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ADE CORP
Form SC 13G/A
July 10, 2006

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

SCHEDULE 13G Amendment No. 9

(Name of Issuer)
ADE CORP-MASS

(Title of Class of Securities)
Common Stock

(CUSIP Number)
00089C107

Rule 13d-1(b)

NAME OF REPORTING PERSON
Private Capital Management

I.R.S. IDENTIFICATION NO.
59-3654603

MEMBER OF A GROUP?
(b) X

PLACE OF ORGANIZATION
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

SOLE VOTING POWER	0
SHARED VOTING POWER	1,539,027
SOLE DISPOSITIVE POWER	0
SHARED DISPOSITIVE POWER	1,539,027

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,539,027

PERCENT OF CLASS REPRESENTED BY AGGREGATE AMOUNT BENEFICIALLY OWNED
10.6%

TYPE OF REPORTING PERSON
IA

NAME OF REPORTING PERSON
Bruce S. Sherman

I.R.S. IDENTIFICATION NO.

MEMBER OF A GROUP?
(b) X

CITIZENSHIP
U.S. Citizen

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

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SOLE VOTING POWER 54,900
SHARED VOTING POWER 1,542,027
SOLE DISPOSITIVE POWER 54,900
SHARED DISPOSITIVE POWER 1,542,027

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,596,927

AGGREGATE AMOUNT BENEFICIALLY OWNED EXCLUDES CERTAIN SHARES
(no)

PERCENT OF CLASS REPRESENTED BY AGGREGATE AMOUNT BENEFICIALLY
OWNED
11.0%

TYPE OF REPORTING PERSON
IN

NAME OF REPORTING PERSON
Gregg J. Powers

I.R.S. IDENTIFICATION NO.

MEMBER OF A GROUP?
(b) X

CITIZENSHIP
U.S. Citizen

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:
SOLE VOTING POWER 0
SHARED VOTING POWER 1,539,027
SOLE DISPOSITIVE POWER 0
SHARED DISPOSITIVE POWER 1,539,027

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,539,027

AGGREGATE AMOUNT BENEFICIALLY OWNED EXCLUDES CERTAIN SHARES
(no)

PERCENT OF CLASS REPRESENTED BY AGGREGATE AMOUNT BENEFICIALLY
OWNED
10.6%

ITEMS 1 - 10 OF GENERAL INSTRUCTIONS

Item 1.

(a)Name of Issuer: ADE CORP-MASS
(b)Address of Issuer: 80 Wilson Way, Westwood, MA 02090

Item 2.

(a)Name of Person Filing: See Exhibit 1
(b)Address of Person Filing: 8889 Pelican Bay Blvd., Naples, FL 34108
(c)Citizenship: See Exhibit 1
(d)Title of Class of Securities: Common Stock
(e)CUSIP Number: 00089C107

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Item 3.

The reporting person is filing as an Investment Adviser registered under section 203 of the Investment Advisers Act of 1940.

Item 4. Ownership

- (a) Amount Beneficially Owned: See Exhibit 1
- (b) Percent of Class: See Exhibit 1
- (c) Number of Shares as to which such person has:
 - (i) sole power to vote or to direct the vote:
See Exhibit 1
 - (ii) shared power to vote or to direct the vote:
See Exhibit 1
 - (iii) sole power to dispose or to direct the disposition of:
See Exhibit 1
 - (iv) shared power to dispose or to direct the disposition of:
See Exhibit 1

Item 5. Ownership of Five Percent or Less of Class:
N/A

Item 6. Ownership of More than Five Percent on Behalf of Another Person: N/A

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company: N/A

Item 8. Identification and Classification of Members of the Group:
See Exhibit 1

Item 9. Notice of Dissolution of Group:
N/A

Item 10. Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purposes or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: See Exhibit 2
Signature: See Exhibit 2
Name/Title: See Exhibit 2

Exhibit 1

Item 2.

- (a) Name of Person Filing
 - 1) Private Capital Management, L.P.
 - 2) Bruce S. Sherman
 - 3) Gregg J. Powers

(c) Citizenship

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- 1) Delaware
- 2) U.S.
- 3) U.S.

Item 4.

(a) Amount Beneficially Owned*

- 1) 1,539,027
- 2) 1,596,927
- 3) 1,539,027

(b) Percent of Class

- 1) 10.6%
- 2) 11.0%
- 3) 10.6%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote

- 1) 0
- 2) 54,900
- 3) 0

(ii) shared power to vote or to direct the vote**

- 1) 1,539,027
- 2) 1,542,027
- 3) 1,539,027

(iii) sole power to dispose or to direct the disposition of

- 1) 0
- 2) 54,900
- 3) 0

(iv) shared power to dispose or to direct the disposition of

- 1) 1,539,027
- 2) 1,542,027
- 3) 1,539,027

* Bruce S. Sherman is CEO of Private Capital Management (PCM) and Gregg J. Powers is President of PCM. In these capacities, Messrs. Sherman and Powers exercise shared dispositive power with respect to shares held by PCM's clients and managed by PCM. Messrs. Sherman and Powers disclaim beneficial ownership for the shares held by PCM's clients and disclaim the existence of a group.

** Bruce S. Sherman and Gregg J. Powers as, respectively, the CEO and President of PCM, exercise shared voting authority with respect to shares held by those PCM clients that have delegated proxy voting authority to PCM. Such delegation may be granted or revoked at any time at the client's discretion.

Exhibit 2

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 10, 2006

/s/ Bruce S. Sherman
Bruce S. Sherman
as CEO, PCM
as, individual, as applicable

/s/ Gregg J. Powers
Gregg J. Powers
as President, PCM
as, individual, as applicable

k Stock Exchange corporate governance requirements.

Board Leadership Structure

David C. Paul, our founder and Executive Chairman, is the Chairman of our Board of Directors, and David M. Demski is the Chief Executive Officer. We have determined that a leadership structure consisting of separate Chairman of the Board and Chief Executive Officer roles is appropriate for the Company. At the same time, we also believe that it is important to have a Chairman of the Board with an extensive history with and knowledge of the Company, as is the case with our founder and Executive Chairman.

Our non-management directors meet in executive session at least once annually, and our Lead Independent Director presides over such meetings.

Our Board of Directors has selected Kurt C. Wheeler to be the Lead Independent Director. The duties of our Lead Independent Director include calling and presiding over meetings of our non-management directors as well as presiding over meetings of the Board of Directors where our Chairman is not present. In addition, our Lead Independent Director also serves as a liaison between our management directors and non-management directors.

Role of the Board in Risk Oversight

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. Management is responsible for the day-to-day management of the risks that we face, while our Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board of Directors is responsible for satisfying itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

Our Board of Directors does not have a standing risk management committee, but rather administers this oversight function directly through our Board of Directors as a whole, as well as through various standing committees of the Board of Directors that address risks inherent in their respective areas of oversight. In particular, our Board of Directors is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for us. Our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors oversight of the performance of our internal audit function. Our entire Board of Directors monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs have the potential to encourage excessive risk-taking.

As a medical device company, we have also implemented a compliance function that monitors compliance with various company policies, specifically those governing relationships with health care professionals and compliance with anti-kickback laws and laws restricting off-label promotion of medical devices. Our Audit Committee is responsible for oversight of our compliance function, but our Board of Directors, as a whole, also receives regular updates regarding, and evaluates the effectiveness of, our compliance program.

Committees of the Board of Directors

Our Board of Directors has three permanent committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. The written charters for these committees are on our website at <http://www.globusmedical.com/investors/corporate-governance/>. Our Board of Directors may from time to time establish other standing committees. In addition, from time to time, special committees may be established under the direction of our Board of Directors when necessary to address specific issues.

Audit Committee

We have an Audit Committee consisting of Ann D. Rhoads, Daniel T. Lemaitre, Robert W. Liptak and James R. Tobin, each of whom has been determined to be an independent director. The Audit Committee is responsible for, among other things:

• appointing, terminating, compensating and overseeing the work of any accounting firm engaged to prepare or issue an audit report or other audit, review or attest services;

reviewing and approving, in advance, all audit and non-audit services to be performed by the independent auditor, taking into consideration whether the independent auditor's provision of non-audit services to us is compatible with maintaining the independent auditor's independence;

- reviewing and discussing the adequacy and effectiveness of our accounting and financial reporting processes and controls and the audits of our financial statements;
- establishing and overseeing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by our employees regarding questionable accounting or auditing matters;
- investigating any matter brought to its attention within the scope of its duties and engaging independent counsel and other advisors as the Audit Committee deems necessary;
- determining compensation of the independent auditors and of advisors hired by the Audit Committee and ordinary administrative expenses;
- reviewing and discussing with management and the independent auditor the annual and quarterly financial statements prior to their release;
- monitoring and evaluating the independent auditor's qualifications, performance and independence on an ongoing basis;
- reviewing reports to management prepared by the internal audit function, as well as management's response;
- reviewing and assessing the adequacy of the formal written charter on an annual basis;
- reviewing and approving related-party transactions for potential conflict of interest situations on an ongoing basis;
- serving as the Qualified Legal Compliance Committee in accordance with Section 307 of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC; and
- handling such other matters that are specifically delegated to the Audit Committee by our Board of Directors from time to time.

Our Board of Directors has affirmatively determined that each member of our Audit Committee, Ms. Rhoads and Messrs. Liptak, Lemaitre and Tobin, meets the definition of an "independent director" for purposes of serving on an Audit Committee under New York Stock Exchange Rule 303A.07, and that each of Ms. Rhoads and Messrs. Liptak, Lemaitre and Tobin is an "audit committee financial expert."

In 2018, our Audit Committee held five meetings.

Compensation Committee

We have a Compensation Committee consisting of Daniel T. Lemaitre, Robert W. Liptak, Kurt C. Wheeler and David D. Davidar, each of whom has been determined to be an independent director, and David C. Paul, our Executive Chairman. The Compensation Committee is responsible for, among other things:

- reviewing and approving the compensation, employment agreements and severance arrangements and other benefits of all of our executive officers and key employees;
- reviewing and approving, on an annual basis, the corporate goals and objectives relevant to the compensation of the executive officers, and evaluating their performance in light thereof;
- reviewing and making recommendations, on an annual basis, to the Board of Directors with respect to director compensation;
- reviewing and discussing with management the compensation of our executive officers, and recommending that it be included in the annual proxy statement and annual report on Form 10-K;
- periodically reviewing and assessing the adequacy of the formal written charter; and
- such other matters that are specifically delegated to the Compensation Committee by our Board of Directors from time to time.

The Compensation Committee has authority to delegate responsibility to subcommittees. Messrs. Lemaitre, Liptak and Wheeler also serve on our Equity Compensation Committee, a standing subcommittee of our Compensation Committee established to administer our equity-based compensation plans.

In 2018, our Compensation Committee held two meetings.

