

CARDIONET INC
Form DEF 14A
March 30, 2010

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

CARDIONET, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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- o Fee paid previously with preliminary materials.
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 - (3) Filing Party:
 - (4) Date Filed:
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CARDIONET, INC.

227 Washington Street #201
Conshohocken, Pennsylvania 19428

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 7, 2010**

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of **CARDIONET, INC.**, a Delaware corporation (the "Company"). The meeting will be held on Friday, May 7, 2010 at 8:30 a.m. local time at the Philadelphia Marriott West located at 111 Crawford Avenue, West Conshohocken, Pennsylvania, 19428 for the following purposes:

1. To elect as Class III directors to hold office until the 2013 Annual Meeting of Stockholders, the following three nominees recommended by the Board of Directors: Eric N. Prystowsky, M.D., Rebecca W. Rimel and Robert J. Rubin, M.D.
2. To ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP, Independent Registered Public Accounting Firm, as independent auditors of the Company for its fiscal year ending December 31, 2010.
3. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is March 15, 2010. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

Heather C. Getz
Secretary

Date: March 29, 2010
Conshohocken, Pennsylvania

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy and are a record holder of your shares, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 7, 2010: The proxy statement and 2009 annual report to stockholders are available at <http://www.cardionet.com> in the "Investor Relations" section.

CARDIONET, INC.

227 Washington Street #201
Conshohocken, Pennsylvania 19428

**PROXY STATEMENT
FOR THE 2010 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 7, 2010
QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING**

Why am I receiving these materials?

We have sent you this proxy statement and the enclosed proxy card because the Board of Directors of **CARDIONET, INC.** (sometimes referred to as the "Company" or "CardioNet") is soliciting your proxy to vote at the 2010 Annual Meeting of Stockholders, including at any adjournments or postponements of the meeting. You are invited to attend the annual meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

The Company intends to mail this proxy statement and accompanying proxy card on or about March 29, 2010 to all stockholders of record entitled to vote at the annual meeting.

Who can vote at the annual meeting?

Only stockholders of record at the close of business on March 15, 2010 will be entitled to vote at the annual meeting. On this record date, there were 23,879,394 shares of common stock of the Company ("Common Stock") outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on March 15, 2010 your shares were registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on March 15, 2010 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are two matters scheduled for a vote:

Election as Class III directors to hold office until the 2013 Annual Meeting of Stockholders, the following three nominees recommended by the Board of Directors: Eric N. Prystowsky, M.D., Rebecca W. Rimel and Robert J. Rubin, M.D.; and

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Ratification of the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP, Independent Registered Public Accounting Firm, as independent auditors of the Company for its fiscal year ending December 31, 2010.

How do I vote?

You may either vote "For" all nominees to the Board of Directors or you may "Withhold" your vote for any nominee you specify. For the other matters to be voted on, you may vote "For" or "Against" or abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the annual meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the annual meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from CardioNet. Simply complete and mail the proxy card to ensure that your vote is submitted to your broker or bank. Alternatively, you may vote as instructed by your broker or bank. To vote in person at the annual meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of Common Stock you own as of March 15, 2010.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted "For" the election of the nominees for director and "For" the ratification of the selection of Ernst & Young LLP, Independent Registered Public Accounting Firm, as the Company's independent auditors for the fiscal year ending December 31, 2010. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

The Company will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted.

Are proxy materials available on the internet?

This proxy statement and our 2009 annual report to stockholders are available at <http://www.cardionet.com> in the "Investor Relations" section.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date.

You may send a timely written notice that you are revoking your proxy to CardioNet's Secretary at 227 Washington Street #201, Conshohocken, Pennsylvania 19428.

You may attend the annual meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

When are stockholder proposals due for next year's annual meeting?

To be considered for inclusion in next year's proxy materials or if you wish to submit a proposal that is not to be included in next year's proxy materials or to nominate a director, you must submit such proposal, nomination or other matter in writing to CardioNet's Secretary at 227 Washington Street #201, Conshohocken, Pennsylvania 19428 not later than the close of business on February 4, 2011 nor earlier than the close of business on January 7, 2011; provided, however, that in the event that the date of the 2011 Annual Meeting changes more than 30 days from May 7, 2011, your written proposal must be delivered not earlier than the close of business on the 120th day prior to the date of the 2011 Annual Meeting and not later than the close of business on the later of the 90th day prior to the date of the 2011 Annual Meeting or the 10th day following the day on which public announcement of the date of the 2011 Annual Meeting is first made by the Company. A stockholder proposal will need to comply with the Securities and Exchange Commission regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Although our Board of Directors will consider stockholder proposals, we reserve the right to omit from our proxy statement, or to vote against, stockholder proposals that we are not required to include under the Exchange Act, including Rule 14a-8.

