to deem it important to deliver a significant portion of any option grant in the form of Performance Options. Thus, we increased the percentage of the option grant denoted as Performance Options, as opposed to standard stock options, from 30% in 2016 to 100% of the grant date fair value of the stock options granted in 2017. Based on the Company’s financial achievement in 2017, the Performance Options that were eligible to vest were 148% of target. The Committee believes that the Performance Options align executive management directly with stockholders with respect to value creation. Accordingly, the Committee also reviewed overall executive equity positions with respect to promoting retention, and decided Restricted Stock would best accomplish this purpose. As the employment market continues to expand, including in our Austin, Texas headquarters, and with retirements increasing across the biotech sector, retention of our executive team is a key focus for the Company. Overall, this mix of Performance Options and Restricted Stock was selected as the best approach to align executive management’s interest with the financial interests of our stockholders (because the value of options only increases with an increase in the trading price per share of the Company’s common stock) while providing Restricted Stock to build each executive’s ownership in the Company and encourage retention. As noted above, both the Performance Options and the Restricted Stock awards vest ratably over four years, providing an additional retention incentive. The Company continuously evaluates the use and balance of both Restricted Stock and Performance Options as excellent long-term incentives for our executives.

Our Approach to Executive Compensation and Our Decision Making Process

Our approach to compensation is fundamentally defined by our efforts to successfully recruit, retain and motivate our executives toward building a first-class molecular diagnostic and life science tool company focused on value creation.

We strive to design both our short-term and long-term compensation programs to identify and reward specific executive behavior. We believe doing so ensures the executive's actions are aligned with the successful execution of the Company's business plan and strategies to drive stockholder value creation. The Committee has established the following primary objectives in designing and reviewing compensation for our President and CEO and our other named executive officers:

- Offer competitive and effective total compensation opportunities for executives that enable the Company to attract, reward and retain skilled executives in a competitive recruiting environment;
- Provide a substantial portion of executive compensation through performance-contingent compensation, where annual incentives are based on achieving new product innovations and certain designated and pre-approved quantitative and qualitative measures of Company performance;
- Encourage and share superior and sustained corporate performance based on performance measures that create value for stockholders, reward corporate growth and encourage measured and appropriate risk-taking in support of our corporate objectives; and
- Align the long-term financial interests of our executives with those interests of our stockholders by focusing incentives on long-term equity and performance-based equity awards associated with revenue growth, operating performance and stock price appreciation.

Our core compensation philosophies include the following:

Each element of compensation supports our compensation objectives and, when viewed collectively, works to appropriately support all of these objectives. The Committee believes that each element of our compensation program should be designed to simultaneously fulfill one or more of our "compensation objectives" described above, and that each element should work as a whole to appropriately support all of these objectives.

Our compensation programs create a management culture that is performance-driven and has a vested interest in increasing stockholder value and the successful execution of our corporate goals and strategies. Our philosophy emphasizes performance-based incentives for our executive officers, in part by having a substantial portion of each officer's cash compensation contingent upon the successful financial, operating and strategic performance of the Company, as well as upon successful execution of an executive's unique project and department goals or directives. Performance to company targets is communicated to employees quarterly. Equity incentives are provided in forms that vest over several years (generally four) and include a meaningful portion that is performance-based and at risk. Such incentives, which directly align with the financial performance of the Company, play a prominent role in our program.

Our compensation decisions support the Company's anticipated growth and executive development. Our compensation policies must primarily be designed to attract and retain the talent needed to support our anticipated growth and increasing operational complexity. Simultaneously, our policies should foster and reward the growth and development, in terms of competency, responsibilities and leadership, of our executive team.

Our compensation decisions are flexible to reflect the unique attributes of the Company and the contributions of each executive. The Committee's compensation philosophy for each executive officer allows for flexibility in assessing the executive's performance for the prior year, projected role and responsibilities and the executive's impact on execution of Company strategy and directional changes. The Committee's compensation philosophy considers external pay

practices and competitive market conditions, total cash compensation and relative internal equity positioning, recommendations from our President and CEO and the compensation consultant, and other factors the Committee deems appropriate. Our philosophy also considers an officer's prior experience and professional status, educational credentials, employee retention, vulnerability to recruitment by other companies and the difficulty and costs associated with replacing executive talent. The weighting of these and other relevant factors is determined on a case-by-case basis for each executive.

Our compensation programs and policies consider external perceptions and "good governance" and should not provide incentives for excessive risk taking for short-term gains. The Committee believes that it is important to undertake a specific review of our compensation programs and policies each year to be sure that they follow "good governance practices" in the Committee's view and that they do not incentivize excessive or inappropriate risk taking. The Committee has received an annual independent opinion on the foregoing from its compensation consultant, which was affirmed in 2017.

Any decisions regarding executive compensation are based on the above outlined philosophy and approach. The Committee further relies on market data, industry data, the executive's prior compensation (including the performance of the Company's stock price relative to prior equity grants), and prevalence and practices information from our peer group to set relevant compensation amounts consistent with this philosophy.

Peer Group and Additional Data

The factual foundation for the Committee's deliberations is derived from compensation benchmarking data from (1) publicly-available compensation information of a peer group of companies, and (2) industry-specific compensation survey information. The Committee also relies on the experience of its members, supplemented by the expertise of its independent compensation consultant.

In 2016 (and again in 2017), the Committee engaged HumInt, LLC, which was later acquired by the Hay Group, a Korn Ferry Company as its independent compensation consultant (the "Consultant"). In this capacity, the Consultant assisted the Committee by developing an appropriate peer group of companies, providing additional survey data as applicable and providing guidance with respect to compensation decisions that align with our overarching compensation philosophy and strategy. Although HumInt, LLC was acquired by the Hay Group, the Committee's principal advisor remained unchanged in 2017.

When reviewing and selecting our peer group, the Committee targeted publicly-traded, U.S. based companies from the biotechnology and medical technology industries (including research, medical device and molecular diagnostic). The review and selection process was conducted by the Committee with the assistance of its Consultant using the following steps:

1. Review all companies which have the same four digit Global Industry Classification Standard code ("GICS Code") as Luminex;
2. Refine the list of companies with the same GICS Code based on market capitalization, revenue, net income and number of employees in a general comparison range of 0.5 times to 3 times that of Luminex;
3. Consider the aggregate average of the financial criteria set forth in step 2 above of the entire peer group and refine the list of companies accordingly;
4. Establish the peer group based on the outcome of the previous steps and review it with the President and CEO; and
5. Review the comparative compensation data for the new peer group provided by the Consultant.

Selecting our peer group involves reviewing the previous year's peer group to insure each peer is still an appropriate comparator to the Company and removing any company that is no longer in existence or whose viability for inclusion no longer applies, while adding appropriate peers to maintain a large enough group for valid and appropriate comparison. After completing the review described above and with the advice of its Consultant, the Committee determined to remove Vascular Solutions, Inc. from its peer group because it was acquired by Teleflex Incorporated.

The following table illustrates the 15 companies included in the Company's peer group for 2017:

Abaxis, Inc.	ABAX	Genomic Health Inc.	GHDX
Accelerate Diagnostics Corporation	AXDX	Meridian Bioscience, Inc.	VIVO
Albany Molecular Research, Inc.	AMRI	Myriad Genetics, Inc.	MYGN
Array Biopharma, Inc.	ARRY	NeoGenomics, Inc.	NEO
Bio-Techne Corporation	TECH	Qiagen N.V.	QGEN
Cambrex Corp.	CBM	Quidel Corporation	QDEL
Endologix, Inc.	ELGX	Pacific Biosciences of California, Inc.	PACB
GenMark Diagnostics, Inc.	GNMK		

In addition to the compensation-related information obtained from the public filings of the above peer group companies, the Committee also uses the Radford Global Life Sciences Survey as a source of additional compensation data. The Committee then uses these two sources, along with input from its Consultant, to benchmark levels of compensation for our named executive officers. We refer to these benchmarks to target market-competitive compensation and support our compensation related decision making. Our benchmark for base salary is to be generally competitive with market pay levels, usually defined as between the 25th percentile and the 75th percentile of our peer group, depending on experience and other factors relevant to the individual executive and requirements of the specific position. The Committee's desire is to provide total short-term cash opportunities near the peer group median (50th percentile) for achieving targeted annual goals, but allow for potential upside generally near the 75th percentile upon exceeding performance goals approved by the Committee. The Committee also targets total potential compensation opportunities (including equity awards) with a potential upside that generally falls between the 50th and the 75th percentiles of our peer group, provided the Company and the executive deliver superior performance. Individual total salaries of the named executives may vary based on such factors as areas of responsibility, size of comparison companies, specific local market factors, experience and performance.

Role of the Compensation Committee and its Independence

All members of our Committee are independent pursuant to the applicable requirements of the Nasdaq Global Select Market, the SEC and Section 162(m) of the Code. Notwithstanding the foregoing, the Committee has established a sub-committee consisting of Dr. Eck and Mr. Kever for purposes of approving any compensation that may otherwise be subject to Section 162(m) of the Code. The Consultant to the Committee meets the SEC's requirements for independence. Neither HumInt, LLC nor Hay Group, a Korn Ferry Company, had a prior relationship with management or any members of our Board. A summary of the Committee's role and responsibilities can be found under the heading "Compensation Committee" in this proxy statement. The Committee is primarily charged with assessing the appropriateness and effectiveness of our compensation programs. Its key responsibilities in this regard include:

- To review and approve goals and objectives, evaluate the President and CEO's performance in light of these goals and objectives, and approve the President and CEO's compensation based on this evaluation. This review is handled in private Committee sessions, and the Committee considers input from various sources, including from the Consultant, and, where appropriate, from management.

- To review and approve the compensation (including performance-based award opportunities and objectives and any discretionary bonus opportunities) for all named executive officers based in part on an evaluation of the officers' performance in light of applicable performance goals and objectives.

- To review and approve management incentive plans, broad-based, long-term equity-based compensation programs and any executive benefit programs (not applicable to employees generally) for executive and non-executive officers.

- To review the Company's risk management policies and procedures as they relate to compensation practices and policies for executives and all other key employees.

Role of Management

The Committee obtains input and recommendations on executive performance and compensation from the President and CEO. The Committee also works with select executives of the Company to obtain information and materials relevant in setting compensation and engages in discussions with management related to various financial matters

(usually from the Chief Financial Officer), human resources matters (usually from the Senior Vice President, Human Resources), legal matters (usually from the General Counsel) and other matters, as needed.

Role of the Independent Consultant

The Committee is authorized to select and retain its own independent compensation consultant and engaged HumInt, LLC, now part of Hay Group, a Korn Ferry Company, to provide independent compensation advice, perspective and data for 2017 executive and director compensation. The Consultant annually assesses our compensation program's potential for risk and its competitiveness relative to our industry and our peers. While the Consultant works and interacts with management to gather information and develop recommendations for the Committee, there is no equivocation in the role of the Consultant as an independent advisor to the Committee. Except for the required and limited coordination with management in connection with the Consultant's work for the Committee, the Consultant did not provide any services to the Company and was not paid for consulting services to the Company other than for those related to work for the Committee. The Committee annually reviews the independence of the Consultant as part of its standard governance practices. The Consultant is engaged by and reports directly to the Committee for matters of executive and director compensation. Based on the foregoing and, in part, on policies and procedures implemented by the Consultant to ensure objectivity, the Committee believes the consulting advice it receives from the Consultant is objective.

2017 Executive Compensation Review

Our "named executive officers" for 2017 consisted of: Nachum "Homi" Shamir, President and CEO; Harriss T. Currie, Chief Financial Officer, Senior Vice President, Finance and Treasurer; Richard W. Rew II, Senior Vice President, General Counsel and Corporate Secretary; Todd C. Bennett, Senior Vice President, Global Sales and Customer Operations; and Randall J. Myers, Senior Vice President Global Manufacturing and Quality.

As stated above, our executive compensation program consists of three primary components: base salary, annual cash-based incentives, and long-term equity incentives.

Compensation Mix

The Committee has determined, along with the assistance of the Consultant, that generally at least 50% of a named executive officer's total compensation should be at risk and performance-based and delivered primarily through equity-based compensation. The Committee believes that base cash compensation and annual cash incentive plan target opportunities should comprise less than approximately 50% of the President and CEO's total compensation and less than approximately 70% of the total compensation for other named executive officers.

The Company and Committee believe that a significant portion of an executive's total cash compensation should be linked to the Company's operating performance and to the successful completion of select development and/or leadership goals, which contribute to the strategic and growth objectives of the Company. As a result, we believe that approximately 20% of an executive's total compensation should be allocated to short-term (annual) performance cash bonus opportunities. This reflects our desire to reward and encourage the achievement of key business objectives, such as revenue and operating profit targets and research, development and regulatory approval goals, which should also benefit our stockholders.

The Company and the Committee believe that the grant date fair value of the equity component should generally be 50% to 80% of total compensation for the President and CEO, and should range generally from 30% to 60% for the other named executive officers. The Committee believes our strong emphasis on various forms of equity, including the use of both restricted shares and stock options at different times, helps to promote retention and appropriately focuses our executives on long-term performance, share ownership and value creation for the stockholders.

As with our use of peer group benchmarks, our targeted compensation "mix" thresholds are only intended to be reference points for a total compensation package that is designed to recruit and retain the appropriate executives to drive performance that, in turn, increases stockholder value.

Base Salary

The primary goal for base salary is to be market competitive and to compensate an executive's short-term contributions, as well as to provide current financial stability to the executive. The initial base compensation for each of our named executive officers was established by the terms of his or her applicable employment agreement negotiated at the time of hire or promotion, generally considering the median and targeting base salaries between the 25th and 75th percentile for our peer group, subject to adjustment based on experience level, geography, hiring conditions at the time of on-boarding, and other relevant considerations. The Committee reviews base salaries

annually and considers recent performance, increase or decrease in responsibilities, internal pay equity, market pay practices, impact of base salary on short-term annual incentive opportunities, general affordability based on business results, and the recommendation of the President and CEO.

The Committee reviews the base salary for our President and CEO in collaboration with our Executive Committee and the Consultant on an annual basis. Our President and CEO was hired on October 14, 2014 with a base salary of \$600,000. In 2015, the base salary for our President and CEO was not increased during our normal annual review process and remained at \$600,000. In 2016, the Committee increased the President and CEO's base salary by 8% to \$648,000 based on individual performance and market pay practices. In 2017, the Committee increased the President and CEO's base salary by 4.9% to \$680,000 based on performance and market pay practices.

Base salaries for the other named executive officers are reviewed annually with the Consultant and the President and CEO, who then makes recommendations to the Committee. Any changes are discussed and ultimately approved by the Committee. Named executive officers received market and performance based merit increases for 2017 that ranged from a 4.8% to 7.0% increase to the named executive officer's 2016 base salary.

The 2016 and 2017 base salaries for our named executive officers were as follows:

	2016 Base Salary	2017 Base Salary
Nachum Shamir	\$648,000	\$680,000
Harriss T. Currie	\$384,000	\$403,000
Richard W. Rew	\$330,000	\$353,000
Todd C. Bennett	\$310,000	\$325,000
Randall Myers	\$300,000	\$315,000

Annual Cash-Based Incentive Compensation

Consistent with our philosophy of linking compensation with Company performance, we provide our named executive officers a market competitive performance-based annual incentive opportunity. We determine market competitiveness by reviewing the peer group data provided by the Consultant and determine award opportunities based on such data, as well as the performance criteria set for such award opportunities. Performance criteria pursuant to the 2017 annual incentive opportunity were determined based upon the achievement of a specific Company performance objective ("Company Financial Goal"); as well as research and development, departmental and other project goals ("Key Objectives"); and leadership goals ("Leadership Goals"). Our annual incentive program is designed to focus our executives on organizational priorities and performance, including accomplishing financial goals and organizational strategies. While certain goals and objectives can be measured objectively, others, such as Leadership Goals, may involve qualitative, subjective assessment that will ultimately be left to the Committee, based primarily on recommendations of our President and CEO. Our President and CEO recommends performance goals to the Committee, which are then reviewed and modified or approved in the Committee's sole discretion. Pursuant to our incentive plans, these goals may be adjusted during the year for litigation or claim judgments or settlements and certain other extraordinary non-recurring items (such as a material acquisition) or changes in business or priorities. During 2017, the Company, with approval of the Committee, increased the requirement for achievement of the Company Financial Goal when a major customer decided to extend its commitment to purchase products for 2017 after previously reporting that it would cease such purchases in 2017, as further described in the Company's Annual Report on Form 10-K that was filed with the SEC on February 26, 2018, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 1, 2018. This modification to the Company Financial Goal increased the revenue target by \$5.4 million (so any pay-out required the Company to meet a threshold amount of \$295.4 million of revenue instead of \$290 million), increased the operating profit target by \$4.0 million, reduced the 2017 bonus payment that would have otherwise been payable to the Company's named executive officers from 165% to 148% achievement and decreased the qualifying executive compensation for deductibility under Section 162(m) of the Code.

The Committee maintained the target performance bonus opportunities (expressed as a percentage of base salary earned in the applicable calendar year) for 2017 consistent with 2016. In 2015, the Committee fundamentally changed the Company Financial Goal by including interdependent financial metrics that aligned operating profit and revenue targets and this Company Financial Goal was again utilized in 2016 and 2017. As in 2016, the Committee also continued in 2017 to adjust the weight and scope of various Key Objectives to reflect updates to our business development plan, our strategic objectives and other initiatives. With respect to the President and CEO, there continued to be a focus on Key Objectives, which resulted in additional over-achievement opportunity with respect to

exceeding such Key Objectives. This was done to help align the Company's strategic focus on new products to drive future growth.

