

Opko Health, Inc.  
Form DEF 14A  
April 27, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

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 under to §240.14a-12

**OPKO HEALTH, INC.**

**(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):

- 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:

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PROPOSAL ONE:

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DIRECTOR COMPENSATION

EXECUTIVE COMPENSATION

COMPENSATION COMMITTEE REPORT

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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OTHER INFORMATION

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April 26, 2010

Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the Annual Meeting of Stockholders of OPKO Health, Inc. to be held at its headquarters at 4400 Biscayne Blvd., Miami, Florida 33137, on Thursday, May 27, 2010, beginning at 10:00 a.m. local time.

The attached Notice of Annual Meeting and Proxy Statement describe the matters expected to be acted upon at the Annual Meeting. At the Annual Meeting, you will have an opportunity to meet management and ask questions.

Whether or not you plan to attend the Annual Meeting, it is important that you vote your shares. Regardless of the number of shares you own, please sign and date the enclosed proxy card and promptly return it to us in the enclosed postage paid envelope. If you sign and return your proxy card without specifying your choices, your shares will be voted in accordance with the recommendations of the Board of Directors contained in the Proxy Statement.

We look forward to seeing you on May 27, 2010 and urge you to return your proxy card as soon as possible.

Sincerely,

Phillip Frost  
Chairman and Chief Executive Officer

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**OPKO HEALTH, INC.  
4400 Biscayne Blvd.  
Miami, FL 33137**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 27, 2010**

Notice is hereby given that the Annual Meeting of Stockholders (the "Annual Meeting") of OPKO Health, Inc., a Delaware corporation (the "Company"), will be held at the Company's headquarters at 4400 Biscayne Blvd., Miami, Florida, 33137, on Thursday, May 27, 2010, beginning at 10:00 a.m., local time, for the following purposes:

1. To elect as directors the ten nominees named in the attached proxy statement for a term of office expiring at the 2011 annual meeting of stockholders or until their respective successors are duly elected and qualified; and
2. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Holders of record of our common stock, par value \$0.01 per share, our Series A Preferred Stock, par value \$0.01 per share, and our 8% Series D Cumulative Convertible Preferred Stock, par value \$.01 per share, at the close of business on April 9, 2010, will be entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

**Whether or not you expect to be present, please sign and date the enclosed proxy and return it in the postage paid, self-addressed envelope provided for your convenience. Management asks that you do this whether or not you plan to attend the Annual Meeting. Should you attend, you may, if you wish, withdraw your proxy and vote your shares in person.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on  
May 27, 2010**

The Proxy Statement and 2009 Annual Report are available at [www.opko.com](http://www.opko.com).

By Order of the Board of Directors,

Kate Inman  
Secretary

Miami, Florida  
April 26, 2010

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**OPKO HEALTH, INC.**  
**PROXY STATEMENT FOR THE 2010 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD**  
**THURSDAY, MAY 27, 2010**

This proxy statement is furnished by the Board of Directors ( Board ) of OPKO Health, Inc. (the Company or we, or our ) in connection with the solicitation of proxies to be voted at the Annual Meeting of Stockholders of the Company that will be held at the Company s headquarters at 4400 Biscayne Blvd., Miami, Florida 33137, on Thursday, May 27, 2010, beginning at 10:00 a.m., local time, and all adjournments thereof (the Annual Meeting ), for the purposes set forth in the accompanying Notice of Annual Meeting.

Our Board has fixed the close of business on April 9, 2010, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournments thereof. As of that date, there were issued and outstanding 255,211,367 shares of our common stock, par value \$0.01 per share, 987,484 shares of our Series A Preferred Stock, par value \$0.01 per share, and 1,209,677 shares of our 8% Series D Cumulative Convertible Preferred Stock, par value \$.01 per share ( Series D Preferred Stock ). The holders of our common stock and Series A Preferred Stock are each entitled to one vote for each outstanding share on all matters submitted to our stockholders and holders of our Series D Preferred Stock vote on an as-converted to common stock basis. As of April 9, 2010, each share of Series D Preferred Stock was convertible into ten shares of common stock. The matters to be voted on at the Annual Meeting will pass and a nominee for director will be elected to the Board, if the votes cast in favor of a nominee or other proposal by the holders of shares of our common stock, Series A Preferred Stock, and Series D Preferred Stock present or represented and entitled to vote at the Annual Meeting at which a quorum is present and voting together as a single class, exceed the votes cast against a nominee or other proposal. The presence, in person or by proxy, of holders of a majority of our outstanding common and preferred stock constitutes a quorum at the Annual Meeting. Shares of our stock represented by proxies that reflect abstentions and broker non-votes (i.e., stock represented at the Annual Meeting by proxies held by brokers or nominees as to which (i) the brokers or nominees have not received instructions from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have the discretionary voting power on a particular matter) will be counted for the purpose of determining the existence of a quorum at the Annual Meeting but will have no effect on the election of directors.

Any stockholder giving a proxy will have the right to revoke it at any time prior to the time it is voted. A proxy may be revoked by: (i) written notice to us at or prior to the Annual Meeting, attention: Secretary; (ii) execution of a subsequent proxy; or (iii) attendance and voting in person at the Annual Meeting. Attendance at the Annual Meeting will not automatically revoke the proxy. All shares of our stock represented by effective proxies will be voted at the Annual Meeting or at any adjournment thereof. **Unless otherwise specified in the proxy, shares of our stock represented by proxies will be voted: (i) FOR the election of the Board s nominees for directors; and (ii) in the discretion of the proxy holders with respect to such other matters as may properly come before the Annual Meeting.**

Our executive offices are located at 4400 Biscayne Blvd., Miami, Florida 33137. Mailing to stockholders of record on April 9, 2010 of the Notice of Annual Meeting, this proxy statement, the accompanying form of proxy and our Annual Report to Stockholders for our fiscal year ended December 31, 2009 ( fiscal 2009 ) will commence on or around April 26, 2010.

**Table of Contents****Security Ownership of Certain Beneficial Owners**

The following table contains information regarding the beneficial ownership of our voting stock as of April 9, 2010, held by (i) each stockholder known by us to beneficially own more than 5% of the outstanding shares of each class of voting stock; (ii) our directors and nominees; (iii) our Named Executive Officers in 2009 as defined in the paragraph preceding the Summary Compensation Table and our current executive officers; and (iv) all current directors and executive officers as a group. Except where noted, all holders listed below have sole voting power and investment power over the shares beneficially owned by them. Unless otherwise noted, the address of each person listed below is c/o OPKO Health, Inc., 4400 Biscayne Blvd., Miami, FL 33137.

Name and Address of Beneficial Owner	Class of Security	Amount and Nature	
		Beneficial Ownership	Percentage of Class**
Frost Gamma Investments Trust	Common Stock	131,070,087 <sup>(1)</sup>	47.95%
	Series D Preferred	252,019 <sup>(2)</sup>	20.83%
The Frost Group, LLC	Common Stock	20,286,704 <sup>(3)</sup>	7.8%
Phillip Frost, M.D. CEO & Chairman of the Board	Common Stock	132,057,587 <sup>(4)</sup>	48.14%
	Series D Preferred	252,019 <sup>(2)</sup>	20.83%
Jane H. Hsiao, Ph.D., MBA Vice Chairman of the Board & Chief Technical Officer	Common Stock	25,677,174 <sup>(5)</sup>	9.88%
	Series D Preferred	80,645 <sup>(6)</sup>	6.67%
Steven D. Rubin Executive Vice President Administration and Director	Common Stock	5,763,108 <sup>(7)</sup>	2.2%
Rao Uppaluri, Ph.D. Senior Vice President and Chief Financial Officer	Common Stock	5,377,689 <sup>(8)</sup>	2.1%
Robert Baron, Director	Common Stock	373,000 <sup>(9)</sup>	*
John A. Paganelli, Director	Common Stock	330,000 <sup>(10)</sup>	*
Richard A. Lerner, M.D., Director	Common Stock	90,000 <sup>(11)</sup>	*
Pascal J. Goldschmidt, M.D., Director	Common Stock	60,000 <sup>(12)</sup>	*
Richard C. Pfenniger, Jr., Director	Common Stock	110,000 <sup>(13)</sup>	*
Thomas E. Beier, Director	Common Stock	160,000 <sup>(14)</sup>	*
Alice Lin-Tsing Yu, M.D., Ph.D., Director	Common Stock	40,000 <sup>(15)</sup>	*
ASTRAEA Holdings Limited	Series D Preferred	80,645	6.67%
Brilliant Champion Resources Limited	Series D Preferred	80,645	6.67%
Grandtime Associates Limited	Series D Preferred	120,970	10.00%
Kwang Shun Company Limited	Series D Preferred	403,225	33.33%
Oracle Partners, L.P.	Series D Preferred	80,645	6.67%
Michael C. Bates	Series A Preferred	53,067	5.37%
Edward A. Burkhardt	Series A Preferred	132,111	13.38%
Robert V. Call, Jr.	Series A Preferred	53,067	5.37%
Forsyth Investments, Ltd.	Series A Preferred	79,262	8.03%
James T. and Christina D. Guida	Series A Preferred	53,067	5.37%
Denis J. Nayden	Series A Preferred	119,347	12.09%
Gary J. Strauss	Series A Preferred	53,067	5.37%
Thames Investment Services Inc.	Series A Preferred	52,994	5.37%
All Executive Officers and Directors as a group (11 persons)	Common Stock	170,038,558	60.21%
	Series D Preferred	332,664	27.50%



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- \* Less than 1%
  
- \*\* Percentages of common stock based upon 255,211,367 shares of our common stock issued and outstanding at April 9, 2010; percentages for Series A Preferred Stock based upon 987,484 shares of our Series A Preferred Stock issued and outstanding at April 9, 2010; percentages for our Series D Preferred Stock based upon 1,209,677 shares of our Series D Preferred Stock issued and outstanding at April 9, 2010.
  
- (1) Includes warrants to purchase 10,831,141 shares of common stock and 2,520,190 shares of common stock issuable as of April 9, 2010 upon conversion of 252,019 shares of Series D

Preferred Stock.  
Also includes  
15,490,546  
shares of  
common stock  
and warrants to  
purchase  
4,796,158  
shares of  
common stock  
held by The  
Frost Group,  
LLC, of which  
Frost Gamma  
Investments  
Trust is a  
principal  
member. Frost  
Gamma  
Investments  
Trust disclaims  
beneficial  
ownership of  
the common  
stock and  
warrants held by  
The Frost  
Group, LLC,  
except to the  
extent of its  
pecuniary  
interest therein.

- (2) Includes  
252,019 shares  
of Series D  
Preferred Stock  
held by Frost  
Gamma  
Investments  
Trust. Dr. Frost  
is the trustee  
and Frost  
Gamma,  
Limited  
Partnership is  
the sole and  
exclusive  
beneficiary of  
Frost Gamma  
Investments

Trust. Dr. Frost is one of two limited partners of Frost Gamma, Limited Partnership. The general partner of Frost Gamma, Limited Partnership is Frost Gamma Inc. and the sole stockholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole stockholder of Frost-Nevada Corporation.

(3) Includes warrants to purchase 4,796,158 shares of common stock.

