

BIO-TECHNE Corp
Form DEF 14A
September 18, 2015

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**

Filed by the Registrant X

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

BIO-TECHNE CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

X No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11
(Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Thursday, October 29, 2015

3:30 p.m. Central Standard Time

The 2015 Annual Meeting of Shareholders of Bio-Techne Corporation will be held at the principal executive offices of the Company, 614 McKinley Place N.E., Minneapolis, Minnesota 55413.

Items of Business:

1. Set the number of members of the Board of Directors at nine (9).
2. Elect directors of the Company.
3. Cast a non-binding vote on named executive officer compensation.
4. Approve amendment and restatement of the Company's 2010 Equity Incentive Plan, including allocation of 800,000 additional shares to the Plan reserve.
5. Ratify the appointment of the Company's independent registered public accounting firm for the 2016 fiscal year.
6. Conduct such other business as may properly be brought before the meeting.

Shareholders of record at the close of business on September 4, 2015 will be entitled to vote at the Annual Meeting or any adjournment or postponement of the meeting.

By order of the Board of Directors

Brenda S. Furlow,
General Counsel and Corporate Secretary

September 18, 2015

YOUR VOTE IS IMPORTANT.

We encourage you to read the proxy statement and vote your shares as soon as possible. You may vote via the Internet at www.proxyvote.com or by telephone at 1-800-690-6903. If you received paper copies of your proxy materials in the mail, you may vote by mail, and a return envelope for your proxy card is enclosed for your convenience. The Proxy Statement and 2015 Annual Report to Shareholders are available at www.proxyvote.com.

Table of Contents

BUSINESS AND GOVERNANCE HIGHLIGHTS	4
Item 2. ELECTION OF DIRECTORS	6
Nominees for Director	6
The Board, Committees and Meetings	9
Director Compensation	12
Corporate Governance	13
EXECUTIVE COMPENSATION	15
Executive Compensation Highlights	15
Compensation Discussion and Analysis	16
Procedures for Setting Executive Compensation	23
Executive Compensation Committee Report on Executive Compensation	24
2015 Summary Compensation Table	25
2015 Grants of Plan-Based Awards	27
2015 Outstanding Equity Awards at Fiscal Year-End	29
2015 Option Exercises and Stock Vested	30
Executive Employment Agreements and Change in Control Arrangements	30
Item 3. ADVISORY VOTE ON EXECUTIVE COMPENSATION	32
Item 4. AMENDED AND RESTATED 2010 EQUITY INCENTIVE PLAN	33
PRINCIPAL SHAREHOLDERS	41
MANAGEMENT SHAREHOLDINGS	42
Item 5. RATIFICATION OF APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2016	43
Audit Committee Report	44
Audit Fees	44
ADDITIONAL CORPORATE GOVERNANCE MATTERS	45
ADDITIONAL VOTING INFORMATION	46

BUSINESS AND GOVERNANCE HIGHLIGHTS

To assist you in reviewing the proposals to be acted upon, we call your attention to the following information about business and governance highlights for fiscal year 2015. The following description is only a summary. For more complete information about these topics, please review the Company's Annual Report on Form 10-K and the complete Proxy Statement.

We continued to execute on our long-term strategy in our fiscal year 2015. We invested selectively, yet purposefully, on the acquisition front, in human capital and organically in the core business.

We increased our revenue. For fiscal year 2015, net sales increased by 26% to \$452.2 million. We generated \$139.4 million in operating cash flow.

We continued to expand our product portfolio through acquisitions. We acquired Novus Biologicals and ProteinSimple in the first fiscal quarter of 2015, and CyVek later in the year. The ProteinSimple and Cyvek acquisitions combined to form a new Protein Platforms segment. We believe these strategic investments will continue to support the Company's future growth by expanding our antibodies portfolio as well as adding complementary instrument systems that leverage the content of our R&D Systems reagents. In early July 2015, subsequent to the close of our fiscal year, we acquired Cliniqa Corporation, which strengthens and expands the Clinical Controls Division product portfolio and capabilities.

We continued to strengthen our corporate leadership. In connection with the July 2014 acquisition of Novus Biologicals, David Eansor joined us and now leads our Biotechnology segment. Robert Gavin became part of Bio-Techne when we acquired ProteinSimple, and now leads our Protein Platforms segment. Brenda Furlow joined us as General Counsel and Corporate Secretary in August 2014.