Nominating and Corporate Governance Committee

We have a Nominating and Corporate Governance Committee consisting of James Tobin, Ann D. Rhoads, and David Davidar, each of whom has been determined to be an independent director, David C. Paul, our Executive Chairman, and David M. Demski, our Chief Executive Officer. The Nominating and Corporate Governance Committee is responsible for, among other things:

- identifying and screening candidates for our Board of Directors, and recommending nominees for election as directors;
- establishing procedures to exercise oversight of the evaluation of the Board of Directors and management;
- developing and recommending to the Board of Directors a set of corporate governance guidelines, as well as reviewing these guidelines and recommending any changes to the Board of Directors;
- reviewing the structure of the Board of Directors' committees and recommending to the Board of Directors for its approval directors to serve as members of each committee, and where appropriate, making recommendations regarding the removal of any member of any committee;
- reviewing and assessing the adequacy of the formal written charter on an annual basis; and
- generally advising our Board of Directors on corporate governance and related matters.

Our Nominating and Corporate Governance Committee did not meet in 2018.

The Nominating and Corporate Governance Committee and the Board of Directors have not established a specific diversity component in their consideration of candidates for director and instead consider the diversity of directors as part of the overall

mix of factors when identifying and evaluating candidates for the Board of Directors. The Company considers diversity broadly to include differences of viewpoint, professional experience, individual characteristics, qualities and skills, resulting in naturally varying perspectives among the directors and individual skills that complement the full Board of Directors. Therefore, the Board of Directors, as a unit, possesses the appropriate skills and experience to oversee the Company's business.

The Nominating and Corporate Governance Committee will give appropriate consideration to qualified persons recommended by stockholders for nomination as directors and will evaluate such qualified persons in the same manner as other identified candidates, when submitted in a timely manner and in compliance with the advance notice procedures in our bylaws as set forth in the "Stockholders Proposals" section of this Proxy Statement.

Board Self-Assessment

Our Board of Directors performs an annual self-evaluation process in which each director evaluates the Board of Directors as a whole and each committee on which he or she serves. After these evaluations are complete, the results are discussed by the Board of Directors and each committee, as applicable, and, if necessary, action plans are developed.

At least once a year, the Board of Directors, or the Nominating and Governance Committee, evaluates the size and composition of the Board of Directors to assess the skills and experience of directors, and compares them with those skills that might prove valuable in the future, giving consideration to the changing circumstances of the Company and the then current Board of Directors membership. This assessment enables the Board of Directors to consider whether the skills and experience of the existing members continue to be appropriate as the Company's needs evolve over time.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or compensation committee (or other committee performing equivalent functions) of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee. No interlocking relationship exists between any member of the Board of Directors and any member of the compensation committee (or other committee performing equivalent functions) of any other company.

Mr. Paul, our Executive Chairman, has served on our Compensation Committee since 2007.

Indemnification Agreements with our Directors and Officers

Our amended and restated certificate of incorporation and bylaws provide that we shall indemnify our directors and officers to the fullest extent permitted by law. In addition, as permitted by the laws of the State of Delaware, we have entered into indemnification agreements with each of our directors and certain of our officers. Under the terms of our indemnification agreements, we are required to indemnify each of our directors and officers, to the fullest extent permitted by the laws of the State of Delaware, if the indemnitee acted in good faith and in a manner the indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal proceeding, had no reasonable cause to believe the indemnitee's conduct was unlawful. We must indemnify our officers and directors against any and all (a) costs and expenses (including attorneys' and experts' fees, expenses and charges) actually and reasonably paid or incurred in connection with investigating, defending, being a witness in or participating in, or preparing to investigate, defend, be a witness in or participate in, and (b) judgments, fines, penalties and amounts paid in settlement in connection with, in the case of either (a) or (b), any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, by reason of the fact that (x) such person is or was a director or officer, employee, agent or fiduciary of the Company or (y) such person is or was serving at our request as a director, officer, employee or agent or fiduciary of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification agreements also require us, if so requested, to advance within 30 days of such request any and all costs and expenses that such director or officer incurred, provided that such person will return any such advance if it shall ultimately be determined that such person is not entitled to be indemnified for such costs

and expenses. Our bylaws also require that such person return any such advance if it is ultimately determined that such person is not entitled to indemnification by us as authorized by the laws of the State of Delaware.

We are not required to provide indemnification under our indemnification agreements for certain matters, including:

1. indemnification in connection with certain proceedings or claims initiated or brought voluntarily by the director or officer;
2. indemnification related to disgorgement of profits made from the purchase or sale of securities of our Company under Section 16(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or similar provisions of state statutory or common law;
3. indemnification that is finally determined, under the procedures and subject to the presumptions set forth in the indemnification agreements, to be unlawful; or
4. indemnification for liabilities for which the director or officer has received payment under any insurance policy as may exist for such person’s benefit, our articles of incorporation or bylaws or any other contract or otherwise, except with respect to any excess amount beyond the amount so received by such director or officer. The indemnification agreements require us, to the extent that we maintain an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of our company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of our Company, to cover such person by such policy or policies to the maximum extent available.

Code of Ethics and Corporate Governance Guidelines

We have adopted a code of ethics relating to the conduct of our business by all of our employees, officers and directors, as well as a code of ethics specifically for our principal executive officer and senior financial officers. Both codes of ethics, and our corporate governance guidelines, are posted on our website at

<http://www.globusmedical.com/investors/corporate-governance/> and <http://www.globusmedical.com/code-of-ethics/>.

Interested Party Communications with the Board of Directors

We have established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may contact any member or all members of the Board of Directors, any committee of the Board of Directors, or any chair of any committee by mail. To communicate with the Board of Directors, the Lead Independent Director, any individual director or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent to Kelly G. Huller, our Secretary, at Globus Medical, Inc., Valley Forge Business Center, 2560 General Armistead Avenue, Audubon, PA 19403.

Audit Committee Report

The Audit Committee has reviewed and discussed the Company’s audited consolidated financial statements as of and for the year ended December 31, 2018 and internal controls over financial reporting with our management and Deloitte and Touche LLP (“Deloitte”), our independent registered public accounting firm for the year ended December 31, 2018. Further, the Audit Committee has discussed with Deloitte the matters required to be discussed under auditing standards generally accepted in the United States, including those matters set forth in Auditing Standard No. 1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (the “PCAOB”), other standards of the PCAOB, rules of the SEC, and other applicable regulations, relating to the firm’s judgment about the quality, not just the acceptability, of the

Company's accounting principles, the reasonableness of significant judgments and estimates, and the clarity of disclosures in the consolidated financial statements.

The Audit Committee also has received the written disclosures and the letter from Deloitte required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, which relate to Deloitte's independence from our Company, and has discussed with Deloitte its independence from our Company. The Audit Committee has also considered whether the independent registered public accounting firm's provision of non-audit services to us is compatible with maintaining the firm's independence. The Audit Committee has concluded that the independent registered public accounting firm is independent from our Company and our management. The Audit Committee has also discussed with our management and Deloitte such other matters and received such assurances from them as it has deemed appropriate.

The Audit Committee also reviewed management's report on its assessment of the effectiveness of our internal control over financial reporting. In addition, the Audit Committee reviewed key initiatives and programs aimed at strengthening the effectiveness of our internal and disclosure control structure. As part of this process, the Audit Committee continues to monitor the scope and adequacy of our internal auditing program.

Based on the reviews, reports and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, that our audited consolidated financial statements for the year ended December 31, 2018 and management's assessment of the effectiveness of our internal control over financial reporting be included in our Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the SEC.

Submitted by the Audit Committee of the Board of Directors.

Members of the Audit Committee

Ann D. Rhoads (Chair)

Daniel T. Lemaitre

Robert W. Liptak

James R. Tobin

The above Audit Committee Report does not constitute soliciting material, and shall not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except to the extent that we specifically incorporate the Audit Committee Report by reference therein.

PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

Independent Registered Public Accounting Firm

Deloitte & Touche. The Audit Committee of our Board of Directors has selected Deloitte & Touche LLP (“Deloitte”), an independent registered public accounting firm, to audit our books and financial records for the fiscal year ending December 31, 2019. We are asking our stockholders to ratify the appointment of Deloitte as our independent registered public accounting firm for 2019.

Deloitte has audited our financial statements since April 2017. A representative of Deloitte is expected to be present at the Annual Meeting. The representative 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 ratification of our independent registered public accounting firm by our stockholders is not required by law or our bylaws. However, the Audit Committee believes it is good corporate practice to submit the selection of our independent registered public accounting firm to the stockholders for ratification. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Deloitte. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and our stockholders.

Grant Thornton. Grant Thornton audited our financial statements for fiscal years 2015 and 2016. On April 17, 2017, the Company, with the approval of the Audit Committee of the Company’s Board of Directors, dismissed Grant Thornton as the Company’s independent registered public accounting firm.

During the fiscal years ended December 31, 2017 and 2016 (i) there were no disagreements with Grant Thornton on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures that, if not resolved to Grant Thornton’s satisfaction, would have caused Grant Thornton to make reference to the subject matter of the disagreement in connection with its reports, and (ii) there were no “reportable events” as that term is defined in Item 304(a)(1)(v) of Regulation S-K, except as noted below.

The reports of Grant Thornton on the financial statements of the Company for the two most recent fiscal years did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. The audit report of Grant Thornton on the Company’s internal control over financial reporting for the year ended December 31, 2016 contained an adverse opinion on the effectiveness of internal control over financial reporting because of a self-identified material weakness in the Company’s internal controls as they related to non-cash activities in depreciation, as more fully described in Item 9A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and in the audit report of Grant Thornton LLP. There were no disagreements with Grant Thornton about this self-identified material weakness.

In accordance with SEC rules, we provided Grant Thornton with a copy of the Current Report on Form 8-K and requested Grant Thornton to furnish us with a letter addressed to the SEC stating whether it agrees with the above statements. Grant Thornton furnished the letter, and we filed it as Exhibit 16.1 to the Current Report on Form 8-K.

Fees Paid to the Independent Registered Public Accounting Firm

Deloitte. The following table represents aggregate fees billed to us for the fiscal year ended December 31, 2018 and 2017 by Deloitte.

	2018	2017
Audit Fees ⁽¹⁾	\$1,116,266	\$1,117,579
Audit Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	\$1,116,266	\$1,117,579

(1) Fees for audit services billed for fiscal years 2018 and 2017 consisted of fees for reviews of our periodic reports and certain of our current reports.

Grant Thornton. The following table represents aggregate fees billed to us for the fiscal years ended December 31, 2018 and 2017 by Grant Thornton LLP.

	2018	2017
Audit Fees ⁽¹⁾	\$78,750	\$89,250
Audit Related Fees	—	—
Tax Fees ⁽²⁾	—	—
All Other Fees ⁽³⁾	—	—
Total Fees	\$78,750	\$89,250

(1) Fees for audit services billed for fiscal years 2018 and 2017 consisted of fees for the consent letter provided in connection with the filing of our Form 10-K.

In considering the nature of the services provided by Grant Thornton LLP, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed the remaining services with Grant Thornton LLP and our management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants.