(4) Includes 97,432,052 shares of common stock, warrants to purchase 10,831,141 shares of common stock, and 2,520,190 shares of common stock issuable as of April 9, 2010 upon conversion of 252,019 shares of Series D Preferred Stock

held by Frost Gamma Investments Trust. It also includes options to purchase 987,500 shares of common stock held by Dr. Frost. Dr. Frost is the trustee and Frost Gamma, Limited Partnership is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma, Limited Partnership. The general partner of Frost Gamma, Limited Partnership is Frost Gamma Inc. and the sole stockholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole stockholder of Frost-Nevada Corporation. The number of shares included above also includes 15,490,546 shares of common stock

and warrants to purchase 4,796,158 shares of common stock owned directly by The Frost Group, LLC. Frost Gamma Investments Trust is a principal member of The Frost Group, LLC. Dr. Frost and the Frost Gamma Investments Trust disclaim beneficial ownership of these shares of common stock and warrants to purchase common stock, except to the extent of any pecuniary interest therein.

- (5) Includes warrants to purchase 2,936,580 shares of common stock and options to purchase 687,500 shares of common stock. Also includes 1,000,000 shares of common stock held by each of The Chiin Hsiung Hsiao Family Trust A and The Chiin

Hsiung Hsiao  
Family Trust B,  
for which  
Dr. Hsiao serves  
as the sole  
trustee of both,  
warrants to  
purchase  
201,613 shares  
of common  
stock, 2,364,800  
shares of  
common stock  
and 806,450  
shares of  
common stock  
issuable as of  
April 9, 2010  
upon conversion  
of 80,645 shares  
of Series D  
Preferred Stock  
held by Hsu  
Gamma  
Investment, L.P,  
for which  
Dr. Hsiao serves  
as General  
Partner.  
Dr. Hsiao is a  
member of the  
Frost Group,  
LLC, which  
holds  
15,490,546  
shares of  
common stock  
and warrants to  
purchase  
4,796,158  
shares of  
common stock.  
Dr. Hsiao  
disclaims  
beneficial  
ownership of  
the shares of  
common stock  
and warrants  
held by The  
Frost Group,

LLC, except to the extent of any pecuniary interest therein.

(6) Includes 80,645 shares of Series D Preferred Stock held by Hsu Gamma Investment, L.P., for which Dr. Hsiao serves as general partner.

(7) Includes warrants to purchase 1,036,440 shares of common stock and options to purchase 537,500 shares of common stock. Mr. Rubin is a member of the Frost Group, LLC, which holds 15,490,546 shares of common stock and warrants to purchase 4,796,158 shares of common stock. Mr. Rubin disclaims beneficial ownership of the shares of common stock and warrants held by The Frost Group, LLC, except to

the extent of any pecuniary interest therein.

- (8) Includes warrants to purchase 950,070 shares of common stock and options to purchase 443,750 shares of common stock. It also includes 161,000 shares held directly by Dr. Uppaluri's wife. Dr. Uppaluri is a member of the Frost Group, LLC, which holds 15,490,546 shares of common stock and warrants to purchase 4,796,158 shares of common stock. Dr. Uppaluri disclaims beneficial ownership of the shares of common stock and warrants held by The Frost Group, LLC, except to the extent of any pecuniary interest therein. Dr. Uppaluri also disclaims ownership of 161,000 shares held by his wife.

(9) Includes options to acquire 115,000 shares of common stock exercisable within 60 days of April 9, 2010.

(10) Includes options to acquire 115,000 shares of common stock exercisable within 60 days of April 9, 2010.

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- (11) Includes options to acquire 60,000 shares of common stock exercisable within 60 days of April 9, 2010.
- (12) Includes options to acquire 60,000 shares of common stock exercisable within 60 days of April 9, 2010.
- (13) Includes options to acquire 60,000 shares of common stock exercisable within 60 days of April 9, 2010.
- (14) Includes options to acquire 60,000 shares of common stock exercisable within 60 days of April 9, 2010.
- (15) Includes options to acquire 40,000 shares of common stock exercisable within 60 days of April 9, 2010.

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ELECTION OF DIRECTORS****Nominees for Election of Directors**

Pursuant to the authority granted to our Board of Directors under Article III of our Amended and Restated Bylaws, the Board has fixed the number of directors constituting the entire Board at ten. All ten directors are to be elected at the Annual Meeting, each to hold office until the 2011 annual meeting of stockholders and until his successor is duly elected and qualified. Each stockholder of record on April 9, 2010 is entitled to cast one vote for each share of our common stock and Series A Preferred Stock, and each stockholder of record on April 9, 2010 of our Series D Preferred Stock is entitled to vote on an as converted to common stock basis, either in favor of or against the election of each nominee, or to abstain from voting on any or all nominees. As of April 9, 2010, each share of our Series D Preferred Stock is convertible into ten shares of common stock. All shares of our common stock, Series A Preferred Stock, and Series D Preferred Stock vote together as a single class. Although management does not anticipate that any nominee will be unable or unwilling to serve as director, in the event of such an occurrence, proxies may be voted in the discretion of the persons named in the proxy for a substitute designated by the Board, unless the Board decides to reduce the number of directors constituting the Board. Each nominee shall be elected if the votes cast in favor of a nominee by the holders of shares of our common stock, Series A Preferred Stock, and Series D Preferred Stock present or represented and entitled to vote at the Annual Meeting at which a quorum is present, exceed the votes cast against a nominee.

The following sets forth information provided by the nominees as of April 9, 2010, all of whom are currently serving as directors of the Company and all of whom have consented to serve if reelected by our stockholders.

<b>Name of Nominee</b>	<b>Age</b>	<b>Year First Elected/ Nominated Director</b>	<b>Positions and Offices with the Company</b>
Phillip Frost, M.D.	73	2007	Chairman of the Board and Chief Executive Officer
Jane H. Hsiao, Ph.D.	62	2007	Vice Chairman of the Board and Chief Technical Officer
Steven D. Rubin	49	2007	Director and Executive Vice President-Administration
Robert A. Baron	70	2003	Director
Thomas E. Beier	64	2008	Director
Pascal J. Goldschmidt, M.D.	55	2007	Director
Richard A. Lerner, M.D.	71	2007	Director
John A. Paganelli	75	2003	Director
Richard C. Pfenniger, Jr.	54	2008	Director
Alice Lin-Tsing Yu, M.D., Ph.D.	66	2009	Director

**Phillip Frost, M.D.** Dr. Frost became the CEO and Chairman of OPKO Health, Inc. upon the consummation of the merger of Acuity Pharmaceuticals Inc., Froprix Corporation and eXegenics, Inc. on March 27, 2007 (referred to as the Acquisition ). Dr. Frost was named the Chairman of the Board of Teva Pharmaceutical Industries, Limited, or Teva, (NasdaqGS:TEVA) in March 2010 and had previously been Vice Chairman since January 2006 when Teva acquired IVAX Corporation, or IVAX. Dr. Frost had served as Chairman of the Board of Directors and Chief Executive Officer of IVAX Corporation since 1987. He was Chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida from 1972 to 1986. Dr. Frost was Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until the acquisition of Key Pharmaceuticals by Schering Plough Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial Services Inc. (NYSE Amex:LTS), an investment banking, asset management, and securities brokerage firm providing services through its principal operating subsidiary, Ladenburg Thalmann & Co. Inc., in July 2006 and has been a director of Ladenburg Thalmann since March 2005. Dr. Frost also serves as Chairman of the Board of Directors of PROLOR Biotech, Inc.

(NYSE Amex: PBTH), a development stage biopharmaceutical company. He serves on the Board of Regents of the Smithsonian Institution, and as a member of the Board of Trustees of the University of Miami, a Trustee of each of the Scripps Research Institute, the Miami Jewish Home for the Aged, and the Mount Sinai Medical Center. Dr. Frost is also a director of Castle Brands (NYSE Amex:ROX), a developer and marketer of premium brand spirits, and Continucare Corporation (NYSE Amex:CNU), a provider of outpatient healthcare services. Dr. Frost previously served as a director for Northrop Grumman Corp., Ideation Acquisition

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Corp., Protalix Bio Therapeutics, Inc., and SafeStitch Medical Inc., and as Governor and Co-Vice-Chairman of the American Stock Exchange (now NYSE Amex).

Dr. Frost has successfully founded several pharmaceutical companies and overseen the development and commercialization of a multitude of pharmaceutical products. This combined with his experience as a physician and chairman and/or chief executive officer of large pharmaceutical companies has given him insight into virtually every facet of the pharmaceutical business and drug development and commercialization process. He is a demonstrated leader with keen business understanding and is uniquely positioned to help guide our company through its transition from a development stage company into a successful, multinational pharmaceutical company.

**Jane H. Hsiao, Ph.D., MBA.** Dr. Hsiao has served as Vice-Chairman and Chief Technical Officer of the Company since May 2007. Dr. Hsiao served as the Vice Chairman-Technical Affairs of IVAX from 1995 to January 2006. Dr. Hsiao served as Chairman, Chief Executive Officer and President of IVAX Animal Health, IVAX's veterinary products subsidiary, from 1998 to 2006. Dr. Hsiao has served as Chairman of the Board of each of Safestitch Medical, Inc. (OTCBB:SFES) and Non-Invasive Monitoring Systems, Inc. (OTCBB:NIMU), both medical device companies, since September 2007 and October 2008, respectively. Dr. Hsiao is also a director of PROLOR Biotech, Inc. (NYSE Amex: PBTH), a development stage biopharmaceutical company, Sorrento Therapeutics, Inc. (OTCBB:SRNE), a development stage biopharmaceutical company, and Neovasc, Inc. (TSXV:NVC), a company developing and marketing medical specialty vascular devices. Dr. Hsiao previously served as a director for IVAX Diagnostics, Inc.

Dr. Hsiao's background in pharmaceutical chemistry and strong technical expertise, as well as her senior management experience, allow her to play an integral role in overseeing our product development and regulatory affairs and in navigating the regulatory pathways for our products and product candidates. In addition, as a result of her role as director and/or chairman of other companies in the biotechnology and life sciences space, she also has a keen understanding and appreciation of the many regulatory and development issues confronting pharmaceutical and biotechnology companies.

**Steven D. Rubin.** Mr. Rubin has served as Executive Vice President Administration since May 2007 and as a director of the Company since February 2007. Mr. Rubin served as the Senior Vice President, General Counsel and Secretary of IVAX from August 2001 until September 2006. Mr. Rubin currently serves on the board of directors of Dreams, Inc. (NYSE Amex:DRJ), a vertically integrated sports licensing and products company, Safestitch Medical, Inc. (OTCBB:SFES), a medical device company, Searchmedia Holdings, Ltd, (AMEX:IDI), a leading nationwide multi-platform media company and one of the largest operators of integrated outdoor billboard and in-elevator advertising networks in China, PROLOR Biotech, Inc. (NYSE Amex: PBTH), a development stage biopharmaceutical company, Kidville, Inc. (OTCBB:KVIL), which operates large, upscale facilities, catering to newborns through five-year-old children and their families and offers a wide range of developmental classes for newborns to 5 year olds, Non-Invasive Monitoring Systems, Inc. (OTCBB:NIMU), a medical device company, Cardo Medical, Inc. (OTCBB:CDOM), an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices, Castle Brands, Inc. (NYSE Amex:ROX), a developer and marketer of premium brand spirits, and Neovasc, Inc. (TSXV:NVC), a company developing and marketing medical specialty vascular devices. Mr. Rubin previously served as a director for Ideation Acquisition Corp.