We expanded our IP portfolio as we continue our transformation to an innovation company. With the acquisitions of ProteinSimple and CyVek, as well as renewed emphasis on capturing innovation in the core business, we significantly expanded our patent portfolio. We now have approximately 100 patents and patent applications globally.

Governance Highlights

Voting and Shareholder Rights

Annual election of directors.

Majority vote standard, not a plurality, in uncontested elections.

Incumbent directors not re-elected by a majority vote must offer to resign.

No shareholder rights plan.

No supermajority voting provisions.

Shareholders holding 10% or more of our outstanding stock have the right to call certain special meetings.

Board Leadership Structure and Practices

8 out of 9 independent Board members.

Balance of industry, scientific and functional expertise among directors.

The roles of chair and CEO are currently split, with the chair being an independent director.

Each committee is made up solely of independent directors.

Each committee operates under a written charter that has been approved by the Board and is available to shareholders.

Each committee has the authority to retain independent advisors.

Annual Board and committee evaluation process.

Retirement age of 75 for directors, to be applied prospectively.

Other Governance Matters

Code of Ethics and Business Conduct, and related hotline.

Expanded our shareholder engagement efforts during fiscal 2015 to discuss governance as well as business matters.

Executive Compensation

98.7% of the votes cast on the 2014 advisory vote on our executive compensation program were supportive. We continue to strive to reward strong performance and align the interests of senior management and shareholders.

You can learn more about our corporate governance elsewhere in this proxy or by visiting www.bio-techne.com/investor-relations where you will find our Principles of Corporate Governance, each standing committee charter and our Code of Ethics and Business Conduct. Each of these documents is also available in print upon request made to the Corporate Secretary, Bio-Techne Corporation, 614 McKinley Ave NE, Minneapolis, MN 55413.

ITEMS 1 AND 2: ELECTION OF DIRECTORS

Item 1. ESTABLISHING THE NUMBER OF DIRECTORS AT NINE

Your Board recommends a vote “FOR” setting the number of directors at nine.

The bylaws of the Company provide that the number of directors shall be determined by the shareholders at each Annual Meeting. The Nominations and Governance Committee of the Board recommended to the Board of Directors that the number of directors be set at nine. Under applicable Minnesota law and the Company’s bylaws, approval of the proposal to set the number of directors at nine requires the affirmative vote of the holders of the greater of: (1) a majority of the voting power of the shares represented in person or by proxy at the Annual Meeting with authority to vote on such matter; or (2) a majority of the voting power of the minimum number of shares that would constitute a quorum for the transaction of business at the Annual Meeting.

Item 2. ELECTION OF DIRECTORS

There are 9 nominees for election to the Board of Directors of the Company. The directors elected at the Annual Meeting will hold office until the 2016 Annual Meeting of Shareholders and until their successors have been elected and qualified, or until their earlier death, resignation or removal. All nominees are current directors and were elected at the 2014 Annual Meeting. For purposes of the upcoming Annual Meeting, the Nominations and Governance Committee has recommended the reelection of each nominee as a director. Each nominee has informed the Board that he or she is willing to serve as a director. If any nominee should decline or become unable or unavailable to serve as a director for any reason, your proxy (the “Proxy”) authorizes the persons named in the Proxy to vote for a replacement nominee, if the Board names one, as such persons determine in their best judgment. As an alternative, the Board may reduce the number of directors to be elected at the Annual Meeting.

The following is a brief description of the age, principal occupation, position and business experience, including other public company directorships, for at least the past five years, and major affiliations of each of the nominees. Each director’s biographical information includes a description of the director’s experience, qualifications, attributes or skills that qualify the director to serve on the Company’s Board at this time.

Nominees for Director

Your Board recommends a vote “FOR” each Nominee.

Robert V. Baumgartner

Mr. Baumgartner, age 59, has served on the Company’s Board since 2003 and as Chairman since 2012. He received a bachelor’s degree in business administration from the University of Notre Dame. Mr. Baumgartner has served as Executive Chairman, Director of the Center for Diagnostic Imaging, Inc., an operator of diagnostic imaging centers, since 2001. Until August 1, 2015, Mr. Baumgartner also served as Chief Executive Officer of that company. Prior to 2001, he held numerous executive positions, including as Chief Executive Officer and Director of American Coating International, President and Chief Executive Officer of First Solar and President of the Apogee Glass Group. He began his professional career at KPMG LLP, an international accounting firm. Mr. Baumgartner currently serves on the board of Carestream Health, Inc. Among other attributes, skills and qualifications, the Board believes Mr. Baumgartner is qualified to serve as a Director of the Company because his extensive finance, accounting and general business background provides valuable strategic management and financial oversight skills.