Pre-Approval Policies and Procedures

Consistent with SEC policies regarding auditor independence, the Audit Committee is responsible for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. The Audit Committee approved all permissible non-audit services provided by the independent registered accounting firms in 2018 and 2017. Before engaging the Company's independent registered public accounting firm, management must submit a request for approval to the Audit Committee, which reviews such request and approves or declines to approve it. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decision to the Audit Committee at its next scheduled meeting.

RECOMMENDATION OF THE BOARD OF DIRECTORS

Our Board of Directors unanimously recommends that you vote "FOR" the ratification of the Board of Directors' appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2019.

PROPOSAL 3

ADVISORY VOTE ON COMPENSATION
OF OUR NAMED EXECUTIVE OFFICERS (“Say-on-Pay Vote”)

Pursuant to Section 14A of the Exchange Act, we are providing our stockholders with the right to approve, on a non-binding, advisory basis, the compensation of our “named executive officers” as disclosed in this Proxy Statement under the heading “Compensation Discussion and Analysis” (“CD&A”) and tabular disclosures of this Proxy Statement. Since the required vote is advisory, the result of the vote is not binding upon the Board of Directors. We have a policy of holding the advisory vote annually. At this year’s annual meeting our stockholders will vote, on an advisory basis, on the frequency of the advisory vote on executive compensation. We expect the next advisory vote will occur at our 2020 annual meeting.

Our compensation philosophy is centered on our goal of establishing and maintaining an executive compensation program, which applies to all of our named executive officers, that attracts proven, talented leaders who possess the skills and experience necessary to achieve our strategic goals and to create value for our stockholders. Further, our executive compensation program is weighted towards performance-based compensation such that our executive officers will see returns that are correlated to returns realized by our stockholders.

We evaluate and reward our executive officers, generally on an annual basis, based upon the realization of our corporate objectives, including sales, and the individual contributions of each executive officer towards these objectives. Our Compensation Committee considers a variety of objective and subjective performance criteria for setting the compensation levels for each of our executive officers and also considers what it believes to be market standards for compensation paid to similarly-situated executives at other comparable companies. We make decisions about our executive officers’ salary increases and the amount of annual non-equity incentive awards primarily based on company performance, but we also consider individual performance when appropriate.

The compensation packages for our executive officers generally include a base salary, annual non-equity incentive awards, stock option awards and other benefits. In addition, our equity compensation plans provide our named executive officers and all other optionees with acceleration of vesting of stock options upon either a change of control or a termination of employment in connection with a change in control, depending on the specific plan under which the options were granted and if our acquiror does not assume or replace the awards under our equity compensation plans. In limited circumstances, we will provide severance payments to certain of our named executive officers upon their termination of employment.

Our Compensation Committee does not rely strictly on formulaic guidelines for determining the relative mix or levels of cash and equity-based compensation for our executive officers; instead, it maintains a flexible compensation program that allows it to adapt components and levels of compensation to motivate and reward individual executives within the context of our desire to attain specific strategic and financial goals.

The Compensation Committee has and will continue to take action to structure our executive compensation practices in a manner that is performance-based with a view towards maximizing long-term stockholder value. Our Board of Directors believes that the executive compensation as disclosed in the CD&A, tabular disclosures, and the other narrative executive compensation disclosures in this Proxy Statement coincides with our compensation philosophy. We are asking our stockholders to indicate their support for the compensation of our named executive officers as disclosed in the CD&A, tabular disclosures, and other narrative executive compensation disclosures in this Proxy Statement by casting a non-binding advisory vote “FOR” the following resolution:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the compensation discussion and analysis, compensation tables and narrative discussion, is hereby APPROVED.”

Effect of Proposal

The above say-on-pay resolution is non-binding. The approval or disapproval of this proposal by stockholders will not require the Board of Directors or the Compensation Committee to take any action regarding our executive compensation practices. The Board of Directors values the opinions of our stockholders as expressed through their votes and other communications. Although the resolution is non-binding, the Board of Directors will consider the outcome of the advisory vote on executive compensation when making future compensation decisions.

The Board of Directors recommends a vote FOR the approval, on an advisory basis, of the compensation paid or to be paid to our named executive officers as described in the CD&A, the tabular disclosures and the other narrative executive compensation disclosures in this Proxy Statement.

PROPOSAL 4

ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS (“Frequency Vote”)

In accordance with the requirements of Section 14A(a) of the Exchange Act, we are submitting for stockholder vote a non-binding resolution to determine whether the advisory stockholder vote on executive compensation shall occur every one, two, or three years.

After consideration of the various arguments supporting each frequency level, the Board of Directors believes that submitting the advisory vote on executive compensation to stockholders on an annual basis is appropriate for the Company and our stockholders at this time.

Our stockholders have four choices (every one, two, or three years, or abstain). Stockholders are not voting to approve or disapprove the Board of Directors' recommendation.

Effect of Proposal

The Frequency Vote is non-binding. Stockholder approval of a one-, two-, or three-year frequency vote will not require us to implement an advisory vote on executive compensation every one, two, or three years. The final decision on the frequency of the advisory vote on executive compensation remains with the Board of Directors and/or its committees.

The Board of Directors values the opinions of our stockholders as expressed through their votes and other communications. Although the resolution is non-binding, the Board of Directors and the Compensation Committee will consider the outcome of the Frequency Vote when making future decisions regarding the frequency of say-on-pay votes.

The Board of Directors recommends that you vote, on an advisory basis, for future stockholder advisory votes on executive compensation to be held every ONE YEAR.

EXECUTIVE OFFICERS

The following individuals served as our executive officers during the year ended December 31, 2018 and their respective ages and positions as of April 1, 2019 were as follows:

Name	Age	Position
David C. Paul	52	Chairman of the Board of Directors and Executive Chairman
David M. Demski	61	Director, Chief Executive Officer and President
Anthony L. Williams	48	President (until March 2019)
Daniel T. Scavilla	54	Executive Vice President, Chief Commercial Officer and Chief Financial Officer
Eric I. Schwartz	50	Senior Vice President and General Counsel (until November 2018)

David C. Paul has served as Chairman of our Board of Directors since our inception in 2003 and as Executive Chairman since August 2017. His biography is contained in the section of this Proxy Statement entitled “Proposal 1-Election of Directors” above.

David M. Demski has served as our Chief Executive Officer since August 2017, as our President since April 2019, and as one of our directors since our inception in 2003. Mr. Demski previously served as our President, Emerging Technologies from September 2015 to August 2017, as President and Chief Operating Officer from August 2008 to September 2015 and as our acting Chief Financial Officer from November 2014 to May 2015. His biography is contained in the section of this Proxy Statement entitled “Proposal 1-Election of Directors” above.

Anthony L. Williams served as our President from September 2015 to March 2019. Mr. Williams previously served as our Senior Vice President of Business Development and General Counsel from April 2014 to September 2015, as our Vice President of Business Development and Corporate Counsel from January 2013 to April 2014 and as our Vice President and Corporate Counsel from March 2011 to January 2013. Mr. Williams also served as our Corporate Secretary. Prior to joining Globus, Mr. Williams was a partner with Wyrick Robbins Yates & Ponton LLP, a law firm based in Raleigh, North Carolina, where he specialized in public and private financings, mergers, acquisitions and other strategic transactions, and corporate governance matters. Mr. Williams received a B.A. degree from the University of North Carolina at Chapel Hill and a J.D. and M.B.A. from Wake Forest University.

Daniel T. Scavilla has served as our Executive Vice President and Chief Commercial Officer since February 2019 and Chief Financial Officer since May 2015. Mr. Scavilla previously served as our Senior Vice President and Chief Financial Officer from May 2015 to February 2019. Prior to joining Globus, Mr. Scavilla spent 28 years in various positions with Johnson & Johnson, including most recently serving as Chief Financial Officer, Global Vice President Finance & Business Operations of Johnson & Johnson Vision Care from February 2012 to December 2015, and previously as Chief Financial Officer, Worldwide Vice President Finance of Advanced Sterilization Products, the infection prevention branch of J&J Medical Devices from October 2007 to January 2012. Mr. Scavilla earned a B.S. degree from LaSalle University and an M.B.A. from Temple University.

Eric I. Schwartz served as our Senior Vice President and General Counsel from April 2016 to November 2018. Prior to joining Globus, Mr. Schwartz was a Member in the corporate practice of Cozen O’Connor, a law firm based in Philadelphia. Before joining Cozen O’Connor, Mr. Schwartz spent two years as Chief Operating Officer of CardioVIP, Inc., a venture-backed health care services company based in Sugar Land, Texas. He previously served as Executive Vice President and Chief Legal Officer of ERT, Inc., a Philadelphia-based provider of medical devices and research services to the biopharmaceutical industry. Prior to ERT, Mr. Schwartz spent 5 years at Johnson & Johnson, serving as Assistant General Counsel and supporting several high-growth businesses within the company’s medical devices division, including Animas Corporation and Ethicon Biosurgery. He had been Vice President and General Counsel of Animas prior to its acquisition by Johnson & Johnson in 2006. Eric began his legal career as an associate at the law firms Skadden, Arps, Slate, Meagher & Flom LLP in New York and Dechert LLP in Philadelphia. Mr. Schwartz received his B.A. and J.D. from the University of Virginia and holds an MBA in Finance with honors from the Wharton School of Business at the University of Pennsylvania.

COMPENSATION DISCUSSION AND ANALYSIS

The discussion below includes a review of our compensation decisions with respect to 2018 for our “named executive officers,” including our principal executive officer, our principal financial officer, and our three other most highly compensated executive officers. Our named executive officers for 2018 were:

David C. Paul, who currently serves as our Chairman of the Board and Executive Chairman;

David M. Demski, who currently serves as our Chief Executive Officer and President and is our principal executive officer;

Anthony L. Williams, who served as our President during 2018;

Daniel T. Scavilla, who currently serves as our Executive Vice President, Chief Commercial Officer and Chief Financial Officer and is our principal financial officer; and

Eric I. Schwartz, who served as our Senior Vice President and General Counsel until November 2018.

Compensation Overview

Our business is highly competitive, and competition presents an ongoing challenge to our success. Our ability to compete and succeed in this environment is directly dependent on our ability to recruit, retain and motivate talented and skilled individuals to form our executive team. Our compensation philosophy is centered on our goal of establishing and maintaining an executive compensation program that attracts proven, talented leaders who possess the skills and experience necessary to achieve our strategic goals and to create value for our stockholders. Further, our executive compensation program, which applies to all of our named executive officers, is weighted towards performance-based compensation such that our executive officers will see returns that are correlated to returns realized by our stockholders. The decisions with respect to our executive compensation are subject to the discretion of our Compensation Committee. Our Compensation Committee does not rely strictly on formulaic guidelines for determining the relative mix or levels of cash and equity-based compensation for our executive officers; instead, it maintains a flexible compensation program that allows it to adapt components and levels of compensation to motivate and reward individual executives within the context of our desire to attain specific strategic and financial goals. The compensation packages for our executive officers, including our named executive officers, generally include a base salary, annual non-equity incentive compensation, stock option awards and other benefits. In addition, our equity compensation plans provide our executive officers and all other optionees with acceleration of vesting of stock options upon either a change of control or a termination of employment in connection with a change in control, depending on the specific plan under which the options were granted and if our acquiror does not assume or replace the awards under our equity compensation plans. In limited circumstances, we will provide severance payments to certain of our named executive officers upon termination of their employment.