Target incentive amounts, expressed as a percentage of base salary earned in 2017 (as in 2016), were 100% for the President and CEO and 50% for each other named executive officer, as set forth in each such executive's employment agreement. The Company's named executive officers would not be eligible for any annual bonus payment, regardless of the independent achievement of the established Company Financial Goal, Key Objectives and Leadership Goals, if the Company's total consolidated revenue failed to exceed a threshold approved by the Committee of \$295.4 million for 2017.

Based on the above, annual bonuses earned and paid for 2017 ranged from 116.5% to 119% of target for the named executive officers other than the President and CEO and 124% of target for the President and CEO. This reflected the overachievement of the Company Financial Goal, achievement of the majority of the Key Objectives applicable to each participant, and the performance by each participant of his respective Leadership Goals and Key Objectives that vary by participant.

2017 Annual Incentive Cash Awards for Named Executive Officers Other than the President and CEO. The Committee approved 2017 performance award opportunities based upon achievement of the Company Financial Goal as well as specific Key Objectives and Leadership Goals. For named executive officers (other than the President and CEO), the total target awards under the performance-based cash bonus plan were weighted 50% for the achievement of the Company Financial Goal, 20% for the achievement of Key Objectives applicable to each participant, 20% for the achievement of Key Objectives that vary by participant and 10% for the achievement of Leadership Goals.

As noted above, during 2017, the Committee increased the requirement for the Company Financial Goal when a major customer decided to extend its commitment to purchase products for 2017 after previously reporting that it would cease purchases in 2017, as further described in the Company's Annual Report on Form 10-K that was filed with the SEC on February 26, 2018, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 1, 2018.

The Company Financial Goal was subject to an over/underachievement scale with possible payouts of 0% to 200% of the target bonus based on financial results in relation to the applicable performance targets, with minimum payouts starting at 30% payout of the target value for the Company Financial Goal for minimum threshold performance.

Achievement is subject to adjustments and exclusions for items such as acquisitions, integration, litigation, severance costs as determined by the Committee upon the recommendation of the CEO or other factors deemed appropriate by the Committee. In 2017, the Company achieved 148% of the adjusted Company Financial Goal by achieving operating profit in excess of \$36 million and revenue of \$306.6 million.

See the matrix below which demonstrates the applicable interdependent performance hurdles (as adjusted) and actual achievement of the Company Financial Goal:

Key Objectives and Leadership Goals for the named executive officers (other than the President and CEO) were not subject to an overachievement scale. One of the Key Objectives, “Clear three ARIES® assays with the FDA for sale in the U.S. and obtain a CE mark for the Norovirus assay in Europe”, was the same for each participant. Achievement could only be 0%, 5% (if only two of the four targets were achieved) or 10%. The other two Key Objectives: (i) “Begin clinical trials on the VERIGENE® II (Atlas) System by the end of the second quarter” and (ii) “Move the VERIGENE® II (Atlas) System to design transfer before the end of 2017” were independent, the same for each participant, non-binary, and were eligible for achievement of 5% each. The Company achieved the first goal by successfully receiving FDA IVD clearance of three ARIES® assays for sale in the U.S. and obtaining a CE mark for the Norovirus assay in Europe. With respect to the other Key Objectives, the Company did not begin clinical trials on the VERIGENE II (Atlas) System by the end of the second quarter; however, the Company did move the product to design transfer before the end of 2017. Therefore, the three Key Objectives that were the same for each participant were achieved at 15% instead of the 20% target. The weight of other specific components of the Key Objectives varied for each executive taking into account, among other factors, responsibilities, and other strategic initiatives in which an executive may be involved. The Leadership Goal, which is a subjective goal to be evaluated in the discretion of the Committee, with input from the President and CEO, was weighted at 10% and was eligible for 0% to 10% achievement. Mr. Currie, Mr. Rew and Mr. Bennett each achieved 45% of the eligible 50% and Mr. Meyers achieved 42.5% of the eligible 50% with respect to the Key Objectives and Leadership Goals.

Total annual cash performance awards could range from 0% to a maximum of 150% of the target bonus (which equaled 50% of each named executive officer’s earned base salary during 2017 other than the President and CEO). The 50% target was determined both by reference to peer group data and by the applicable employment agreement for each such named executive officer. For 2017, payments pursuant to the annual incentive plan for our named executive officers other than our President and CEO ranged from 116.5% of target for Mr. Meyers to 119% of target for Messrs. Currie, Rew and Bennett.

The total 2017 annual cash incentive award achievement for our named executive officers (other than the President and CEO) were as follows:

	Company Financial Goals Achievement	Key Objectives and Leadership Goals Achievement	Total Annual Incentive Achievement (as a % of Target)	Actual Cash Payout
Harriss T. Currie	74/50	45/50	119%	\$236,959
Richard W. Rew	74/50	45/50	119%	\$206,614
Todd Bennett	74/50	45/50	119%	\$191,144
Randall Myers	74/50	42.5/50	116.5%	\$181,303

2017 Annual Incentive Cash Award for our President and CEO. The Committee believes that a significant portion of the President and CEO’s total cash compensation should be linked to the Company’s operating performance and research and development projects that contribute to our strategic growth and profitability objectives. Accordingly, the Committee approved cash-based performance award opportunities for our President and CEO that were based 50% upon achievement of the Company Financial Goal described above and 50% on Key Objectives. The Key Objectives applicable to our President and CEO focused on our future development of products. Such Key Objectives were:

- I. Clear three ARIES® assays with the FDA for sale in the U.S. and obtain a CE mark for the Norovirus assay for Europe by the end of 2017
 - (i) Eligible for partial (50%) achievement if only two of the four milestones were achieved
 - (ii) Eligible for full achievement (100%) if all four of the milestones were achieved
 - (iii) Eligible for overachievement (150%) if all four milestones are achieved and feasibility for a quantitative assay was demonstrated on any Luminex platform by the end of 2017
 - (iv)

Eligible for overachievement (200%) if (ii) is met and MRSA for ARIES® was submitted to the FDA by the end of 2017

II. Begin clinical trials on the VERIGENE II (Atlas) System by the end of the second quarter and move the VERIGENE II (Atlas) System to design transfer before the end of 2017.

(i) Eligible for partial achievement (50%) if only one of the milestones was achieved

(ii) Eligible for full achievement (100%) if both milestones were achieved

(iii) Eligible for over-achievement (150%) if (ii) is achieved and RTI clinical is initiated plus 100% of the 2017 fresh seasonable respiratory infection samples were banked by the end of 2017

(iv) Eligible for over-achievement (200%) if (ii) is achieved and the Atlas system with the EP flex assay completed 100% enrollment in clinical trials by the end of 2017

These goals were designed to promote product development necessary to drive the future success of the Company. The target bonus for our President and CEO remained at 100% of his 2017 earned base salary. Though the Committee evaluates peer group and other market data when setting our President and CEO's target bonus opportunity and while the overall target annual cash incentive award benchmark is the market median, the target percentage of our President and CEO's annual bonus opportunity is also provided for in his employment agreement.

As with our other named executive officers, the Company Financial Goal for our President and CEO was subject to an over/underachievement scale with possible payouts of 0% to 200% of the target bonus based on financial results in relation to the applicable performance targets, with minimum payouts starting at 30% of the target value for the Company Financial Goal for minimum threshold performance. Key Objectives also qualified for an over/underachievement scale based on the specific timelines and number of products developed as described above. The President and CEO's maximum bonus potential for 2017 was 200% of his target bonus amount. As discussed above, in 2017, the Company achieved 148% of the adjusted Company Financial Goal, which made up 50% of his target bonus. With respect to the Key Objectives, certain of the goals were over-achieved and others were achieved or not achieved. This resulted in a payout of 124% of the target bonus for our President and CEO for 2017, or \$833,280. The achievement of the Company Financial Goal and Key Objectives applicable to our President and CEO were as follows:

Goal	% Weight	Results	% Achieved
Company Financial Goal	50%	Achieved 148%	74%
Clear three ARIES® assays with the FDA for sale in the U.S. and obtain a CE Mark for the Norovirus assay in Europe by the end of 2017. Eligible for 50% achievement if only two of the four targets were achieved.	25%	All three Aries assays were cleared by the FDA prior to the end of 2017. The Norovirus assay received CE certification prior to the end of 2017. The feasibility for quantitative data was demonstrated on a Luminex platform.	37.5%
Additional achievement of 150% level if feasibility for a quantitative assay is demonstrated on any Luminex platform by the end of 2017 and 200% achievement if MRSA for ARIES® is submitted to the FDA by the end of 2017.		150% was achieved.	
Begin clinical trials on the VERIGENE II (Atlas) System by the end of the second quarter and move the VERIGENE II (Atlas) System to design transfer before the end of 2017. Eligible for 50% achievement if only one of the above is achieved. Eligible for over-achievement at a 150% level if RTI clinical is initiated and 100% of the 2017 fresh seasonable respiratory infection samples are banked by the end of 2017 and at a 200% level if the Atlas System with the EP flex assay complete 100% enrollment in clinical trials by the end of 2017.	25%	The Company did not begin clinical trials on the VERIGENE II (Atlas) System by the end of the second quarter; however the Company moved the VERIGENE II (Atlas) System to design transfer before the end of 2017.	12.5%
	100%	50% of the bonus was achieved. Total Achieved:	124%

Long-Term Equity-Based Incentives

To continue to align the long-term interests of the named executive officers with those of the stockholders, in 2017 the Committee determined to grant the majority (75%) of the grant date fair value of the long-term equity incentive opportunities in the form of performance based stock options. To help ensure retention of executives, in 2017 the Company granted the remaining (25%) grant date fair value of the equity grant by reintroducing the use of restricted stock which vests solely upon the passage of time (25% per year for four years) (the “Restricted Shares”). 75% of the grant date fair value of the equity awarded as performance options (the “Performance Options”) which vest over four years based on achievement of certain operating profit and revenue targets in 2017. The Committee believes that the use of performance-based equity is critical for the continued alignment of the executive’s rewards and creation of value for our stockholders. The ultimate number of Performance Options eligible to vest is determined based on achievement of the adjusted Company Financial Goal that is used for the annual cash-based incentive goal described above. Similar to the annual cash-based incentive, if the Company failed to meet the threshold performance for the performance period, no Performance Options would be eligible to vest. Minimum achievement for minimum threshold performance starts at 30% of the target value for the Company Financial Goal. If the Company’s performance exceeds the target performance, the recipient may be eligible to receive additional Performance Options above the target number, subject to a maximum of 200% of the target award. The Performance Options that remain eligible to vest after the determination date vest 25% on each of the first four anniversaries of the grant date. As noted above, in 2017, the Company Financial Goal was achieved at 148% of target, so the number of Performance Options that were eligible to vest were 148% of the number of target Performance Options granted. The Committee historically utilized a combination of restricted stock and stock options, except in 2014 where it granted only restricted stock and in 2015 and 2016 where only stock options were provided. The primary purpose for the shift to options in 2015 and for including Performance Options in 2016 and 2017 was to continue to encourage our executives to lead the Company to continued profitable growth, better align our executives with the interest of the stockholders and to put a significant amount of equity compensation at risk. However, as noted above, in 2017, the Company reintroduced the use of Restricted Shares to encourage retention in a very tight labor market, and after review of vested and unvested equity holdings of the executive team. The Committee believes this use of equity balances appropriately with competitive base salaries and annual performance-based cash bonus opportunities. The annual goals contemplated by the annual cash-based incentive program and the Performance Options focus management on the shorter term objectives, while the time-vesting component of the Performance Options (which only have value if the Company’s share price increases) and the use of Restricted Shares provide a longer term incentive and alignment with stockholder interest as both the Restricted Shares and Performance Options vest over four years from the initial grant date. The Committee believes the four-year vesting is comparable to the practices of its peer group with respect to equity awards and that such vesting aids in retention.

The Committee makes annual equity awards based on a target dollar amount. While this results in uncertain share usage, it results in a predictable expense for the Company and allows the Committee to tailor the value of the awards more precisely to reflect the Company’s business direction, compensation philosophies, objectives and design. The Committee determines the target dollar amount for stock-based awards to the executive officers on a discretionary basis and takes into account, among other factors, the recommendations of the President and CEO, and the Consultant, together with our compensation peer data, individual accomplishments, importance of retention, prior equity grants and current equity holdings, burn rates, seniority and internal pay equity considerations.

The actual number of shares of common stock subject to an option granted is determined by dividing the dollar amount allocated to the grant by the Black Scholes value of the shares on the date of grant. The Committee has not applied a discount to the value of these shares to reflect the forfeiture restrictions associated with service-based vesting. The Performance Options are exercisable into shares of the Company’s common stock with an exercise price equal to the closing price of the Company’s common stock on the Nasdaq Global Select Market on the grant date (March 10, 2017) and expire seven years from the date of grant.

Each of the named executive officers, excluding the President and CEO, was granted equity awards with target grant date fair market values between \$350,000 and \$450,000. Mr. Shamir, our President and CEO, was granted an equity award with a target grant date fair market value of \$2,000,000.

The target grant date fair market values of the equity grants for our named executive officers in 2016 and 2017 were as follows:

	2016 Target Grant Date Fair Value of Option Grants (1)	2017 Target Grant Date Fair Value of Performance Option and Restricted Share Award Grants (2)
Nachum Shamir	\$1,990,000	\$2,000,000
Harriss T. Currie	\$450,000	\$450,000
Richard W. Rew	\$325,000	\$350,000
Todd Bennett	\$350,000	\$350,000
Randall Myers	\$350,000	\$350,000

70% of such target grant date fair value was granted in the form of stock options that vest solely upon the passage (1) of time (25% per year for four years) with the remaining 30% of such target grant date fair value granted in the form of Performance Options.

(2) 75% of such target grant date fair value was granted in the form of Performance Options and 25% of such target grant date fair value was granted in the form of Restricted Shares.

Accordingly, the number of shares subject to Performance Options as determined by Black Scholes calculations (both at target and actual performance) granted to our named executive officers in 2017 were as follows:

	Performance Option Shares (at target performance)	Performance Option Shares (at maximum performance -200%)	Performance Option Shares (before adjustment to the Company Financial Goal - 165%)	Performance Option Shares Awarded and Eligible to Vest (at actual performance - 148%)
Nachum Shamir	226,281	452,562	373,364	334,896
Harriss T. Currie	50,913	101,826	84,006	75,351
Richard W. Rew	39,599	79,198	65,338	58,607
Todd Bennett	39,599	79,198	65,338	58,607
Randall Myers	39,599	79,198	65,338	58,607

Each Performance Option is exercisable into shares of the Company's common stock with an exercise price of (1) \$18.04, the closing price of the Company's common stock on the Nasdaq Global Select Market on the grant date (March 10, 2017).

Except with respect to new hires or promotions, the Committee generally determines annual executive equity compensation awards each year in the first quarter and no earlier than the meeting in which the Committee approves the prior year's annual performance bonuses. This allows the Committee to assess the prior year's total compensation and performance when considering current year grants. In the event of a "new hire," "promotional" or other ad hoc equity award, that equity award will not be approved except at a meeting of the Committee and it will be effective on the later of (i) the first trading day of the month that immediately follows the month in which the start date, promotion or other event triggering of an ad hoc award occurs or (ii) the first trading day of the month that immediately follows the month in which the Committee approves the award. The per share exercise price of an option award will be based on the closing price of the Company's common stock on the Nasdaq Global Select Market on the applicable effective

date. This policy applies to awards to all eligible employees, not just our executive officers. The Committee may make an exception to the general policies above when it determines an exception is in the best interest of the Company and based on the recommendation of our President and CEO.

Additional Disclosures

Pay for Performance Alignment. We strive to achieve a mix of compensation that reflects our desire to focus executives on long-term performance and value creation for stockholders while rewarding and encouraging achievement of short-term business objectives and performance, which also benefits our stockholders. To achieve this, a significant portion of the total target compensation for our named executive officers for 2017 was performance-based or at-risk. The Company's belief in performance-contingent compensation is clearly reflected in the volatility of payouts (between 46% and 145%) under the annual performance-based cash awards over the last five years and the utilization of Performance Options as a strong component in our equity program. The Committee and the full Board believe that Performance Options properly align the interests of the stockholders with executive compensation—as there is no reward to the executives without an increase in market value of our stock as reflected in per share value.

2017 President and CEO Pay Ratio. Pursuant to the rules previously adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), we are including the ratio of the total annual compensation of our President and CEO as compared to the median of the total taxable compensation of all of our employees. As per the Dodd-Frank Calculation, we identified the median of the total annual compensation paid to all of our other employees by examining the 2017 total taxable compensation for all individuals, excluding our President and CEO, as of the last day of our payroll year, December 31, 2017 (whether such employees were employed on a full-time, part-time, seasonal or limited assignment basis). For such employees, we did not make any adjustments, assumptions or estimates with respect to their total taxable compensation and we did not annualize the compensation for any employees who were not employed by Luminex for all of 2017. For such employees (excluding the President and CEO), we included all taxable compensation, including but not limited to base salary, bonuses, commissions, equity (if taxable) and overtime where applicable. We included all employees located in the United States as well as our international locations for purposes of our calculation. We utilized the same rolling currency conversion method provided in previous expense disclosures in our Annual Report on Form 10-K, that was filed with the SEC on February 26, 2018, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 1, 2018.

Upon a full review, the pay ratio of the 2017 total compensation of the President and CEO per the Summary Compensation table to that of the taxable earnings of the median employee is \$3,517,271 to \$68,756 or 51 times greater than the taxable earnings paid to the employee at the median of all employees for 2017. Based on our industry and the wide range of positions, from entry level manufacturing positions to executives, we believe that our pay ratio is appropriate.

The pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll and employment records and the methodology described above. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total taxable compensation allow companies to adopt a variety of methodologies to apply certain exclusions and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

2017 “Say on Pay” Advisory Vote. The Company provided stockholders a “say on pay” advisory vote on its executive compensation at our 2017 Annual Meeting of Stockholders. Stockholders supported the compensation of our named executive officers, with nearly 99% of the votes cast for approval of the “say on pay” advisory vote. The Committee is very pleased with the confidence provided by the stockholders and believes it reflects in part the changes the Committee made to our executive compensation program and policies in 2016 and 2017 in response to feedback received from the Company's stockholders. The Committee continues to work with the Consultant to ensure the declared stockholder confidence in our pay practices continues in 2018 and beyond. The Committee evaluated the

results of the 2017 advisory vote and considered many other factors in evaluating the Company's executive compensation program as discussed in this Compensation Discussion and Analysis. While all factors bore on the Committee's decision regarding our named executive officer compensation, in light of the substantial support expressed by our stockholders for our compensation program, the Committee did not make any changes to our executive compensation program and policies as a direct result of the 2017 "say on pay" advisory vote. See "2018 - A Preview" below.

Merit Increases. The President and CEO's and Committee's determination as to merit-based salary increases is based on both the prior year's performance of the executive and the Company's performance for the stockholders.

Market Adjustments. With input from the Consultant, the Committee and the President and CEO review market data annually to determine if any market adjustments should be provided for retention of key executives.

Ongoing succession planning. The Committee, in conjunction with the full Board, engages in in-depth discussions regarding succession planning and talent development of our President and CEO and other critical executives.

No Excise Tax Gross-Ups for On-going Payments. We have no tax gross-up provisions in any of our employment agreements or incentive plans for on-going payments.

Incentive Programs or Other Long-Term Incentive Plans. We do not have any multi-year cash incentive programs for named executive officers, nor do we have any guaranteed incentive payments or longer term incentive plans.

No Option Repricing. Our equity incentive plan does not permit repricing of stock options or canceling underwater stock options in exchange for cash or another award without the consent of our stockholders.

Double Trigger Change in Control Protection in President and CEO's and Other named Executive Officers' Employment Agreements. The employment agreements of our President and CEO and for each of our other named executive officers except for our Senior Vice President and Chief Financial Officer, require the termination of employment by the Company in addition to a change in control of the Company before change in control payments are triggered.

Change of Control and Employment Agreements. We believe that reasonable and appropriate severance and change in control benefits are necessary in order to be competitive in our executive recruiting and retention efforts. We also believe that a change in control arrangement will provide an executive with security that will likely reduce the reluctance of an executive to pursue a change in control transaction that could be in the best interests of our stockholders. Finally, we believe formalized severance and change in control arrangements are common benefits offered by employers competing for similar executive talent. While the Committee reviews this information as part of its annual review of total executive compensation (including contingent compensation), we do not typically consider the value of potential severance and change in control payments when assessing annual compensation as these payouts are contingent and have a primary purpose unrelated to ordinary compensation matters and objectives. The Committee generally assesses these potential payouts in view of their reasonableness and periodically in light of competitive market conditions or in respect of internal equity considerations.

Our employment agreements generally provide for severance payments (including premiums for certain continuing health, retirement and insurance benefits) where the executive is terminated without "cause" (including the Company's failure to renew the employment agreement) or as a result of incapacity or death, or if the executive resigns for "good reason." Although the definitions may vary slightly across these agreements, "good reason" generally means certain demotions in responsibilities or title, decreases in compensation, the Company's continued material breach of the employment agreement and/or employee relocation requirements, while "cause" typically means failure to perform the duties outlined in the executive's employment agreement, conduct likely to cause injury to the Company, conviction of a felony or a criminal act involving moral turpitude, violation of a Company policy or a breach of the executive's employment agreement (or, with respect to the Senior Vice President and Chief Financial Officer, a material fraud by him upon the Company or his continued material breach of his employment agreement).

Severance generally consists of an amount equal to the executive's base salary at the highest rate in effect for the six-month period prior to termination and the prior year's bonus amount. Mr. Shamir's agreement was amended on March 27, 2017 to increase his severance if he is terminated within six months of the occurrence of a change in control to 150% of (i) his base salary at the highest rate in effect for the six month period prior to the change of control and (ii) his prior year's bonus amount. In addition, health or other employee benefits (other than bonus and incentive compensation benefits) for the executive (and the executive's family) generally continue for a period of 12 months following an executive's termination to the extent permitted by the applicable plans and law. In addition, to the extent permitted by applicable law, Mr. Shamir is entitled to a lump sum amount equal to (a) the Company's annual

cost for Mr. Shamir's disability and life insurance in effect on the date of termination as well as (b) the prior year's 401(k) plan contributions paid for the benefit of the President and CEO. If the termination occurs other than for cause or voluntary termination, Mr. Shamir is entitled to additional severance in an amount equal to the prorated portion of the current year bonus to the extent the performance measures are achieved.

Except for the lump sum amount described above for Mr. Shamir, the severance payments are paid in semi-monthly installments for a period of 12 months following the date of termination. In the event that an executive's employment is terminated (by the Company, with respect to Messrs. Shamir, Rew, Bennett and Myers) within six months of the occurrence of a change in control of the Company, in lieu of the severance compensation described above, Luminex must pay the executive's prior year's bonus amount and base salary at the highest rate in effect during the six months immediately prior to the change in control through the date of termination, in lump sum within three business days of the date of termination. Mr. Shamir is also entitled to an amount equal to the prorated portion of his current-year bonus to the extent the associated performance measures are achieved. Additionally, in the event the payment of any severance amounts payable pursuant to the employment agreements within six months of the date of the applicable executive's termination of employment would cause such executive to incur any additional tax under Section 409A of the Code, then payment of such amounts will be delayed until the date that is six months following such executive's termination date.

In addition, upon a change in control, all unvested options or other restricted shares will immediately become vested and exercisable, as applicable, pursuant to these agreements and the terms of the applicable equity awards (provided that performance awards shall only vest according to the terms of the applicable award agreement). Upon a termination as a result of death or disability, all unvested restricted shares and options held by the executive will immediately become vested and exercisable, as applicable, pursuant to the terms of the applicable equity awards.

Each named executive officer has agreed to limitations on his or her ability to disclose confidential information relating to us and acknowledges that all discoveries, inventions and other work product relating to his employment belong to us. Also, during the one-year period (two-year period for Messrs. Shamir, Rew and Myers) following an executive's termination of employment, each executive has agreed not to compete, directly or indirectly, with the core business of the Company. Furthermore, during the two-year period (one-year period for Mr. Currie) following termination, each executive has agreed not to solicit our employees or consultants.

The foregoing summaries are qualified in their entirety by reference to the complete texts of the employment agreements, as amended, previously filed by the Company with the SEC.

Historically, while each employment agreement has been the result of an arms-length negotiation, we have tried to utilize a similar form of agreement where possible (apart from minimum salary and cash bonus targets). Accordingly, the employment agreements for Messrs. Currie, Rew, Bennett and Myers generally have a similar form. Mr. Shamir's agreement varies to some extent from the forms above and again reflects arms-length negotiation following the CEO search. We believe the terms are appropriate in light of Mr. Shamir's background, skill set, and the competitive nature of the recruitment process.

Clawback Policy. We have "clawback" provisions in certain in our compensation plans whereby the Company can recover incentive compensation paid to an executive pursuant to our executive incentive bonus plan or performance-based equity awards if the payment was based on the achievement of financial results that were subsequently the subject of a restatement (other than as a result of changes to accounting rules and regulations) or financial information or performance metrics subsequently found to be materially inaccurate, in each case regardless of individual fault.

No Significant Perquisites Offered. The Company does not generally provide perquisites that are not, in the Committee's view, integrally and directly related to the named executive officers' duties. The only perquisite generally offered to our named executive officers is an annual physical. While we have no formal relocation policy for new hires, we will on occasion agree to reimbursement of certain relocation, temporary housing and related costs as part of a negotiation for an executive based on the particular facts and circumstances of the negotiation. Senior management also participates in our other broad-based benefit programs available to our salaried employees, including health,

dental and life insurance programs. Except as otherwise discussed herein, other welfare and employee-benefit programs are generally the same for all eligible Company employees, including our executive officers, with some variation as required by law with respect to our international employees. While the Committee believes the existing benefits to be reasonable, the Committee periodically reassesses our perquisite and benefits programs to help ensure that these programs are appropriately competitive with market medians.

No Supplemental Executive Retirement Programs (“SERPs”) Offered. We do not currently offer SERPs to our executives.

Anti-Hedging/Anti-Pledging. We have an anti-hedging policy that prohibits our directors and officers from engaging in any hedging transaction that reduces or limits such director's or officer's economic risk with respect to the director's or officer's holdings, ownership or interest in the Company's securities. We also have an anti-pledging policy that prohibits our directors and officers from pledging the Company's common stock as collateral for margin or other loans without the prior approval of the Company's Board of Directors, except for (i) pledges of the Company's common stock that were outstanding prior to March 6, 2013 and (ii) pledges of less than 15% (in the aggregate) of director's or officer's shares of Company common stock by directors or officers who, excluding the number of shares pledged, otherwise meet or exceed the Company's stock ownership guidelines applicable to them.

Accounting and Tax Matters. We do not presently consider tax or accounting consequences to be a material factor in the design of our executive compensation packages, except as to the applicability of Section 162(m) of the Code. Of our named executive officers in 2017, only our CEO exceeded the \$1 million limit per officer for qualifying executive compensation for deductibility under Section 162(m) of the Code. The CEO exceeded the \$1 million limit for 2017 by \$161,750. Our equity incentive plan has been structured so that any compensation deemed paid to an officer when he or she exercises an outstanding option or SAR under our equity incentive plan with an exercise price equal to the fair market value of the underlying shares on the grant date would constitute qualified performance-based compensation, which would not be subject to the \$1 million limitation. Restricted Share grants, for which the vesting restrictions are solely time-based, do not constitute qualified performance-based compensation and could be subject to the \$1 million limitation. In 2017, we also attempted to structure our annual cash bonus program to qualify for deductibility under Section 162(m) of the Code for future years, primarily in light of the current and projected compensation expense for our current President and CEO and our growth expectations. However, the exception allowing the full deductibility of "qualified performance-based compensation" will no longer apply to compensation paid after January 1, 2018 unless paid pursuant to a written binding contract that was in effect on November 2, 2017. Although it will consider the tax implications of its compensation decisions, the Committee believes its primary focus should be to attract, retain, and motivate executives and to align the executives' interests with those of the Company's stockholders.

Stock Ownership Guidelines. The Board expects each executive officer and non-employee director to demonstrate a long-term commitment to the Company and to the Company's stockholders by acquiring and holding a meaningful investment in the Company's common stock. We believe requiring directors and executive officers to hold a significant long-term stake in our equity accomplishes the following principal goals: (i) further aligning long-term economic interests of our executives and our stockholders by encouraging our directors and executive officers to think and act like long-term investors; and (ii) helping to reduce excessive or inappropriate risk-taking motivated principally by short-term share price appreciation. Over time each executive officer and non-employee director is expected to build his or her ownership of the Company's common stock. The targeted ownership levels are expected to be achieved over five years from the time each such person was named an executive officer or a non-employee director, as applicable, and maintained thereafter. The targeted ownership levels are as follows: President and CEO: six (6) times annual salary; executive officers: two and one half (2.5) times annual salary; non-employee directors: five (5) times the annual cash retainer, exclusive of meeting, chairperson and committee fees. Each director and officer who has not achieved the targeted ownership levels is expected to retain shares of common stock acquired upon exercise of stock options or from restricted share grants pursuant to the Company's equity plans.

Risk Considerations Related to Executive Compensation

The Committee, with the participation of management and its Consultant, conducted a risk assessment of the Company's compensation programs. As part of this assessment, the Committee reviewed our compensation programs for certain design features identified by the Committee's advisors as having the potential to encourage excessive risk-taking, and considered our compensation programs in light of our key enterprise and business strategy risks. The Committee noted that our programs are designed so that they do not include compensation mix overly weighted toward annual incentives, highly leveraged short-term incentives, uncapped or "all or nothing" bonus payouts (except with respect to certain binary components of the overall cash bonus target) or unreasonable performance goals. The

Committee also noted several design features of our cash and equity incentive programs that reduce the likelihood of excessive risk-taking, including the use of reasonably obtainable and balanced performance metrics, maximum payouts at levels deemed appropriate, Committee oversight and direction over executive compensation programs, the presence of severance plans for executives through employment agreements, and balance between compensation elements that focus on short-term financial and operating performance and those that reward for longer-term Company performance and stock appreciation, especially when combined with our executive stock ownership guidelines. Additionally, our executive compensation “clawback” provisions allow the Company to recover bonus payments and certain equity awards under certain circumstances, and compliance and ethical behaviors are factors considered in performance and bonus assessments. Based on its assessment, the Committee believes that our compensation programs align executive behavior with stockholder interests and do not motivate or promote risk taking that could reasonably be expected to have a material adverse effect on the Company.

2018 - A Preview

In 2018, our focus is on leveraging our solid and profitable LTG business, our direct to the customer molecular diagnostic business, expansion of our ARIES® and VERIGENE sample to answer platforms, new technology and continuing our strong financial performance to accelerate growth. We are focused on building on our installed base of systems with our current and expanded customer base while executing on a market introduction of our new products, which we anticipate will accelerate over time with the expansion of available products and FDA clearances for additional systems and assays. These strategic goals inform the incentives and goals we utilize for our compensation plans, particularly in the near term.

The primary objective of our executive compensation program is to retain talent and align executive and stockholder interests by remunerating executives for increasing stockholder value. As it does every year, the Committee reviews Company and management team performance by virtue of competitive market practices as well as overall executive equity ownership to derive an appropriate level of compensation and appropriate types and mixes of equity incentives to achieve the objectives of our compensation strategy and philosophy. Thus, the Committee has reviewed the Company's historical compensation practices, the compensation program in place for 2017, the 2017 "say on pay" advisory vote, the business objectives for 2018, consultations with its Consultant and the observations of the non-employee members of the Board of Directors. In light of this review, the Committee has determined to continue the pay-for-performance practice for the President and CEO and the other named executive officers, while also increasing the use of Restricted Stock for retention purposes by approving the following key matters with respect to our executive compensation programs for fiscal 2018:

- Base salaries for the named executive officers will remain near the median range for the Company's peer group.
- Annual cash-based incentive opportunities awarded under a management incentive plan will continue to be based on achievement of (i) profitable revenue growth, (ii) objective research and development and strategic project goals selected to focus our executives on performance and (iii) except with respect to the President and CEO, leadership goals.

We are increasing the use of Restricted Shares to enhance retention of our executives by granting 50% of the target grant date fair value of each named executive officer's equity compensation award in the form of Restricted Shares that vest ratably over four years. The remaining 50% of the target grant date fair value of each executive's equity compensation award is in the form of Performance Options that will vest ratably over four years based on achievement of certain operating profit and revenue targets consistent with the financial goals in the management incentive plan. The Committee believes that increasing the portion of the equity compensation provided to the executive leadership in the form of Restricted Shares will assist with retention in a very tight labor market, but will continue to tie executive interest to stockholder interest by granting Performance Options that are based on the achievement of operating profit and revenue growth, which provides the executives the correct incentives to lead the Company to continued profitable growth and increased stockholder value.

- The Committee evaluated the mix of 2018 total target compensation of our President and CEO and believes that 50% of equity and 50% of cash compensation is performance-based. The annual cash-based incentive plan requires achievement of short-term objectives to drive the Company's profitability and development of future products. The Performance Options require achievement of short-term financial objectives as well as an increase in per share market value from the grant date to generate value for the President and CEO. The annual cash-based incentive opportunity and Performance Options at target constitute 50% of our President and CEO's 2018 total target compensation. Our other named executive officers' annual cash-based incentive opportunity and the Performance Options at target constitutes approximately 40% of each other named executive officer's total compensation. The Committee believes the mix of compensation for our executive team and the expansion of the use of Performance Options will continue our focus on future development of products and achievement of the Company's financial objectives and deliver results for stockholders. While the Committee feels that the compensation program implemented for 2018 enhances the pay-for-performance practice, the Committee's reintroduction of Restricted Shares into the compensation mix in 2017 and the increase in Restricted Shares as a percentage of total equity grants in 2018 is essential to building a stable executive team for continued future growth of the Company. The Committee further noted that the utilization of

Restricted Shares provides the executive team with value over the four-year vesting term while still incentivizing the executive team to deliver results for stockholders.

Compensation Committee Report

The Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed it with management and, based on such review and discussion, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K.

Submitted by the Compensation Committee of the Board of Directors,
Jim D. Kever (Chairman)

Stephen L. Eck, M.D., Ph.D.

Thomas W. Erickson

Summary Compensation Table

The following table sets forth certain summary information for the years ending December 31, 2017, 2016 and 2015, with respect to the compensation awarded to, earned by, or paid to our named executive officers.