Mr. Rubin brings extensive leadership, business, and legal experience, as well as tremendous knowledge of our business and the pharmaceutical industry generally, to the Board. He has advised pharmaceutical companies in several aspects of business, regulatory, transactional, and legal affairs for more than 23 years. His experience as a practicing lawyer, general counsel, and board member to multiple public companies, including several pharmaceutical and life sciences companies, has given him broad understanding and expertise, particularly relating to strategic planning and acquisitions.

**Robert A. Baron.** Mr. Baron has served as a director of the Company since 2003. Mr. Baron is currently Chairman of the Board of Hemobiotech, Inc. (OTCBB:HMBT), a development stage biopharmaceutical company, and Andover Medical, Inc. (OTCBB:ADOV), a durable medical equipment distributor. Prior to that he was president of Cash City, Inc., a payday advance and check cashing business, from 1999 to 2003. From 1997 to 1999, Mr. Baron was the president of East coast operations for CSS/TSC, Inc., a distributor of blank t-shirts, fleece and accessories and a

subsidiary of Tultex, Inc. Mr. Baron previously served as a director of Nanosensors, Inc.

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Mr. Baron's history as an operating executive in a variety of industries combined with his experience as a director in other public companies, including other pharmaceutical and medical equipment manufacturers, allows him to bring strategic insight to the Board with respect to our business as well as emerging technologies and business models. Through these experiences, Mr. Baron has also developed an appreciation for audit and corporate governance related issues and, he uses these skills as a member of the Audit Committee and Corporate Governance and Nominating Committee of our Board of Directors.

**Thomas E. Beier.** Mr. Beier has served as a director of the Company since January 2008. Previously, he was Senior Vice President of Finance and Chief Financial Officer of IVAX from October 1997 until August 2007, and from December 1996 until October 1997, he served as Vice President-Finance for IVAX. Before joining IVAX, Mr. Beier served as Executive Vice President and Chief Financial Officer of Intercontinental Bank. Mr. Beier previously served as a director of Ideation Acquisition Corp.

As a result of Mr. Beier's long tenure as a chief financial officer, he brings with him a strong financial and operational background and provides valuable business leadership and management experience and insights into many aspects of our business. Mr. Beier also brings financial expertise to the Board, including through his service on our Audit Committee.

**Pascal J. Goldschmidt, M.D.** Dr. Goldschmidt has served as a director of the Company since September 2007. Since April 2006, Dr. Goldschmidt has served as Senior Vice President for Medical Affairs and Dean of the University of Miami Leonard M. Miller School of Medicine. He is also Chief Executive Officer of Miami Health System. Previously Dr. Goldschmidt was a faculty member with the Department of Medicine at Duke University Medical Center, where he served as Chairman from 2003 to 2006 and as Chief of the Division of Cardiology from 2000 to 2003. Dr. Goldschmidt is a member of the Board of Directors of MEDNAX, Inc. (NYSE:MD), a national medical group that comprises the nation's leading provider of neonatal, maternal-fetal and pediatric physician subspecialty services.

Dr. Goldschmidt's experience and training as a practicing physician enables him to bring valuable insights to the Board, including through his understanding of the scientific nature of our business and the ability to assist us in analyzing and prioritizing opportunities for drug development. Through his work as the Dean of the University of Miami Leonard M. Miller School of Medicine and his previous experience as Chairman and Chief of the Division of Cardiology at the Duke University Medical Center, Dr. Goldschmidt also brings leadership, oversight, and finance experience to the Board.

**Richard A. Lerner, M.D.** Dr. Lerner has served as a director of the Company since March 2007. Dr. Lerner has been President of The Scripps Research Institute, a private, non-profit biomedical research organization, since 1986. Dr. Lerner is a member of numerous scientific associations, including the National Academy of Science and the Royal Swedish Academy of Sciences. Dr. Lerner serves as director of Kraft Foods, Inc. (NYSE:KFT) and Sequinom, Inc. (Nasdaq:SQNM), a life sciences company. He is also on the Board of Directors for Xencor and Intra-Cellular Therapies, two privately held biotechnology companies, and serves on the Siemens Advisory Board for Molecular Medicine of Siemens AG.

As a result of Dr. Lerner's long tenure as president of a major biomedical research organization, he provides valuable business, scientific, leadership, and management expertise that helps drive strategic direction and expansion at OPKO. His experience and training as a physician and a scientist enables him to bring valuable advice to the Board, including a critical perspective on drug discovery and development and providing a fundamental understanding of the potential pathways contributing to disease.

**John A. Paganelli.** Mr. Paganelli has served as a Director of the Company since December 2003. Mr. Paganelli served as the Company's Interim Chief Executive Officer and secretary from June 29, 2005 through March 27, 2007, and Chairman of our Board of Directors from December 2003 through March 27, 2007. Mr. Paganelli served as President and Chief Executive Officer of Transamerica Life Insurance Company of New York from 1992 to 1997. Since 1987, Mr. Paganelli has been a partner in RFG Associates, a financial planning organization. Mr. Paganelli is also the Managing Partner of Pharos Systems Partners, LLC, an investment company, and he is Chairman of the Board of Pharos Systems International, a software company. He was Vice President and Executive Vice President of PEG Capital Management, an investment advisory organization, from 1987 until 2000. From 1980 to January 2003,

Mr. Paganelli was an officer and director-shareholder of Mike Barnard Chevrolet, Inc., an

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automobile dealership. Mr. Paganelli also serves as a director of Western New York Energy, LLC and was on the Board of Managers of Bridge Financial Services, LLC.

With his significant experience in investment management and operations, Mr. Paganelli is able to add valuable expertise and insight to our board on a wide range of operational and financial issues. As one of the longest tenured members of our board, he also has substantial knowledge and familiarity regarding our historical operations.

**Richard C. Pfenniger, Jr.** Mr. Pfenniger has served as a director of the Company since January 2008. Mr. Pfenniger has served as Chief Executive Officer and President for Continucare Corporation (NYSE Amex:CNU), a provider of primary care physician and practice management services, since October 2003, and as Chairman of the Board of Directors of Continucare since September 2002. Previously, Mr. Pfenniger served as the Chief Executive Officer and Vice Chairman of Whitman Education Group, Inc. from 1997 through June 2003. Prior to joining Whitman, he served as the Chief Operating Officer of IVAX from 1994 to 1997, and, from 1989 to 1994, he served as the Senior Vice President-Legal Affairs and General Counsel of IVAX Corporation. Mr. Pfenniger currently serves as a director of GP Strategies Corporation (NYSE:GPX), a corporate education and training company, and SafeStitch Medical, Inc. (OTCBB:SFES), a medical device company.

As a result of Mr. Pfenniger's multi-faceted experience as chief executive officer, chief operating officer and general counsel, he is able to provide valuable business, leadership, and management advice to the Board in many critical areas. In addition, Mr. Pfenniger's knowledge of the pharmaceutical and healthcare business has given him insights on many aspects of our business and the markets in which we operate. Mr. Pfenniger also brings financial expertise to the Board, including through his service as Chairman of our Audit Committee.

**Alice Lin-Tsing Yu, M.D., Ph.D.** Dr. Yu was appointed to the Company's board of directors in April 2009. Since 2003, Dr. Yu has served as Distinguished Research Fellow and Associate Director at the Genomics Research Center, Academia Sinica, in Taiwan. She has also served as a Professor of Pediatrics for both the National Taiwan University and University of California in San Diego, since 2004 and 1994, respectively. Previously, she was the Chief of Pediatric Hematology Oncology at the University of California in San Diego. Dr. Yu has also served in several government-appointed positions and is a member of numerous scientific committees and associations.

Dr. Yu is an accomplished physician, professor, and researcher who brings a unique perspective to our Board on a variety of healthcare related issues. We expect the insight and experience gained from her distinguished record of achievement at several highly respected academic medical institutions, as well as her experience as a practicing physician, will be valuable to our efforts to develop and commercialize our pipeline of diagnostic and therapeutic products.

**OUR BOARD RECOMMENDS A VOTE FOR THE ELECTION OF ALL NOMINEES NAMED ABOVE.**  
**Identification of Executive Officers**

Set forth below is the name and age as of April 9, 2010 of each of our current executive officers, together with certain biographical information for each of them (other than Phillip Frost, Jane H. Hsiao, and Steven Rubin, for whom biographical information is included above under "Nominees for Election of Directors"):

Name of Executive Officer	Age	Position and Offices with the Company
Rao Uppaluri, Ph.D.	60	Senior Vice President and Chief Financial Officer

**Rao Uppaluri, Ph.D.** Dr. Uppaluri has served as our Senior Vice President and Chief Financial Officer since May 2007. Dr. Uppaluri served as the Vice President, Strategic Planning and Treasurer of IVAX from 1997 until December 2006. Before joining IVAX, from 1987 to August 1996, Dr. Uppaluri was Senior Vice President, Senior Financial Officer and Chief Investment Officer with Intercontinental Bank, a publicly traded commercial bank in Florida. In addition, he served in various positions, including Senior Vice President, Chief Investment Officer and Controller, at Peninsula Federal Savings & Loan Association, a publicly traded Florida S&L, from October 1983 to 1987. His prior employment, during 1974 to 1983, included engineering, marketing and research positions with multinational companies and research institutes in India and the United States. Dr. Uppaluri currently serves on the board of directors of Kidville, Inc (OTCBB:KVIL), which operates large, upscale facilities, catering to newborns through five-year-old children and their families and offers a wide range of developmental classes for newborns to 5



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year olds , Cardo Medical, Inc. (OTCBB:CDOM), an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices, Non-Invasive Monitoring Systems, Inc. (OTCBB:NIMU), a medical devices company, and Winston Pharmaceuticals Inc. (OTCBB:WPHM), a specialty pharmaceutical company engaged in the discovery and development of products for pain management. Dr. Uppaluri previously served on the board of directors of our company and Ideation Acquisition Corp.

**Table of Contents****CORPORATE GOVERNANCE**

Our common stock is listed on the NYSE Amex. Pursuant to the Company's Amended and Restated Bylaws and the Delaware General Corporation Law, our business and affairs are managed under the direction of our Board of Directors. Directors are kept informed of the Company's business through discussions with management, including our Chief Executive Officer, Chief Financial Officer, and other senior officers, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees. The Company has adopted a Code of Business Conduct and Ethics that applies to all employees, officers, and directors of the Company. The Code of Business Conduct and Ethics is available on our website: [www.opko.com](http://www.opko.com) under Investor Relations. If the Company makes any substantive amendments to, or grants a waiver (including an implicit waiver) from, a provision of our Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), we will disclose such amendment or waiver on our website.