Charles A. Dinarello, M.D.

Charles A. Dinarello, M.D., age 72, has served on the Company's Board since 2005. Dr. Dinarello received his medical degree from Yale University and his clinical training at the Massachusetts General Hospital, and, among other positions, has been employed by the National Institutes of Health. Since 1996, Dr. Dinarello has been a Professor of Medicine and Immunology at the University of Colorado School of Medicine in Aurora, Colorado, and he is currently a Professor of Experimental Medicine at Radboud University in the Netherlands. Previously, he was Professor of Medicine and Pediatrics at Tufts University School of Medicine and a staff physician at the New England Medical Center Hospital in Boston. From March 2009 to February 2011, Dr. Dinarello served as acting CEO of Omni Bio Pharmaceutical, Inc. In 1998, Dr. Dinarello was elected to the United States National Academy of Sciences, and in 2010, he was made a foreign member of the Royal Netherlands Academy of Sciences. Dr. Dinarello is considered one of the founding fathers of cytokine biology, and regularly speaks at symposia around the world. For his research in the field, Dr. Dinarello has won numerous awards: the Novartis Prize in Clinical Immunology, the Paul Ehrlich Prize, the Bonsfils-Staton Award, the Royal Swedish Academy of Sciences Crafoord Prize in Polyarthritis, the Albany Medical Center Prize in Medical and Biomedical Research (the largest U.S. prize in medicine), the Squibb Award, the Ernst Jung Prize of Medicine, the Gold Medal of Heilmeyer Society for International Medicine, the Chirone Prize, the Carol Nachman Prize, the Sheikh Hamdan bin Rashdid al Maktoum Award, the Beering Prize, and the Bonazinga Award. In November 2012, Mr. Dinarello received the Lifetime Achievement Award of the Eicosanoid Foundation for his pioneering studies in the role of lipids in cytokine-mediated inflammation, and in June of 2014, he received the Drexel Prize in Immunology. Within the past five years, Dr. Dinarello has served as a director of Omni Bio Pharmaceutical, Inc. Among other attributes, skills and qualifications, the Board believes Dr. Dinarello is qualified to serve as a Director of the Company because his distinguished scientific background and his extensive experience with research organizations allow him to provide strategic guidance with regard to product development and the markets and customers we serve.

John L. Higgins

John L. Higgins, age 45, has served on the Company's Board since 2009. He graduated Magna Cum Laude with a bachelor's degree from Colgate University. Mr. Higgins has been President and Chief Executive Officer of Ligand Pharmaceuticals, Inc. since January 2007 and has been a member of Ligand's Board of Directors since March 2007. From 1997 until joining Ligand, Mr. Higgins was with Connetics Corporation, a specialty pharmaceutical company, as its Chief Financial Officer, and also served as Executive Vice President, Finance and Administration and Corporate Development at Connetics from January 2002 until its acquisition by Stiefel Laboratories, Inc. in December 2006. Mr. Higgins was previously a member of the executive management team and a director at BioCryst Pharmaceuticals, Inc., a biopharmaceutical company. Before joining BioCryst in 1994, Mr. Higgins was a member of the healthcare banking team of Dillon, Read & Co. Inc., an investment banking firm. Mr. Higgins also serves as Chairman of CoMentis, Inc., a biopharmaceutical company, and has served as a director of numerous public and private companies. Among other attributes, skills and qualifications, the Board believes Mr. Higgins is qualified to serve as a Director of the Company due to his combination of biopharmaceutical business, accounting and finance experience as well as his executive management experience, particularly with public companies.