Name and Principal Position (1)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
Nachum Shamir President and Chief Executive Officer	2017	672,000	—	499,997	1,499,994	833,280	12,000	3,517,271
	2016	636,000	—	—	1,989,992	992,796	12,000	3,630,788
	2015	600,000	—	—	1,677,750	900,000	(7)71,351	3,249,101
Harriss T. Currie Senior Vice President, Finance, Chief Financial Officer and Treasurer	2017	398,250	—	112,497	337,497	236,959	12,000	1,097,203
	2016	381,275	—	—	449,991	273,755	12,000	1,117,021
	2015	373,100	—	—	449,999	205,205	12,000	1,040,304
Richard W. Rew Senior Vice President, General Counsel and Corporate Secretary	2017	347,250	—	87,494	262,498	206,614	9,000	912,856
	2016	327,500	—	—	324,991	233,098	9,000	894,589
	2015	264,205	(6)—	—	299,995	145,313	9,000	718,513
Todd C. Bennett Senior Vice President, Global Sales and Customer Operations	2017	321,250	—	87,494	262,498	191,144	9,000	871,386
	2016	307,500	—	—	349,996	220,785	9,000	887,281
Randall J. Myers Senior Vice President, Global Manufacturing and Quality	2017	311,250	—	87,494	262,498	181,303	12,000	854,545
	2016	291,250	—	—	349,996	202,837	12,000	856,083

Mr. Rew was hired by the Company on March 4, 2015 and appointed Senior Vice President, General Counsel and (1)Corporate Secretary effective March 16, 2015. Mr. Bennett was appointed Senior Vice President, Global Sales and Customer Operations on November 1, 2016.

(2)The amounts shown in this column represent the aggregate grant date fair value of awards calculated in accordance with FASB ASC Topic 718 ("ASC 718"). ASC 718 requires the recognition of compensation expense, using a fair-value based method, for costs related to all share-based payments. Pursuant to ASC 718, stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period. Assumptions used in the calculation of these amounts are described in Note 13 - Stockholder's Equity, Employee Benefit Plans and Stock-Based Compensation to the Company's audited financial statements for the fiscal year ended December 31, 2017, included in the Company's Annual Report on Form 10-K

that was filed with the SEC on February 26, 2018, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 1, 2018.

The amounts shown in this column represent the aggregate grant date fair value of awards calculated in accordance with ASC 718 (calculated, per the SEC rules, without consideration of the impact of estimated forfeitures related to service-based vesting conditions). Assumptions used in the calculation of these amounts are described in Note 13 - Stockholder's Equity, Employee Benefit Plans and Stock-Based Compensation to the Company's audited financial statements for the fiscal year ended December 31, 2017, included in the Company's Annual Report on Form 10-K that was filed with the SEC on February 26, 2018, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 1, 2018. As discussed in further detail under "Compensation Discussion and Analysis - Long-Term Equity-Based Incentives," 75% of the grant date fair value of the long-term equity incentive opportunities were in the form of performance-based stock options in 2017 and 25% were in the form of restricted (3) stock. The amounts shown in this column include the target amount of Performance Options that would remain eligible to vest upon achievement of certain operating profit and revenue targets in 2017 assuming target performance is achieved. Since target performance was estimated to be the probable outcome of the performance conditions for the Performance Options on the date of grant, target values have been presented for the Performance Options. The grant date fair value of Performance Options representing the performance level at the maximum amount permitted under the Performance Options is \$3,000,000 for Mr. Shamir, \$675,000 for Mr. Currie, \$525,000 for Mr. Rew, \$525,000 for Mr. Bennett and \$525,000 for Mr. Myers. As discussed above under "Compensation Discussion and Analysis - Long-Term Equity-Based Incentives," the applicable performance objectives were achieved at 148% of target, so the number of Performance Options were delivered at 148% of the number of target Performance Options granted.

The amounts shown in this column reflect (i) annual cash-based incentive bonuses earned by each of the named executive officers pursuant to the Company's 2015, 2016 and 2017 management incentive plans, respectively and (4)(ii) the portion of one-time bonuses awarded to each of the named executive officers in 2016 in connection with our acquisition of Nanosphere, Inc. in June 2016. The actual payouts under the 2017 plan at the time the plan was established in 2017 are provided below under "Grants of Plan-Based Awards in 2017."

(5) Except with respect to Mr. Shamir, this column includes matching payments under our 401(k) Plan. For Mr. Shamir, this column includes:

	2017	2016	2015
a. a relocation payment pursuant to Mr. Shamir's employment agreement of \$30,000 and tax gross-ups of \$14,543	\$—	\$—	\$44,543
b. reimbursement of commuting travel costs associated with relocation to Texas and tax gross-ups of \$2,626	\$—	\$—	\$14,808
c. matching payments under our 401(k) Plan	\$12,000	\$12,000	\$12,000

(6) Represents prorated base salary from the date of hire.

Mr. Shamir requested a reduction of his 2015 cash incentive bonus by 5% of target, from \$900,000, the amount (7) earned pursuant to the terms of the 2015 cash incentive plan, to \$870,000, the final amount actually paid, which the Committee affirmed.

Grants Of Plan-Based Awards in 2017

The following table summarizes grants of plan-based awards made to our named executive officers in 2017.

Name	Grant Date	Approval 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	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/Sh)	Grants of Restricted Stock Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	(\$/Sh)	(\$/Sh)
Nachum Shamir	03/10/2017	03/10/2017	—	—	—	67,884	226,281	452,562	—	—	18.04	1,4
	03/10/2017	03/10/2017	—	—	—	—	—	—	27,716	—	—	49
	N/A		100,800	672,000	1,344,000	—	—	—	—	—	—	—
Harriss T. Currie	03/10/2017	03/10/2017	—	—	—	15,274	50,913	101,826	—	—	18.04	33
	03/10/2017	03/10/2017	—	—	—	—	—	—	6,236	—	—	11
	N/A		29,869	199,125	298,688	—	—	—	—	—	—	—
Richard W. Rew	03/10/2017	03/10/2017	—	—	—	11,880	39,599	79,198	—	—	18.04	26
	03/10/2017	03/22/2016	—	—	—	—	—	—	4,850	—	—	87
	N/A		26,044	173,625	260,438	—	—	—	—	—	—	—
Todd C. Bennett	03/10/2017	03/10/2017	—	—	—	11,880	39,599	79,198	—	—	18.04	26
	03/10/2017	03/10/2017	—	—	—	—	—	—	4,850	—	—	87
	N/A		24,094	160,625	240,938	—	—	—	—	—	—	—
Randall J. Myers	03/10/2017	03/10/2017	—	—	—	11,880	39,599	79,198	—	—	18.04	26
	03/10/2017	03/10/2017	—	—	—	—	—	—	4,850	—	—	87
	N/A		23,344	155,625	233,438	—	—	—	—	—	—	—

(1) The amounts shown in these columns reflect the threshold, target and maximum amounts (assuming threshold, target and maximum performance across all performance objectives were achieved) that each of the named executive officers could have earned for the fiscal year ended December 31, 2017 pursuant to the Company's 2017 management incentive plans. The terms of our named executive officer bonus plans are discussed in further detail in "Compensation Discussion and Analysis—2017 Executive Compensation Review." The amounts actually awarded to each of the named executive officers are reflected in the "Summary Compensation Table" above.

- Represents Performance Options that vest upon achievement of certain operating profit and revenue targets in 2017. The amount is subject to an over/underachievement scale with possible payouts of 0% to 200% of the target amount based on financial results between specified minimum and maximum performance levels of the performance targets. The target amount represents the level where the performance equals the targeted award and the maximum amount represents the performance level at the maximum amount permitted under the Performance Options. Minimum payouts for minimum threshold performance start at 30% of the target value for the Performance Options. As discussed above under "Compensation Discussion and Analysis - Long-Term Equity-Based Incentives," the applicable performance objectives were achieved at 148% of target, so the number of Performance Options that remain eligible to vest are 148% of the number of target Performance Options granted.
- (2) The amounts shown in this column reflect the grant date fair value of the respective restricted stock and option awards calculated in accordance with ASC 718.
- (3)

Narrative to Summary Compensation Table and Grants of Plan-Based Awards in 2017 Table

The following discussion is intended to be read as a supplement to the “Summary Compensation Table” and the “Grants of Plan-Based Awards in 2017” table (including the notes to such tables), and to the disclosure under “Compensation Discussion and Analysis,” and the following discussion should be read in conjunction with such other disclosures.

Compensation Mix

As reflected in the “Summary Compensation Table” and “Grants of Plan-Based Awards in 2017” table, the primary components of the Company’s 2017 compensation program for our named executive officers were cash compensation, consisting of a mix of base salary and cash incentive plan compensation, and equity incentive compensation, consisting of Performance Options and Restricted Stock Awards. Cash incentive plan target compensation for our named executive officers in 2017 was 19% to 20% of the total of these elements at target, while the value of equity awards, valued at fair market value on the date of grant at target, for 2017 represented 40% to 60% of the total compensation opportunities for 2017 at target. Cash incentive plan actual compensation based upon actual achievement for our named executive officers in 2017 was 18% to 20% of the total of these achieved elements, while the value of equity awards, valued at fair market value on the date of grant based upon achievement, for 2017 represented 45% to 65% of the total compensation achieved for 2017.

Employment Agreements

We have entered into employment agreements with each of our named executive officers, each previously filed with the SEC. The employment agreements provide for certain salary, annual bonus opportunities and other benefits, including potential severance entitlements. The employment agreements with Messrs. Shamir, Currie, Rew, Bennett and Myers are generally automatically renewable on an annual basis unless either party provides the other written notice of its intent not to renew the agreement at least 60 (in the case of Messrs. Currie, Rew, Bennett and Myers), or 90 (in the case of Mr. Shamir), days prior to the end of the then-current term of their agreements. These agreements are described in more detail under “Compensation Discussion and Analysis - Additional Disclosures - Change of Control and Employment Agreements.” The potential payouts under these agreements in connection with the termination of these executives are provided under “Potential Payments Upon Termination or Change in Control”.

Outstanding Equity Awards at 2017 Fiscal Year-End

The following table summarizes the number of outstanding equity awards held by each of our named executive officers as of December 31, 2017. The market value of shares was calculated using the year-end closing price of \$19.70 as reported on the Nasdaq Global Select Market.

Name	Option Awards			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)			Stock Awards		
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Grant Date	Option Expiration Date	Award Grant Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested (\$)
Nachum Shamir	187,500	62,500	(1)—	21.10	10/14/2014	10/14/2021	—	—	—
	125,000	125,000	(2)—	15.93	03/11/2015	03/11/2022	—	—	—
	44,470	133,410	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	26,682	80,046	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	—	—	226,281	(1)(6) 18.04	03/10/2017	03/10/2024	—	—	—
	—	—	—	—	—	—	10/14/2014	25,000 (3)	492,500
	—	—	—	—	—	—	03/10/2017	27,716 (3)	546,005
Harriss T. Currie	5,032	—	—	20.70	05/13/2008	05/13/2018	—	—	—
	12,228	—	—	15.67	05/12/2009	05/12/2019	—	—	—
	11,217	—	—	16.55	03/11/2010	03/11/2020	—	—	—
	5,325	—	—	18.26	03/11/2011	03/11/2021	—	—	—
	10,310	—	—	22.71	03/13/2012	03/13/2022	—	—	—
	10,452	—	—	17.24	03/08/2013	03/08/2023	—	—	—
	33,527	33,527	(2)—	15.93	03/11/2015	03/11/2022	—	—	—
	10,056	30,168	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	6,033	18,100	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	—	—	50,913	(1)(6) 18.04	03/10/2017	03/10/2024	—	—	—
	—	—	—	—	—	—	03/08/2013	1,980 (4)	39,006
	—	—	—	—	—	—	03/12/2014	6,206 (3)	122,258
	—	—	—	—	—	—	03/10/2017	6,236 (3)	122,849
Richard W. Rew	22,351	22,351	(2)—	15.93	03/11/2015	03/11/2022	—	—	—
	7,262	21,788	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	4,357	13,073	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	—	—	39,599	(1)(6) 18.04	03/10/2017	03/10/2024	—	—	—
	—	—	—	—	—	—	03/10/2017	4,850 (3)	95,545

Name	Option Awards			Stock Awards					
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Grant Date	Option Expiration Date	Award Grant Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested (\$)
Todd C. Bennett	1,490	1,490	(2)—	15.93	03/11/2015	03/11/2022	—	—	—
	4,253	4,254	(2)—	16.74	10/01/2015	10/01/2022	—	—	—
	7,821	23,464	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	4,692	14,079	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	—	—	39,599	(1)(6) 18.04	03/10/2017	03/10/2024	—	—	—
	—	—	—	—	—	—	03/12/2014	1,002(3)	19,739
	—	—	—	—	—	—	03/11/2015	2,617(5)	51,555
	—	—	—	—	—	—	03/10/2017	4,850(3)	95,545
Randall J. Myers	22,170	22,171	(2)—	15.93	04/01/2015	04/01/2022	—	—	—
	7,821	23,464	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	4,692	14,079	(1)—	19.13	03/22/2016	03/22/2023	—	—	—
	—	—	39,599	(1)(6) 18.04	03/10/2017	03/10/2024	—	—	—
	—	—	—	—	—	—	03/10/17	4,850(3)	95,545
	—	—	—	—	—	—	—	—	—

(1) These unvested options vest in equal 1/4th increments on each anniversary of the grant date over the first four years of the option term.

(2) These unvested options vest over 4 years. 1/2 vest on the second anniversary of the grant date and 1/4th on each of the third and fourth anniversaries of the grant date.

(3) The restrictions applicable to these awards lapse with respect to 1/4th of the total shares subject to the grant each year on each anniversary of the grant date, beginning on the first anniversary of the grant date.

(4) The restrictions applicable to these awards lapse with respect to 1/5th of the total shares subject to the grant each year on each anniversary of the grant date, beginning on the first anniversary of the grant date.

(5) The restrictions applicable to these awards lapse with respect to 1/2 of the total shares subject to the grant on the second anniversary of the grant date and 1/4th on each of the third and fourth anniversaries of the grant date.

Represents Performance Options that vest upon achievement of certain operating profit and revenue targets in 2017 assuming target performance is achieved. The Performance Options are subject to an over/underachievement scale with possible payouts of 0% to 200% of the target amount based on financial results between specified minimum and maximum performance levels of the performance targets. The target amount represents the level where the performance equals the targeted award amount. As discussed above under "Compensation Discussion and Analysis - Long-Term Equity-Based Incentives," the applicable performance objectives were achieved at 148% of target, so the number of Performance Options that remain eligible to vest (subject to continued time-based vesting) are 148% of the number of target Performance Options granted (334,896, 75,351, 58,607, 58,607 and 58,607 for Messrs. Shamir, Currie, Rew, Bennett and Myers, respectively).

Option Exercises And Stock Vested in 2017

The following table sets forth information regarding the exercise of stock options and the vesting of restricted stock awards during the fiscal year ended December 31, 2017 for each of the named executive officers.

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)
Nachum Shamir	—	—	25,000	513,750
Harriss T. Currie	10,423	39,712	10,190	183,969
Richard W. Rew	—	—	—	—
Todd C. Bennett	—	—	4,256	78,322
Randall J. Myers	—	—	—	—

(1) The value realized upon the vesting of restricted shares shown in the table is calculated based upon the closing price of our common stock on the Nasdaq Global Select Market on the applicable vesting date.

Potential Payments Upon Termination or Change in Control

The following tables show for each of our named executive officers the estimated amount of potential payments, as well as the estimated value of continuing benefits, assuming the executive's employment terminated or a change in control occurred, in either case effective December 31, 2017 and based on compensation and benefit levels in effect on December 31, 2017. Due to the numerous factors involved in estimating these amounts, the actual benefits and amounts payable can only be determined at the time of an executive's termination from the Company.

Nachum Shamir

Executive Benefits and Payments Upon Separation	Voluntary Termination (\$)	Retirement (\$)	Involuntary Termination Without Cause or Termination for Good Reason (\$)	For Cause Termination (\$)	Termination in Connection with a Change in Control (\$)(4)	Change in Control (\$)	Disability (\$)	Death (\$)
Cash Severance (1)	—	—	680,000	—	1,020,000	—	680,000	680,000
Non-equity Incentive Compensation (Bonus) (1)	—	—	1,826,076	—	2,322,474	—	1,826,076	1,826,076
Accelerated Vesting of Options (2)	—	—	—	—	1,148,847	1,148,847	1,148,847	1,148,847
Accelerated Vesting of Restricted Stock (2)	—	—	—	—	1,038,505	1,038,505	1,038,505	1,038,505
Continuation of Insurance Benefits (3)	—	—	36,916	—	—	—	36,916	36,916
Total	—	—	2,542,992	—	5,529,826	2,187,352	4,730,344	4,730,344

- (1) The cash severance entitlement is described under "Compensation Discussion and Analysis - Additional Disclosures - Change of Control and Employment Agreements."

- Accelerated vesting of stock options and restricted stock is triggered upon a change of control (whether or not the executive's employment is terminated) or the death or disability of the executive. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2017 (\$19.70 per share as reported on the Nasdaq Global Select Market) and the respective exercise prices of in-the-money unvested stock options. The closing market price on December 31, 2017 is also used to calculate accelerated vesting of restricted stock amounts. In the event of a change of control of the Company before the end of the performance period, the Performance Options will automatically vest based on the greater of the projected achievement of the Company Financial Goal as of the date of the change of control or 100% of target performance, as determined by the Committee in its sole discretion.

- Reflects the present value of the long-term disability, short-term disability and medical premiums the executive would be entitled to for a period of 12 months following the termination date together with the amount of the contribution for the executive under Luminex's 401(k) Retirement Plan for the prior plan year. Amounts are based upon the types of insurance coverage the Company carried for such executive as of December 31, 2017, the premiums in effect on such date and the contributions made to Luminex's 401(k) Retirement Plan for the prior plan year.

- (4) On March 27, 2017, the Company and Mr. Shamir entered into an amendment to his employment agreement to provide that, in the event that Mr. Shamir's employment is terminated by the Company within six months of the occurrence of a change in control of the Company, Mr. Shamir would be entitled to receive, among other things, a

payment equal to (i) 150% of Mr. Shamir's prior year's bonus amount, (ii) 150% of Mr. Shamir's base salary at the highest rate in effect for the six months immediately prior to the change in control through the date of termination, and (iii) any Accrued Bonus (as defined in the employment agreement) that may be due at such time.