Your notice to the Secretary shall set forth: (A) your name and address, and the class and number of shares of the Company's Common Stock which you beneficially own; (B) whether you intend to deliver a proxy statement and form of proxy to the holders of at least the number of shares of the Company necessary to carry the proposal, or in the case of a nomination for director, a sufficient number of shares of the Company necessary to elect such nominee; (C) as to each person whom you propose to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act and Rule 14a-4(d) thereunder (including such person's written consent to being named in the proxy statement as a

nominee and to serving as a director if elected); and (D) as to any other business that you propose to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest you have in such business.

For more information, please refer to the Company's Bylaws filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1 (File No. 33-145547) originally filed with the United States Securities and Exchange Commission on August 17, 2007.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count "For" and "Withhold" and, with respect to proposals other than the election of directors, "Against" votes, abstentions and broker non-votes. Abstentions will be counted towards the vote total for each proposal, and will have the same effect as "Against" votes. Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

What are "broker non-votes"?

Broker non-votes occur when a beneficial owner of shares held in "street name" does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed "non-routine." Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be "routine," but not with respect to "non-routine" matters. Under the rules and interpretations of the New York Stock Exchange, "non-routine" matters include the election of directors and generally those matters involving a contest or a matter that may substantially affect the rights or privileges of shareholders, such as mergers or stockholder proposals.

How many votes are needed to approve each proposal?

For the election of directors, who are elected by a plurality, the three nominees receiving the most "For" votes (from the holders of votes of shares present in person or represented by proxy and entitled to vote on the election of directors) will be elected. Only votes "For" or "Withheld" will affect the outcome. Please note that this year the rules regarding how brokers may vote your shares have changed. Brokers may no longer vote your shares on the election of directors in the absence of your specific instructions as to how to vote. We encourage you to provide instructions to your broker regarding the voting of your shares.

To be approved, Proposal No. 2, ratification of the selection of Ernst & Young LLP, Independent Registered Public Accounting Firm, as our independent auditors for the fiscal year ending December 31, 2010, must receive a "For" vote from the majority of shares present and entitled to vote either in person or by proxy. If you "Abstain" from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares are present at the meeting in person or represented by proxy. On the record date, there were 23,879,394 shares outstanding and entitled to vote. Thus, the holders of 23,879,394 shares must be present in person or represented by proxy at the meeting or by proxy to have a quorum.

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Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy or the chairman of the meeting may adjourn the meeting to another date.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be reported by the Company on Form 8-K within four business days after the annual meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Board of Directors currently consists of seven authorized members and is divided into three classes, each of which has a three year term. Class I consists of two directors, Class II consists of two directors and Class III consists of three directors. Vacancies on the Board of Directors may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board of Directors to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is elected and qualified.

The Board of Directors currently has seven members and there are currently three directors serving as Class III directors: Eric N. Prystowsky, M.D., Rebecca W. Rimel and Robert J. Rubin, M.D. The term of office of the Class III directors expires in 2010. We are nominating Eric N. Prystowsky, M.D., Rebecca W. Rimel and Robert J. Rubin, M.D. for re-election at the 2010 Annual Meeting. Drs. Prystowsky and Rubin and Ms. Rimel were appointed by the Board of Directors in March 2001, July 2007 and May 2009 respectively. If elected at the annual meeting, each of these nominees would serve until the 2013 annual meeting and until his or her successor is elected and has qualified, or, if sooner, until the director's death, resignation or removal. It is the Company's policy to invite directors and nominees for director to attend the annual meeting.

Harry Rein, formerly a Class I director, resigned from our Board of Directors effective August 4, 2008. Woodrow A. Myers Jr., M.D., formerly a Class II director, did not stand for re-election at the 2009 Annual Meeting. Thus, there is one vacancy in each of the Class I and Class II directors, and we are seeking to identify individuals to fill these vacancies. All of our Directors attended our 2009 Annual Meeting of Stockholders.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The two nominees receiving the most "For" votes (among votes properly cast in person or by proxy) will be elected. If no contrary indication is made, shares represented by executed proxies will be voted "For" the election of the three nominees named above or, if either nominee becomes unavailable for election as a result of an unexpected occurrence, "For" the election of a substitute nominee designated by our Board of Directors. Each nominee has agreed to serve as a director if elected, and we have no reason to believe that any nominee will be unable to serve.

The Board Of Directors Recommends

A Vote In Favor Of Each Named Nominee.

The following is a brief biography for each nominee for Class III director and each person whose term of office as a Class I or Class II director will continue after the annual meeting.