We evaluate and reward our named executive officers, generally on an annual basis, based upon the realization of our corporate objectives, including sales revenue, and the individual contributions of each named executive officer towards these objectives. David Paul, our current Chairman of the Board and Executive Chairman, made recommendations to the Compensation Committee regarding compensation of our named executive officers for 2019, but our Compensation Committee as a whole is ultimately responsible for establishing and reviewing all compensatory plans and arrangements with respect to our named executive officers, including Mr. Paul. The Compensation Committee may approve the recommendations, make adjustments in their discretion, or seek additional information from the Company or legal counsel before making a final determination with respect to the compensation of any named executive officer, including Mr. Paul. Our Compensation Committee considers a variety of objective and subjective performance criteria for setting compensation levels for each of our named executive officers and also considers what it believes to be market standards for compensation paid to similarly-situated executives at other comparable companies. We make decisions about our named executive officers' salary increases and the amount of annual non-equity incentive awards primarily based on company performance, but we also consider individual performance when appropriate. Individual factors we consider in compensation determinations include an executive's skills and

capabilities, contributions as a member of the executive management team, contributions to our overall performance, and the sufficiency of total compensation potential and structure to ensure the retention of an executive when considering the compensation potential that may be available elsewhere.

Our current executive compensation program is based in part upon input provided to the Compensation Committee by an independent compensation consultant, Radford, in 2017. The Compensation Committee evaluated the independence of Radford in 2017 and concluded that its work for the Compensation Committee did not raise any conflict of interest at that time.

A key factor in determining levels and types of compensation of our named executive officers is the pay practices of our peer group, which consists of publicly-traded medical device companies that our Compensation Committee believes are the most comparable to our Company. The peer group typically changes from time to time due to industry consolidation, new market entrants, and other factors.

Based on recommendations from Radford in 2017, our peer group for 2019 will consist of the following companies:

Abiomed	Analogic	Cantel Medical	CONMED Corporation
Haemonetics	ICU Medical	Insulet	Integer Holdings (formerly Greatbatch)
Integra Life Sciences	K2M Group Holdings	Masimo	Natus Medical
Nevro	NuVasive	NxStage Medical	Orthofix International
Penumbra	Wright Medical Group		

Tax Considerations

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (“Tax Reform Act”) was enacted. Prior to the Tax Reform Act, Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”) generally disallowed a tax deduction for compensation over \$1 million paid to our executive officers who are “covered employees” under this rule.

Performance-based compensation was exempt from this deduction limitation if specified requirements set forth in the Code and applicable Treasury Regulations were met. Beginning in calendar year 2018, the Tax Reform Act will eliminate the performance-based compensation exception to the deductibility limitation under Section 162(m), other than with respect to certain “grandfathered” performance-based awards granted prior to November 2, 2017. To the extent determinable and as one of the factors in its consideration of compensation matters, the Compensation Committee considers the anticipated tax treatment to the Company and to the executive officers of various payments and benefits. The Compensation Committee may decide to provide non-deductible compensation if it determines that such action is in our best interests and those of our stockholders. The Compensation Committee is reviewing the Tax Reform Act and its impact on the Company’s executive compensation program.

Our Compensation Committee does not believe that we have compensation policies or practices that create risks that are reasonably likely to have a material adverse effect on our company.

Say-On-Pay Consideration

At our 2018 annual meeting of stockholders, we conducted a stockholder advisory vote on executive compensation (the “say-on-pay vote”) and over 99% of the votes cast were voted in favor of our executive compensation. The Compensation Committee believes this result evidences stockholder support for our executive compensation decisions and policies, and as such, the Compensation Committee did not implement any changes as a result of this vote. In a separate advisory vote at the 2013 annual meeting of stockholders, our stockholders voted to hold the say-on-pay vote annually and stockholders will vote on an advisory basis at this year’s annual meeting of stockholders whether to continue holding this say-on-pay vote on an

annual basis. The Compensation Committee will consider the results of future say-on-pay votes when making executive compensation decisions and policies.

Key Elements of Our Compensation Program for 2019

We generally pay executive compensation through a combination of base salary, annual non-equity incentive compensation, long-term equity incentives in the form of stock options, and benefits. We do not use specific formulas or weightings in determining the allocation of the various compensation elements. Instead, compensation for each of our executives has been designed to provide a combination of fixed and at-risk compensation that is tied to achievement of our short-term and long-term objectives. We believe that this approach achieves the primary objectives of our compensation program, which are to recruit, retain and properly motivate our executives. The Compensation Committee retains the discretion to increase or decrease the actual amount of any executive officer's annual non-equity incentive compensation based on his or her individual performance during the year.

In 2018, we compensated our named executive officers through a combination of base salary, annual non-equity incentive compensation, long-term equity incentives in the form of stock options, and benefits that included health, vision and dental insurance, paid time-off, life insurance, short-term and long-term disability insurance, 401(k) plan with Company matching contributions, relocation assistance, gym membership reimbursement, and car allowance. We believe the forms and mix of compensation provided to our named executive officers in 2018 appropriately reward performance, as the non-equity incentive plan compensation is tied to our Company performance as well as individual performance, and help to align the interests of our named executive officers with those of our stockholders, particularly through the grants of annual equity incentives.

Base Salary. Base salaries for all of our employees are determined by position, taking into consideration the scope of job responsibilities and competitive market compensation paid by other companies for similar positions. Base salaries are also driven by market competition to attract and retain high quality professionals. Our overall approach to setting base salaries is to create and sustain long-term stockholder value by balancing our need to retain high-quality professionals while appropriately managing our general and administrative expenses.

The Compensation Committee approved merit increases to the 2018 base salaries for our named executive officers of approximately 3.0% over each such named executive officer's 2017 base salary.

Annual Non-Equity Incentive Compensation. In 2018, all of our named executive officers participated in our annual non-equity incentive program pursuant to which they were eligible to earn cash payments (which were paid in January 2019). The target amount of the cash payment for each named executive officer was determined by the Compensation Committee on an individual basis using historical compensation amounts and the committee's determination of competitive factors. These amounts are set forth in the "Estimated Possible Payouts Under Non-Equity Incentive Plan Awards - Target" column of the 2018 Grants of Plan-Based Awards table below. Payment above or below the target amounts was dependent on the degree to which the Company exceeded or fell short of a 2018 revenue goal of \$690 million set by the committee. The Compensation Committee determined that for each named executive officer, achievement of 75% or less of goal revenue would result in non-equity incentive compensation of \$0, achievement of 90% of goal revenue would result in non-equity incentive compensation equal to 75% of target non-equity incentive compensation, achievement of 97.5% of goal revenue would result in non-equity incentive compensation equal to 100% of target non-equity incentive compensation, achievement of 100% of goal revenue would result in non-equity incentive compensation equal to 110% of target non-equity incentive compensation, and achievement of 110% of goal revenue would result in non-equity incentive compensation of 145% of the target non-equity incentive compensation. Achievement of revenue between the specified revenue goals would result in non-equity incentive compensation payments based on interpolation between the specified target payout amounts. After determining the amount of non-equity incentive compensation payable based on achievement of the specified revenue goals, the Compensation Committee may, in its discretion, adjust the final awards payable to each executive on an individual basis based on the committee's evaluation of each executive's individual performance during the year.

In 2018, we ultimately achieved worldwide sales revenues of \$712 million, an increase of 12.1% over 2017. Based on this performance, the Compensation Committee determined the default non-equity incentive award would be calculated at a rate of 119% of the applicable target amounts, which the committee reserved its right to adjust in its discretion as described above.

Equity Incentive Compensation. The Compensation Committee believes that stock option awards are an important and useful long-term component of our overall compensation program. Stock options generally expire after ten years and vest ratably over four years. If an officer dies or becomes disabled, unexercised stock options generally are forfeited within one year. If an officer otherwise leaves our employ for any reason other than for cause, unexercised stock options generally are forfeited three months after termination of employment. If an officer's employment is terminated for cause, unexercised stock options are typically forfeited upon termination of employment.

In 2018, all of our named executive officers received options to purchase shares of our common stock as set forth in the "Number of Securities Underlying Options" column of the 2018 Grants of Plan-Based Awards table below. The number of options awarded each named executive officer generally was aligned with the committee's historical practice. See "Outstanding Equity Awards at Fiscal Year-End" below, for a description of those stock option awards. All equity awards to our named executive officers were granted at no less than the fair market value of our common stock at the time of the grants, as determined by our Board of Directors.

Employee Benefits and Perquisites. Each named executive officer receives the same company-wide benefits as are generally available to all other salaried employees, such as short- and long-term disability insurance, basic life insurance and eligibility for supplemental health and life insurance, access to flexible health care reimbursement accounts and 401(k) matching. Additionally, our named executive officers are entitled to a vehicle allowance.

Summary Compensation Table

The following table sets forth certain compensation information for our named executive officers.

Name and Principal Position	Year Salary ⁽¹⁾ (\$)	Bonus (\$)	Option Awards ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾ (\$)	Total (\$)	
David C. Paul, Chairman of the Board of Directors and Executive Chairman	2018	380,158	-	1,358,934	476,000	31,552	2,246,643
	2017	369,085	-	1,249,029	650,582	31,464	2,300,160
	2016	430,000	-	602,503	609,080	36,600	1,678,183
David M. Demski, Chief Executive Officer	2018	456,190	-	2,038,401	862,750	36,671	3,394,012
	2017	396,483	-	3,482,167	536,291	36,583	4,451,524
	2016	358,335	-	482,003	332,000	34,005	1,206,343
Anthony L. Williams, President	2018	381,924	-	1,087,147	369,250 ⁽⁵⁾	32,152	1,870,473
	2017	370,800	-	666,149	369,250	32,064	1,438,263
	2016	360,000	-	482,003	290,500	32,081	1,164,584
Daniel T. Scavilla, Executive Vice President, Chief Commercial Officer and Chief Financial Officer	2018	355,136	-	1,087,147	400,000 ⁽⁶⁾	37,280	1,879,563
	2017	344,793	-	666,149	263,750	37,183	1,311,875
	2016	334,750	-	1,205,006	207,500	37,200	1,784,456
Eric I. Schwartz, Senior Vice President and General Counsel	2018	291,934	-	543,573	- ⁽⁷⁾	16,286	851,792
	2017	331,533	-	333,074	131,875	9,699	806,181