**Director Independence**

In evaluating the independence of each of our directors, the Board of Directors considers transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates. The Board of Directors also examined transactions and relationships between directors or their known affiliates and members of the Company's senior management and their known affiliates. The purpose of this review is to determine whether any such relationships or transactions are inconsistent with a determination that the director is independent under applicable laws and regulations and NYSE Amex listing standards. The Board of Directors affirmatively determined that a majority of our directors, including Messrs. Robert A. Baron, Thomas E. Beier, Richard C. Pfenniger, Jr., and Drs. Pascal J. Goldschmidt, Richard A. Lerner and Alice Lin-Tsing Yu, are independent directors within the meaning of the listing standards of NYSE Amex and applicable law. In making the independence determinations, the Board considered a number of factors and relationships, including without limitation (i) Dr. Frost's service as a member of the Board of Trustees for the University of Miami and its Service Committee, a 501(c)(3) entity for which Dr. Goldschmidt serves as an executive officer; and (ii) Dr. Frost's service on the board of directors for Continucare Corporation, an entity for which Mr. Pfenniger serves as Chairman, Chief Executive Officer, and President. Dr. Frost abstains from participating in any Service Committee or Board of Trustee decisions which may implicate Dr. Goldschmidt's compensation. As required by the NYSE Amex, the Company's independent directors meet at least annually in executive session without the presence of its non-independent directors or management.

**Board of Directors Voting**

We currently have ten directors comprising the entirety of our Board. The Frost Group, LLC (the Frost Group), an entity controlled by our Chairman and CEO and several of our members of senior management, has agreed to vote for two of the directors, Messrs. Paganelli and Baron, under the Board of Director composition provisions of a voting agreement between the Frost Group and the Company. The terms of the voting agreement expired on February 9, 2010. In addition, three of our current directors, Drs. Frost and Hsiao and Mr. Rubin, were elected to the Board in 2007 and 2008 pursuant to the merger agreement entered into in connection with the Acquisition.

**Board Leadership Structure**

The Company is led by Dr. Frost, who has served as Chief Executive Officer and Chairman of the Board of Directors since March 2007. Our Board of Directors is comprised of Dr. Frost, two other management directors, a former member of management, and six directors who satisfy NYSE Amex independence requirements. The Company does not have a member of our Board who is formally identified as the lead independent director. However, independent directors head each of our Board's three standing committees—the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee, and each of the committees is comprised solely of independent directors.

Although, the Board does not have a formal policy on whether the roles of Chief Executive Officer and Chairman of the Board should be separated, we believe that our current Board leadership structure is suitable for us. The Chief Executive Officer is the individual selected by the Board of Directors to manage our Company on a day



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to day basis, and his direct involvement in our business operations makes him best positioned to lead productive Board strategic planning sessions and determine the time allocated to each agenda item in discussions of our Company's short- and long-term objectives.

**Board Role in Risk Oversight**

The Board's role in the risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. In connection with its reviews of the operations of the Company's business units and corporate functions, the Board considers and addresses the primary risks associated with those units and functions. Our full Board regularly engages in discussions of the most significant risks that the Company is facing and how these risks are being managed.

In addition, each of the Board's Committees, and particularly the Audit Committee, plays a role in overseeing risk management issues that fall within each Committee's areas of responsibility as described below under the heading Standing Committees of the Board of Directors. Senior management reports on at least a quarterly basis to the Audit Committee on the most significant risks facing the Company from a financial reporting perspective and highlights any new risks that may have arisen since the Audit Committee last met. The Audit Committee also meets regularly in executive sessions with the Company's independent registered public accounting firm and reports any findings or issues to the full Board. In performing its functions, the Audit Committee and each standing committee of the Board has full access to management, as well as the ability to engage advisors. The Board receives regular reports from each of its standing committees regarding each committee's particularized areas of focus.

**Meetings and Committees of the Board of Directors**

Our Board met seven times during fiscal 2009 and took action by written consent on one occasion. We intend for the independent directors of the Board to meet separately from Board meetings from time to time at their discretion. In fiscal 2009, all incumbent directors attended 75% or more of the Board meetings and meetings of the committees on which they served with the exception of Drs. Yu, Goldschmidt and Hsiao.

Although we encourage each member of our Board of Directors to attend our annual meetings of stockholders, we do not have a formal policy requiring the members of our Board of Directors to attend. Nine members of our Board of Directors attended the annual meeting of stockholders during fiscal 2009.

**Standing Committees of the Board of Directors**

Our Board of Directors maintains several standing committees, including a Compensation Committee, a Nominating and Governance Committee, and a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, and the rules and regulations promulgated thereunder. These committees and their functions are described below. Our Board of Directors may also establish various other committees to assist it in its responsibilities. Our Board of Directors has adopted a written charter for each of its standing committees. The full text of each charter is available on our website at <http://www.opko.com>.

The following table shows the current members (indicated by an X or Chair) of each of our standing Board committees:

	<b>Audit</b>	<b>Compensation</b>	<b>Corporate Governance and Nominating</b>
Phillip Frost, M.D.			
Jane H. Hsiao, Ph.D., MBA			
Robert A. Baron	X		Chair
Thomas E. Beier	X	X	
Pascal J. Goldschmidt, M.D.		X	X
Richard A. Lerner, M.D.		Chair	X
John A. Paganelli			
Richard C. Pfenniger, Jr.	Chair		

Steven D. Rubin

Alice Lin-Tsing Yu, M.D., Ph.D.

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### **Audit Committee**

Our Audit Committee oversees our corporate accounting and financial reporting process. Our Audit Committee met fifteen times during fiscal 2009. The responsibilities of our Audit Committee are set forth in a written charter adopted by our Board of Directors and reviewed and reassessed annually by the Audit Committee. Our Audit Committee:

- evaluates the qualifications, independence and performance of our independent registered public accounting firm;

- determines the engagement of our independent registered public accounting firm;

- approves the retention of our independent registered public accounting firm to perform any proposed permissible non-audit services;

- reviews our systems of internal controls established for finance, accounting, legal compliance, and ethics;

- reviews our accounting and financial reporting processes;

- provides for effective communication between our Board of Directors, our senior and financial management, and our independent auditors;

- discusses with management and our independent auditors the results of our annual audit and the review of our quarterly financial statements;

- reviews the audits of our financial statements;

- implements a pre-approval policy for certain audit and non-audit services performed by our registered independent public accounting firm; and

- reviews and approves any related party transactions that we are involved in.

Our Audit Committee is composed of Messrs. Pfenniger, Baron, and Beier. Our Board of Directors has determined that Messrs. Pfenniger and Beier, each of whom is independent as independence for audit committee members is defined in NYSE Amex listing standards, is an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K.

### **Compensation Committee**

Our Compensation Committee reviews and either approves, on behalf of the Board of Directors, or recommends to the Board of Directors for approval, (i) annual salaries, bonuses, and other compensation for our executive officers, and (ii) individual equity awards for our employees and executive officers. Our Compensation Committee also oversees our compensation policies and practices. Our Compensation Committee met eight times during fiscal 2009. Our Compensation Committee may from time to time establish a subcommittee to perform any action required to be performed by a committee of non-employee directors pursuant to Rule 16b-3 under the Securities Exchange Act of 1934 and outside directors pursuant to Rule 162(m) under the Internal Revenue Code.

Our Compensation Committee also performs the following functions related to executive compensation:

- reviews and approves the annual salary, bonus, stock options, and other benefits, direct and indirect, of our executive officers, including our Chief Executive Officer;

- reviews and recommends new executive compensation programs; reviews the operation and efficacy of our executive compensation programs;

- establishes and periodically reviews policies in the area of senior management perquisites;



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reviews and approves material changes in our employee benefit plans;

administers our equity compensation and employee stock purchase plans; and

reviews the adequacy of the Compensation Committee charter and recommends any proposed changes to the Board of Directors not less than annually.

The Compensation Committee takes into consideration the recommendations of our Chief Executive Officer concerning compensation actions for our other executive officers and may engage compensation consultants if the committee deems it appropriate. In deciding upon the appropriate level of compensation for our executive officers, the Compensation Committee also reviews our compensation programs relative to our strategic objectives and market practice and other changing business and market conditions. To date, neither the Compensation Committee nor management has engaged a compensation consultant in determining or recommending the amount or form of director or officer compensation.

Our Compensation Committee is composed of Dr. Lerner (Chairman), Dr. Goldschmidt, and Mr. Beier. We believe that the composition and functioning of our Compensation Committee complies with all applicable requirements of the Sarbanes-Oxley Act of 2002, the NYSE Amex, and the SEC's rules and regulations, including those regarding the independence of our Compensation Committee members.

**Compensation Committee Interlocks and Insider Participation**

The current members of our Compensation Committee are Dr. Lerner, Mr. Beier, and Dr. Goldschmidt. None of these individuals was at any time during fiscal 2009 or at any time prior thereto, an officer or employee of ours.

**Corporate Governance and Nominating Committee**

Our Corporate Governance and Nominating Committee's responsibilities include the selection of potential candidates for our Board of Directors, making recommendations to our Board of Directors concerning the structure and membership of the other Board committees, and considering director candidates recommended by others, including our Chief Executive Officer, other Board members, third parties, and stockholders. Our Corporate Governance and Nominating Committee is composed of Mr. Baron (Chairman), Dr. Goldschmidt, and Dr. Lerner. Our Corporate Governance and Nominating Committee met two times during fiscal 2009. We believe that the composition of our Corporate Governance and Nominating Committee complies with applicable requirements of the Sarbanes-Oxley Act of 2002, the NYSE Amex, and SEC's rules and regulations, including those regarding the independence of our Corporate Governance and Nominating Committee members.

The Corporate Governance and Nominating Committee identifies director nominees through a combination of referrals, including by existing members of the Board of Directors, management, third parties, stockholders, and direct solicitations, where warranted. Once a candidate has been identified, the Corporate Governance and Nominating Committee reviews the individual's experience and background, and may discuss the proposed nominee with the source of the recommendation. The Corporate Governance and Nominating Committee usually believes it to be appropriate for committee members to interview the proposed nominee before making a final determination whether to recommend the individual as a nominee to the entire Board of Directors to stand for election to the Board of Directors. The Committee does not plan to evaluate candidates identified by the Corporate Governance and Nominating Committee differently from those recommended by a stockholder or otherwise.

The Corporate Governance and Nominating Committee has recommended to the Board that it nominate each of the incumbent directors for election at the 2010 Annual Meeting.

**Director Selection Criteria**

The Corporate Governance and Nominating Committee reviews and makes recommendations to the Board of Directors regarding the appropriate qualifications, skills, and experience expected of individual members and of the Board of Directors as a whole with the objective of having a Board of Directors with sound judgment and diverse backgrounds and experience to represent stockholder interests.

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The Corporate Governance and Nominating Committee believes that nominees for election to the Board of Directors should possess sufficient business or financial experience and a willingness to devote the time and effort necessary to discharge the responsibilities of a director. This experience can include, but is not limited to, service on other boards of directors or active involvement with other boards of directors, experience in the industries in which the Company conducts its business, audit and financial expertise, clinical experience, operational experience, or a scientific or medical background. The Corporate Governance and Nominating Committee does not believe that nominees for election to the Board of Directors should be selected through mechanical application of specified criteria. Rather, the Corporate Governance and Nominating Committee believes that the qualifications and strengths of individuals should be considered in their totality with a view to nominating persons for election to the Board of Directors whose backgrounds, integrity, and personal characteristics indicate that they will make a positive contribution to the Board of Directors.