Name	Age	Position
Directors:		
Class I Directors:		
Ronald A. Ahrens(2)(3)	70	Director
Fred Middleton(1)(3)	60	Director
Class II Directors:		
Kirk E. Gorman(1)	59	Director
Randy H. Thurman	60	Director, Chairman, President and Chief Executive Officer
Class III Directors:		
Eric N. Prystowsky, M.D.(2)(3)	62	Director
Rebecca W. Rimel(2)	59	Director
Robert J. Rubin, M.D.(1)(3)	64	Director

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Nominating and Corporate Governance Committee.

NOMINEES FOR ELECTION FOR A THREE-YEAR TERM EXPIRING AT THE 2013 ANNUAL MEETING

Eric N. Prystowsky, M.D. Dr. Prystowsky has been a member of our Board of Directors since March 2001. Since 1988, Dr. Prystowsky has served as the Director, Clinical Electrophysiology Laboratory at St. Vincent Hospital, Indianapolis Indiana. Since 1988, Dr. Prystowsky has served as Consulting Professor of Medicine at Duke University. Since 2004, he has served as the associate editor of Hurst Textbook of Cardiology and, since January 2004, he has served as editor-in-chief of the Journal of Cardiovascular Electrophysiology. From 1992 to 1994, he served as the Chairman of the American Heart Association's Committee on Electrocardiography and Electrophysiology and, from May 2001 to May 2002, as President of the Heart Rhythm Society. Dr. Prystowsky also served as the Chairman of the ABIM test writing committee for the Electrophysiology Boards until July 2008. Dr. Prystowsky currently serves on the Board of Directors of Stereotaxis, Inc., a biotechnology company. Dr. Prystowsky received an undergraduate degree from the Pennsylvania State University and an M.D. from the Mount Sinai School of Medicine. Dr. Prystowsky brings relevant real-time clinical and academic experience as a published and renowned electrophysiologist with St. Vincent Hospital and Consulting Professor at Duke University. Dr. Prystowsky's knowledge of and experience with cardiac medicine is vast and includes leading positions within the American Heart Association as well as the Heart Rhythm Society. Dr. Prystowsky also brings to the Board of Directors specific experience in serving as a board member of another company.

Rebecca W. Rimel. Ms. Rimel has been a member of our Board of Directors since May 2009. She joined The Pew Charitable Trusts in 1983 as Health Program Manager and has led the organization for 20 years as Executive Director from 1988 through 1994 and in her current position as President and CEO since 1994. From 1981 through 1983, Ms. Rimel served as Assistant Professor in the Department of Neurosurgery at the University of Virginia Hospital. Along with additional teaching and practitioner positions at the University of Virginia Hospital, she also held the title of Head Nurse of the medical center's emergency department. Ms. Rimel serves as a member of the Board of The Pew Charitable

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Trusts, and on the Boards of DWS Mutual Funds and the Thomas Jefferson Foundation. Ms. Rimel received her Bachelor of Science from the University of Virginia School of Nursing in 1973, and earned a Master of Business Administration from James Madison University in 1983. Ms. Rimel brings to the Company a superior reputation for leadership and experience in the clinical, academic and business sectors of the healthcare industry. She has had, and continues to build, an exemplary career in public policy, non-profit administration, advocacy and innovation related to the healthcare field. Ms. Rimel's education serves as a basis for her contributions, past and present, as a member of the board of directors for various public and private companies.

Robert J. Rubin, M.D. Dr. Rubin has been a member of our Board of Directors since July 2007. He has been a clinical professor of medicine at Georgetown University since 1995. From 1987 to 2001, he was president of the Lewin Group (purchased by Quintiles Transnational Corp. in 1996), a national health policy and management consulting firm. From 1994 to 1996, Dr. Rubin served as Medical Director of ValueRx, a pharmaceutical benefits company. From 1992 to 1996, Dr. Rubin served as President of Lewin-VHI, a health care consulting company. From 1987 to 1992, he served as President of Lewin-ICF, a health care consulting company. From 1984 to 1987, Dr. Rubin served as a principal for ICF, Inc., a health care consulting company. From 1981 to 1984, Dr. Rubin served as the Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services and as an Assistant Surgeon General in the United States Public Health Service. Dr. Rubin is a board certified nephrologist and internist. Dr. Rubin received an undergraduate degree in Political Science from Williams College and an M.D. from Cornell University. Dr. Rubin brings over 30 years of specific experience as a professor, policy maker, clinician and business professional dedicated to the medical profession. His specific experience with the United States Department of Health and Human Services and Assistant Surgeon General is a unique and invaluable qualification lending insight into governmental practice, policy making and regulation. Dr. Rubin's extensive and diverse background in education, government and business allows him to serve as a resource on a broad spectrum of matters.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF EACH NOMINEE NAMED ABOVE.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2011 ANNUAL MEETING