- (1) Reflects the base salary earned during the fiscal year covered.
Reflects the grant date fair value for each named executive officer's stock option awards, computed in accordance with Financial Accounting Standards Board, Accounting Standards Codification Topic 718, Stock Compensation.
- (2) These values have been determined based on the assumptions set forth in Note 12 to our consolidated financial statements included in our 2018 Annual Report on Form 10-K. See "Outstanding Equity Awards as of December 31, 2018" below, for a description of those stock option awards.
- (3) Reflects cash amounts earned pursuant to our annual non-equity incentive plan for the fiscal year covered. All such cash payouts earned under this plan in a given year were paid in the following year.
Amounts for 2018 include participation in our group health insurance benefits, Company 401(k) plan matching contributions, vehicle allowance, YMCA membership reimbursement, and life and disability insurance premiums.
- (4) The compensation amounts for our group health insurance benefits in 2018 were \$20,956 for Messrs. Demski and Scavilla, and \$15,837 for Messrs. Paul and Williams. The compensation amount for Mr. Schwartz included \$2,522 and \$3,000 for medical insurance waiver payments in 2018 and 2017, respectively.
Pursuant to the formula specified above, Mr. William's award would have been \$416,500. The Compensation Committee exercised its discretion and adjusted Mr. William's 2018 non-equity incentive compensation award to match his 2017 award amount of \$369,250, deferring the excess that would have been earned pursuant to the
- (5) formula to 2019. The deferred amount would have been payable in 2019 upon the achievement of certain criteria set by the Compensation Committee, but Mr. Williams resigned his employment in March 2019 and was not eligible to receive the deferred amount.
Pursuant to the formula specified above, Mr. Scavilla's award would have been \$357,000. The Compensation Committee exercised its discretion and adjusted Mr. Scavilla's 2018 non-equity incentive compensation award to
- (6) reflect the fact that Mr. Scavilla remains serving as the Company's Chief Financial Officer while also serving as the Company's Chief Commercial Officer.
- (7) Mr. Schwartz resigned his employment in November 2018 and was not eligible to receive non-equity incentive compensation for 2018.

2018 Grants of Plan-Based Awards

The table below sets forth information with respect to awards granted to the named executive officers under our annual non-equity incentive compensation plan and our 2012 Equity Incentive Plan in 2018, which constitute all of the plan-based awards granted to our named executive officers in 2018.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Number of Securities Underlying Options (#)	Per-Share Exercise Price of Option Awards (\$/share)	Grant Date Fair Value of Option Awards ⁽²⁾ (\$)
		Threshold (\$)	Target ⁽¹⁾ (\$)	Maximum (\$)			
David C. Paul	January 22, 2018	-	400,000	580,000	100,000	43.77	1,358,934
David M. Demski	January 22, 2018	-	725,000	1,051,250	150,000	43.77	2,038,401
Anthony L. Williams	January 22, 2018	-	350,000	507,500	80,000	43.77	1,087,147
Daniel T. Scavilla	January 22, 2018	-	300,000	435,000	80,000	43.77	1,087,147
Eric I. Schwartz	January 22, 2018	-	125,000	181,250	40,000	43.77	543,573

- These payouts represent the amount payable upon achievement of 97.5% of the revenue goal under the non-equity incentive compensation plan, and are listed because they are the base amounts on which the Compensation Committee determines final payouts. Upon achievement of 100% of the revenue goal, each named executive officer would receive a payout of 110% of the target amounts listed.
- (1)

Reflects the grant date fair value for each named executive officer's stock option awards, computed in accordance with Financial Accounting Standards Board, Accounting Standards Codification Topic 718, Stock Compensation. (2) These values have been determined based on the assumptions set forth in Note 12 to our consolidated financial statements included in our 2018 Annual Report on Form 10-K. See "Outstanding Equity Awards as of December 31, 2018" below, for a description of those stock option awards.

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2018 Outstanding Equity Awards at Fiscal Year-End

The following table lists the outstanding equity awards held by our named executive officers as of December 31, 2018

Name	Option Awards		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options – Exercisable (#)	Number of Securities Underlying Unexercised Options – Unexercisable (#)		
David C. Paul (1)	23,438	2,604	24.10	1/20/2025
David C. Paul (2)	14,063	20,312	25.52	1/25/2026
David C. Paul (3)	28,125	78,125	26.27	1/30/2027
David C. Paul (4)	-	100,000	43.77	1/22/2028
David M. Demski (1)	20,834	2,083	24.10	1/20/2025
David M. Demski (2)	14,887	16,250	25.52	1/25/2026
David M. Demski (3)	38,333	41,667	26.27	1/30/2027
David M. Demski (5)	100,000	200,000	29.31	8/28/2027
David M. Demski (4)	-	150,000	43.77	1/22/2028
Anthony L. Williams (1)	7,291	1,042	24.10	1/20/2025
Anthony L. Williams (6)	85,417	14,583	25.65	7/7/2025
Anthony L. Williams (2)	43,750	16,250	25.52	1/25/2026
Anthony L. Williams (3)	38,333	41,667	26.27	1/30/2027
Anthony L. Williams (4)	-	80,000	43.77	1/22/2028
Daniel T. Scavilla (7)	20,833	10,417	25.40	4/8/2025
Daniel T. Scavilla (2)	78,125	40,625	25.52	1/25/2026
Daniel T. Scavilla (3)	38,333	41,667	26.27	1/30/2027
Daniel T. Scavilla (4)	-	80,000	43.77	1/22/2028
Eric I. Schwartz (8)	13,000	-	26.27	1/31/2019

These options were granted on January 20, 2015, and vest over a four-year period with one-fourth (1/4) of the (1) options granted vesting on January 1, 2016, the first anniversary of the vesting commencement date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

These options were granted on January 25, 2016, and vest over a four-year period with one-fourth (1/4) of the (2) options granted vesting on January 1, 2017, the first anniversary of the vesting commencement date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

These options were granted on January 30, 2017, and vest over a four-year period with one-fourth (1/4) of the (3) options granted vesting on January 1, 2018, the first anniversary of the vesting commencement date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

These options were granted on January 22, 2018, and vest over a four-year period with one-fourth (1/4) of the (4) options granted vesting on January 1, 2019, the first anniversary of the vesting commencement date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

These options were granted on August 28, 2017, and vest over a four-year period with one-fourth (1/4) of the (5) options granted vesting on August 28, 2018, the first anniversary of the vesting commencement date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

These options were granted on July 7, 2015, and vest over a four-year period with one-fourth (1/4) of the options (6) granted vesting on July 7, 2016, the first anniversary of the vesting commencement date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

These options were granted on April 8, 2015, and vest over a four-year period with one-fourth (1/4) of the options (7) granted vesting on May 4, 2016, the first anniversary of the vesting commencement date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

These options were granted on January 30, 2017, and vest over a four-year period with one-fourth (1/4) of the (8) options granted vesting on January 1, 2018, the first anniversary of the vesting commencement date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months. Mr. Schwartz resigned his employment in November 2018 and these options must be exercised by January 31, 2019.

2018 Option Exercises Table

Name	Option Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)
David C. Paul	361,716	11,428,625
David M. Demski	271,329	6,851,408
Anthony L. Williams	136,667	4,403,144
Daniel T. Scavilla	100,000	2,447,691
Eric I. Schwartz	52,208	1,342,171

Equity Compensation Plans

The following description of each of our equity compensation plans is qualified by reference to the full text of those plans, which were filed with the SEC as exhibits to Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-180426), filed on May 8, 2012. Our equity compensation plans are designed to continue to give our company flexibility to make a wide variety of equity awards to reflect what the Compensation Committee believes at the time of such award will best motivate and reward our employees, directors, consultants, and other service providers.

Amended and Restated 2003 Stock Plan

Our Amended and Restated 2003 Stock Plan (the "2003 Plan") was originally adopted by our Board of Directors and approved by our stockholders in July 2006 and amended in July 2007. The 2003 Plan terminated pursuant to its terms in 2013. Following the effectiveness of our initial public offering in 2012, we have not issued any additional awards under the 2003 Plan; however, all outstanding awards previously granted under the 2003 Plan remain subject to the terms and conditions of the 2003 Plan. As of March 31, 2019, options to purchase 46,153 shares of our Class A common stock were outstanding under the 2003 Plan. The Class B common stock is subject to conversion to Class A common stock immediately upon issuance if the holder and the holders family members and affiliates together own Class B common stock that represents less than 5% of the outstanding shares of our common stock.

The 2003 Plan provides for the grant of "incentive stock options," as defined under Section 422 of the Code, to employees, and for the grant of non-statutory stock options to employees, consultants and non-employee directors. The 2003 Plan also provides for the grant of stock bonuses and rights to purchase shares of our common stock to employees and consultants.

In the event of a corporate transaction where we are to be consolidated with or acquired by another entity and the acquiror assumes or replaces options granted under the 2003 Plan, options issued under the 2003 Plan will not be subject to accelerated vesting unless provided otherwise by agreement with the optionee, except in the case of a termination of the optionee's service relationship by us or the acquiror, other than for misconduct, or a resignation by the optionee due to certain material negative changes in the terms of the optionee's employment, within 60 days before or 180 days after the corporate transaction, in

which case all options held by that optionee will become fully vested and exercisable. In the event of a corporate transaction where the acquiror does not assume or replace options granted under the 2003 Plan, such outstanding options will become fully vested and exercisable immediately prior to, and will terminate upon, the consummation of the corporate transaction.

2008 Stock Plan

Our 2008 Stock Plan (the “2008 Plan”) was adopted by our Board of Directors in December 2008 and approved by our stockholders in January 2009. The 2008 Plan terminated pursuant to its terms in 2018. Following the effectiveness of our initial public offering, we have not issued any additional awards under the 2008 Plan; however, all awards previously granted under the 2008 Plan remain outstanding and are administered by our Board of Directors under the terms and conditions of the 2008 Plan. Upon the closing of our initial public offering, all shares of Class C common stock were converted into shares of our Class A common stock. As such, shares of Class A common stock now underlie outstanding awards under the 2008 Plan. As of March 31, 2019, options to purchase 380,392 shares of our Class A common stock were outstanding under the 2008 Plan.

The 2008 Plan provides for the grant of “incentive stock options,” as defined under Section 422 of the Code, to employees, and for the grant of non-statutory stock options, stock bonuses and rights to purchase shares of our common stock to employees, consultants and non-employee directors.

In the event of a corporate transaction where we are to be consolidated with or acquired by another entity and the acquiror assumes or replaces options granted under the 2008 Plan, options issued under the 2008 Plan will not be subject to accelerated vesting unless provided otherwise by agreement with the optionee. In the event of a corporate transaction where the acquiror does not assume or replace options granted under the 2008 Plan, such outstanding options will become fully vested and exercisable immediately prior to, and will terminate upon, the consummation of the corporate transaction. In lieu of the acceleration of options in connection with a corporate transaction, however, we may instead cancel the outstanding options in exchange for cash payments per share underlying each option equal to the amount per share of common stock to be paid in connection with the corporate transaction and the exercise price per share of such option.