While we do not have a formal diversity policy with respect to Board composition, the Board believes it is important for the Board to have diversity of knowledge base, professional experience and skills, and the Corporate Governance and Nominating Committee takes these qualities into account when considering director nominees for recommendation to the Board.

### **Stockholder Nominations**

The Corporate Governance and Nominating Committee will consider director candidates recommended by stockholders. Stockholders who wish to recommend candidates for election to the Board of Directors must do so in writing. The recommendation should be sent to the Secretary of the Company, OPKO Health, Inc., 4400 Biscayne Boulevard, Miami, Florida 33137, who will forward the recommendation to the Corporate Governance and Nominating Committee. The recommendation must set forth (i) the name and address as they appear on the Company's books of the stockholder making the recommendation and the class and number of shares of capital stock of the Company beneficially owned by such stockholder and (ii) the name of the candidate and all information relating to the candidate that is required to be disclosed in solicitations of proxies for election of directors under the SEC's proxy rules. The recommendation must be accompanied by the candidate's written consent to being named in the Company's proxy statement as a nominee for election to the Board of Directors and to serving as a director, if elected. Stockholders must also comply with all requirements of the Company's Amended and Restated Bylaws with respect to nomination of persons for election to the Board of Directors.

### **Stockholder Communications with the Board**

Stockholders may initiate in writing any communication with our Board of Directors or any individual director by sending the correspondence to OPKO Health, Inc., 4400 Biscayne Blvd., Miami, Florida 33137, Attention: Secretary. This centralized process assists our Board of Directors in reviewing and responding to stockholder communications in an appropriate manner. If a stockholder would like the letter to be forwarded directly to one of the Chairmen of the three standing committees of the Board, he or she should so indicate. If no specific direction is indicated, the Secretary's office will review the letter and forward it to the appropriate Board member(s).

### **Employee Communications with the Audit Committee**

The Audit Committee has established procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting and auditing matters. These procedures are described in our OPKO Health, Inc. Policy for Reporting Questionable Accounting and Auditing Practices and Policy Prohibiting Retaliation Against Reporting Employees.

### **Certain Relationships and Related Party Transactions**

Frost Gamma Investments Trust (the "Gamma Trust"), a trust controlled by Dr. Phillip Frost, our Chairman of the Board and Chief Executive Officer, Jane H. Hsiao, our Vice Chairman and Chief Technical Officer, Steven D. Rubin, our Executive Vice President Administration and a member of our Board of Directors, and Rao Uppaluri, our Senior Vice President and Chief Financial Officer, are members of The Frost Group, LLC, or the Frost Group, an entity which beneficially owns approximately 7.8% of our common stock as of April 9, 2010. Furthermore, the Gamma Trust beneficially owns approximately 47.95% of our common stock as of April 9, 2010.



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On February 9, 2007, the Frost Group entered into a voting agreement with us pursuant to which the Frost Group agreed to vote its shares of our common stock for the election of John Paganelli and Robert Baron as directors. The terms of the voting agreement expired on February 9, 2010. In addition, three of our current directors, Drs. Frost and Hsiao and Mr. Rubin, were elected to the Board in 2007 and 2008 pursuant to the merger agreement entered into in connection with the Acquisition.

We currently have a fully utilized \$12.0 million line of credit with the Frost Group. In connection with the line of credit, we issued 4,000,000 warrants to the Frost Group in 2007. We were obligated to pay interest upon maturity, capitalized quarterly, on outstanding borrowings under the line of credit at a 10% annual rate, which is due July 11, 2009. The line of credit is collateralized by all of our personal property except our intellectual property. Effective November 6, 2008, the maturity date on the line of credit was extended for a period of eighteen months from July 11, 2009 until January 11, 2011, and the annual interest rate was increased to 11% from the amendment date forward.

In November 2007, we entered into an office lease with Frost Real Estate Holdings, LLC, an entity affiliated with Dr. Frost. The lease is for approximately 8,300 square feet of space in an office building in Miami, Florida, where the Company's principal executive offices are located. We had previously been leasing this space from Frost Real Estate Holdings on a month-to-month basis while the parties were negotiating the lease. The lease provides for payments of approximately \$18 thousand per month in the first year increasing annually to \$24 thousand per month in the fifth year, plus applicable sales tax. The rent is inclusive of operating expenses, property taxes and parking. The rent for the first year was reduced to reflect a \$30 thousand credit for the costs of tenant improvements. From January 1, 2008 through October 1, 2008, we leased an additional 1,100 square feet of general office and laboratory space on a ground floor annex of our corporate office building pursuant to an addendum to the Lease, which required us to pay annual rent of \$19 thousand per year for the annex space.

We reimburse Dr. Frost for Company-related use by Dr. Frost and our other executives of an airplane owned by a company that is beneficially owned by Dr. Frost. We reimburse Dr. Frost in an amount equal to the cost of a first class airline ticket between the travel cities for each executive, including Dr. Frost, traveling on the airplane for Company-related business. We do not reimburse Dr. Frost for personal use of the airplane by Dr. Frost or any other executive; nor do we pay for any other fixed or variable operating costs of the airplane. For the fiscal years ending December 31, 2009, 2008, and 2007, we reimbursed Dr. Frost approximately \$92 thousand, \$108 thousand, and \$0, respectively, for Company-related travel by Dr. Frost and other OPKO executives.

On September 19, 2007, we entered into an exclusive technology license agreement with Winston Laboratories, Inc. ( "Winston" ). Under the terms of the license agreement, Winston granted us an exclusive license to the proprietary rights of certain products in exchange for the payment of an initial licensing fee, royalties, and payments on the occurrence of certain milestones. Drs. Frost, Uppaluri and Hsiao and Mr. Rubin beneficially own approximately 30% of Winston Pharmaceuticals, Inc., and Dr. Uppaluri has served as a member of Winston's board of directors since September 2008. In connection with the license agreement, we reimbursed Winston \$29 thousand, \$3 thousand and \$0 for the years ended December 31, 2009, 2008 and 2007, respectively, for services provided by Winston personnel to assist us with the clinical program for the product we licensed. OPKO provided Winston notice of termination of the license agreement on February 23, 2010 and the agreement terminated effective May 24, 2010.

On February 23, 2009, we entered into a stock purchase agreement with Gamma Trust pursuant to which the Gamma Trust agreed to make a \$20.0 million investment in exchange for 20,000,000 shares of our common stock, par value \$.01, at \$1.00 per share, representing an approximately 20% discount to the average closing price of our common stock on the NYSE Amex for the five trading days immediately preceding the effective date of Audit Committee and stockholder approval of the transaction. The shares issued in the private placement were restricted securities, subject to a two year lockup, and no registration rights have been granted.

In March 2009, we paid the \$45 thousand filing fee to the Federal Trade Commission in connection with filings made by us and Dr. Frost, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ( "HSR" ). The filings permitted Dr. Frost and his affiliates to acquire additional shares of our common stock upon expiration of the HSR waiting period on March 23, 2009.

On March 4, 2009, the Gamma Trust advanced \$3.0 million to us under a Promissory Note we issued to the Gamma Trust (the "Note" ). The entire amount of this advance and all accrued interest thereon is due and payable on



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the earlier of May 4, 2009 or such earlier date following the closing of the previously disclosed Stock Purchase Agreement, dated February 23, 2009. The Note bears interest at a rate equal to 11% per annum and may be prepaid in whole or in part without penalty or premium. We repaid the Note in full in April 2009.

On May 26, 2009, May 29, 2009, and June 1, 2009, we entered into stock purchase agreements with a total of seven accredited investors pursuant to which we agreed to sell an aggregate of 31 million shares of the Company's common stock in exchange for \$31 million. Under the terms of each investment, OPKO issued shares to the investors at a price of \$1.00 per share, representing a range of discounts of approximately 16-21% to the average closing price of our common stock on the NYSE Amex for the five trading days immediately preceding the closing date of the agreements. Oracle Partners, LP and Vector Group Ltd. were among the investors in the transaction and purchased 4 million and 5 million shares of our common stock, respectively. Dr. Frost is a limited partner in Oracle, and Dr. Frost may also be deemed to beneficially own 11.5% of Vector Group Ltd.'s outstanding stock at the time of the transaction.

On June 10, 2009, we entered into a stock purchase agreement with Sorrento Therapeutics, Inc. ( Sorrento ), a privately held company with a technology for generating fully human monoclonal antibodies, pursuant to which we invested \$2.3 million in Sorrento. In exchange for the investment, we acquired approximately one-third of the outstanding common shares of Sorrento and received a fully-paid, exclusive license to the Sorrento antibody library for the discovery and development of therapeutic antibodies in the field of ophthalmology. On September 21, 2009, QuikByte Software, Inc., a Colorado corporation ( Quikbyte ), acquired Sorrento pursuant to a Merger Agreement dated July 14, 2009 (the Sorrento Merger ) by and among QuikByte, Sorrento, and certain other parties named therein. At the effective time of the Sorrento Merger, all of the issued and outstanding shares of Sorrento common stock (the Sorrento Shares ) were converted into the right to receive shares of QuikByte common stock, par value \$0.0001 per share (the

QuikByte Common Stock ). Prior to the consummation of the Sorrento Merger, QuikByte entered into a Stock Purchase Agreement with investors (the QuikByte Investors ) pursuant to which QuikByte received an aggregate investment of \$2.0 million in exchange for shares of QuikByte Common Stock (the QuikByte Financing ). The QuikByte Investors included Dr. Frost and other members of OPKO management. Dr. Richard Lerner, a member of our Board of Directors, serves as a consultant and scientific advisory board member to Sorrento and owns less than one percent of its shares.

On June 16, 2009, we entered into an agreement to lease approximately 10,000 square feet of space in Hialeah, Florida to house manufacturing and service operations for our ophthalmic instrumentation business (the Hialeah Facility ) from an entity controlled by Dr. Frost and Dr. Jane Hsiao. Pursuant to the terms of a lease agreement, which is effective as of February 1, 2009, gross rent is \$0.1 million per year for a one-year lease which may be extended, at our option, for one additional year. From April 2008 through January 2009, we leased 20,000 square feet at the Hialeah Facility from a third party landlord pursuant to a lease agreement which contained an option to purchase the facility. We initially elected to exercise the option to purchase the Hialeah Facility in September 2008. Prior to closing, however, we assigned the right to purchase the Hialeah Facility to an entity controlled by Drs. Frost and Hsiao and leased a smaller portion of the facility as a result of several factors, including our inability to obtain outside financing for the purchase, current business needs, the reduced operating costs for the smaller space, and the minimization of risk and expense of unutilized space.

On July 20, 2009, the Company entered into a worldwide exclusive license agreement with Academia Sinica in Taipei, Taiwan, for a new technology to develop protein vaccines against influenza and other viral infections. Dr. Alice Yu, a member of our board of directors, is a Distinguished Research Fellow and Associate Director at the Genomics Research Center, Academia Sinica. In connection with the license, the Company paid to Academia Sinica an upfront licensing fee and agreed to pay royalties and other payments on the occurrence of certain development milestones.