Karen A. Holbrook, Ph.D

Karen A. Holbrook, Ph.D., age 72, has served on the Company's Board since 2007. Dr. Holbrook earned her bachelor's and master's degrees in zoology from the University of Wisconsin-Madison. She earned a Ph.D. in biological structure from the University of Washington School of Medicine, where she pursued postdoctoral training in the Department of Medicine, Division of Dermatology. Dr. Holbrook served as Senior Vice President for Research and Innovation from 2007 to 2010, and the Senior Vice President for Global Affairs and International Research from 2010 to 2013 at the University of South Florida. She continues to serve as a senior advisor to the president of the University of South Florida and as a private consultant. She served as President of The Ohio State University from 2002 to 2007. Dr. Holbrook previously served as Senior Vice President for Academic Affairs and Provost at The University of Georgia, as well as Professor of Cell Biology and Adjunct Professor of Anatomy and Cell Biology and Medicine at the Medical College of Georgia. Before that, Dr. Holbrook served at the University of Florida at Gainesville as Vice President for Research and Dean of the Graduate School, as well as Professor of Anatomy and Cell Biology and Medicine (Dermatology). Her earlier academic career was spent as a Professor of Biological Structure and Medicine at the University of Washington School of Medicine where she gained a national reputation for her expertise in human fetal skin development and genetic skin disease and was a National Institutes of Health MERIT awardee. She also served as Associate Dean for Scientific Affairs. Dr. Holbrook served on non-profit boards, such as the American Association for the Advancement of Science and the Association of American Medical Colleges, among others. Among other attributes, skills and qualifications, the Board believes Dr. Holbrook is qualified to serve as a Director of the Company because her scientific background, academic leadership, and significant personal, professional, and international experience, especially in Asia and the Middle East, provide valuable executive management and strategic insight.

Charles R. Kummeth

Charles R. Kummeth, age 55, has been President, Chief Executive Officer, and member of the Board of the Company since April 1, 2013. Prior to joining the Company, he served as President of Mass Spectrometry and Chromatography at Thermo Fisher Scientific Inc. from September 2011. He was President of that company's Laboratory Consumables Division from 2009 to September 2011. Prior to joining Thermo Fisher, Mr. Kummeth served in various roles at 3M Corporation, most recently as the Vice President of the company's Medical Division from 2006 to 2008. In the past five years, Mr. Kummeth has also served on the board of Sparton Corp, an electromechanical device company. Among other attributes, skills and qualifications, the Board believes that Mr. Kummeth is qualified to serve as a Director of the Company because of his experience leading the growth of biotechnology companies. In addition, the Board believes that having the Chief Executive Officer serve as a member of the Board promotes strategy development and implementation and facilitates the flow of information between the Board and management.

Roger C. Lucas, Ph.D.

Roger C. Lucas, Ph.D., age 72, has been Vice Chairman and senior scientific advisor to the Company's Board since 1995 and a Director since 1985. He holds a bachelor's degree in biology from St. Mary's College in Winona, Minnesota, and a Ph.D. in physiology/biochemistry from the Illinois Institute of Technology. He was a recipient of the National Institutes of Health pre- and post-doctoral fellowships and also served as Assistant Professor of Biochemistry at the State University of New York Medical School. Dr. Lucas is a private investor and currently a board member of Envoy Medical Corporation, ChemoCentryx, Inc. and Discovery Genomics, Inc. In 1980 Dr. Lucas joined R&D Systems as Head of Research. In 1985, he founded the Company's Biotechnology Division, and from 1985 until his retirement in 1995, Dr. Lucas was Chief Scientific Officer, Executive Vice President and Secretary of the Company. Among other attributes, skills and qualifications, the Board believes Dr. Lucas is qualified to serve as a Director of the Company because of his scientific background, particularly given his experience as former Chief Scientific Officer of R&D Systems, and his knowledge of the Company and its markets.

Roeland Nusse, Ph.D.

Roeland Nusse, Ph.D., age 65, has served on the Company's Board since May 2010. Dr. Nusse earned a bachelor's degree in biology from the University of Amsterdam and a doctorate in molecular biology from the Netherlands Cancer Institute in 1980. He did his postdoctoral fellowship at the University of California, San Francisco. Dr. Nusse has served as Chairman of the Department of Developmental Biology at Stanford University since 2007. Dr. Nusse has been a professor or associate professor in the Department of Developmental Biology at Stanford University and an investigator at the Howard Hughes Medical Institute since 1990. He has also been the chair of the Department of Developmental Biology at Stanford since 2007. Dr. Nusse was previously at the Netherlands Cancer Institute (Amsterdam, The Netherlands) as a staff scientist and ultimately head of the Department of Molecular Biology. Dr. Nusse was elected to the United States National Academy of Sciences in April 2010. Dr. Nusse was previously named a member of the European Molecular Biology Organization in 1988, a member of the Royal Dutch Academy of Sciences in 1997 and a member of the American Academy of Arts and Sciences in 2001. Among other attributes, skills and qualifications, the Board believes Dr. Nusse is qualified to serve as a Director of the Company because his scientific research and academic background provide valuable strategic insight, including insight into the Company's customers and markets.