Ronald A. Ahrens. Mr. Ahrens has been a member of our Board of Directors since August 2008. From 2004 to the present, Mr. Ahrens has served as the Vice Chairman of the Board of Directors and as a member of the Compensation Committee of Temptime Corporation, a healthcare technology company. Previously he served as a member of the Board of Directors and Chairman of the Compensation Committee of VIASYS Healthcare Inc., a global medical technology company, from November 2001 until its acquisition in July 2007 for \$1.5 billion by Cardinal Health. Mr. Ahrens' past experience includes serving as Chairman of the Board of Directors of Closure Medical Corporation, a medical devices corporation, from 1999 through June 2004, St. Ives Laboratories, Inc., a hair and skin care company from 1995 to 1997 and from 1990 to 1993 as a member of the Board of Directors of Alcide Corporation, an animal healthcare technology company. Earlier in his career, Mr. Ahrens held various positions with Merck & Co, Inc. a global pharmaceuticals products company, including President of Merck Consumer Healthcare Group Worldwide and Executive Vice President of Merck Consumer Healthcare Group International. Mr. Ahrens received an undergraduate degree in English from Concordia College and a Masters in Sacred Theology from Concordia Seminary. Mr. Ahrens is a veteran of the healthcare industry and brings to the Board over forty years of senior executive and management experience with both public and private pharmaceutical and device companies. He has also established a strong track record serving and consulting for significant public and private company board of directors. Mr. Ahrens' breadth of knowledge and hands-on business experience provides him with the necessary skill to serve as the lead independent director for the Board of Directors and to easily relate to and liaison between other members and executives within the Company.

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Fred Middleton. Mr. Middleton has been a member of our Board of Directors since April 2000. Since 1987, he has been a General Partner/Managing Director of Sanderling Ventures, a firm specializing in biomedical venture capital. From 1984 through 1986, he was the Managing General Partner of Morgan Stanley Ventures, an affiliate of Morgan Stanley & Co. Earlier in his career, Mr. Middleton was part of the founding management team at Genentech, Inc., a biotechnology company, serving there from 1978 through 1984 as Vice President of Finance and Corporate Development, and Chief Financial Officer. During the last 30 years, he has participated in active management roles and as an investor and director in over 25 start-up biomedical companies. Currently he serves as Chairman of the Board of Stereotaxis, Inc., a publicly-traded medical device company based in St. Louis that develops and markets magnetically guided robotic surgery systems in cardiology. He also currently serves as a board member of seven other privately-held biomedical companies, engaged in the development of innovative products and therapies in healthcare and previously served on the board of Favril, Inc. Mr. Middleton received a Bachelor of Science degree in Chemistry from the Massachusetts Institute of Technology and an M.B.A. from Harvard Business School. Mr. Middleton brings significant executive experience in finance, strategy and development of new technologies in the field of medicine. Previously he has served as a board member for eight publicly-held biomedical companies since 1990. In his capacity as a director he has also served as the Chair of either the audit or compensation committees for several of these companies.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2012 ANNUAL MEETING

Kirk E. Gorman. Mr. Gorman has been a member of our Board of Directors since August 2008. Mr. Gorman has served as the Senior Vice President, Chief Financial Officer of Jefferson Health System, a hospital system in Philadelphia, Pennsylvania since September 2003. Mr. Gorman has also been a member of the Board of Directors and Audit Committee of IASIS Healthcare LLC since February 2004. From April 1987 to March 2003, Mr. Gorman served as the Senior Vice President, Chief Financial Officer of Universal Health Services, Inc, a hospital management company and President, Chief Financial Officer and a member of the Board of Trustees of Universal Health Realty Income Trust, a real estate investment trust specializing in healthcare and human service related facilities. From June 2007 to October 2009, he also served on the board of Care Investment Trust, a real estate investment trust. From November 2001 to December 2003 and February 2005 until its acquisition by Cardinal Health, Inc. in July 2007, Mr. Gorman served as a member of the Board of Directors of VIASYS Healthcare, Inc. a healthcare technology company. Mr. Gorman received an undergraduate degree from Dartmouth College and an M.B.A. from the Amos Tuck School of Business. Mr. Gorman brings extensive financial knowledge and experience as the Chief Financial Officer of numerous healthcare related companies, including Jefferson Health System, the largest hospital system in Philadelphia. His specific and ongoing healthcare related financial experience with reimbursement, tax, accounting, and financial and strategic planning is especially valuable to the Company. Mr. Gorman also brings significant public company board of director and audit committee experience.