Effective as of September 18, 2009, we entered into a securities purchase agreement (the Preferred Purchase Agreement ) with various private investors (the Preferred Investors ), pursuant to which the Preferred Investors agreed to purchase an aggregate of 1,209,677 shares (the Preferred Shares ) of the Company's newly-designated 8.0% Series D Cumulative Convertible Preferred Stock, par value \$0.01 per share ( Series D Preferred Stock ) at a purchase price of \$24.80 per share, together with warrants (the Warrants ) to purchase up to an aggregate of 3,024,196 shares of the Company's common stock, par value \$.01 at an exercise price of \$2.48 per share (the Preferred Investment ). Initially,

the Series D Preferred Stock was convertible into ten shares of the Company's common stock, and the Preferred Shares purchase price was based on the average closing price of the Company's

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common stock as reported on the NYSE Amex for the five days preceding the execution of the Preferred Purchase Agreement. In connection with the Preferred Investment, the Company issued the Preferred Shares and Warrants and received an aggregate of \$30.0 million in cash on September 28, 2009. Included among the Preferred Investors is the Gamma Trust, Hsu Gamma Investment, L.P, a limited partnership controlled by Jane H. Hsiao, and Oracle Partners LP, a limited partnership in which Dr. Frost is a limited partner. The Company agreed to issue the Preferred Shares and the Warrants in reliance upon the exemption from registration under Section 4(2) of the Securities Act of 1933, as amended (the Act). The Preferred Shares issued in the Preferred Investment, including the shares of the Company's common stock into which the Preferred Shares and Warrants may be converted, are restricted securities as that term is defined by Rule 144 under the Act, subject to a three year contractual lockup, and no registration rights have been granted.

Effective September 21, 2009, the Company entered into an agreement pursuant to which the Company invested \$2.5 million in cash in Cocrystal Discovery, Inc., a privately held biopharmaceutical company (Cocrystal), in exchange for 1,701,723 shares of Cocrystal's Convertible Series A Preferred Stock. A group of investors led by the Frost Group (the Frost Investors), previously invested \$5 million in Cocrystal, and agreed to invest an additional \$5 million payable in two equal installments in September 2009 and March 2010. As a result of an amendment to the Frost Investor agreements dated June 9, 2009, OPKO, rather than the Frost Investors, made the first installment investment (\$2.5 million) on September 21, 2009. Following the first investment, the members of the Frost Group owned a total of 2,948,645 shares of Cocrystal, representing 33.65% of Cocrystal's voting stock on an as converted basis and the Gamma Trust owned a majority of those shares, owning 2,768,257 shares. On December 31, 2009 we owned approximately 20% of Cocrystal's outstanding stock. Following the final installment investment of \$2.5 million in Cocrystal by the Frost Investors in or around March 2010, the Company owned approximately 16% of Cocrystal and members of the Frost Group owned approximately 4,422,967 shares, representing 42% of Cocrystal's voting stock on an as converted basis, including 4,152,386 held by the Gamma Trust. Dr. Frost, Mr. Rubin, and Dr. Hsiao currently serve on the Board of Directors of Cocrystal and represent 50% of its board.

Effective March 5, 2010, the Frost Group assigned two license agreements with Academia Sinica to the Company's subsidiary, OPKO Taiwan, Inc. The license agreements pertained to alpha-galactosyl ceramide analogs and their use as immunotherapies and peptide ligands in the diagnosis and treatment of cancer. In connection with the assignment of the licenses, the Company agreed to reimburse the Frost Group for the licensing fees previously paid by the Frost Group to Academia Sinica in the amounts of \$50,000 and \$75,000, respectively, as well as reimbursement of certain expenses.

**Our Policies Regarding Related Party Transactions**

In April 2007, we adopted a written statement of policy with respect to related party transactions, which is administered by our Audit Committee. Under our related party transaction policy, a Related Party Transaction is any transaction, arrangement, or relationship between us or any of our subsidiaries and a Related Person, not including any transactions involving less than \$60,000 when aggregated with all similar transactions, or transactions that have received pre-approval of our Audit Committee. A Related Person is any of our executive officers, directors or director nominees, any stockholder beneficially owning in excess of 5% of our stock or securities exchangeable for our stock, any immediate family member of any of the foregoing persons, and any firm, corporation, or other entity in which any of the foregoing persons is an executive officer, a partner or principal or in a similar position, or in which such person has a 5% or greater beneficial ownership interest in such entity.

Pursuant to our related party transaction policy, a Related Party Transaction may only be consummated if:

Our Audit Committee approves or ratifies such transaction in accordance with the terms of the Policy; or

the chair of our Audit Committee pre-approves or ratifies such transaction and the amount involved in the transaction is less than \$100,000, provided that for the Related Party Transaction to continue it must be approved by our Audit Committee at its next regularly scheduled meeting.

If advance approval of a Related Party Transaction is not feasible, then that Related Party Transaction will be considered and, if our Audit Committee determines it to be appropriate, ratified, at its next regularly scheduled meeting. If we decide to proceed with a Related Party Transaction without advance approval, then the terms of such



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Related Party Transaction must permit termination by us without further material obligation in the event our Audit Committee ratification is not forthcoming at our Audit Committee's next regularly scheduled meeting.

Transactions with related persons, though not classified as Related Party Transactions by our related party transaction policy and thus not subject to its review and approval requirements, may still need to be disclosed if required by the applicable securities laws, rules, and regulations.

All transactions listed above were approved in accordance with the Company's related party transaction policy.

**Table of Contents****DIRECTOR COMPENSATION**

Each non-employee director is entitled to receive an annual retainer of \$10,000, payable in quarterly installments, an option to acquire 40,000 shares of the Company's common stock upon initial appointment to the Board and an option to acquire 20,000 shares each year thereafter on the date of the Company's annual meeting of stockholders. The chairman of each committee of the Board will also receive an additional annual retainer of \$5,000, payable in quarterly installments.

The following table sets forth information with respect to compensation of non-employee directors of the Company during fiscal year 2009.

**Fiscal 2009 Director Compensation**

Name	Fees Earned or Paid in Cash (\$)	Stock Award (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	Nonqualified		All Other Compensation (\$)	Total (\$)
				Non-Equity Incentive Plan Compensation (\$)	Deferred Earnings (\$)		
Robert A. Baron	15,000		16,944				31,944
Thomas E. Beier	10,000		16,944				26,944
Richard A. Lerner, M.D.	15,000	76,500	16,944				108,444
Richard C. Pfenniger, Jr.	15,000		16,944				31,944
Pascal J. Goldschmidt, M.D.	10,000		16,944				26,944
John A. Paganelli	10,000		16,944				26,944
Alice Lin-Tsing Yu, M.D., Ph.D. <sup>(3)</sup>	7,500		26,572				34,072

(1) On September 8, 2009, the Company's Board of Directors approved a grant of 30,000 shares to Dr. Lerner in recognition of his exceptional service to the Board, which included, among other things, identifying and assisting in bringing various investments, technologies

and transactions to the Company. Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The table below sets forth the aggregate number of stock awards of each non-employee director outstanding as of December 31, 2009:

	<b>Name</b>	<b>Stock Awards</b>
	Richard A. Lerner, M.D.	30,000

(2) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions made in the calculation of these amounts are included in Note 8 to the Company's audited financial statements, included in the Company's Annual Report on Form 10-K filed with the SEC on March 17, 2010. The table below sets forth the aggregate number of stock options of each

non-employee  
 director  
 outstanding as  
 of December 31,  
 2009:

	<b>Name</b>	<b>Stock Options</b>
	Robert A. Baron	135,000
	Thomas E. Beier	80,000
	Richard A. Lerner, M.D.	80,000
	Richard C. Pfenniger, Jr.	80,000
	Pascal J. Goldschmidt, M.D.	80,000
	John A. Paganelli	135,000
	Alice Lin-Tsing Yu, M.D., Ph.D.	40,000

(3) Dr. Yu was  
 appointed to the  
 Board of  
 Directors on  
 April 17, 2009.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of ten percent (10%) or more of our common stock (collectively, Reporting Persons ) to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and any other equity securities. Based on a review of the copies of the reports furnished to us, the Reporting Persons complied with all applicable Section 16(a) filing requirements except for one late Form 4 filing for Mr. Paganelli relating to the purchase of OPKO common stock on May 3, 2007.

**Table of Contents****EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

Our compensation philosophy is to attract and retain talented and dedicated executives who will work to achieve our desired business direction, strategy, and performance. The primary goals of our compensation program for our Named Executive Officers are (i) to attract, motivate, and retain talented executives with the skill sets and expertise we need to meet our scientific and business objectives; (ii) to be competitive in the marketplace; (iii) to tie annual and long-term cash and equity incentives to the achievement of specified performance objectives that will result in increased stockholder value; and (iv) to be cost-effective. To achieve these goals, we have formed a compensation committee that reviews and approves the executive compensation packages for our executive officers, including the Named Executive Officers. These packages are generally based on a mix of salary, discretionary bonus, and equity awards. Although we have not adopted any formal guidelines for allocating total compensation between equity compensation and cash compensation, we maintain compensation plans that tie a substantial portion of our executives overall compensation to the achievement of corporate goals and success of the Company.

**Benchmarking of Cash and Equity Compensation**

Our Compensation Committee reviews executive compensation levels on an annual basis to ensure they remain competitive in our industry. Data for this review is prepared and provided to the Compensation Committee by our management and human resources department, with input from our Chief Executive Officer, as well as other members of senior management. This data details relevant market rates for executive base salaries, annual cash incentive, long-term incentive, and total compensation for companies of similar size in our industry. The sources for this data for fiscal year 2010 include the Executive Compensation Survey, a survey of 113 biotech companies ranging in size from less than \$20 million in revenues with less than 10 employees to over \$500 million in revenue with over 1,000 employees. The data we used for our analysis focused on 45 companies with less than \$25 million in revenues and less than 150 employees. We believe that criteria used by the Executive Compensation Survey were effective in yielding a comprehensive survey group of companies, or peer groups, comparable to the Company for 2010. Utilizing the compiled information, the Compensation Committee in 2010 reviewed the various components of executive compensation to determine the base salary, annual cash incentive, long term incentive, and equity compensation.

We may retain the services of third-party executive compensation specialists from time to time in connection with the establishment of cash and equity compensation and related policies, although we have not previously done so.

**Elements of Compensation**

We evaluate individual executive performance with a goal of setting compensation at levels the Board of Directors and the Compensation Committee believe are comparable with executives in other companies of similar size and stage of development. At the same time, our Board of Directors and Compensation Committee takes into account our relative performance and our own strategic goals. The primary elements of our compensation plans are base salary, discretionary annual bonus, and equity compensation, each of which is described in greater detail below.

*Base Salary.* We try to establish and maintain competitive annual base salaries for our Named Executive Officers by utilizing available resources, which include surveys as discussed above. While base salaries are not primarily performance-based, we believe it is important to provide adequate, fixed compensation to executives working in a highly volatile and competitive industry such as ours. We provide fixed salary compensation to our Named Executive Officers based on their responsibilities and individual experience, taking into account competitive market compensation paid by other companies for similar positions within the pharmaceutical industry. Although it is the general intent of the Compensation Committee to position base salaries at approximately the competitive median of the Company's peer groups based on data reviewed, the base salaries for the Company's Named Executive Officers in 2007 were below the median of our peer group, and none of the Named Executive Officers were granted increases in their base salaries in 2008 or 2009. Because we have generated little revenue, we have tried to place an emphasis on incentive forms of compensation, such as stock option grants.