2012 Equity Incentive Plan

Our 2012 Equity Incentive Plan (the “2012 Plan”) was adopted by our Board of Directors on March 13, 2012, and approved by our stockholders on June 8, 2012. We adopted the 2012 Plan to promote the success and enhance the value of the Company by linking the individual interests of non-employee directors, employees and consultants to those of our stockholders and by providing such individuals with an incentive for outstanding performance in generating superior returns to our stockholders. The 2012 Plan provides flexibility to the Company in its ability to motivate, attract and retain the services of non-employee directors, employees, and consultants upon whose judgment, interest and special efforts the successful conduct of the Company’s operation is largely dependent. Under the 2012 Equity Plan and pursuant to the Compensation Committee’s practice, there were approximately 1,600 employees and six non-employee directors eligible to receive grants as of March 31, 2019.

The 2012 Plan provides for the grant of “incentive stock options,” as defined in Section 422 of the Code to employees, and for the grant of non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights, stock payments and performance awards, including performance stock units and cash awards, to employees, consultants and non-employee directors.

Business Criteria Underlying Performance Goals.

Under the 2012 Plan, in order to be considered performance-based compensation, an award must be subject to the accomplishment of one or more performance goals. These performance goals may be based on one or more of the following business criteria: (i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation

and (D) amortization); (ii) gross or net sales or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings (including but not limited to EBITDA or adjusted EBITDA); (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital; (ix) return on stockholders' equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) operating or other costs and expenses; (xiv) funds from operations; (xv) improvements in expense levels; (xvi) working capital; (xvii) earnings per share; (xviii) adjusted earnings per share; (xix) price per share of Class A common stock; (xx) regulatory body approval for commercialization of a product; (xxi) implementation or completion of critical projects; (xxii) market share; (xxiii) economic value; (xxiv) comparisons with various stock market indices; (xxv) capital raised in financing transactions or other financing milestones; (xxvi) stockholders' equity; (xxvi) market recognition (including but not limited to awards and analyst ratings); (xxvii) financial ratios; and (xxviii) implementation, completion or attainment of objectively determinable objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; in each case as determined in accordance with applicable accounting standards, if applicable, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

The Compensation Committee may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the performance goals. Such adjustments may include one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the performance period; (vii) items related to the disposal of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under applicable accounting standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the performance period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; or (xix) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions.

Plan Limits.

Under the terms of the 2012 Plan, the aggregate number of shares of common stock that may be subject to options and other awards is equal to the sum of (1) 3,076,923 shares of Class A common stock, (2) any shares available for issuance under the 2008 Plan as of March 13, 2012, (3) any shares underlying any award outstanding under the 2008 Plan as of March 13, 2012 that, on or after that date, is forfeited, terminates, expires, or lapses for any reason, or is settled for cash without the delivery of shares, and (4) an annual increase in the number of shares available under the 2012 Plan equal to up to 3% of the number of shares of Company common and preferred stock outstanding at the end of the previous year, as determined by the Board of Directors. This annual increase added 2,738,101 shares in 2013, 2,803,282 shares in 2014, 2,859,591 shares in 2016, and 2,877,897 shares in 2017. In 2015 and 2018, the Board determined not to increase the number of shares pursuant to the 3% feature. The number of shares that may be issued or transferred pursuant to incentive stock options under the 2012 Plan is limited to 10,769,230 shares. The shares of Class A common stock covered by the 2012 Plan are authorized but unissued shares, treasury shares or common stock purchased on the open market. As of March 31, 2019, options to purchase 10,323,872 shares of our Class A common stock were outstanding under the 2012 Plan and there were 1,535,915 shares of our Class A common stock available for grant under the 2012 Plan.

In the event of a merger or consolidation, the sale or exchange of all of our common stock, the sale, transfer or disposition of all or substantially all of our assets, or our liquidation or dissolution, or a “change in control” (as defined in the 2012 Plan), the administrator may take one or more of the following actions with respect to outstanding awards, as appropriate:

- provide for the assumption or substitution of the awards;
- cancel the award if no amount would have been attained upon exercise of the award or realization of the participant’s rights;
- accelerate the awards in whole or in part;
- cash out the awards;
- make adjustments in the number and kind of shares subject to outstanding awards;
- convert the awards into the right to receive liquidation proceeds;
- provide that the award cannot vest, be exercised or become payable after such event; or
- any combination of the above.

In the event of a corporate transaction where the acquiror does not assume or replace options granted under the 2012 Plan, such outstanding options will become fully vested and exercisable immediately prior to, and will terminate upon, the consummation of the corporate transaction.

Our Board of Directors may terminate, amend, or modify the 2012 Plan at any time. However, stockholder approval is required to increase the aggregate share limit, change the description of eligible participants, or to the extent necessary to comply with applicable law.

The term of the 2012 Plan will expire on March 13, 2022 unless earlier terminated by our Board of Directors.

Equity Compensation Plan Information

The following table sets forth certain information relating to the Company’s equity compensation plans as of December 31, 2018. Each number of securities reflected in the table is a reference to shares of our Class A common stock.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	9,668,006	⁽¹⁾ \$31.45	3,027,462 ⁽²⁾
Equity compensation plans not approved by security holders	-	-	-
Total	9,668,006		3,027,462

- (1) Consists of shares subject to outstanding options under our 2003 Plan, our 2008 Plan, and our 2012 Plan. No future issuances will be made from our 2003 Plan or our 2008 Plan.

Consists of 3,027,462 shares available for future issuance under our 2012 Plan. Under the terms of the 2012 Plan, the aggregate number of shares of Class A common stock that may be subject to options and other awards is equal to the sum of (1) 3,076,923 shares of Class A common stock, (2) any shares available for issuance under the 2008 Plan as of March 13, 2012, (3) any shares underlying any award outstanding under the 2008 Plan as of March 13, 2012 that, on or after that date, is forfeited, terminates, expires, or lapses for any reason, or is settled for cash (2) without the delivery of shares, and (4) an annual increase in the number of shares available under the 2012 Plan equal to up to 3% of the number of shares of our common and preferred stock outstanding at the end of the previous year, as determined by the Board of Directors. This annual increase added 2,738,101 shares in 2013, 2,803,282 shares in 2014, 2,859,591 shares in 2016, and 2,877,897 shares in 2017. In 2015 and 2018, the Board determined not to increase the number of shares pursuant to the 3% feature.

Tax withholding

We may require participants to discharge applicable withholding tax obligations with respect to any award granted to the participant. The administrator may in its discretion allow a holder to meet any such withholding tax obligations by electing to have us withhold shares of common stock otherwise issuable under any award (or allow the return of shares of common stock) having a fair market value equal to the sums required to be withheld.

Employment Agreements

Mr. Paul is not party to an employment agreement with the Company. A description of employment agreements with Messrs. Scavilla, Williams, and Demski is set forth below.

Mr. Scavilla's Employment Agreement

On May 3, 2016, we entered into an executive employment agreement with Mr. Scavilla, our Senior Vice President and Chief Financial Officer. Mr. Scavilla's employment is "at will," meaning that his employment may be terminated by either party for any or no reason at any time. The agreement provides for a monthly car allowance. Mr. Scavilla is eligible to earn a salary and also a non-equity cash incentive award by meeting certain company and individual performance targets. Both the base salary and non-equity incentive award are subject to adjustment from time to time in the sole discretion of the Company.

Mr. Scavilla is entitled to receive his base salary for 12 months and continued coverage under the Company's group health, dental and vision plans for a period of 12 months in the event we terminate his employment without cause or in connection with a change of control or if he resigned for good reason. All severance payments are conditioned on Mr. Scavilla signing a general release of claims against the Company. Under Mr. Scavilla's employment agreement, "good reason" is defined as (i) a materially adverse change or material diminution in the office, title, duties, powers, authority or responsibilities of Mr. Scavilla, (ii) our failure to pay his base salary or a bonus that has become due and payable, (iii) a material reduction in his base salary, (iv) a relocation of Mr. Scavilla's principal worksite of more than 25 miles unless such relocation reduces his commute to such worksite, or (v) a material breach of the employment agreement by the Company; provided in each case that the Company did not correct such reason during a specified cure period.

Mr. Williams Employment Agreement

On June 26, 2014, we entered into an executive employment agreement with Mr. Williams, our former President and then Senior Vice President and General Counsel. Mr. Williams' employment was "at will," meaning that his employment could be terminated by either party for any or no reason at any time. The agreement provided for a monthly car allowance. Mr. Williams was eligible to earn a salary and also a non-equity cash incentive award by meeting certain company and individual performance targets. Both the base salary and non-equity incentive award were subject to adjustment from time to time in the sole discretion of the Company.

Mr. Williams was entitled to receive his base salary for 12 months and continued coverage under the Company's group health, dental and vision plans for a period of 12 months in the event we terminated his employment without cause or in connection with a change of control or if he resigned for good reason. All severance payments were conditioned on Mr. Williams signing a general release of claims against the Company. Under Mr. Williams' employment agreement, "good reason" was defined as (i) a materially adverse change or material diminution in the office, title, duties, powers, authority or responsibilities of Mr. Williams, (ii) our failure to pay his base salary or a bonus that has become due and payable, (iii) a material reduction in his base salary, (iv) a relocation of Mr. Williams' principal worksite of more than 25 miles unless such relocation reduces his commute to such worksite, or (v) a material breach of the employment agreement by the Company; provided in each case that the Company did not correct such reason during a specified cure period.

Mr. Demski's Employment Agreement

On September 14, 2015, we entered into an executive employment agreement with Mr. Demski, our current Chief Executive Officer and then President, Emerging Technologies. Mr. Demski's employment is "at will," meaning that his employment may be terminated by either party for any or no reason at any time. The agreement provided for a 2015 base salary of \$347,898 and a monthly car allowance. Mr. Demski is also eligible to earn a non-equity cash incentive award by meeting certain company and individual performance targets. Both the base salary and non-equity incentive award are subject to adjustment from time to time in the sole discretion of the Company.

Mr. Demski is entitled to receive his base salary for 12 months and the non-equity cash incentive award he would have received in the event his employment is terminated, except if Mr. Demski is terminated "for cause". Under Mr. Demski's employment agreement, "for cause" is defined as (i) the material breach of the agreement that is not cured within 15 days after giving notice to Mr. Demski, (ii) failure of Mr. Demski to comply with the policies and directives of the Company or Board and if such failure is curable, is not cured within 15 days after giving notice to Mr. Demski, (iii) any act of gross negligence or willful misconduct, (iv) any failure of Mr. Demski to fully disclose a material conflict of interest he may have with the Company in a transaction involving the Company and the conflict is materially detrimental to the interest of the Company, or (v) any adverse act or omission that would be required to be disclosed pursuant to securities laws or that would limit the ability of the Company or any entity affiliated with the Company to sell securities under any federal or state law or that would disqualify the Company or any affiliated entity from any exemption otherwise available to it. All severance payments are conditioned on Mr. Demski signing a general release of claims against the Company.