Randy H. Thurman. Mr. Thurman has served as our Chairman, President and Chief Executive Officer since February 2009 and a member of our Board of Directors since July 2008. Mr. Thurman served as our Interim President and Chief Executive Officer from January to February 2009 and our Executive Chairman from July 2008 to January 2009. Since May 2008 Mr. Thurman has served as an advisor to New Mountain Capital, LLC, a private and public equity investment firm. From July 2007 through June 2008 Mr. Thurman served as a consultant to Cardinal Health, Inc., a global healthcare provider. From April 2001 until its acquisition by Cardinal Health, Inc. in July 2007, Mr. Thurman served as Chief Executive Officer of VIASYS Healthcare Inc., a healthcare technology company. Mr. Thurman also served as Chairman of the Board of Directors and President of VIASYS Healthcare Inc. from November 2001 and July 2004, respectively, until the time of its acquisition by Cardinal Health, Inc. From 1996 to April 2001, Mr. Thurman served as Chairman and Chief Executive

Officer of Strategic Reserves LLC, a privately held company providing funding and strategic direction to healthcare technology companies. From 1993 to 1996, Mr. Thurman was Chairman and CEO of Corning Life Sciences, Inc., which was a global leader in clinical laboratory testing, pharmaceutical research and esoteric reference testing. Concurrent with the aforementioned positions, Mr. Thurman served as Chairman of the Board of Directors of Enzon Pharmaceuticals, Inc. from 1994 to 2001. From 1984 to 1993, Mr. Thurman held various positions at Rhone-Poulenc Rorer Pharmaceuticals, Inc., a global pharmaceutical company, ultimately as its President. Mr. Thurman received an undergraduate degree in Economics from Virginia Polytechnic Institute and a Master's in Economics from Webster University. Mr. Thurman brings extraordinary leadership and broad public company experience in the healthcare technology sector.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

INDEPENDENCE OF THE BOARD OF DIRECTORS

As required under the Nasdaq Stock Market ("Nasdaq") listing standards, a majority of the members of a listed company's Board of Directors must qualify as "independent," as affirmatively determined by the Board of Directors. The Board of Directors consults with the Company's counsel to ensure that the Board of Directors' determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of the Nasdaq, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent registered public accounting firm, the Board of Directors has affirmatively determined that the following directors are independent directors within the meaning of the applicable Nasdaq listing standards: Messrs. Ahrens, Gorman, Middleton, Ms. Rimel and Drs. Prystowsky and Rubin. In making this determination, the Board of Directors found that none of these directors or nominees for director had a material or other disqualifying relationship with the Company. Mr. Thurman, the Company's President and Chief Executive Officer is not an independent director by virtue of his employment with the Company.

BOARD LEADERSHIP STRUCTURE AND ROLE IN OVERSIGHT OF RISK

Since February 2009, Mr. Thurman has served as the Chairman of our Board of Directors as well as our Chief Executive Officer and President. The Board of Directors believes there are efficiencies of having the Chief Executive Officer also serve in the role of Chairman of the Board of Directors. As our Chief Executive Officer and President, Mr. Thurman is responsible for the day-to-day operation of the Company and for the implementation of the Company's strategy. Because the performance of the Company is an important part of the discussion at meetings of our Board of Directors, Mr. Thurman leads these discussions. In order to provide for an open and trustful relationship between the Board of Directors and the Company's senior management team and to perform such tasks and exercise such additional powers as may be conferred upon him by the Board of Directors from time to time, in December, 2010 the Board of Directors designated Mr. Ahrens, as the lead independent director. In this role, Mr. Ahrens is responsible for working in conjunction with the Nominating and Corporate Governance Committee in compliance with such committee's processes to coordinate the search for all members of the Board and make recommendations to the Board of Directors regarding such matters, coordinating the search for executive candidates and making recommendations to the Board of Directors regarding such matters; presiding at all executive sessions of the non-employee members of the Board of Directors, acting as a liaison between the non-employee directors and the Chairman of the Board of Directors and facilitating discussions among the non-employee directors on key issues and concerns outside of Board of Directors meetings, offering strategic advice regarding proposed

transactions, and exercising such additional powers as may be conferred upon such Lead Director by resolution of the Board of Directors or the Nominating and Corporate Governance Committee from time to time.

Heather C. Getz, the Company's Senior Vice President and Chief Financial Officer, and Philip G. Leone, the Company's Senior Vice President, Reimbursement Services, Regulatory and Compliance, report regularly to our Board of Directors on the Company's risk practices. While the Board of Directors oversees the Company's risk management, the Company's management is responsible for the administration of day-to-day risk management practices. We believe this division of responsibilities is the most effective approach for addressing the risks facing the Company and that our Board of Directors' leadership structure supports this approach.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met ten (10) times during the fiscal year ended December 31, 2009. All directors attended at least 75% of the aggregate of the meetings of the Board of Directors and of the committees on which they served, held during the period for which they were directors or committee members.