Harriss T. Currie

Executive Benefits and Payments Upon Separation	Voluntary Retirement Termination (\$)	Retirement (\$)	Involuntary Termination Without Cause or Termination for Good Reason (\$)	For Cause Termination (\$)	Termination in Connection with a Change in Control (\$)	Change in Control (\$)	Disability (\$)	Death (\$)
Cash Severance (1)	—	—	403,000	—	403,000	—	403,000	403,000
Non-equity Incentive Compensation (Bonus) (1)	—	—	273,755	—	273,755	—	273,755	273,755
Accelerated Vesting of Options (2)	—	—	—	—	278,992	278,992	278,992	278,992
Accelerated Vesting of Restricted Stock (2)	—	—	—	—	284,113	284,113	284,113	284,113
Continuation of Insurance Benefits (3)	—	—	26,666	—	—	—	26,666	26,666
Total	—	—	703,421	—	1,239,860	563,105	1,266,526	1,266,526

(1) The cash severance entitlement is described under “Compensation Discussion and Analysis - Additional Disclosures - Change of Control and Employment Agreements.”

Accelerated vesting of stock options and restricted stock is triggered upon a change of control (whether or not the executive’s employment is terminated) or the death or disability of the executive. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2017 (\$19.70 per share as reported on the Nasdaq Global Select Market) and the respective exercise

(2) prices of in-the-money unvested stock options. The closing market price on December 31, 2017 is also used to calculate accelerated vesting of restricted stock amounts. In the event of a change of control of the Company before the end of the performance period, the Performance Options will automatically vest based on the greater of actual achievement of the pro-rated Company Financial Goal as of the date of the change of control or 100% of target performance, as determined by the Committee in its sole discretion.

Reflects the present value of the medical premiums the executive would be entitled to for a period of 12 months (3) following the termination date. Amounts are based upon the types of insurance coverage the Company carried for such executive as of December 31, 2017 and the premiums in effect on such date.

Richard W. Rew

Executive Benefits and Payments Upon Separation (1)	Voluntary Termination (\$)	Retirement (\$)	Involuntary Termination Without Cause or Termination for Good Reason (\$)	For Cause Termination (\$)	Termination in Connection with a Change in Control (\$)	Change in Control (\$)	Disability (\$)	Death (\$)
Cash Severance (1)	—	—	353,000	—	353,000	—	353,000	353,000
Non-equity Incentive Compensation (Bonus) (1)	—	—	233,098	—	233,098	—	233,098	233,098
Accelerated Vesting of Options (2)	—	—	—	—	201,422	201,422	201,422	201,422
Accelerated Vesting of Restricted Stock (2)	—	—	—	—	95,545	95,545	95,545	95,545
Continuation of Insurance Benefits (3)	—	—	14,931	—	—	—	14,931	14,931
Total	—	—	601,029	—	883,065	296,967	897,996	897,996

(1) The cash severance entitlement is described under “Compensation Discussion and Analysis - Additional Disclosures - Change of Control and Employment Agreements.”

Accelerated vesting of stock options and restricted stock is triggered upon a change of control (whether or not the executive’s employment is terminated) or the death or disability of the executive. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2017 (\$19.70 per share as reported on the Nasdaq Global Select Market) and the respective exercise prices of in-the-money unvested stock options. The closing market price on December 31, 2017 is also used to calculate accelerated vesting of restricted stock amounts. In the event of a change of control of the Company before the end of the performance period, the Performance Options will automatically vest based on the greater of actual achievement of the pro-rated Company Financial Goal as of the date of the change of control or 100% of target performance, as determined by the Committee in its sole discretion.

Reflects the present value of the medical premiums the executive would be entitled to for a period of 12 months following the termination date. Amounts are based upon the types of insurance coverage the Company carried for such executive as of December 31, 2017 and the premiums in effect on such date.

Todd C. Bennett

Executive Benefits and Payments Upon Separation	Voluntary Termination (\$)	Retirement (\$)	Involuntary Termination Without Cause or Termination for Good Reason (\$)	For Cause Termination (\$)	Termination in Connection with a Change in Control (\$)	Change in Control (\$)	Disability (\$)	Death (\$)
Cash Severance (1)	—	—	325,000	—	325,000	—	325,000	325,000
Non-equity Incentive Compensation (Bonus) (1)	—	—	220,785	—	220,785	—	220,785	220,785
Accelerated Vesting of Options (2)	—	—	—	—	136,896	136,896	136,896	136,896
Accelerated Vesting of Restricted Stock (2)	—	—	—	—	166,839	166,839	166,839	166,839
Continuation of Insurance Benefits (3)	—	—	26,666	—	—	—	26,666	26,666
Total	—	—	572,451	—	849,520	303,735	876,186	876,186

(1) The cash severance entitlement is described under “Compensation Discussion and Analysis - Additional Disclosures - Change of Control and Employment Agreements.”

Accelerated vesting of stock options and restricted stock is triggered upon a change of control (whether or not the executive’s employment is terminated) or the death or disability of the executive. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2017 (\$19.70 per share as reported on the Nasdaq Global Select Market) and the respective exercise prices of in-the-money unvested stock options. The closing market price on December 31, 2017 is also used to calculate accelerated vesting of restricted stock amounts. In the event of a change of control of the Company before the end of the performance period, the Performance Options will automatically vest based on the greater of actual achievement of the pro-rated Company Financial Goal as of the date of the change of control or 100% of target performance, as determined by the Committee in its sole discretion.

Reflects the present value of the medical premiums the executive would be entitled to for a period of 12 months following the termination date. Amounts are based upon the types of insurance coverage the Company carried for such executive as of December 31, 2017 and the premiums in effect on such date.

Randall J. Myers

Executive Benefits and Payments Upon Separation	Voluntary Termination (\$)	Retirement (\$)	Involuntary Termination Without Cause or Termination for Good Reason (\$)	For Cause Termination (\$)	Termination in Connection with a Change in Control (\$)	Change in Control (\$)	Disability (\$)	Death (\$)
Cash Severance (1)	—	—	315,000	—	315,000	—	315,000	315,000
Non-equity Incentive Compensation (Bonus) (1)	—	—	202,837	—	202,837	—	202,837	202,837
Accelerated Vesting of Options (2)	—	—	—	—	202,272	202,272	202,272	202,272
Accelerated Vesting of Restricted Stock (2)	—	—	—	—	95,545	95,545	95,545	95,545
Continuation of Insurance Benefits (3)	—	—	14,931	—	—	—	14,931	14,931
Total	—	—	532,768	—	815,654	297,817	830,585	830,585

(1) The cash severance entitlement is described under “Compensation Discussion and Analysis - Additional Disclosures - Change of Control and Employment Agreements.”

Accelerated vesting of stock options and restricted stock is triggered upon a change of control (whether or not the executive’s employment is terminated) or the death or disability of the executive. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2017 (\$19.70 per share as reported on the Nasdaq Global Select Market) and the respective exercise prices of in-the-money unvested stock options. The closing market price on December 31, 2017 is also used to calculate accelerated vesting of restricted stock amounts. In the event of a change of control of the Company before the end of the performance period, the Performance Options will automatically vest based on the greater of actual achievement of the pro-rated Company Financial Goal as of the date of the change of control or 100% of target performance, as determined by the Committee in its sole discretion.

Reflects the present value of the medical premiums the executive would be entitled to for a period of 12 months following the termination date. Amounts are based upon the types of insurance coverage the Company carried for such executive as of December 31, 2017 and the premiums in effect on such date.

Director Compensation for 2017

The following table summarizes the compensation paid with respect to the fiscal year ended December 31, 2017 to each of the Company's non-employee directors:

Name	Fees				Total (\$)
	Earned or Paid in Cash (\$) (3)	Stock Awards (\$) (1) (3)	Option Awards (\$) (2)	All Other Compensation (\$)	
G. Walter Loewenbaum II	122,000	210,974	—	—	332,974
Robert J. Cresci	62,000	114,982	—	—	176,982
Stephen L. Eck, M.D., Ph.D.	—	146,910	—	—	146,910
Thomas W. Erickson	—	186,950	—	—	186,950
Jim D. Kever	62,000	114,982	—	—	176,982
Kevin M. McNamara	70,000	126,984	—	—	196,984
Edward A. Ogunro, M.D.	62,000	114,982	—	—	176,982

The amounts shown in this column represent aggregate grant date fair value of awards calculated in accordance with ASC 718. All grants of restricted shares were made under the Company's Third Amended and Restated 2006 Equity Incentive Plan and are subject to individual award agreements, the forms of which were previously filed with the SEC. As of December 31, 2017, the aggregate number of unvested restricted shares outstanding for each of the Company's non-employee directors was as follows: Loewenbaum - 10,143, Cresci - 5,528, Eck - 5,263, Erickson - 6,393, Kever - 5,528, McNamara - 6,105 and Ogunro - 5,528.

(1) All prior option awards vested before 2017. As of December 31, 2017, there were no shares subject to option awards outstanding for any of the Company's non-employee directors.

As noted below in the Narrative to Director Compensation Table, non-employee directors may elect to defer receipt of the annual cash payments and the annual stock retainer by electing to receive restricted stock units settled at a future date. The grant date fair values of the deferred restricted stock units elected to be received in 2017 in lieu of the annual cash payments and the annual stock retainer are as follows: Loewenbaum - \$210,974, Cresci - \$0, Eck - \$146,910, Erickson - \$186,950, Kever - \$0, McNamara - \$126,984 and Ogunro - \$114,982.

Narrative to Director Compensation Table

Following the completion of its review of the appropriateness of our non-employee director compensation policy in light of our objectives described below, the compensation policy for our non-employee directors for 2017 was reviewed by the Compensation Committee's independent compensation advisor, HumInt, LLC, recommended by our Compensation Committee and approved by our Board of Directors. This policy was designed to offer competitive, equitable and consistent compensation for the value of the Board and Committee service and Committee Chairmanship, and to offer the appropriate level and mix of compensation to position the Board of Directors' compensation at the median of market levels for our peer group companies. We also have adopted stock ownership guidelines for our directors to further promote this alignment of interests, which can be found in our Corporate Governance Guidelines and described under "Compensation Discussion and Analysis - Additional Disclosures - Stock Ownership Guidelines."

The Director Compensation Table reflects the following compensation policy for our non-employee directors for 2017 (the "Policy"), and the individual choices made by each non-employee director with respect to compensation for their services during 2017 based on the Policy:

	Annual Retainer
Annual Cash Retainer for Board and Committee Meetings	\$50,000
Additional Annual Retainers	
Chairman of the Board of Directors	\$72,000
Executive Committee Chair	\$12,000
Compensation Committee Chair	\$12,000
Audit Committee Chair	\$20,000
Nominating and Corporate Governance Committee Chair	\$12,000
Strategy and Development Committee Chair	\$12,000

Annual retainers for non-employee directors and Board and committee chairs are payable quarterly in arrears. Non-employee directors have the option of accepting all or any part of the foregoing cash retainer payments in the form of restricted stock. Restricted stock received in lieu of cash retainers is granted at the annual meeting and vests quarterly on the quarterly cash payment dates, subject to continued services by directors as a director or chairperson, as applicable. Non-employee directors may also elect to defer receipt of such restricted stock in lieu of cash payments and the annual stock retainer as described below. Non-employee directors do not receive additional compensation for attendance at Board meetings.

Non-employee directors also were eligible to receive restricted share awards in the amounts below in 2017. The restricted shares were issued pursuant and subject to the terms of the Company's Third Amended and Restated 2006 Equity Incentive Plan and individual award agreements, the forms of which were previously filed with the SEC and vest on the date that is the earlier of (i) one year following the grant date or (ii) the following year's annual meeting of stockholders in the event the grantee is not re-elected to serve as a director of the Company at such annual meeting. Annual grants of restricted stock were made on the date of the annual meeting of stockholders.

Fair
Market
Value of
Restricted
Stock
Award on

	Date of Grant
Each Continuing Board Member	\$ 97,000
Additional Grants	
Chairman of the Board of Directors	\$ 114,000
Executive Committee Chair	\$ 18,000
Compensation Committee Chair	\$ 18,000
Audit Committee Chair	\$ 30,000
Nominating and Corporate Governance Committee Chair	\$ 18,000
Strategy and Development Committee Chair	\$ 18,000

Non-employee directors may annually make an election to defer (i) the annual restricted stock award and (ii) all or a portion of the annual cash retainers by electing to receive restricted stock units settled at a future date, generally retirement or resignation from the Board of Directors or other termination of service. Such restricted stock units vest on the date that is the earlier of (i) one year following the grant date or (ii) the following year's annual meeting of stockholders in the event the grantee is not re-elected to serve as a director of the Company at such annual meeting. Restricted stock units related to these deferrals from 2008 through 2017 held as of December 31, 2017 are as follows: Loewenbaum - 65,391 shares; Cresci - 0 shares; Eck - 14,608 shares; Erickson - 82,794 shares; Kever - 57,608 shares; McNamara - 49,937 shares; and Ogunro - 33,371 shares.

In addition, non-employee directors are reimbursed for reasonable expenses incurred to attend Board and committee meetings and other Company-related business meetings if a Board member's presence is requested, as well as director education programs.

Our directors who are also employees (Mr. Shamir only) receive no additional compensation for their services as director.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of March 19, 2018 (unless otherwise noted) for:

- each of our directors;
- each of our named executive officers;
- each person who is known by us to beneficially own more than five percent (5%) of the outstanding shares of our common stock; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes shares as to which a person has sole or shared voting or investment power and also includes any shares which a person has the right to acquire within 60 days after March 19, 2018 through the vesting and/or exercise of any equity award or other right.

Except as otherwise indicated, the named persons below have sole voting and investment power with respect to beneficially owned shares or shares such voting and investment power with his or her spouse. The number of shares shown does not include the interest of certain persons in shares held by certain family members in their own right. The inclusion of any such shares, however, does not constitute an admission that the named person is a direct or indirect beneficial owner of such shares for other purposes.

The percentages of shares outstanding provided in the table are based on 44,430,825 shares outstanding as of March 19, 2018. Shares issuable upon the exercise of options that are exercisable within 60 days after March 19, 2018 and restricted stock units which are able to be settled in stock at the holder's election within 60 days after March 19, 2018 are considered outstanding for the purpose of calculating the percentage of outstanding shares of our common stock held by the individual, but not for the purpose of calculating the percentage of outstanding shares held by any other individual.

Beneficial Owner	Common Stock Beneficially Owned	
	Number of Shares Owned (1)	Total as a Percentage of Shares Outstanding
Directors and Named Executive Officers (2)		
G. Walter Loewenbaum II (3)	949,546	2.1%
Robert J. Cresci (4)	215,800	*
Stephen L. Eck, M.D., Ph.D.	14,710	*
Thomas W. Erickson	163,091	*
Jim D. Kever	214,470	*
Kevin M. McNamara	74,013	*
Edward A. Ogunro, M.D.	44,471	*
Nachum "Homi" Shamir	768,339	1.7%
Harriss T. Currie	354,035	*
Richard W. Rew	88,584	*
Todd C. Bennett	65,239	*
Randall J. Myers	88,688	*
All directors and executive officers as a group (15) persons	3,304,000	7.4%
Other 5% Stockholders		
BlackRock, Inc. (5) 55 East 52nd Street New York, New York 10055	6,117,732	13.8%
The Vanguard Group (6) 100 Vanguard Blvd. Malvern, PA 19355	3,764,781	8.5%

RGM Capital, LLC (7) 9010 Strada Stell Court, Suite 105 Naples, Florida 34109	2,878,759	6.5%
Renaissance Technologies LLC (8) 800 Third Avenue New York, New York 10022	2,246,640	5.1%
* Less than 1%.		

- Includes shares issuable upon the exercise of currently exercisable options as well as those options which will become exercisable within 60 days after March 19, 2018, as follows: Mr. Loewenbaum - 0 shares; Mr. Cresci - 0 shares; Dr. Eck - 0 shares; Mr. Erickson - 0 shares; Mr. Kever - 0 shares; Mr. McNamara - 0 shares; Dr. Ogunro - 0 shares; Mr. Shamir - 601,028 shares; Mr. Currie - 156,589 shares; Mr. Rew - 71,415 shares; Mr. Bennett - 46,165 shares; Mr. Myers - 72,932 shares; and all directors and executive officers as a group - 1,034,276 shares. In addition, includes shares issuable upon the vesting of restricted stock unit awards, the vesting of which has been deferred until termination of the individual's service as a director, as follows: Mr. Loewenbaum - 66,339 shares; Mr. Cresci - 0 shares; Dr. Eck - 14,710 shares; Mr. Erickson - 83,887 shares; Mr. Kever - 63,977 shares; Mr. McNamara - 50,571 shares; and Dr. Ogunro - 33,767 shares.
- (2) The applicable address for all directors and named executive officers is c/o Luminex Corporation, 12212 Technology Boulevard, Austin, Texas 78727.
- (3) Does not include 909,415 shares held by Mr. Loewenbaum's wife, Lillian Loewenbaum; 17,153 shares held by a trust for the benefit of Lillian Loewenbaum of which Lillian Loewenbaum is the trustee; and 167,972 shares held by a trust for the benefit of Mr. Loewenbaum's descendants which has an independent trustee and over which Mr. Loewenbaum neither has nor shares investment or voting power.
- (4) Mr. Cresci has granted a security interest in 110,650 shares directly owned by him as collateral for a loan. This security interest was outstanding prior to March 6, 2013 pursuant to the anti-pledging policy. The number of shares directly owned by Mr. Cresci, excluding the number of shares subject to the security interest, exceeds the number of shares required to be owned by Mr. Cresci pursuant to the Company's stock ownership guidelines.
- (5) This information is as of December 31, 2017, and is based solely on a Schedule 13G/A filed by BlackRock, Inc. on January 19, 2018. BlackRock, Inc. is a holding company as defined in Rule 13d-1(b)(1)(ii)(G) of the Securities Exchange Act of 1934, as amended, and reports sole voting power as to 6,008,616 shares and sole dispositive power as to 6,117,732 shares.
- (6) This information is as of December 31, 2017, and is based solely on a Schedule 13G/A filed by The Vanguard Group on February 9, 2018. The Vanguard Group is an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) of the Securities Exchange Act of 1934, as amended, and reports sole voting power as to 60,432 shares, sole dispositive power as to 3,699,335 shares, shared voting power as to 9,207 shares and shared dispositive power as to 65,446 shares.
- (7) This information is as of December 31, 2017, and is based solely on a Schedule 13G filed by RGM Capital, LLC on February 14, 2018. RGM Capital, LLC is a holding company as defined in Rule 13d-1(b)(1)(ii)(G) of the Securities Exchange Act of 1934, as amended and an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) of the Securities Exchange Act of 1934, as amended, and reports shared voting power and shared dispositive power as to all 2,878,759 shares.
- (8) This information is as of December 19, 2017, and is based solely on a Schedule 13G filed by Renaissance Technologies LLC on February 14, 2018. Renaissance Technologies LLC is an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) of the Securities Exchange Act of 1934, as amended, and reports sole voting power as to 1,900,191 shares, sole dispositive power as to 2,028,718 shares and shared dispositive power as to 217,922 shares.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Since the beginning of the last fiscal year, we are aware of no related party transactions between us and any of our directors, nominees for director, executive officers, 5% stockholders or their immediate family members which require disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934.