As a result of the Company's growth and expansion into various medical markets, and taking into consideration the peer group surveys noted above, the Compensation Committee approved increases in base salary for the

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Company's Named Executive Officers on April 14, 2010. The new base salaries for each of the Named Executive Officers, with the exception of one, were positioned at approximately the competitive median of the Company's peer groups. The increased base salaries are effective as of March 1, 2010.

*Discretionary Annual Bonus.* In addition to base salaries, our Compensation Committee has the authority to award discretionary annual bonuses to our Named Executive Officers based on corporate and individual performance. Incentives, as a percent of salary, increase with executive rank so that, as rank increases, a greater portion of total annual cash compensation is based on annual corporate and individual performance. Furthermore, as an executive's rank increases, a greater percentage of that executive's cash bonus is based on corporate performance, rather than individual performance. Because we have generated little revenue, the Compensation Committee has not awarded any cash incentive bonuses, and has instead chosen to focus on other forms of compensation, such as stock options.

*Equity Compensation.* We believe that equity compensation should be a primary component of our executive compensation program because they align the interests of our executive officers with the long term performance of the Company. Stock options are a critical element of our long-term incentive strategy. The primary purpose of stock options is to provide Named Executive Officers and other employees with a personal and financial interest in our success through stock ownership, thereby aligning the interests of such persons with those of our stockholders. This broad-based program is a vital element of our goal to empower and motivate outstanding long-term contributions by our Named Executive Officers and other employees. The Compensation Committee believes that the value of stock options will reflect our performance over the long-term. Under our employee stock option program, options are granted at fair market value at the date of grant, and options granted under the program become exercisable only after a vesting period. Consequently, employees benefit from stock options only if the market value of our common stock increases over time. With respect to these stock options, we recognize compensation expense based on FASB ASC Topic 718. The Compensation Committee typically grants stock options to our Named Executive Officers under our 2007 Equity Incentive Plan. For all executives, other than the Chief Executive Officer, the Compensation Committee considers the recommendations of our Chief Executive Officer based on his subjective assessment of their performance. There is no set formula or performance criteria which determines the amount of the equity award for our Named Executive Officers or our other employees. We have not granted to any employee any restricted stock or restricted stock awards pursuant to our equity benefit plans. However, our Compensation Committee, in its discretion, may in the future elect to make such grants to our Named Executive Officers if it deems it advisable.

*Employment Agreements.* We have not entered into an employment agreement with any of our current executive officers.

*Severance and Change-in-Control Benefits.* None of our current executive officers are entitled to severance or change of control benefits; provided however, that the OPKO Health, Inc. 2007 Equity Incentive Plan provides for certain accelerated vesting upon change in control events.

*401(k) Profit Sharing Plan.* We have adopted a tax-qualified 401(k) Profit Sharing Plan (the "401(k) Plan") covering all qualified employees. The effective date of the 401(k) Plan is January 2008. Participants may elect a salary reduction of at least 1% as a contribution to the 401(k) Plan, up to the statutorily prescribed annual limit for tax-deferred contributions (\$16,500 for employees under age 50 and an additional \$5,000 for employees 50 and above in 2009). In 2008, the Company adopted the Roth contribution for employee elections. The 401(k) Plan permits employer matching of up to 4% of a participant's salary up to the statutory limits. In 2009, we elected a safe harbor contribution at 4% of annual compensation. All of our safe harbor contributions are immediately vested.

*Other Compensation.* All of our Named Executive Officers have standard benefits that are offered to all full-time, exempt employees. These standard benefits include health, dental and life insurance, and short and long term disability. We intend to continue to maintain the current benefits and perquisites for our Named Executive Officers; however, our Compensation Committee, in its discretion, may in the future revise, amend, or add to the benefits and perquisites of any Named Executive Officer if it deems it advisable.

**Section 162(m) of the Internal Revenue Code**

Section 162(m) of the Internal Revenue Code generally does not allow a deduction for annual compensation in excess of \$1,000,000 paid to our executive officers. This limitation on deductibility does not apply to certain



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compensation, including performance based compensation under a plan approved by our stockholders. It is expected that equity grants under our 2007 Equity Incentive Plan will qualify for the performance-based exceptions from the Section 162(m) limitations. Our policy is generally to preserve the federal income tax deductibility of compensation and to qualify eligible compensation for the performance-based exception in order for compensation not to be subject to the limitation on deductibility imposed by Section 162(m) of the Internal Revenue Code. We may, however, approve compensation that may not be deductible if we determine that the compensation is in our best interests as well as the best interests of our stockholders.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of our Board has submitted the following report for inclusion in this proxy statement.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on its review and discussions with management with respect to the Compensation Discussion and Analysis, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement on Schedule 14A for filing with the Securities and Exchange Commission.

*Compensation Committee*

Richard A. Lerner, M.D., Chairman

Thomas E. Beier

Pascal J. Goldschmidt, M.D.

*The Compensation Committee report above shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.*

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**Table of Contents****Summary Compensation Table**

The following table sets forth information regarding compensation earned in or with respect to fiscal 2009, 2008, and 2007 by:

Our Chief Executive Officer during fiscal 2009;

Our Principal Financial Officer during fiscal 2009; and

Our only two executive officers (other than individuals serving as our Chief Executive Officer or our Principal Financial Officer) who were serving as executive officers at the end of the last completed fiscal year.

We refer to these officers collectively as our Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock	Option	All Other	Total (\$)
				Award(s) (\$)	Award(s) (\$) <sup>(2)</sup>	Compensation (\$) <sup>(3)</sup>	
Phillip Frost, M.D. <sup>(1)</sup> <i>Chief Executive Officer</i>	2009	337,500			236,635	54,800	628,935
	2008	325,000			291,330	9,200	625,530
	2007	208,332			3,021,100	133,333	3,362,765
Jane H. Hsiao, Ph.D. <sup>(1)</sup> <i>Chief Technical Officer</i>	2009	311,538			202,830	9,800	524,168
	2008	300,000			242,775	9,200	551,975
	2007	192,307			1,963,715	7,692	2,163,714
Steven D. Rubin <sup>(1)</sup> <i>Executive Vice President- Administration</i>	2009	311,539			169,025	9,800	490,364
	2008	300,000			194,220	9,200	503,420
	2007	192,307			1,510,550	7,692	1,710,549
Rao Uppaluri, Ph.D. <sup>(1)</sup> <i>Senior Vice President and Chief Financial Officer</i>	2009	285,581			152,123	9,800	447,504
	2008	275,000			169,943	9,200	454,143
	2007	176,284			1,208,440	7,051	1,391,775

<sup>(1)</sup> Dr. Frost became our Chief Executive Officer on March 27, 2007. Dr. Hsiao was appointed as Chief Technical Officer in May 2007. Mr. Rubin and Dr. Uppaluri were appointed as Executive Vice President, Administration and Senior Vice

President and  
Chief Financial  
Officer,  
respectively, in  
May 2007.

- (2) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The assumptions used in calculating the amounts are discussed in Note 8 of the Company's audited financial statements for the year ended December 31, 2009 included in the Company's Annual Report on Form 10-K filed with the SEC on March 17, 2010.
- (3) Includes (i) \$45,000 for a Hart-Scott-Rodino Antitrust Improvements Act filing fee paid on behalf of Dr. Frost in March 2009; and (ii) contributions made by the Company under its 401(k) Plan during fiscal 2009 in the amount of \$9,800 for each of Drs. Frost, Hsiao, and Uppaluri and Mr. Rubin.

**Table of Contents****Grants of Plan-Based Awards**

The following table presents information concerning grants of plan-based awards to each of the Named Executive Officers and certain other persons during the year ended December 31, 2009. The exercise price per share of each option granted to our Named Executive Officers during 2009 was equal to the fair market value of our common stock, as determined by our Compensation Committee on the date of the grant.

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date
				Fair Value of Option Awards (\$) <sup>(2)</sup>
Phillip Frost, M.D. <sup>(1)</sup>	5/5/09	350,000	1.16	236,635
Jane H. Hsiao, Ph.D. <sup>(1)</sup>	5/5/09	300,000	1.16	202,830
Steven D Rubin <sup>(1)</sup>	5/5/09	250,000	1.16	169,025
Rao Uppaluri, Ph.D. <sup>(1)</sup>	5/5/09	225,000	1.16	152,123

<sup>(1)</sup> Options vest in four equal annual tranches beginning May 5, 2010 and will expire on May 4, 2016.

<sup>(2)</sup> Reflects the grant date fair value computed in accordance with FASB ASC Topic 718.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information as of December 31, 2009 with respect to equity awards outstanding at December 31, 2009.

Number of Securities Underlying Unexercised Options	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Option Exercise	Option Expiration	Number of Shares or Units of Stock That Have Not	Market Value of Shares or Units of Stock That Have Not

Name	(#) Exercisable	(#) Unexercisable	Price (\$)	Date	Vested (#)	Vested (\$)
Phillip Frost, M.D.	500,000 <sup>(1)</sup>	500,000 <sup>(1)</sup>	4.88	5/2/14		
	75,000 <sup>(2)</sup>	225,000 <sup>(2)</sup>	1.65	4/27/15		
		350,000 <sup>(3)</sup>	1.16	5/4/16		
Jane H. Hsiao, Ph.D.	325,000 <sup>(1)</sup>	325,000 <sup>(1)</sup>	4.88	5/2/14		
	62,500 <sup>(2)</sup>	187,500 <sup>(2)</sup>	1.65	4/27/15		
		300,000 <sup>(3)</sup>	1.16	5/4/16		
Steven D. Rubin	250,000 <sup>(1)</sup>	250,000 <sup>(1)</sup>	4.88	5/2/14		
	50,000 <sup>(2)</sup>	150,000 <sup>(2)</sup>	1.65	4/27/15		
		250,000 <sup>(3)</sup>	1.16	5/4/16		
Rao Uppaluri, Ph.D.	200,000 <sup>(1)</sup>	200,000 <sup>(1)</sup>	4.88	5/2/14		
	43,750 <sup>(2)</sup>	131,250 <sup>(2)</sup>	1.65	4/27/15		
		225,000 <sup>(3)</sup>	1.16	5/4/16		

(1) Options were issued on May 3, 2007 and vest in four equal annual tranches beginning on May 3, 2008.

(2) Options were issued on April 28, 2008 and vest in four equal annual tranches beginning April 28, 2009.

(3) Options were issued on May 5, 2009 and vest in four equal annual tranches beginning on May 5, 2010.

#### Option Exercises and Stock Vested

None of our Named Executive Officers exercised stock options or held stock awards that vested during fiscal 2009.

#### Pension Benefits

None of our Named Executive Officers is covered by a pension plan or other similar benefit plan that provides for payments or other benefits at, following, or in connection with retirement.



**Table of Contents****Nonqualified Deferred Contribution and Other Nonqualified Deferred Compensation Plan**

None of our Named Executive Officers is covered by a nonqualified deferred contribution or other nonqualified deferred compensation plan.