INFORMATION REGARDING COMMITTEES OF THE BOARD OF DIRECTORS

During the fiscal year ended December 31, 2009, the Board of Directors of CardioNet maintained three committees; the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The following table provides membership information for each of the committees of the Board of Directors as of March 15, 2010:

Name	Audit	Compensation	Nominating and Corporate Governance
Fred Middleton	X		X
Ronald A. Ahrens		X*	X
Robert J. Rubin, M.D.	X		X*
Eric N. Prystowsky, M.D.		X	X
Kirk E. Gorman	X*		
Rebecca W. Rimel		X	

*
Committee Chairperson

Below is a description of each committee of the Board of Directors as such committees have been constituted during the fiscal year ended December 31, 2009 and are presently constituted. The Board of Directors has determined that each current member of each committee meets the applicable SEC and Nasdaq rules and regulations regarding "independence" and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company.

Audit Committee

The Audit Committee of the Board of Directors was established by the Board of Directors in accordance with Section 3(a)(58)(A) of the 1934 Act to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements. The Board of Directors has adopted an Audit Committee Charter which is available on our website at <http://investors.cardionet.com>. The functions of this committee include, among other things:

evaluating the performance of our independent auditors and determining whether to retain their services for the ensuing year;

reviewing and pre-approving the engagement of our independent auditors to perform audit services;

reviewing and proposing to the full Board of Directors for approval any permissible non-audit services;

reviewing our annual financial statements and reports and discussing the statements and reports with our independent auditors and management;

reviewing with our independent auditors and management significant issues that arise regarding accounting principles and financial statement presentation, and matters concerning the effectiveness of internal auditing and financial reporting controls; and

establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

Both our independent registered public accounting firm and management periodically meet privately with our Audit Committee.

Our Audit Committee currently consists of Messrs. Gorman and Middleton and Dr. Rubin, each of whom is a non-employee director of our Board of Directors. Mr. Gorman is currently the Chairman of our Audit Committee. Mr. Middleton served as Chairman of the Audit Committee until May 2009. Dr. Myers was a member of the Audit Committee until the 2009 Annual Meeting where he did not seek re-election, and he was replaced by Dr. Rubin. The Audit Committee met twelve (12) times in 2009. The Board of Directors reviews the Nasdaq listing standards definition of independence for Audit Committee members on an annual basis and has determined that all current members of the Company's Audit Committee are independent (as independence is currently defined in Rule 4350(d)(2)(A)(i) and (ii) of the Nasdaq listing standards). Our Board of Directors has determined that Mr. Middleton is a financial expert. The Board of Directors made a qualitative assessment of Mr. Middleton's level of knowledge and experience based on a number of factors, including his formal education and experience as a chief financial officer for public reporting companies.

Report of the Audit Committee of the Board of Directors

During fiscal year 2009, the Audit Committee met twelve (12) times. In the exercise of the Audit Committee's duties and responsibilities, the Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2009 with the Company's management. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by the Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), as adopted by the PCAOB in Rule 3600T and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence. Based on its review

and discussions and subject to the limitations on the role and responsibilities of the Audit Committee in its charter, the Audit Committee recommended to the Board that the audited financial statements for fiscal year 2009 be included in the Company's Annual Report to shareholders on Form 10-K filed with the Securities and Exchange Commission.

Kirk E. Gorman, Chair
Fred Middleton
Robert J. Rubin, M.D.

This Report of the Audit Committee is not "soliciting material" and shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this report by reference, and shall not otherwise be deemed filed under such Acts.

Compensation Committee

The Compensation Committee currently consists of three directors, Mr. Ahrens, the Chairman of the Compensation Committee, Dr. Prystowsky and Ms. Rimel. All members of the Company's Compensation Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards and section 162(m) of the Internal Revenue Code of 1986, as amended. In connection with his appointment as the Company's President and Chief Executive Officer, Mr. Thurman resigned from the Compensation Committee. In fiscal year 2009, the Compensation Committee met four times.

The Board of Directors has adopted a Compensation Committee Charter which was revised as of January 22, 2009 and is available on our website at <http://investors.cardionet.com>.