Potential Payments Upon Termination or Change in Control

Severance

Our Compensation Committee has decided to provide, in limited circumstances, certain of our named executive officers with severance payments in order to recruit qualified executives and ensure continued dedication, objectivity and stability of our named executive officers in the event of a change in control. Whether we provide severance benefits to our named executive officers depends on when and under what circumstances we hire the executives, the positions they hold and how difficult our Compensation Committee believes it might be or how long our Compensation Committee believes it might take for them to find comparable employment. In the limited circumstances when we do provide severance benefits, the terms of these severance payments are incorporated into the employment agreements of the named executive officers entitled to receive those payments.

On February 21, 2018, we entered in an executive employment agreement with Mr. Schwartz, our former Senior Vice President and General Counsel. Mr. Schwartz's employment was at-will and entitled him to certain severance payments in the event we terminated his employment without cause or in connection with a change of control or if he resigned for good reason. Mr. Schwartz resigned voluntarily in November 2018 and was not entitled to severance payments.

In 2018, Messrs. Scavilla, Williams, and Demski were entitled to severance in the event of a termination of employment. As previously disclosed in our Current Report on Form 8-K filed on March 1, 2019, Mr. Williams notified us of his intent to resign as President on February 26, 2019. Mr. Williams's resignation was effective as of March 31, 2019 and Mr. Williams will be paid severance payments per the terms of his employment agreement. See the description of such severance under "Employment Agreements" above. We did not have a severance policy applicable to executive officers in 2018, and no other named executive officers were guaranteed cash severance payments.

As described under "Executive Compensation-Equity Compensation Plans" above, our equity compensation plans provide our named executive officers and all other optionees with acceleration of vesting of stock options upon termination of employment in connection with a change in control or acceleration of vesting of stock options upon a change of control, depending on the specific plan under which those options were granted and if our acquiror does not assume or replace the awards under our equity compensation plans.

We believe these severance and change in control benefits are an important element of our compensation program for our executive officers and that they assist us in recruiting and retaining talented individuals. The Compensation Committee believes that these benefits are valuable as they address the valid concern that it might be difficult for our named executive officers to find comparable employment in a short period of time in the event of termination or change in control. Our Compensation Committee believes that the prospect of a change in control could be a distraction to an executive officer and could cause an executive officer to consider alternative employment opportunities at a time when the executive's continued service might be crucial to the Company and to our stockholders' best interests.

Equity Awards

In the event of a corporate transaction where we are to be consolidated with or acquired by another entity and the acquiror does not assume or replace options granted under our 2003 Stock Plan, all options outstanding under the 2003 Stock Plan will become fully vested and exercisable immediately prior to the consummation of the corporate transaction, and such outstanding options will terminate upon the consummation of the corporate transaction.

In addition, in the event of such a corporate transaction where the acquiror does assume or replace options granted under our 2003 Stock Plan, if an optionee's service relationship is terminated by us or the acquirer, other than for misconduct, or if the optionee resigns due to certain material negative changes in the terms of the optionee's employment, within 60 days before or 180 days after the corporate transaction, all options held by that optionee will become fully vested and exercisable.

In the event of a corporate transaction where we are to be consolidated with or acquired by another entity and the acquiror does not assume or replace options granted under our 2008 Stock Plan, all options outstanding under the 2008 Stock Plan will become fully vested and exercisable immediately prior to the consummation of the corporate transaction, and such outstanding options will terminate upon the consummation of the corporate transaction. In lieu of requiring the exercise of any options granted under our 2008 Stock Plan prior to termination in connection with a corporate transaction, however, we may instead cancel the outstanding options in exchange for cash payments per share underlying each option equal to the positive difference, if any, in the amount per share of common stock to be paid in connection with the corporate transaction and the exercise price per share of such option.

In the event of a corporate transaction where we are to be consolidated with or acquired by another entity and the acquiror does not assume or replace the equity awards granted under the 2012 Plan, all awards outstanding under our 2012 Plan will become fully vested, exercisable and all forfeiture restrictions will lapse immediately prior to the consummation of the transaction.

Potential Payments Upon a Termination or Change in Control

As described above, Messrs. Scavilla, Williams, and Demski are entitled to severance payments in the event of an involuntary, not-for-cause termination of employment, including a termination in connection with a change in control. Also, upon a termination in connection with a change in control of our Company, the unvested stock options held by our named executive officers would vest.

The table below sets forth an estimate of the amounts that would be paid out to our named executive officers upon a change in control and assumes the termination, other than for cause, of the employment of Messrs. Scavilla, Williams, and Demski in connection with the change in control. The amounts in the table assume that such change in control was effective as of December 31, 2018. The actual amounts that would be paid can only be determined at the time of a change in control.

Name	Cash Payment ⁽¹⁾ (\$)	Value of Acceleration of Unvested Stock Options ⁽²⁾ (\$)	Total (\$)
David C. Paul	-	1,739,592	1,739,592
David M. Demski	1,318,940	3,831,308	5,150,248
Anthony L. Williams	391,809	1,274,440	1,666,249
Daniel T. Scavilla	365,021	1,616,512	1,981,533

(1) Represents the amounts payable under the employment agreement described under the heading “Employment Agreements” above.

(2) Represents the difference between the exercise price and the fair market value of the unvested shares subject to outstanding stock options on December 31, 2018, calculated based on a closing price of \$43.28 of our common stock on December 31, 2018.

Compensation Recovery Policies

The Compensation Committee has not determined whether it would attempt to recover non-equity incentive awards from our executive officers if the performance objectives that led to the non-equity incentive award determination were to be restated, or found not to have been met to the extent originally believed by the Compensation Committee. However, as a public company subject to the provisions of Section 304 of the Sarbanes-Oxley Act of 2002, if we are required as a result of misconduct to restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws, our Chief Executive Officer and Chief Financial Officer may be legally required to reimburse us for any non-equity incentive awards or other incentive-based or equity-based compensation they receive. In addition, we will comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and will adopt a compensation recovery policy once final regulations on the subject have been adopted.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the discussion and analysis of the compensation of our named executive officers as disclosed in this Proxy Statement under the heading “Compensation Discussion and Analysis.” Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated into the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

David C. Paul (Chair)

Daniel T. Lemaitre

Robert W. Liptak

Kurt C. Wheeler

David D. Davidar

The above Compensation Committee Report does not constitute soliciting material, and shall not be deemed filed or incorporated by reference into any other Company filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate the Compensation Committee Report by reference therein.

Compensation Risk Assessment

The Compensation Committee has evaluated our compensation programs and policies as generally applicable to our employees to ascertain any potential material risks that may be created by the compensation programs. The Compensation Committee concluded that our compensation policies and practices, taken as a whole, are not reasonably likely to have a material adverse impact on our business or our financial condition. The following compensation design features help minimize the incentives for excessive risk-taking:

- our compensation program encourages our employees to remain focused on both our short-term and long-term goals.
- For example, while our variable cash compensation plans measure performance on an annual basis, our equity awards generally vest over four years, which we believe encourages our employees to focus on our long-term performance;
- we have internal controls over our financial accounting and reporting;
- we include equity compensation as part of the overall compensation mix, ensuring that our compensation program does not over emphasize short-term performance at the expense of long-term value creation; and
- final executive non-equity incentive awards are approved by the Compensation Committee and are subject to discretionary increase or decrease by the Compensation Committee if circumstances warrant an adjustment.

Non-Employee Director Compensation

Director Compensation

The table below summarizes the compensation received by our non-employee directors who received compensation from us for the fiscal year ended December 31, 2018.

Name	Fees earned or paid in cash (\$)	Option Awards ⁽¹⁾⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total (\$)
Daniel T. Lemaitre	52,859	313,081	22,141	388,081
Robert W. Liptak	75,000	313,081	-	388,081
Ann D. Rhoads	87,500	313,081	-	400,581
Kurt C. Wheeler	95,000	313,081	-	408,081
James R. Tobin	77,500	313,081	-	390,581
David Davidar	35,359	313,081	22,141	370,581

Reflects the compensation expense we recognized for the year ended December 31, 2018 for financial statement purposes, computed in accordance with Financial Accounting Standards Board, Accounting Standards Codification (1) Topic 718, Stock Compensation. These values have been determined based on the assumptions set forth in Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K.

(2) The following table lists the outstanding equity awards held by our non-employee directors as of December 31, 2018:

Name	Total Shares Subject to Outstanding Stock Options (#)
Daniel T. Lemaitre	117,884
Robert W. Liptak	102,500
Ann D. Rhoads	117,884
Kurt C. Wheeler	102,500
James R. Tobin	85,000
David Davidar	150,000

Amounts for 2018 represent participation in our group health insurance benefits. For non-executive directors (3) participating in our group health insurance plan, we deduct the cost of the plan from the fees we pay the director in order to ensure that total compensation is consistent among non-executive directors.

Narrative Disclosure Relating to Director Compensation Table

Director Compensation

The form and amount of director compensation are determined and reviewed annually by the Compensation Committee. In 2018, our non-employee directors received from us an annual retainer of \$57,500. In addition, the chair of the Audit Committee, currently Ms. Rhoads, received \$30,000 per year for serving as committee chair. Our Lead Independent Director, currently Mr. Wheeler, received \$30,000 per year for serving in that capacity. Other directors who serve on the Audit Committee, during 2018, Messrs. Liptak, Lemaitre and Tobin, received from us \$10,000 per year for such service. All non-employee directors who serve on the Compensation Committee, during 2018, Messrs. Wheeler, Liptak and Lemaitre, received from us \$7,500 for such service. For non-executive directors participating in our group health insurance plan, we deduct the cost of the plan from the fees we pay the director in cash in order to ensure that total compensation is consistent among non-executive directors.

We also reimburse all non-employee directors for expenses incurred in connection with their service on the Board of Directors, including reimbursement of expenses incurred in connection with attending Board of Directors' meetings.

Option Grants

In January 2018, our Board of Directors granted an option to purchase 25,000 shares to each of Ms. Rhoads and Messrs. Lemaitre, Liptak, Tobin, Wheeler and Davidar pursuant to our 2012 Plan, with an exercise price of \$43.77 per share. Each of these stock options vests over a three-year period, subject to continued service on the Board of Directors.

Pay Ratio Disclosure

Under Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are required to provide the ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of all employees of the Company (other than the Chief Executive Officer).

For 2018, the median annual total compensation of all employees of the Company and its consolidated subsidiaries (other than the Chief Executive Officer) was \$77,553. The annual total compensation of our Chief Executive Officer was \$3,394,012. The resulting ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of all employees was approximately 44 to 1.

Our pay ratio was calculated in accordance with Item 402(u) of Regulation S-K. To identify the median employee, we used the following methodology: (1) we collected payroll data of all employees globally, whether employed on a full-time, part-time, temporary or seasonal basis as of December 31, 2018; (2) we applied an exchange rate as of December 31, 2018 to convert all international currencies into U.S. dollars; and (3) we used cash compensation paid to our employees during 2018 as our consistently applied compensation measure.