Randolph C. Steer, M.D., Ph.D.

Randolph C. Steer, M.D., Ph.D., age 65, has served on the Company's Board since 1990. Dr. Steer received his undergraduate degree in physiology and Ph.D. in pathobiology from the University of Minnesota and his medical degree from the Mayo Medical School. Dr. Steer is currently an independent biotechnology consultant. He served as President and Chief Operating Officer of Capstone Therapeutics Corp. from April 2006 to October 2011. Dr. Steer was elected to the Mayo Clinic Board of Trustees in November 2011. In the past five years, Dr. Steer also served as a director of Vital Therapies, Inc. From 1989 to 2006 Dr. Steer was a consultant to the pharmaceutical and biotechnology industries, where he advised companies in business development, medical marketing and regulatory and clinical affairs. His prior experience includes service as Associate Director of Medical Affairs at Marion Laboratories and as Medical Director at Ciba Consumer Pharmaceuticals. Among other attributes, skills and qualifications, the Board believes Dr. Steer is qualified to serve as a Director of the Company because his medical and scientific backgrounds and his knowledge of the pharmaceutical and biotechnology industries provide valuable strategic insight.

Harold J. Wiens

Harold J. Wiens, age 69, has served on the Company's Board since May 2014. He holds a Bachelor's degree in mechanical engineering from Michigan Technological University and is a 30-plus year veteran of The 3M Company. Mr. Wiens began his 3M career in 1968 and held multiple domestic and international engineering and production management roles, including Memory Technologies Group Manufacturing Manager for the Europe location, Managing Director and Executive Vice President of Sumitomo 3M, and, most recently, Executive Vice President of 3M's Industrial Sector. Prior to retiring from 3M in 2006, Mr. Wiens restructured the business and led a global implementation of Six Sigma, which together resulted in faster business processes and a focus on customers that drove international growth. Since retirement, he remains active in the community by serving on the boards of local non-profit entities. Among other attributes, skills and qualifications, the Board believes Mr. Wiens is qualified to serve as a Director of the Company because of his deep knowledge in international business practices and his ability to guide balance between operations and accelerated growth of the Company.

Under the Company's Amended and Restated Articles of Incorporation, directors will be elected as follows: (i) if the number of director nominees is equal to (or less than) the number of directors to be elected, directors will be elected by a majority vote, meaning that directors who receive a greater number of "FOR" votes than "AGAINST" votes will be elected; (ii) if the number of director nominees exceeds the number of directors to be elected, directors will be elected by a plurality of votes cast. Under the Board's director resignation policy, an incumbent director who does not receive a majority of the votes cast "FOR" his or her election, in an election where the majority vote standard applies, must offer to tender his or her resignation to the Company's Nominations and Governance Committee. The policy further provides that the Board, taking into account the recommendation of the Nominations and Governance Committee, will act on a tendered resignation and publicly disclose its decision within 90 days of receiving certification of the election results. If the Board does not accept such director's resignation, the director will continue to serve until the next annual meeting and until his or her successor is duly elected.

The Board, Committees and Meetings

The Board of Directors is the Company's governing body with responsibility for oversight, counseling and direction of the Company's management to serve the short- and long-term interests of the Company and its shareholders. The Board's goal is to build long-term value for the Company's shareholders and to ensure the vitality of the Company for its customers, employees and other individuals and organizations that depend on the Company. To achieve its goal, the Board monitors both the performance of the Company and the performance of the Chief Executive Officer ("CEO"). The Board consisted of ten members as of the fiscal year ended June 30, 2015 ("FY 2015"), all of whom were independent with the exception of Charles Kummeth, the President and CEO. Howard O'Connell is retiring at this annual meeting after 30 years of service as a director of the Company. The Board recommends to shareholders that his position not be replaced and that the number of directors on the Board be reduced from ten to nine members.