We have adopted a written related party transaction policy, administered by our Audit Committee, that requires the Audit Committee (or the chair of the Audit Committee in certain instances with respect to de minimus transactions) to review and either ratify, approve or disapprove all “Interested Transactions,” subject to certain exceptions for specified “pre-approved transactions” not believed to create a material interest with respect to a “Related Party.” “Interested Transactions” are generally defined to include any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

- the aggregate amount involved exceeds, or will or may be expected to exceed, \$120,000 in any calendar year;
- the Company was, is or will be a participant; and
- any Related Party had, has or will have a direct or indirect material interest.

For purposes of the policy, a “Related Party” is any:

- person who is or was (since the beginning of the last fiscal year for which the Company has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director;
- greater than 5% beneficial owner of the Company's common stock;
- immediate family member of any of the foregoing; or
- firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner, managing member or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

In determining whether to approve or ratify an Interested Transaction under the policy, the Audit Committee is to consider all relevant information and facts available to it regarding the Interested Transaction and take into account factors such as the Related Party's relationship to the Company and interest (direct or indirect) in the transaction, the terms of the transaction and the benefits to the Company of the transaction. No director is to participate in the approval of an Interested Transaction for which he or she is a Related Party or otherwise has a direct or indirect interest.

In addition, the Audit Committee is to review and assess ongoing Interested Transactions, if any, on at least an annual basis to determine whether any such transactions remain appropriate or should be modified or terminated. Our related party transaction policy has been incorporated into our Code of Compliance, which can be viewed at the “Investor Relations” section of our website at www.luminexcorp.com.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, our directors, executive officers and any persons holding more than ten percent of our common stock are required to report their initial ownership of our common stock and any subsequent changes in their ownership to the SEC. Specific due dates have been established by the SEC, and we are required to disclose in this proxy statement any failure of such persons to file by those dates. Based solely upon the copies of Section 16(a) reports that we have received from such persons for their transactions in 2017 and written representations to the Company that we have received from such persons that no other reports were required, we believe that there has been compliance with all Section 16(a) filing requirements applicable to such directors,

executive officers and ten-percent beneficial owners for 2017, except that Robert J. Cresci filed a Form 4 late on August 31, 2017 which did not timely disclose two transactions. The failure of Mr. Cresci to timely file was due to an administrative error.

EXPENSES AND SOLICITATION

We will bear the cost of soliciting proxies. Proxies may be solicited in person or by telephone, facsimile, electronic mail, Internet, or other electronic medium by certain of our directors, officers and regular employees, without additional compensation. The Company requests that brokerage houses and other custodians, nominees and fiduciaries forward solicitation materials to the beneficial owners of shares of the Company's common stock held of record by such persons, and the Company will reimburse such brokers and other fiduciaries for their reasonable out-of-pocket expenses incurred when the solicitation materials are forwarded.

STOCKHOLDER PROPOSALS FOR 2019 ANNUAL MEETING

It is contemplated that our 2019 annual meeting of stockholders will take place in May 2019. Stockholders' proposals will be eligible for consideration for inclusion in the proxy statement for the 2019 annual meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 if such proposals are received by us before the close of business on December 3, 2018. Notices of stockholders' proposals submitted outside the processes of Rule 14a-8 will be considered timely (but not considered for inclusion in our proxy statement), pursuant to the advance notice requirement set forth in our bylaws, if such notices are filed with our Secretary not earlier than February 16, 2019 nor later than April 17, 2019 in the manner specified in the bylaws. For proposals that are not timely filed, we retain discretion to vote proxies that we receive. For proposals that are timely filed, we retain discretion to vote proxies that we receive provided (1) we include in our proxy statement advice on the nature of the proposal and how we intend to exercise our voting discretion and (2) the proponent does not issue a proxy statement. In order to curtail any controversy as to the date on which a proposal was received by us, we suggest that stockholders submit their proposals by certified mail, return receipt requested.

TRANSACTION OF OTHER BUSINESS

At the date of this proxy statement, the only business which the Board of Directors intends to present or knows that others will present at the Meeting is as set forth above. If any other matter or matters are properly brought before the Meeting, or an adjournment or postponement thereof, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their best judgment.

UPON WRITTEN REQUEST OF ANY STOCKHOLDER TO RICHARD REW, CORPORATE SECRETARY, LUMINEX CORPORATION, 12212 TECHNOLOGY BOULEVARD, AUSTIN, TEXAS 78727, THE COMPANY WILL PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2017, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Austin, Texas
April 2, 2018

DIRECTIONS TO ANNUAL MEETING

From Austin Bergstrom International Airport: exit the airport, proceeding West on Hwy 71. Take Hwy 183 North. Take the Oak Knoll exit. Proceed through the light at Oak Knoll. Turn right onto Technology Boulevard. Turn left into the driveway by the curbside Luminex sign.

ANNEX A

LUMINEX CORPORATION

2018 EQUITY INCENTIVE PLAN

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Section 1. Purpose.

This plan shall be known as the “Luminex Corporation 2018 Equity Incentive Plan” (the “Plan”). The purpose of the Plan is to promote the interests of Luminex Corporation (the “Company”) and its shareholders by (i) attracting and retaining key officers, employees and directors of, and consultants to, the Company and its Subsidiaries and Affiliates; (ii) motivating such individuals by means of performance-related incentives to achieve long-range performance goals; (iii) enabling such individuals to participate in the long-term growth and financial success of the Company; (iv) encouraging ownership of stock in the Company by such individuals; and (v) linking their compensation to the long-term interests of the Company and its shareholders.

Section 2. Definitions.

As used in the Plan, the following terms shall have the meanings set forth below:

2.1 “Affiliate” shall mean (i) any entity that, directly or indirectly, is controlled by the Company, (ii) any entity in which the Company has a significant equity interest, (iii) an affiliate of the Company, as defined in Rule 12b-2 promulgated under Section 12 of the Exchange Act, and (iv) any entity in which the Company has at least twenty percent (20%) of the combined voting power of the entity’s outstanding voting securities, in each case as designated by the Board as being a participating employer in the Plan.

2.2 “Award” shall mean any Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit, Performance Award, or Other Stock-Based Award granted under the Plan, whether singly, in combination or in tandem, to a Participant by the Committee pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Committee may establish.

2.3 “Award Agreement” shall mean any written agreement, contract or other instrument or document evidencing any Award, which may, but need not unless otherwise provided by the Committee, be executed or acknowledged by a Participant.

2.4 “Board” shall mean the Board of Directors of the Company.

2.5 “Cause” shall mean, unless otherwise defined in the applicable Award Agreement, (i) the engaging by the Participant in willful misconduct that is injurious to the Company or its Subsidiaries or Affiliates, or (ii) the embezzlement or misappropriation of funds or property of the Company or its Subsidiaries or Affiliates by the Participant. For purposes of this paragraph, no act, or failure to act, on the Participant’s part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant’s action or omission was in the best interest of the Company. Any determination of Cause for purposes of the Plan or any Award shall be made by the Committee in its sole discretion. Any such determination shall be final and binding on a Participant.

2.6 “Change in Control” shall mean, unless otherwise provided in the applicable Award Agreement, the happening of one of the following:

(a) any person or entity, including a “group” as defined in Section 13(d)(3) of the Exchange Act, other than the Company or a wholly-owned Subsidiary thereof or any employee benefit plan of the Company or any of its Subsidiaries, becomes the beneficial owner of the Company’s securities having 35% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or

(b)as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sales of assets or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction; or

(c)during any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's shareholders, of each director of the Company first elected during such period was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of any such period.

Notwithstanding the foregoing, (i) unless otherwise provided in an applicable Award Agreement, solely for purposes of determining the timing of any payments with respect to any Award constituting a "deferral of compensation" subject to Section 409A of the Code, a Change in Control shall be limited to a "change in the ownership" of the Company, a "change in the effective control" of the Company, or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined in Section 1.409A-3(i)(5) of the U.S. Treasury Regulations, and (ii) no Award Agreement shall define a Change in Control in such a manner that a Change in Control would be deemed to occur prior to the actual consummation of the event or transaction that results in a Change in Control of the Company (e.g., upon the announcement, commencement, or shareholder approval of any event or transaction that, if completed, would result in a change in control of the Company).

2.7 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.8 "Committee" shall mean a committee of the Board composed of not less than two Non-Employee Directors, each of whom shall be (i) a "non-employee director" for purposes of Exchange Act Section 16 and Rule 16b-3 thereunder and (ii) "independent" within the meaning of the listing standards of the Nasdaq Global Select Market.

2.9 "Consultant" shall mean any consultant to the Company or its Subsidiaries or Affiliates.

2.10 "Director" shall mean a member of the Board.

2.11 "Director Service Period" means the greater of (a) the approximately one year period beginning with an annual meeting of the Company's shareholders and ending immediately prior to the next succeeding annual meeting of the Company's shareholders, or (b) fifty (50) weeks from the date of grant.

2.12 "Disability" shall mean, unless otherwise defined in the applicable Award Agreement, a disability that would qualify as a total and permanent disability under the Company's then current long-term disability plan.

2.13 "Early Retirement" shall mean, unless otherwise defined in the applicable Award Agreement, retirement with the express consent of the Company at or before the time of such retirement, from active employment with the Company and any Subsidiary or Affiliate prior to age 65, in accordance with any applicable early retirement policy of the Company then in effect or as may be approved by the Committee.

2.14 "Effective Date" shall have the meaning provided in Section 16.1 of the Plan.

2.15 "Employee" shall mean a current or prospective officer or employee of the Company or of any Subsidiary or Affiliate.

2.16 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.17 "Fair Market Value" with respect to the Shares, shall mean, for purposes of a grant of an Award as of any date, (i) the reported closing sales price of the Shares on the Nasdaq Global Select Market, or any other market or exchange as is the principal trading market for the Shares, on such date, or in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported or (ii) in the event there is no public market for the Shares on such date, the fair market value as determined, in good faith and by the reasonable application of a reasonable valuation method, by the Committee in its sole discretion, and for purposes of a sale of a Share as of any date, the actual sales price on that date.

2.18 “Good Reason” shall mean, unless otherwise provided in an Award Agreement, (i) a material reduction in a Participant’s position, authority, duties or responsibilities, (ii) any material reduction in a Participant’s annual base salary as in effect immediately prior to a Change in Control; (iii) the relocation of the office at which the Participant is to perform the majority of his or her duties following a Change in Control to a location more than 30 miles from the location at which the Participant performed such duties prior to the Change in Control; or (iv) the failure by the Company or its successor to continue to provide the Participant with benefits substantially similar in aggregate value to those enjoyed by the Participant under any of the Company’s pension, life insurance, medical, health and accident or disability plans in which Participant was participating immediately prior to a Change in Control, unless the Participant is offered participation in other comparable benefit plans generally available to similarly situated employees of the Company or its successor after the Change in Control.

2.19 “Grant Price” shall mean the price established at the time of grant of an SAR pursuant to Section 6 used to determine whether there is any payment due upon exercise of the SAR.

- 2.20 “Incentive Stock Option” shall mean an option to purchase Shares from the Company that is granted under Section 6 of the Plan and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.
- 2.21 “Non-Employee Director” shall mean a member of the Board who is not an officer or employee of the Company or any Subsidiary or Affiliate.
- 2.22 “Non-Qualified Stock Option” shall mean an option to purchase Shares from the Company that is granted under Sections 6 or 10 of the Plan and is not intended to be an Incentive Stock Option.
- 2.23 “Normal Retirement” shall mean, unless otherwise defined in the applicable Award Agreement, retirement of a Participant from active employment with the Company or any of its Subsidiaries or Affiliates on or after such Participant’s 65th birthday.
- 2.24 “Option” shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- 2.25 “Option Price” shall mean the purchase price payable to purchase one Share upon the exercise of an Option.
- 2.26 “Other Stock-Based Award” shall mean any Award granted under Sections 9 or 10 of the Plan. For purposes of the share counting provisions of Section 4.1 hereof, an Other Stock-Based Award that is not settled in cash shall be treated as (i) an Option Award if the amounts payable thereunder will be determined by reference to the appreciation of a Share, and (ii) a Restricted Share Award if the amounts payable thereunder will be determined by reference to the full value of a Share.
- 2.27 “Outside Director” shall mean, with respect to the grant of an Award, a member of the Board then serving on the Committee.
- 2.28 “Participant” shall mean any Employee, Director, Consultant or other person who receives an Award under the Plan.
- 2.29 “Performance Award” shall mean any Award granted under Section 8 of the Plan. For purposes of the share counting provisions of Section 4.1 hereof, a Performance Award that is not settled in cash shall be treated as (i) an Option Award if the amounts payable thereunder will be determined by reference to the appreciation of a Share, and (ii) a Restricted Share Award if the amounts payable thereunder will be determined by reference to the full value of a Share.
- 2.30 “Person” shall mean any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.
- 2.31 “Restricted Share” shall mean any Share granted under Sections 7 to 10 of the Plan.
- 2.32 “Restricted Share Unit” shall mean any unit granted under Sections 7 to 10 of the Plan.
- 2.33 “Retirement” shall mean Normal or Early Retirement.
- 2.34 “SEC” shall mean the Securities and Exchange Commission or any successor thereto.
- 2.35 “Section 16” shall mean Section 16 of the Exchange Act and the rules promulgated thereunder and any successor provision thereto as in effect from time to time.

2.36 “Separation from Service” or “Separates from Service” shall have the meaning ascribed to such term pursuant to Section 409A of the Code and the regulations promulgated thereunder.

2.37 “Shares” shall mean shares of the common stock, \$0.001 par value, of the Company.

2.38 “Share Reserve” shall have the meaning set forth in Section 4.1 hereof.

2.39 “Specified Employee” has the meaning ascribed to such term pursuant to Section 409A of the Code and the regulations promulgated thereunder.

2.40 “Stock Appreciation Right” or “SAR” shall mean a stock appreciation right granted under Sections 6, 8 or 10 of the Plan that entitles the holder to receive, with respect to each Share encompassed by the exercise of such SAR, the amount determined by the Committee and specified in an Award Agreement. In the absence of such a determination, the holder shall be entitled to receive, with respect to each Share encompassed by the exercise of such SAR, the excess of the Fair Market Value of such Share on the date of exercise over the Grant Price.

2.41 “Subsidiary” shall mean any Person (other than the Company) of which 50% or more of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company.

2.42 “Substitute Awards” shall mean Awards granted solely in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

2.43 “2006 Plan” means the Company's Amended and Restated 2006 Equity Incentive Plan, the Company's Second Amended and Restated 2006 Equity Incentive Plan and the Company's Third Amended and Restated 2006 Equity Incentive Plan, or any of these as the context requires.

2.44 “Vesting Period” shall mean the period of time specified by the Committee during which vesting restrictions for an Award are applicable.

Section 3. Administration.

3.1 Authority of Committee. The Plan shall be administered by a Committee, which shall be appointed by and serve at the pleasure of the Board; provided, however, with respect to Awards to Outside Directors, all references in the Plan to the Committee shall be deemed to be references to the Board. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority in its discretion (and in accordance with Section 409A of the Code with respect to Awards subject thereto) to: (i) designate Participants; (ii) determine eligibility for participation in the Plan and decide all questions concerning eligibility for and the amount of Awards under the Plan; (iii) determine the type or types of Awards to be granted to a Participant; (iv) determine the number of Shares to be covered by, or with respect to which payments, rights or other matters are to be calculated in connection with Awards; (v) determine the timing, terms, and conditions of any Award; (vi) accelerate the time at which all or any part of an Award may be settled or exercised; (vii) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (viii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (ix) grant Awards as an alternative to, or as the form of payment for grants or rights earned or payable under, other bonus or compensation plans, arrangements or policies of the Company or a Subsidiary or Affiliate; (x) grant Substitute Awards on such terms and conditions as the Committee may prescribe, subject to compliance with the Incentive Stock Option rules under Section 422 of the Code and the nonqualified deferred compensation rules under Section 409A of the Code, where applicable; (xi) make all determinations under the Plan concerning any Participant's Separation from Service with the Company or a Subsidiary or Affiliate, including whether such separation occurs by reason of Cause, Good Reason, Disability, Retirement, or in connection with a Change in Control and whether a leave constitutes a Separation from Service; (xii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (xiii) except to the extent prohibited by Section 6.2, amend or modify the terms of any Award at or after grant with the consent of the holder of the Award; (xiv) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (xv) make any other determination and take any other action

that the Committee deems necessary or desirable for the administration of the Plan, subject to the exclusive authority of the Board under Section 14 hereunder to amend or terminate the Plan.