The Compensation Committee of the Board of Directors acts on behalf of the Board of Directors to review, recommend for adoption, and oversee the Company's compensation strategy, policies, plans and programs, including:

reviewing and recommending to the Board of Directors the compensation and other terms of employment of our Chief Executive Officer;

reviewing and approving the compensation and other terms of employment of our executive officers (other than the Chief Executive Officer);

reviewing and recommending to the Board of Directors performance goals and objectives relevant to the compensation of our Chief Executive Officer and assessing his or her performance against these goals and objectives;

interpreting, administering, and granting, or with respect to the Chief Executive Officer recommending for approval by the Board of Directors, awards under the equity incentive plans, compensation plans and similar programs advisable for us, as well as modification or termination of existing plans and programs;

reviewing and periodically assessing the adequacy of compensation to be paid or awarded to members of the Board of Directors;

establishing policies with respect to equity compensation arrangements;

reviewing the competitiveness of our executive compensation programs and evaluating the effectiveness of our compensation policy and strategy in achieving expected benefits to us;

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reviewing and recommending to the Board of Directors the terms of any employment agreements, severance arrangements, change in control protections and any other compensatory arrangements for our executive officers;

reviewing incentive compensation arrangements to ensure that such compensation arrangements do not encourage unnecessary risk taking; and

reviewing with management our disclosures under the caption "Compensation Discussion and Analysis" and recommending to the full Board of Directors its inclusion in our periodic reports to be filed with the Securities and Exchange Commission.

Typically, the Compensation Committee meets quarterly and with greater frequency if necessary. The agenda for each meeting is usually developed by the Chair of the Compensation Committee. The Compensation Committee meets regularly in executive session. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, provide financial or other background information or advice or otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in or be present during any deliberations of the Compensation Committee regarding his compensation. The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company, as well as authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties.

Our Compensation Committee retains the services of third party executive compensation specialists and consultants from time to time, as it sees fit, in connection with the establishment of cash and equity compensation and related policies.

The specific recommendations of the Compensation Committee with respect to executive compensation for the fiscal year ended December 31, 2009 are described in greater detail in the Compensation Discussion and Analysis section of this proxy statement.

Compensation Committee Interlocks and Insider Participation

As indicated above, the Compensation Committee currently consists of Mr. Ahrens, Ms. Rimel and Dr. Prystowsky. No member of the Compensation Committee has ever been an executive officer or employee of ours. None of our officers currently serves, or has served during the last completed year, on the Compensation Committee or the Board of Directors of any other entity that has one or more officers serving as a member of the Board of Directors or the Compensation Committee.

Nominating and Corporate Governance Committee

During fiscal year 2009, the Nominating and Corporate Governance Committee met three (3) times. In February 2009, in connection with his appointment as the Company's President and Chief Executive Officer, Mr. Thurman resigned from the Nominating and Corporate Governance Committee, where he had served as the Chair. Dr. Rubin was then appointed as the Chair. Following Mr. Thurman's resignation, the Nominating and Corporate Governance Committee is comprised of Mr. Ahrens and Drs. Prystowsky and Rubin, with the addition of Mr. Middleton who joined the Nominating and Corporate Governance Committee in May, 2009.

The Board of Directors has adopted a Nominating and Corporate Governance Committee Charter which is available on our website at <http://investors.cardionet.com>. All members of the Nominating and Corporate Governance Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards).

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The functions of the Nominating and Corporate Governance Committee include, among other things:

identifying, reviewing and evaluating candidates to serve on our Board of Directors consistent with criteria approved by our Board of Directors;

determining the minimum qualifications for service on our Board of Directors;

evaluating director performance on the Board of Directors and applicable committees of the Board of Directors and determining whether continued service on our Board of Directors is appropriate;

reviewing, evaluating and recommending individuals for membership on our Board of Directors;

evaluating nominations by stockholders of candidates for election to our Board of Directors;

considering and assessing the independence of members of our Board of Directors;

developing, as appropriate, a set of corporate governance policies and principles, including a code of business conduct and ethics and reviewing and recommending to our Board of Directors any changes to such policies and principles;

periodically reviewing with our CEO the succession plans for the office of CEO and for other key executive officers, and making recommendations to our Board of Directors of appropriate individuals to succeed to these positions;

considering questions of possible conflicts of interest of directors as such questions arise;

reviewing the adequacy of our Nominating and Corporate Governance Committee charter on a periodic basis; and

reviewing and evaluating, at least annually, the performance of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. The Nominating and Corporate Governance Committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of the Company's stockholders. However, the Nominating and Corporate Governance Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board of Directors, the operating requirements of the Company and the long-term interests of stockholders. In conducting this assessment, the Nominating and Corporate Governance Committee considers diversity, age, skills, and such other factors as it deems appropriate given the current needs of the Board of Directors and the Company, to maintain a balance of knowledge, experience and capability. The Nominating and Corporate Governance Committee places a high priority on identifying individuals with diverse skill sets and types of experience including identification of individuals from among the medical professional and medical device communities. In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews these directors' overall service to the Company during their terms, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair the directors' independence. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee is independent for Nasdaq purposes, which determination is based upon applicable Nasdaq listing standards, applicable SEC rules and regulations