Standing Committee Responsibilities and Other Information

The Board currently has three standing Committees: the Audit Committee, the Executive Compensation Committee and the Nominations and Governance Committee. Each of these committees is governed by a written charter approved by the Board in compliance with applicable requirements of the SEC and Nasdaq (collectively, the “Applicable Rules”). The charter of each committee requires an annual review by such committee. Each member of our standing committees is independent, as determined by the Board, under the Applicable Rules. In addition, each member of the Audit Committee and the Executive Compensation Committee meets the additional independence standards for committee members under the Applicable Rules. The members of each standing committee are appointed by the Board each year for a term of one year and until their successors are elected, or until the earlier death or resignation or removal from the committee or the Board. In addition to the three standing committees, the Company also has a Scientific Advisory Board which includes certain directors with expertise in science. The Scientific Advisory Board assists the Company in identifying scientific areas of interest for collaboration and product development. In addition, the Board has, on occasion, established committees to deal with particular matters the Board believes appropriate to be addressed in that manner.

Audit Committee

The Audit Committee is responsible for the appointment, supervision and evaluation of the Company’s independent registered public accounting firm and for reviewing the Company’s internal audit procedures, the quarterly and annual financial statements of the Company and the results of the annual audit. The Audit Committee’s other responsibilities include approval of related party transactions, oversight of the Company’s cash investment policy and monitoring the Company’s financial fraud hotline and other compliance matters having financial impact. Additionally, the committee performs such other activities and considers such other matters, within the scope of its responsibilities, as the Audit Committee or Board deems necessary or appropriate. The Board has determined that, for FY 2015, all Audit Committee members are “audit committee financial experts” in accordance with SEC as such term is defined in Section 407 of the Sarbanes-Oxley Act and Item 407(d)(5) of Regulation S-K.

Executive Compensation Committee

The Executive Compensation Committee determines base and incentive compensation for executive officers of the Company, establishes overall policies for executive compensation and reviews the performance of the executive officers. The Executive Compensation Committee works with Mr. Kummeth, the President and CEO, to establish compensation and performance goals for the other executive officers and, acting independently, establishes the compensation and performance goals for Mr. Kummeth. The Executive Compensation Committee also recommends to the Board and administers director compensation policies and practices. The Executive Compensation Committee may delegate any of its responsibilities to one or more members of the Executive Compensation Committee to the extent permissible under Applicable Rules.

Nominations and Governance Committee

The Nominations and Governance Committee recruits well-qualified candidates for the Board, selects persons to be proposed in the Company's Proxy Statement for election as directors at annual meetings of shareholders, determines whether each member of the Board is independent under Applicable Rules and establishes governance standards and procedures to support and enhance the performance and accountability of management and the Board. The Nominations and Governance Committee assesses the appropriate size of the Board of Directors, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominations and Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Nominations and Governance Committee through current members of the Board of Directors, professional search firms, shareholders or other persons and may be considered at any point during the year. The Nominations and Governance Committee also considers the composition of the Board's standing committees and recommends any changes. Along with its other responsibilities, the Committee also evaluates overall Board performance and assists committees with their self-evaluations and monitors emerging corporate governance trends.

Board and Meeting Attendance

The Board met eight times during FY 2015. Each director attended at least 75% of the aggregate number of meetings of the Board and of all the standing and other committee meetings on which he or she served. Directors meet their responsibilities not only by attending Board and committee meetings but also conducted business via written actions in lieu of meetings and otherwise communicated informally throughout the year on various Board and committee matters with executive management, advisors and others on matters affecting the Company. Directors are also expected to attend the upcoming Annual Meeting. All directors attended the Annual Meeting of Shareholders held in October 2014.

The membership of each standing committee during FY 2015 and the number of committee meetings held during FY 2015 are identified in the table below.

Director	Executive Audit	Nominations Compensation & Governance Advisory Board	Scientific
Robert V. Baumgartner	X	X	
Charles A. Dinarello, M.D.			X
John L. Higgins	Chair X		
Karen A. Holbrook, Ph.D.	X	Chair	X
Charles R. Kummeth			
Roger C. Lucas, Ph.D.			X
Roeland Nusse, Ph.D.		X	X
Howard V. O'Connell*	X		
Randolph C. Steer, M.D., Ph.D.		Chair	X
Harold J. Wiens	X		
Number of meetings held during FY 2015	5	2	2

*Mr. O'Connell will retire as of the Annual Meeting of Shareholders in October 2015.

Mr. Wiens is expected to be appointed to the Executive Compensation Committee immediately following the annual meeting, assuming the shareholders approve his election to the Board.