3.2 Committee Discretion Binding. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Subsidiary or Affiliate, any Participant and any holder or beneficiary of any Award. A Participant or other holder of an Award may contest a decision or action by the Committee with respect to such person or Award only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or was unlawful.

3.3 Delegation. Subject to the terms of the Plan and applicable law, the Committee may delegate to one or more officers or managers of the Company or of any Subsidiary or Affiliate, or to a Committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to or to cancel, modify or waive rights with respect to, or to alter, discontinue, suspend or terminate Awards held by Participants who are not officers or directors of the Company for purposes of Section 16 or who are otherwise not subject to such Section.

3.4 No Liability. No member of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

Section 4. Shares Available for Awards.

4.1 Shares Available. Subject to the provisions of Section 4.2 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards granted after the effective date of this Plan is equal to the sum of (i) 3,500,000 Shares and (ii) the number of shares available for grant under the 2006 Plan as of May 17, 2018 (such aggregate amount being, the "Share Reserve"). Following the Effective Date of this Plan, no further grants of Awards shall be made pursuant to the 2006 Plan. The number of Shares with respect to which Incentive Stock Options may be granted shall be no more than 1,000,000. Each Share subject to a granted Option shall reduce the Share Reserve by one (1) share. Each Share subject to a granted SAR shall reduce the Share Reserve by one (1) share. Each Share subject to a Restricted Stock Award or a Restricted Stock Unit Award shall reduce the Share Reserve by one and sixty-seven one-hundredths (1.67) Shares. If any Award granted under this Plan shall expire, terminate, be settled in cash (in whole or in part) or otherwise be forfeited or canceled for any reason before it has vested, settled or been exercised in full, the Shares subject to such Award shall, to the extent of such expiration, cash settlement, forfeiture, or termination, again be available for Awards under the Plan, in accordance with this Section 4.1. If any Award granted under the 2006 Plan shall expire, terminate, be settled in cash (in whole or in part) or otherwise be forfeited or canceled for any reason before it has vested, settled or been exercised in full, the Shares subject to such Award shall, to the extent of such expiration, cash settlement, forfeiture, or termination, again be available for Awards under the Plan, and the Share Reserve shall be increased, in accordance with this Section 4.1. The Committee may make such other determinations regarding the counting of Shares issued pursuant to this Plan as it deems necessary or advisable, provided that such determinations shall be permitted by law. Notwithstanding the foregoing, if an Option or SAR is exercised, in whole or in part, by tender of Shares or if the Company's tax withholding obligation is satisfied by withholding Shares, the number of Shares deemed to have been issued under the Plan for purposes of the limitation set forth in this Section 4.1 shall be the number of Shares that were subject to the Option or SAR or portion thereof, and not the net number of Shares actually issued, and any SARs to be settled in Shares shall be counted in full against the number of Shares available for issuance under the Plan, regardless of the number of shares issued upon the settlement of the SAR. Any Shares that again become available for grant pursuant to this Section shall be added back as (i) one (1) Share if such Shares were subject to Options or Stock Appreciation Rights granted under the Plan or options or stock appreciation rights granted under the 2006 Plan, and (ii) as one and sixty-seven one-hundredths (1.67) Shares if such Shares were subject to Awards other than Options or Stock Appreciation Rights granted under the Plan or awards other than options or stock appreciation rights granted under the 2006 Plan.

4.2 Adjustments. Without limiting the Committee's discretion as provided in Section 13 hereof, in the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property, and other than a normal cash dividend), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares, then the Committee shall, in an equitable and proportionate manner as deemed appropriate by the Committee (and, as applicable, in such manner as is consistent with Sections 422 and

409A of the Code and the regulations thereunder) either: (i) adjust any or all of (1) the aggregate number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted under the Plan; (2) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards under the Plan, provided that the number of Shares subject to any Award shall always be a whole number; (3) the grant or exercise price with respect to any Award under the Plan, and (4) the limits on the number of Shares or Awards that may be granted to Participants under the Plan in any calendar year; (ii) provide for an equivalent award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect; or (iii) make provision for a cash payment to the holder of an outstanding Award. Any such adjustments to outstanding Awards shall be effected in a manner that precludes the material enlargement of rights and benefits under such Awards.

4.3 Substitute Awards. Any Shares issued by the Company as Substitute Awards in connection with the assumption or substitution of outstanding grants from any acquired corporation shall not reduce the Shares available for Awards under the Plan.

4.4 Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of issued Shares which have been reacquired by the Company.

Section 5. Eligibility.

Any Employee, Director or Consultant shall be eligible to be designated a Participant; provided, however, that Outside Directors shall only be eligible to receive Awards granted consistent with Section 10.

Section 6. Stock Options and Stock Appreciation Rights.

6.1 Grant. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Options and SARs shall be granted, the number of Shares subject to each Award, the exercise price and the conditions and limitations applicable to the exercise of each Option and SAR. An Option may be granted with or without a related SAR. An SAR may be granted with or without a related Option. The grant of an Option or SAR shall occur when the Committee by resolution, written consent or other appropriate action determines to grant such Option or SAR for a particular number of Shares to a particular Participant at a particular Option Price or Grant Price, as the case may be, or such later date as the Committee shall specify in such resolution, written consent or other appropriate action. The Committee shall have the authority to grant Incentive Stock Options and to grant Non-Qualified Stock Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with Section 422 of the Code, as from time to time amended, and any regulations implementing such statute. A person who has been granted an Option or SAR under this Plan may be granted additional Options or SARs under the Plan if the Committee shall so determine; provided, however, that to the extent the aggregate Fair Market Value (determined at the time the Incentive Stock Option is granted) of the Shares with respect to which all Incentive Stock Options are exercisable for the first time by an Employee during any calendar year (under all plans described in Section 422(d) of the Code of the Employee's employer corporation and its parent and Subsidiaries) exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options.

6.2 Price. The Committee in its sole discretion shall establish the Option Price at the time each Option is granted and the Grant Price at the time each SAR is granted. Except in the case of Substitute Awards, the Option Price of an Option may not be less than the Fair Market Value of a Share on the date of grant of such Option. Except with respect to Substitute Awards, the Grant Price of an SAR may not be less than the Fair Market Value of a Share on the date of grant of such SAR. In the case of Substitute Awards or Awards granted in connection with an adjustment provided for in Section 4.2 hereof in the form of Options or SARs, such grants shall have an Option Price (or Grant Price) per Share that is intended to maintain the economic value of the Award that was replaced or adjusted as determined by the Committee. Other than pursuant to Section 4.2, the Committee shall not without the approval of the Company's shareholders (i) lower the Option Price of any Option after it is granted, (ii) reduce the Grant Price of any SAR after it is granted, (iii) cancel any Option when the Option Price exceeds the Fair Market Value of the underlying Shares in exchange for cash or another Award (other than in connection with a Change in Control or a Substitute Award), (iv) cancel any SAR when the Grant Price exceeds the Fair Market Value of the underlying Shares in exchange for cash or another Award (other than in connection with a Change in Control or a Substitute Award), or (v) take any other action with respect to an Option or SAR that would be treated as a repricing under the rules and regulations of the Nasdaq Global Select Market.

6.3 Term. Subject to the Committee's authority under Section 3.1 and the provisions of Section 6.6, each Option and SAR and all rights and obligations thereunder shall expire on the date determined by the Committee and specified in the Award Agreement. The Committee shall be under no duty to provide terms of like duration for Options or SARs granted under the Plan. Notwithstanding the foregoing, but subject to Section 6.4(a) hereof, no Option or SAR shall be exercisable after the expiration of seven (7) years from the date such Option or SAR was granted.

6.4 Exercise.

(a) Subject to Section 6.7 hereof, each Option and SAR shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter. The Committee shall have full and complete authority to determine, subject to Section 6.6 hereof, whether an Option or SAR will be exercisable in full at any time or from time to time during the term of the Option or SAR, or to provide for the exercise thereof in such installments, upon the occurrence of such events and at such times during the term of the Option or SAR as the Committee may determine. An Award Agreement may provide that the period of time over which an Option, other than an Incentive Stock Option, or SAR may be exercised shall be automatically extended if on the scheduled expiration of such Award, the Participant's exercise of such Award would violate applicable securities law; provided, however, that during the extended exercise period the Option or SAR may only be exercised to the extent such Award was exercisable in accordance with its terms immediately prior to such scheduled expiration date; provided further, however, that such extended exercise period shall end not later than thirty (30) days after the exercise of such Option or SAR first would no longer violate such laws.

(b) The Committee may impose such conditions with respect to the exercise of Options or SARs, including without limitation, any relating to the application of federal, state or foreign securities laws or the Code, as it may deem necessary or advisable. The exercise of any Option granted hereunder shall be effective only at such time as the sale of Shares pursuant to such exercise will not violate any state or federal securities or other laws.

(c) An Option or SAR may be exercised in whole or in part at any time, with respect to whole Shares only, within the period permitted thereunder for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option or SAR, delivered to the Company at its principal office, and payment in full to the Company at the direction of the Committee of the amount of the Option Price for the number of Shares with respect to which the Option is then being exercised.

(d) Payment of the Option Price shall be made in (i) cash or cash equivalents, or, (ii) at the discretion of the Committee, by transfer, either actually or by attestation, to the Company of unencumbered Shares previously acquired by the Participant, valued at the Fair Market Value of such Shares on the date of exercise (or next succeeding trading date, if the date of exercise is not a trading date), together with any applicable withholding taxes, such transfer to be upon such terms and conditions as determined by the Committee, (iii) by a combination of (i) or (ii), or (iv) by any other method approved or accepted by the Committee in its sole discretion, including, if the Committee so determines, (x) a cashless (broker-assisted) exercise that complies with applicable laws or (y) withholding Shares (net-exercise) otherwise deliverable to the Participant pursuant to the Option having an aggregate Fair Market Value at the time of exercise equal to the total Option Price. Until the Participant has been issued the Shares subject to such exercise, the Participant shall possess no rights as a shareholder with respect to such Shares. The Company reserves, at any and all times in the Company's sole discretion, the right to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a method set forth in subsection (iv) above, including with respect to one or more Participants specified by the Company notwithstanding that such program or procedures may be available to other Participants.

(e) At the Committee's discretion, the amount payable as a result of the exercise of an SAR may be settled in cash, Shares or a combination of cash and Shares. A fractional Share shall not be deliverable upon the exercise of a SAR but a cash payment will be made in lieu thereof.

6.5 Separation from Service. Except as otherwise provided in the applicable Award Agreement, an Option or SAR may be exercised only to the extent that it is then exercisable, and if at all times during the period beginning with the date of granting such Award and ending on the date of exercise of such Award the Participant is an Employee,

Non-Employee Director or Consultant, and shall terminate immediately upon a Separation from Service by the Participant. Except as otherwise provided by the Committee at or after grant, an Option or SAR shall cease to become exercisable upon a Separation from Service of the holder thereof. Subject to Section 6.7 hereof, the Committee may determine in its discretion that an Option or SAR may be exercised following any such Separation from Service, whether or not exercisable at the time of such separation; provided, however, that in no event may an Option or SAR be exercised after the expiration date of such Award specified in the applicable Award Agreement, except as provided in Section 6.4(a).

6.6 Ten Percent Stock Rule. Notwithstanding any other provisions in the Plan, if at the time an Option is otherwise to be granted pursuant to the Plan, the optionee or rights holder owns directly or indirectly (within the meaning of Section 424(d) of the Code) Shares of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of Stock of the Company or its parent or Subsidiary or Affiliate corporations (within the meaning of Section 422(b)(6) of the Code), then any Incentive Stock Option to be granted to such optionee or rights holder pursuant to the Plan shall satisfy the requirement of Section 422(c)(5) of the Code, and the Option Price shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Shares of the Company, and such Option by its terms shall not be exercisable after the expiration of five (5) years from the date such Option is granted.

6.7 Minimum Vesting Period. Except for Substitute Awards, or the death or disability of the Participant, or in the event of a Change in Control, Options and SARs (including those issued as or as payment for Performance Awards) shall have a Vesting Period of not less than one (1) year from the date of grant (inclusive of any performance periods related thereto), or in the case of an Award to a Non-Employee Director, one Director Service Period; provided, that the Committee has the discretion to waive this requirement with respect to an Award at grant, so long as the total number of Shares that are issued pursuant to Awards having an originally stated Vesting Period of less than one year from the date of grant shall not exceed 5% of the Share Reserve.

Section 7. Restricted Shares and Restricted Share Units.

7.1 Grant.

(a) Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Restricted Shares and Restricted Share Units shall be granted, the number of Restricted Shares and/or the number of Restricted Share Units to be granted to each Participant, the duration of the period during which, and the conditions under which, the Restricted Shares and Restricted Share Units may be forfeited to the Company, and the other terms and conditions of such Awards. The Restricted Share and Restricted Share Unit Awards shall be evidenced by Award Agreements in such form as the Committee shall from time to time approve, which agreements shall comply with and be subject to the terms and conditions provided hereunder and any additional terms and conditions established by the Committee that are consistent with the terms of the Plan.

(b) Each Restricted Share and Restricted Share Unit Award made under the Plan shall be for such number of Shares as shall be determined by the Committee and set forth in the Award Agreement containing the terms of such Restricted Share or Restricted Share Unit Award. Such agreement shall set forth a period of time consistent with Section 7.5 hereof during which the grantee must remain in the continuous employment (or other service-providing capacity) of the Company in order for the forfeiture and transfer restrictions to lapse. If the Committee so determines, the restrictions may lapse during such restricted period in installments with respect to specified portions of the Shares covered by the Restricted Share or Restricted Share Unit Award. The Award Agreement may also, in the discretion of the Committee, set forth performance or other conditions that will subject the Shares to forfeiture and transfer restrictions. Subject to Section 7.5 hereof, the Committee may, at its discretion, waive all or any part of the restrictions applicable to any or all outstanding Restricted Share and Restricted Share Unit Awards.

7.2 Delivery of Shares and Transfer Restrictions.

(a) At the time of a Restricted Share Award, a certificate representing the number of Shares awarded thereunder shall be registered in the name of the grantee. Such certificate shall be held by the Company or any custodian appointed by the Company for the account of the grantee subject to the terms and conditions of the Plan, and shall bear such a legend setting forth the restrictions imposed thereon as the Committee, in its discretion, may determine. The foregoing to the contrary notwithstanding, the Committee may, in its discretion, provide that a Participant's

ownership of Restricted Shares prior to the lapse of any transfer restrictions or any other applicable restrictions shall, in lieu of such certificates, be evidenced by a “book entry” (i.e., a computerized or manual entry) in the records of the Company or its designated agent in the name of the Participant who has received such Award, and confirmation and account statements sent to the Participant with respect to such book-entry Shares may bear the restrictive legend referenced in the preceding sentence. Such records of the Company or such agent shall, absent manifest error, be binding on all Participants who receive Restricted Share Awards evidenced in such manner. The holding of Restricted Shares by the Company or such an escrow holder, or the use of book entries to evidence the ownership of Restricted Shares, in accordance with this Section 7.2(a), shall not affect the rights of Participants as owners of the Restricted Shares awarded to them, nor affect the restrictions applicable to such shares under the Award Agreement or the Plan, including the transfer restrictions.

(b) Unless otherwise provided in the applicable Award Agreement, the grantee shall have all rights of a shareholder with respect to the Restricted Shares, including the right to receive dividends and the right to vote such Shares, subject to the following restrictions: (i) the grantee shall not be entitled to delivery of the stock certificate until the expiration of the restricted period and the fulfillment of any other restrictive conditions set forth in the Award Agreement with respect to such Shares; (ii) none of the Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of during such restricted period or until after the fulfillment of any such other restrictive conditions; and (iii) except as otherwise determined by the Committee at or after grant, all of the Shares shall be forfeited and all rights of the grantee to such Shares shall terminate, without further obligation on the part of the Company, unless the grantee remains in the continuous employment of the Company for the entire restricted period in relation to which such Shares were granted and unless any other restrictive conditions relating to the Restricted Share Award are met. Restricted Share Units shall be subject to similar transfer restrictions as Restricted Share Awards, except that no Shares are actually awarded to a Participant who is granted Restricted Share Units on the date of grant, and such Participant shall have no rights of a shareholder with respect to such Restricted Share Units until the restrictions set forth in the applicable Award Agreement have lapsed.

7.3 Termination of Restrictions. At the end of the restricted period and provided that any other restrictive conditions of the Restricted Share Award are met, or at such earlier time as otherwise determined by the Committee, all restrictions set forth in the Award Agreement relating to the Restricted Share Award or in the Plan shall lapse as to the restricted Shares subject thereto, and a stock certificate for the appropriate number of Shares, free of the restrictions and restricted stock legend, shall be delivered to the Participant or the Participant's beneficiary or estate, as the case may be (or, in the case of book-entry Shares, such restrictions and restricted stock legend shall be removed from the confirmation and account statements delivered to the Participant or the Participant's beneficiary or estate, as the case may be, in book-entry form).