After identifying our median employee, we calculated total 2018 compensation for our median employee and our Chief Executive Officer in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, which includes base pay, overtime pay, bonuses, stock option awards, and the Company's matching contribution to the employee's 401(k) plan. We added the dollar value of insurance premiums paid by the Company to the annual total compensation of our median employee and our Chief Executive Officer.

We believe our methodology, assumptions and estimates above are reasonable given our employee population. Because the SEC rules for identifying the median employee and calculating the pay ratio allow companies to use different methodologies, exemptions, estimates and assumptions, our pay ratio disclosure may not be comparable to the pay ratio reported by other companies.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2019 by: (i) each director; (ii) each of our named executive officers; (iii) all of our executive officers and directors as a group; and (iv) all those known by us to be beneficial owners of more than five percent of our Class A common stock or Class B common stock. The information in the table regarding those known to us to be beneficial owners of more than five percent of our Class A common stock is provided as of December 31, 2018.

Beneficial ownership is determined according to the rules of the SEC. A person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including options that are currently exercisable or exercisable within 60 days of March 31, 2019. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of Class A common stock and Class B common stock shown that they beneficially own, subject to community property laws where applicable.

Common stock subject to stock options currently exercisable or exercisable within 60 days of March 31, 2019, are deemed to be outstanding for computing the percentage ownership of the person holding these options and the percentage ownership of any group of which the holder is a member but are not deemed outstanding for purposes of computing the percentage of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Globus Medical, Inc., 2560 General Armistead Avenue, Audubon, PA 19403.

Name of Beneficial Owner	Class A Common Stock		Class B Common Stock		Percentage of Voting Power [†]
	Shares	%	Shares	%	
Directors and Executive Officers:					
David C. Paul ⁽¹⁾	125,000	*	22,430,097	100.0%	74.6%
David M. Demski ⁽²⁾	420,826	*	-	-	*
David D. Davidar ⁽³⁾	1,080,572	1.4%	-	-	*
Daniel T. Lemaitre ⁽⁴⁾	97,047	*	-	-	*
Robert W. Liptak ⁽⁵⁾	107,822	*	-	-	*
Ann D. Rhoads ⁽⁶⁾	97,047	*	-	-	*
Kurt C. Wheeler ⁽⁷⁾	125,982	*	-	-	*
Anthony L. Williams ⁽⁸⁾	2,084	*	-	-	*
Daniel T. Scavilla ⁽⁹⁾	198,334	*	-	-	*
James R. Tobin ⁽¹⁰⁾	27,163	*	-	-	*
Eric I. Schwartz	-	*	-	-	*
All current directors and executive officers of Globus Medical, Inc. as a group (11 persons) ⁽¹¹⁾	2,281,877	3.0%	22,430,097	100.0%	75.3%
Other Stockholders:					
The Vanguard Group, Inc. ⁽¹²⁾	7,026,674	9.2%	-	-	2.3%
Wellington Management Co, LLP ⁽¹³⁾	5,208,829	6.8%	-	-	1.7%
BlackRock, Inc. ⁽¹⁴⁾	9,513,779	12.4%	-	-	3.2%

Percentage total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. Each holder of Class B common stock is entitled to ten votes per share of Class B common stock and each holder of Class A common stock is entitled to one vote per share of Class A common stock on all matters submitted to our stockholders for a vote. The Class A common stock and Class B common stock vote together as a single class on all matters submitted to a vote of our stockholders, except as may otherwise be required by law.

* Less than 1%.

(1) Consists of 22,430,097 shares of Class B common stock outstanding and 125,000 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019. The Class B common stock includes 20,867,524 shares Mr. Paul owns jointly with his wife and 1,562,573 shares held by the Paul Family Irrevocable Trust U/A 4/6/10.

(2) Consists of 148,855 shares of Class A common stock outstanding and 271,971 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.

(3) Consists of 959,742 shares of Class A common stock outstanding and 120,830 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019. Includes 555,012 shares Mr. Davidar owns jointly with his wife, 225,967 shares held by the Davidar Family Irrevocable Trust U/A 8/6/09 and 29,000 shares beneficially owned by the Berachah Foundation and over which Mr. Davidar has voting power.

(4) Consists of 97,047 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.

(5) Consists of 26,159 shares of Class A common stock outstanding and 81,663 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.

(6) Consists of 97,047 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.

(7) Consists of 44,319 shares of Class A common stock outstanding and 81,663 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.

- (8) Consists of 2,084 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.
- (9) Consists of 198,334 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.
- (10) Consists of 27,163 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.
Consists of (i) 1,179,075 shares of Class A common stock and 22,430,097 shares of Class B common stock
- (11) beneficially owned by the current directors and executive officers, and (ii) 1,102,802 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 31, 2019.
- (12) The business address for this entity is 100 Vanguard Blvd, Malvern, PA 19355. The ownership information is based solely on a Schedule 13G/A filed with the SEC on February 11, 2019 by The Vanguard Group, Inc.
- (13) The business address for this entity is 280 Congress Street, Boston, MA 02210. The ownership information is based solely on a Schedule 13G/A filed with the SEC on February 12, 2019 by Wellington Management Co, LLP.
- (14) The business address for this entity is 55 East 52nd Street, New York, NY 10022. The ownership information is based solely on a Schedule 13G/A filed with the SEC on January 28, 2019 by BlackRock, Inc.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and beneficial owners of more than 10 percent of any registered class of equity securities (“Reporting Persons”) to file an initial report of ownership (Form 3) and reports of changes of ownership (Forms 4 and 5) of our securities with the SEC. These persons are also required to furnish the Company with copies of all Section 16(a) reports that they file with respect to our securities. Based solely upon a review of Section 16(a) reports furnished to us for the year ended December 31, 2018 and written representations from certain Reporting Persons, we believe that during the year ended December 31, 2018, such filing requirements were satisfied, with the following exception: on September 26, 2018, Steven Payne, our Chief Accounting Officer, exercised options, but the Form 4 was filed on October 30, 2018.

TRANSACTIONS WITH RELATED PERSONS

Procedures for Approval of Related-Party Transactions

Our Audit Committee is responsible for reviewing and approving or ratifying any related-party transaction reaching a certain threshold of significance. In the course of its review and approval or ratification of a related-party transaction, the Audit Committee considers, among other things, consistent with Item 404 of Regulation S-K, the following:

- the nature and amount of the related person’s interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction; and
- any other matters the Audit Committee deems appropriate.

Any member of the Audit Committee who is a related person with respect to a transaction under review will not be permitted to participate in the deliberations or vote respecting approval or ratification of the transaction. However, such director may be counted in determining the presence of a quorum at a meeting of the Audit Committee that considers the transaction.

Related Person Transactions

The Company is not aware of any transaction since January 1, 2018, or any currently proposed transaction, in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any related party has or will have a direct or indirect material interest.

STOCKHOLDER PROPOSALS

Stockholder Proposals for the 2020 Annual Meeting

Stockholders interested in submitting a proposal for inclusion in our proxy statement for next year's annual meeting must do so in compliance with our bylaws and applicable SEC rules and regulations. Under Rule 14a-8 adopted by the SEC, to be considered for inclusion in our proxy materials for our 2019 annual meeting, a stockholder proposal must be received in writing by our Secretary no later than January 1, 2020. If the date of our 2020 annual meeting is moved more than 30 days before or after the anniversary date of this year's meeting, the deadline for inclusion of proposals in our proxy statement will instead be a reasonable time before we begin to print and mail our proxy materials next year. Any such proposals will also need to comply with the various provisions of Rule 14a-8, which governs the basis on which such stockholder proposals can be included or excluded from Company-sponsored proxy materials.

If a stockholder desires to submit a proposal for consideration at the 2020 annual meeting, but not have the proposal included with our proxy solicitation materials relating to the 2020 annual meeting, the stockholder must comply with the procedures set forth in our governing documents. Our bylaws require that, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof, along with other specified material, in proper written form to the Company. To be timely, a stockholder's notice must be received at the principal executive offices of the Company not less than 50 days and not more than 90 days prior to the date of the annual meeting.

Any stockholder who wishes to make such a proposal should obtain a copy of the bylaws, which contain these and other requirements with respect to stockholder proposals and director nominations, including certain information that must be included concerning the stockholder and each proposal and nominee. Our amended and restated bylaws were filed with the SEC as Exhibit 3.4 to our Form 10-K, filed on February 29, 2016, and can be viewed by visiting our investor relations website at www.globusmedical.com. You may also obtain a copy by writing to Kelly G. Huller, our Secretary, at Globus Medical, Inc., Valley Forge Business Center, 2560 General Armistead Avenue, Audubon, PA 19403, Attention: Legal Department.

Stockholder Nominations and Recommendations of Director Candidates

Our bylaws describe the procedures for stockholders to follow in nominating candidates to our Board of Directors. For our 2020 annual meeting of stockholders, stockholders may nominate a candidate for election to our Board of Directors by sending written notice to our Secretary at our principal office not less than 50 days and not more than 90 days prior to the date of the annual meeting. The notice to our Secretary must contain or be accompanied by the information required by Section 2.14 of our bylaws, which includes, among other things: (i) the name, age, business address and residence address of each person nominated; (ii) the class, series and number of any shares of common stock of the Company beneficially owned or owned of record by such person; (iii) the date or dates such shares were acquired and the investment intent of such acquisition; and (iv) all information relating to such person that is required to be disclosed in solicitations of proxies for elections of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected.

Any notice of a stockholder proposal that is received after the dates specified above will be considered untimely.

All proposals and recommendations should be addressed to Kelly G. Huller, our Secretary, at Globus Medical, Inc., Valley Forge Business Center, 2560 General Armistead Avenue, Audubon, PA 19403, Attention: Legal Department.

ELECTRONIC ACCESS TO PROXY MATERIALS AND ANNUAL REPORT

Stockholders can access this Proxy Statement and our 2018 Annual Report (including our annual report on Form 10-K) via the Internet at www.proxyvote.com. Copies of these materials may be obtained without charge by writing to Globus Medical, Inc., Valley Forge Business Center, 2560 General Armistead Avenue, Audubon, PA 19403, Attention: Investor Relations.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for stockholders and cost savings for companies. This year, a number of brokers with account holders who are our stockholders will be “householding” our proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, please notify your broker or us. You can make a request by contacting our Investor Relations Department by phone at (610) 930-1800 or by mail at 2560 General Armistead Avenue, Audubon, PA 19403 Attention: Investor Relations. Stockholders who currently receive multiple copies of the Notices of Internet Availability of Proxy Materials at their addresses and would like to request “householding” of their communications should contact their brokers.

OTHER MATTERS

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors,

Kelly G. Huller

Secretary

April 25, 2019

A copy of our Annual Report (including our annual report on Form 10-K) for the fiscal year ended December 31, 2018 can be viewed by visiting our investor relations website at www.globusmedical.com. You may also obtain a copy by writing to our Investor Relations Department at Globus Medical, Inc., Valley Forge Business Center, 2560 General Armistead Avenue, Audubon, PA 19403, Attn: Investor Relations.