**Employment Agreements and Change in Control Arrangements**

None of our Named Executive Officers are entitled to severance or change of control benefits; provided however, that the OPKO Health, Inc. 2007 Equity Incentive Plan provides for certain accelerated vesting upon change in control events.

**Fiscal Year-End Equity Compensation Plan Information**

The following table sets forth aggregated information concerning our equity compensation plans outstanding at December 31, 2009.

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (#)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding shares reflected in the 1st column)</b>
Equity Compensation Plans Approved by Stockholders	12,623,556	\$ 2.36	13,371,586
Equity Compensation Plans Not Approved by Stockholders			
<b>Total</b>	<b>12,623,556</b>	<b>\$ 2.36</b>	<b>13,371,586</b>

**Compensation Policies and Practices as Related to Risk Management**

The Compensation Committee and management do not believe that the Company maintains compensation policies or practices that are reasonably likely to have a material adverse effect on the Company. Our employees' base salaries are fixed in amount and thus we do not believe that they encourage excessive risk-taking. A significant proportion of the compensation provided to our employees is in the form of long-term equity-based incentives that we believe are important to help further align our employees' interests with those of our stockholders. We do not believe that these equity-based incentives encourage unnecessary or excessive risk taking because their ultimate value is tied to our stock price.

**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP ( Ernst & Young ) has served as the Company s independent registered public accounting firm since 2007. The Audit Committee plans to engage Ernst & Young as the Company s independent registered public accounting firm to audit our financial statements for fiscal 2010 and to express an opinion on the effectiveness of our internal control over financial reporting as of December 31, 2010. We expect that a representative of Ernst & Young will attend the Annual Meeting, will have an opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

The following table presents fees for professional audit services provided by Ernst & Young for the audit of our annual financial statements and internal control over financial reporting for fiscal 2009 and 2008 (in thousands):

	<b>FY 2009</b>	<b>FY 2008</b>
Audit Fees	\$ 449,000	\$ 474,375
Audit-Related Fees		
Tax Fees		
All Other Fees	2,000	
<b>Total</b>	<b>\$ 451,000</b>	<b>\$ 474,375</b>

*Audit Fees* include fees for services rendered for the audit of our annual consolidated financial statements, the audit of internal control over financial reporting, the review of financial statements included in our quarterly reports on Form 10-Q, and consents and other services normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

*Audit-Related Fees* would principally include fees incurred for due diligence in connection with potential transactions and accounting consultations. There were no audit-related fees incurred during 2009 and 2008.

*Tax Fees* would include fees for services rendered for tax compliance, tax advice, and tax planning. There were no tax fees incurred with Ernst & Young in 2009 and 2008.

*All Other Fees* would include fees for all other services rendered to us that do not constitute Audit Fees, Audit-Related Fees, or Tax Fees. There were no such fees incurred with Ernst & Young in 2008. In 2009 such fees related to a license associated with an accounting research tool.

**Audit Committee Policy for Pre-approval of Independent Auditor Services**

The Audit Committee of the Board of Directors is required to pre-approve all audit and non-audit services provided by the Company s independent auditors in order to assure that the provision of such services does not impair the auditor s independence. The Audit Committee has established a policy regarding pre-approval of permissible audit, audit-related, and other services provided by the independent auditors, which services are periodically reviewed and revised by the Audit Committee. Unless a type of service has received general pre-approval under the policy, the service will require specific approval by the Audit Committee. The policy also includes pre-approved fee levels for specified services and any proposed service exceeding the established fee level must be specifically approved by the committee. All audit and permitted non-audit services and all fees associated with such services performed by our independent registered public accounting firm in fiscal 2009 and 2008 were approved by the full Audit Committee consistent with the policy described above.

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**AUDIT COMMITTEE REPORT**

*The following Audit Committee Report shall not be deemed to be soliciting material or to be filed with the SEC or incorporated by reference in any other filing by us under the Securities Act of 1933 or Securities Exchange Act of 1934.*

The members of the Audit Committee of the Board are Messrs. Pfenniger, Baron, and Beier. The primary purpose of the Audit Committee is to assist the Board in its general oversight of the Company's accounting and financial reporting processes. The Audit Committee's functions are more fully described in its charter, which the Board has adopted. The Audit Committee reviews and reassesses the adequacy of its charter on an annual basis. The Board annually reviews the NYSE Amex listing standards' definition of independence for Audit Committee members and has determined that each member of the Audit Committee is independent under that standard.

Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, accounting and financial reporting principles, and internal controls and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations.

The Company's independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent annual audit of the Company's consolidated financial statements and expressing an opinion on both the conformity of those financial statements with United States generally accepted accounting principles and on the effectiveness of our internal control over financial reporting. The Audit Committee's policy is that all services rendered by the Company's independent auditor are either specifically approved or pre-approved and are monitored both as to spending level and work content to maintain the appropriate objectivity and independence of the independent auditor. The Audit Committee's policy provides that the Audit Committee has the ultimate authority to approve all audit engagement fees and terms and that the Audit Committee shall review, evaluate, and approve the engagement proposal of the independent auditor.

In conjunction with its activities during fiscal 2009, the Audit Committee reviewed and discussed our interim results and the annual integrated audit of our financial statements and internal control over financial reporting with the Company's independent registered public accounting firm with and without management present, and with management. The members of the Audit Committee discussed the quarterly review procedures and annual audit procedures performed by the independent registered public accounting firm in connection with the quarterly unaudited and annual audited financial statements and discussed and agreed upon procedures related to the audit of internal control over financial reporting with management of the Company and its independent registered public accounting firm. The members of the Audit Committee also discussed with the Company's independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended. In addition, the Audit Committee received from the Company's independent registered public accounting firm the written disclosures and the letter required by the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence. Based on the foregoing reviews and discussions, the Audit Committee recommended to the Board, and the Board approved, that the fiscal 2009 annual audited financial statements be included in the Company's Annual Report on Form 10-K for fiscal 2009 for filing with the SEC.

*Audit Committee*

Richard C. Pfenniger, Jr., Chairman

Robert A. Baron

Thomas E. Beier

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**OTHER INFORMATION**

**Deadlines for Stockholder Proposals and Nominations for the 2011 Annual Meeting**

Pursuant to Rule 14a-8 under the Exchange Act, our stockholders may present proper proposals for inclusion in our proxy statement and form of proxy and for consideration at the next annual meeting by submitting their proposals to us in a timely manner. Any stockholder of the Company who wishes to present a proposal for inclusion in the proxy statement and form of proxy for action at the 2011 annual meeting of stockholders (the 2011 Annual Meeting ) must comply with our Amended and Restated Bylaws and the rules and regulations of the SEC, each as then in effect. Such proposals must be mailed to us at our offices at 4400 Biscayne Blvd., Miami, Florida 33137, attention: Secretary. Under the rules of the SEC, any stockholder proposal intended to be presented at the 2011 Annual Meeting must be received no later than December 27, 2010 in order to be considered for inclusion in our proxy statement and form of proxy relating to such meeting. Under our Amended and Restated Bylaws, a stockholder must follow certain procedures to nominate persons for election as directors or to introduce an item of business at an annual meeting of stockholders. In order to be timely, we must receive notice of your intention to introduce a nomination or propose an item of business at our 2011 Annual Meeting between February 26, 2011 and March 28, 2011.

If a stockholder notifies us of an intent to present a proposal at the 2011 Annual Meeting at any time after March 12, 2011 (and for any reason the proposal is voted on at that meeting), it will be considered untimely and our proxy holders will have the right to exercise discretionary voting authority with respect to the proposal, if presented at the meeting, without including information regarding the proposal in our proxy materials.

**Expenses of Solicitation**

We will bear the cost of this proxy solicitation. In addition to the use of the mails, some of our regular employees, without additional remuneration, may solicit proxies personally or by telephone or facsimile. We will reimburse brokers, dealers, banks, and other custodians, nominees, and fiduciaries for their reasonable expenses in forwarding solicitation materials to beneficial owners of our common stock.

**Other Business**

As of the date of this proxy statement, the Board knows of no business to be presented at the Annual Meeting other than as set forth in this proxy statement. If other matters properly come before the Annual Meeting, or any of its adjournments, the persons named as proxies will vote on such matters in their discretion.

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ANNUAL MEETING OF STOCKHOLDERS OF OPKO HEALTH, INC. May 27, 2010 NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: The Notice of Meeting, proxy statement and proxy card are available at [www.opko.com](http://www.opko.com) Please sign, date and mail your proxy card in the envelope provided as soon as possible. Please detach along perforated line and mail in the envelope provided. 21000000000000000000 6 052710 PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES 2. In their discretion, the proxy holders are authorized to vote upon such other 1. Election of ten directors. matters as may properly come before the meeting or any postponement or NOMINEES: adjournment thereof. FOR ALL NOMINEES O Phillip Frost, M.D. O Jane H. Hsiao, Ph.D. THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE WITHHOLD AUTHORITY O Steven D. Rubin MANNER DIRECTED HEREIN BY THE UNDERSIGNED. IF NO DIRECTION IS FOR ALL NOMINEES O Robert A. Baron MADE, THIS PROXY WILL BE VOTED FOR ELECTION OF THE DIRECTORS O Thomas E. Beier NAMED IN PROPOSAL 1. FOR ALL EXCEPT O Pascal J. Goldschmidt, M.D. (See instructions below) O Richard A. Lerner, M.D. PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY O John A. Paganelli USING THE ENCLOSED ENVELOPE. O Richard C. Pfenniger, Jr. The undersigned acknowledges receipt of the accompanying Notice of O Alice Lin-Tsing Yu, M.D., Ph.D. Annual Meeting of Stockholders and Proxy Statement for the May 27, 2010 meeting. INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark FOR ALL EXCEPT and fill in the circle next to each nominee you wish to withhold, as shown here: To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. Signature of Stockholder Date: Signature of Stockholder Date: Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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0 PROXY OPKO HEALTH, INC. 4400 Biscayne Blvd. Miami, Florida 33137 THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS ANNUAL MEETING OF STOCKHOLDERS MAY 27, 2010 The undersigned hereby appoints Rao Uppaluri and Steven Rubin, and each of them severally, as proxies of the undersigned, each with full power to appoint his substitute, to represent the undersigned at the Annual Meeting of Stockholders of OPKO Health, Inc. (the Company ) to be held at the Company s headquarters at 4400 Biscayne Blvd., Miami, Florida, 33137, on May 27, 2010, beginning at 10:00 a.m., local time, and at any adjournments thereof, and to vote thereat all shares of common stock, Series A Preferred Stock, and Series D Preferred Stock of the Company held of record by the undersigned at the close of business on April 9, 2010 in accordance with the instructions set forth on this proxy card and, in their discretion, to vote such shares on any other business as may properly come before the meeting and on matters incident to the conduct of the meeting. Any proxy heretofore given by the undersigned with respect to such stock is hereby revoked. PLEASE MARK, DATE AND SIGN THIS PROXY ON THE REVERSE SIDE AND RETURN IT IN THE ENCLOSED ENVELOPE Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on May 27, 2010 The Proxy Statement and 2009 Annual Report are available at [www.opko.com](http://www.opko.com). 14475