7.4 Payment of Restricted Share Units. Each Restricted Share Unit shall have a value equal to the Fair Market Value of a Share. Restricted Share Units may be paid in cash, Shares, other securities or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. The applicable Award Agreement shall specify whether a Participant will be entitled to receive dividend equivalent rights in respect of Restricted Share Units at the time of any payment of dividends to shareholders on Shares. If the applicable Award Agreement specifies that a Participant will be entitled to dividend equivalent rights, (i) the amount of any such dividend equivalent right shall equal the amount that would be payable to the Participant as a shareholder in respect of a number of Shares equal to the number of vested Restricted Share Units then credited to the Participant, and (ii) any such dividend equivalent right shall be paid in accordance with the Company's payment practices as may be established from time to time and as of the date on which such dividend would have been payable in respect of outstanding Shares (and in accordance with Section 409A of the Code with regard to Awards subject thereto); provided, that no dividend equivalents with respect to unvested Restricted Share Units shall be paid prior to the vesting thereof. Except as otherwise determined by the Committee at or after grant, Restricted Share Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of, and all Restricted Share Units and all rights of the grantee to such Restricted Share Units shall terminate, without further obligation on the part of the Company, unless the grantee remains in continuous employment of the Company for the entire restricted period in relation to which such Restricted Share Units were granted and unless any other restrictive conditions relating to the Restricted Share Unit Award are met.

7.5 Minimum Vesting Period. Except for Substitute Awards, or the death or disability of the Participant, or in the event of a Change in Control, Restricted Stock Awards and Restricted Stock Unit Awards (including those issued as or as payment for Performance Awards) shall have a Vesting Period of not less than one (1) year from the date of grant (inclusive of any performance periods related thereto), or in the case of an Award to a Non-Employee Director, one Director Service Period; provided, that the Committee has the discretion to waive this requirement with respect to an Award at grant, so long as the total number of Shares that are issued pursuant to Awards having an originally stated

Vesting Period of less than one year from the date of grant shall not exceed 5% of the Share Reserve.

Section 8. Performance Awards.

8.1 Grant. The Committee shall have sole and complete authority to determine the Participants who shall receive a Performance Award, which shall consist of a right that is (i) denominated in cash or Shares (including but not limited to Restricted Shares and Restricted Share Units), (ii) valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine.

8.2 Terms and Conditions. Subject to the terms of the Plan (including applicable minimum vesting requirements set forth in Sections 6.7, 7.5 or 9) and any applicable Award Agreement, the Committee shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award, and may amend specific provisions of the Performance Award; provided, however, that such amendment may not adversely affect existing Performance Awards made within a performance period commencing prior to implementation of the amendment.

8.3 Payment of Performance Awards. Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with the procedures established by the Committee, on a deferred basis. Notwithstanding the foregoing, the Committee may in its discretion, waive any performance goals and/or other terms and conditions relating to a Performance Award; provided, that if such waiver results in the Award being subject only to time-based vesting, the minimum vesting provisions of Section 7.5 shall apply. A Participant's rights to any Performance Award may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of in any manner, except by will or the laws of descent and distribution, and/or except as the Committee may determine at or after grant.

Section 9. Other Stock-Based Awards.

The Committee shall have the authority to determine the Participants who shall receive an Other Stock-Based Award, which shall consist of any right that is (i) not an Award described in Sections 6 and 7 above and (ii) an Award of Shares or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as deemed by the Committee to be consistent with the purposes of the Plan. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Stock-Based Award; provided, however, that the minimum Vesting Period requirements set forth in Section 7.5 hereof shall apply to Other Stock-Based Awards.

Section 10. Non-Employee Director and Outside Director Awards.

10.1 Annual Retainer. The Board may provide that all or a portion of a Non-Employee Director's annual retainer, meeting fees and/or other awards or compensation as determined by the Board, be payable (either automatically or at the election of a Non-Employee Director) in the form of Non-Qualified Stock Options, Restricted Shares, Restricted Share Units and/or Other Stock-Based Awards, including unrestricted Shares. The Board shall determine the terms and conditions of any such Awards, including the terms and conditions which shall apply upon a termination of the Non-Employee Director's service as a member of the Board, and shall have full power and authority in its discretion to administer such Awards, subject to the terms of the Plan and applicable law.

10.2 Other Awards. The Board may also grant Awards to Outside Directors pursuant to the terms of the Plan, including any Award described in Sections 6, 7 and 9 above. With respect to such Awards, all references in the Plan to the Committee shall be deemed to be references to the Board.

10.3 Equity Limits to Directors. Notwithstanding anything in the Plan to the contrary, the maximum number of Shares subject to Awards granted during any 12-month period to any Non-Employee Director shall not exceed \$400,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes and excluding, for this purpose, the value of any dividends or dividend equivalents paid in accordance with the Plan on certain Awards) (the "Director Limit"). The Board may not, without the approval of the shareholders, increase the Director Limit.

Section 11. Provisions Applicable to Covered Officers and Performance Awards.

The Committee may grant Performance Awards to Participants based upon the attainment of performance targets related to one or more performance goals selected by the Committee from among the goals specified below:

- (a) earnings before any one or more of the following: interest, taxes, depreciation, amortization and/or stock compensation;
- (b) operating (or gross) income or profit;
- (c) operating efficiencies;

(d) return on equity, assets, capital, capital employed or investment;

(e) after tax operating income;

(f) net income;

(g) earnings or book value per Share;

(h) financial ratios;

(i) cash flow(s);

(j) total sales or revenues or sales or revenues per employee;

(k) production (separate work units or SWUs);

(l) stock price or total shareholder return;

(m) dividends;

(n) debt or cost reduction, controls or objectives;

(o) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals (including, without limitation, developmental, strategic or manufacturing milestones of products or projects in development, execution of contracts with current or prospective customers and development of business expansion strategies) and goals relating to acquisitions, joint ventures or collaborations or divestitures;

(p) sales by market, market segment or product type or group;

(q) gross profit margin (dollars or percent of sales) by business unit, product groups or areas of the world; or

(r) any combination thereof.

Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or any Subsidiary, operating unit, business segment or division of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or Shares outstanding, or to assets or net assets. The Committee may appropriately adjust any evaluation of performance under criteria set forth in this Section 11 to exclude any of the following events that occur during a performance period: (i) asset impairments or write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year, (vi) the effect of adverse federal, governmental or regulatory action, or delays in federal, governmental or regulatory action, and (vii) any other event that the Committee determines is not directly related to the operations of the Company or not within the reasonable control of the Company's management.

Section 12. Separation from Service.

The Committee shall have the full power and authority to determine the terms and conditions that shall apply to any Award upon a Separation from Service with the Company, its Subsidiaries and Affiliates, including a separation from the Company with or without Cause, by a Participant voluntarily, or by reason of death, Disability, Early Retirement or Retirement, and may provide such terms and conditions in the Award Agreement or in such rules and regulations as it may prescribe.

Section 13. Change In Control.

13.1 Certain Terminations. Unless otherwise provided by the Committee, or in an Award Agreement or by a contractual agreement between the Company and a Participant, if, within one year following a Change in Control, a Participant Separates from Service with the Company (or its successor) by reason of (a) death; (b) Disability; (c) Normal Retirement or Early Retirement; (d) for Good Reason by the Participant; or (e) involuntary termination by the Company for any reason other than for Cause, all outstanding Awards of such Participant shall vest, become immediately exercisable and payable and have all restrictions lifted. For purposes of an Award subject to Section 409A of the Code, Good Reason shall exist only if (i) the Participant notifies the Company of the event establishing Good Reason within 90 days of its initial existence, (ii) the Company is provided 30 days to cure such event and (iii) the Participant Separates from Service with the Company (or its successor) within 180 days of the initial occurrence of the event.

13.2 Accelerated Vesting. The Committee may, in its discretion, provide in any Award Agreement, or, in the event of a Change in Control, may take such actions as it deems appropriate to provide, for the acceleration of the exercisability, vesting and/or settlement in connection with such Change in Control of each or any outstanding Award or portion thereof and Shares acquired pursuant thereto upon such conditions (if any), including termination of the Participant's service prior to, upon, or following such Change in Control, to such extent as the Committee shall determine. In the event of a Change in Control, and without the consent of any Participant, the Committee may, in its discretion, provide that for a period of at least fifteen (15) days prior to the Change in Control, any Options or Stock Appreciation Rights shall be exercisable as to all Shares subject thereto and that upon the occurrence of the Change in Control, such Stock Options or Stock Appreciation Rights shall terminate and be of no further force and effect.

13.3 Assumption, Continuation or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the consent of any Participant, either assume or continue the Company's rights and obligations under each or any Award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding Award or portion thereof a substantially equivalent award with respect to the Acquiror's stock, as applicable; provided, that in the event of such an assumption, continuation or substitution, the Acquiror must grant the rights set forth in Section 13.1 to the Participant in respect of such assumed, continued or substituted Awards. For purposes of this Section, if so determined by the Committee, in its discretion, an Award denominated in Shares shall be deemed assumed, continued or substituted if, following the Change in Control, the Award (as adjusted, if applicable, pursuant to Section 4.2 hereof) confers the right to receive, subject to the terms and conditions of the Plan and the applicable Award Agreement, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled; provided, however, that if such consideration is not solely common stock of the Acquiror, the Committee may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise or settlement of the Award, for each Share subject to the Award, to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Shares pursuant to the Change in Control. If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Committee may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Committee's good faith estimate of the present value of the probable future payment of such consideration. Except as otherwise provided by the Committee at or after grant, any Award or portion thereof which is not assumed, continued or substituted by the Acquiror in connection with the Change in Control nor exercised or settled as of the time of consummation of the Change in Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control.

13.4 Cash Settlement of Awards. The Committee may, in its discretion and without the consent of any Participant, determine that, upon the occurrence of a Change in Control, each or any Award or a portion thereof outstanding immediately prior to the Change in Control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested Share (and each unvested Share, if so determined by the Committee) subject to such canceled Award in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per Share in the Change in Control, reduced by the exercise or purchase price per share, if any, under such Award (which payment may, for the avoidance of doubt, be \$0, in the event the per share exercise or purchase price of an Award is greater than the per share consideration in connection with the Change in Control). If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Committee may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Committee's good faith estimate of the present value of the probable future payment of such consideration. In the event such determination is made by the Committee, the amount of such payment (reduced by applicable withholding taxes, if any), if any, shall be paid to Participants in respect of the vested portions of their canceled Awards as soon as practicable following the date of the Change in Control and in respect of the unvested portions of their canceled Awards in accordance with the vesting schedules applicable to such Awards.

13.5 Performance Awards. The Committee may, in its discretion, provide that in the event of a Change in Control, (i) any outstanding Performance Awards relating to performance periods ending prior to the Change in Control which have been earned but not paid shall become immediately payable, (ii) all then-in-progress performance periods for Performance Awards that are outstanding shall end, and either (A) any or all Participants shall be deemed to have earned an award equal to the relevant target award opportunity for the performance period in question, or (B) at the Committee's discretion, the Committee shall determine the extent to which performance criteria have been met with respect to each such Performance Award, if at all, and (iii) the Company shall cause to be paid to each Participant such partial or full Performance Awards, in cash, Shares or other property as determined by the Committee, within thirty (30) days of such Change in Control, based on the Change in Control consideration, which amount may be zero if applicable.

Section 14. Amendment And Termination.

14.1 Amendments to the Plan. The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to comply.

14.2 Amendments to Awards. Subject to the restrictions of Section 6.2, the Committee may waive any conditions or rights under, amend any terms of or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary.

14.3 Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee is hereby authorized to make equitable and proportionate adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (and shall make such adjustments for the events described in Section 4.2 hereof) affecting the Company, any Subsidiary or Affiliate, or the financial statements of the Company or any Subsidiary or Affiliate, or of changes in applicable laws, regulations or accounting principles.

Section 15. General Provisions.

15.1 Limited Transferability of Awards. Except as otherwise provided in the Plan, an Award Agreement or by the Committee at or after grant, no Award shall be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant, except by will or the laws of descent and distribution. No transfer of an Award by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will and/or such other evidence as the Committee may deem necessary or appropriate to establish the validity of the transfer. No transfer of an Award for value shall be permitted under the Plan.

15.2 Dividend Equivalents. Subject to the provisions of this Plan, in the sole and complete discretion of the Committee, an Award other than an Option or SAR may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis. All dividend or dividend equivalents which are not paid currently may, at the Committee's discretion, accrue interest, be reinvested into additional Shares, or, in the case of dividends or dividend equivalents credited in connection with Performance Awards, be credited as additional Performance Awards and paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award. The total number of Shares available for grant under Section 4 shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional Shares or credited as Performance Awards. Notwithstanding the foregoing, with respect to an Award subject to Section 409A of the Code, the payment, deferral or crediting of any dividends or dividend equivalents shall conform to the requirements of Section 409A of the Code and such requirements shall be specified in writing.

15.3. Compliance with Section 409A of the Code. No Award (or modification thereof) shall provide for deferral of compensation that does not comply with Section 409A of the Code unless the Committee, at the time of grant, specifically provides that the Award is not intended to comply with Section 409A of the Code. Notwithstanding any provision of this Plan to the contrary, if one or more of the payments or benefits received or to be received by a Participant pursuant to an Award would cause the Participant to incur any additional tax or interest under Section 409A of the Code, the Committee may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code. In addition, if a Participant is a Specified Employee at the time of his or her Separation from Service, any payments with respect to any Award subject to Section 409A of the Code to which the Participant would otherwise be entitled by reason of such Separation from Service shall be made on the date that is six months after the Participant's Separation from Service (or, if earlier, the date of the Participant's death). Although the Company intends to administer the Plan so that Awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any Award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local or foreign law. The Company shall not be liable to any Participant for any tax, interest, or penalties that Participant might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan.

15.4 No Rights to Awards. No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each Participant.

15.5 Share Certificates. All certificates for Shares or other securities of the Company or any Subsidiary or Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the SEC or any state securities commission or regulatory authority, any stock exchange or other market upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

15.6 Tax Withholding. A Participant may be required to pay to the Company or any Subsidiary or Affiliate and the Company or any Subsidiary or Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan, or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding or other tax-related obligations in respect of an Award, its exercise or any other transaction involving an Award, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee may provide for additional cash payments to holders of Options to defray or offset any tax arising from the

grant, vesting, exercise or payment of any Award. Without limiting the generality of the foregoing, the Committee may in its discretion permit a Participant to satisfy or arrange to satisfy, in whole or in part, the tax obligations incident to an Award by: (a) electing to have the Company withhold Shares or other property otherwise deliverable to such Participant pursuant to the Award (provided, however, that the amount of any Shares so withheld shall not exceed the amount necessary to satisfy required federal, state local and foreign withholding obligations using the maximum statutory withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income) and/or (b) tendering to the Company Shares owned by such Participant (or by such Participant and his or her spouse jointly) and purchased or held for the requisite period of time as may be required to avoid the Company's or the Affiliates' or Subsidiaries' incurring an adverse accounting charge, based, in each case, on the Fair Market Value of the Shares on the payment date as determined by the Committee. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

15.7 Award Agreements. Each Award hereunder shall be evidenced by an Award Agreement that shall be delivered to the Participant and may specify the terms and conditions of the Award and any rules applicable thereto. In the event of a conflict between the terms of the Plan and any Award Agreement, the terms of the Plan shall prevail. The Committee shall, subject to applicable law, determine the date an Award is deemed to be granted. The Committee or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements or other documents evidencing Awards under this Plan and may, but need not, require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant, including by electronic signature or other electronic indication of acceptance, and that such Participant agree to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the agreement or other document evidencing such Award.

15.8 No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options, Restricted Shares, Restricted Share Units, Other Stock-Based Awards or other types of Awards provided for hereunder.

15.9 No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Subsidiary or Affiliate. Further, the Company or a Subsidiary or Affiliate may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in an Award Agreement.

15.10 No Rights as Shareholder. Subject to the provisions of the Plan and the applicable Award Agreement, no Participant or holder or beneficiary of any Award shall have any rights as a shareholder with respect to any Shares to be distributed under the Plan until such person has become a holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Shares hereunder, the applicable Award Agreement shall specify if and to what extent the Participant shall not be entitled to the rights of a shareholder in respect of such Restricted Shares.

15.11 Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to conflicts of laws principles.

15.12 Severability. If any provision of the Plan or any Award is, or becomes, or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

15.13 Other Laws. The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover the same under Exchange Act Section 16(b), and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary.

15.14 Awards to Non-U.S. Participants. The Committee shall have the power and authority to determine which service providers outside the United States shall be eligible to participate in the Plan. Without amending the Plan, the

Committee may grant Awards to eligible persons who are foreign nationals and/or reside outside the United States on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of this Plan. The Committee may adopt, amend or rescind rules, procedures or sub-plans relating to the operation and administration of the Plan to accommodate the specific requirements of local laws, procedures, and practices.

15.15 **Company Clawback Policy.** Any Award granted pursuant to this Plan shall be subject to mandatory repayment by the Participant to the Company (i) to the extent set forth in any Award Agreement or (ii) to the extent that such Participant is, or in the future becomes, subject to (a) any “clawback” or recoupment policy adopted by the Company or any Affiliate thereof to comply with the requirements of any applicable laws, rules or regulations, including pursuant to final rules adopted by the SEC pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, or otherwise, or (b) any applicable laws which impose mandatory recoupment, under circumstances set forth in such applicable laws, including the Sarbanes-Oxley Act of 2002.

15.16 **No Trust or Fund Created.** Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary or Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Subsidiary or Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary or Affiliate.

15.17 **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

15.18 **Headings.** Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 16. Term Of The Plan.

16.1 **Effective Date.** The Plan shall be effective as of May 17, 2018 provided it has been approved by the Board and by the Company’s shareholders.

16.2 **Expiration Date.** No new Awards shall be granted under the Plan after the tenth (10th) anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the tenth (10th) anniversary of the Effective Date.