and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board of Directors. The Nominating and Corporate Governance Committee meets to discuss and consider the candidates' qualifications and then selects a nominee by majority vote.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. The Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder. Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board of Directors for the 2011 Annual Meeting of Stockholders may do so by delivering a written recommendation to the Nominating and Corporate Governance Committee on or before January 30, 2011 at the following address: 227 Washington Street #201, Conshohocken, Pennsylvania 19428, Attn: Secretary. Submissions must include the full name of the proposed nominee, a description of the proposed nominee's business experience for at least the previous five years, complete biographical information, a description of the proposed nominee's qualifications as a director and the name of the nominating stockholder, a representation that the nominating stockholder is a beneficial or record holder of the Company's stock and has been a holder for at least one year. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

The Company's Board of Directors has adopted a formal process by which stockholders may communicate with the Board of Directors or any of its directors. This information is available on the Company's website at <http://investors.cardionet.com>.

CODE OF ETHICS

The Company has adopted the CardioNet, Inc. Code of Business Conduct and Ethics that applies to all officers, directors and employees, which was amended and updated to reflect current business practice and industry regulation on January 22, 2009. We intend to maintain the highest standards of ethical business practices and compliance with all laws and regulations applicable to our business. The Code of Business Conduct and Ethics is available on our website at <http://investors.cardionet.com>. If the Company makes any substantive amendments to the Code of Business Conduct and Ethics or grants any waiver from a provision of the Code to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver on its website at <http://investors.cardionet.com>.

PROPOSAL 2**RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS**

The Audit Committee of the Board of Directors has selected Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2010 and has further directed that management submit the selection of independent auditors for ratification by the stockholders at the Annual Meeting. Ernst & Young LLP has audited the Company's financial statements since 2004. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither the Company's Bylaws nor other governing documents or law require stockholder ratification of the selection of Ernst & Young LLP as the Company's independent auditors. However, the Audit Committee of the Board of Directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee of the Board of Directors will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the Board of Directors in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of Ernst & Young LLP. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

In 2009, the Company entered into an engagement agreement with Ernst & Young LLP which sets forth the terms by which Ernst & Young LLP will perform audit services for the Company. That agreement is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

The following table represents aggregate fees billed to the Company for the fiscal years ended December 31, 2008 and December 31, 2009, by Ernst & Young LLP, the Company's principal accountant. All fees described below were approved by the Audit Committee.

	Fiscal Year Ended	
	2009	2008
Audit Fees(1)	\$ 958,772	\$ 636,000
Audit-related Fees (specifically describe audit-related fees incurred)	\$ 0	\$ 0
Tax Fees(2)	\$ 120,937	\$ 487,000
All Other Fees(3)	\$ 0	\$ 0
Total Fees	\$ 1,079,709	\$ 1,123,000

- (1) Audit fees were principally for services rendered for the audit and/or review of our consolidated financial statements. Also includes fees for services rendered in connection with (i) a private placement of preferred stock prior to our initial public offering and (ii) our initial public offering, including, without limitation, the filing of registration statements and other documents with the SEC, the issuance of accountant consents and comfort letters and assistance in responding to SEC comment letters.

- (2) Tax Fees consist of fees billed in the indicated year for professional services performed by Ernst & Young LLP with respect to tax compliance, tax advice and tax planning.
- (3) All Other Fees consist of fees billed in the indicated year for other permissible work performed by Ernst & Young LLP that is not included within the above category descriptions.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has adopted policies and procedures for the pre-approval of audit and non-audit services rendered by our independent auditor, Ernst & Young LLP. The policies generally pre-approve specified services in the defined categories of audit services, audit-related services, and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee at its next scheduled meeting.

The Audit Committee has determined that the rendering of the services other than audit services by Ernst & Young LLP is compatible with maintaining the principal accountant's independence.

**THE BOARD OF DIRECTORS RECOMMENDS
A VOTE IN FAVOR OF PROPOSAL 2.**

EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers as of March 15, 2010:

Name	Age	Position
Executive Officers:		
Randy H. Thurman	60	Director, Chairman, President and Chief Executive Officer
Heather C. Getz, CPA	35	Senior Vice President and Chief Financial Officer
John F. Imperato	52	Senior Vice President, Business Operations
Anna McNamara, RN	62	Senior Vice President, Clinical Operations
Philip G. Leone	45	Senior Vice President, Reimbursement Services, Regulatory and Compliance