

BIO RAD LABORATORIES INC  
Form DEF 14A  
April 01, 2011

## SCHEDULE 14A

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

Exchange Act of 1934 (Amendment No. )

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

Check the appropriate box:

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

**BIO-RAD LABORATORIES, INC.**

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(Name of Registrant as Specified In Its Charter)

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

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

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Notes:

**BIO-RAD LABORATORIES, INC.**

**1000 Alfred Nobel Drive**

**Hercules, California 94547**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF**

**BIO-RAD LABORATORIES, INC.**

**TO BE HELD APRIL 26, 2011**

**TO THE STOCKHOLDERS OF BIO-RAD LABORATORIES, INC.:**

The annual meeting of the stockholders of Bio-Rad Laboratories, Inc., a Delaware corporation ( Bio-Rad or the Company ), will be held at the Company's corporate offices, 1000 Alfred Nobel Drive, Hercules, California 94547 on Tuesday, April 26, 2011 at 4:00 p.m., Pacific Daylight Time, to consider and vote on:

- (1) The election of two directors of the Company by the holders of outstanding Class A Common Stock and four directors of the Company by the holders of outstanding Class B Common Stock;
- (2) A proposal to ratify the selection of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2011;
- (3) A proposal to approve the Bio-Rad Laboratories, Inc. 2011 Employee Stock Purchase Plan;
- (4) An advisory (non-binding) vote on executive compensation;
- (5) An advisory (non-binding) vote on holding future advisory votes on executive compensation every 1, 2 or 3 years; and
- (6) Such other matters as may properly come before the meeting and at any adjournments or postponements thereof.

Our Board of Directors has fixed the close of business on February 25, 2011 as the record date for the determination of stockholders entitled to notice of and to vote at this annual meeting and at any adjournments or postponements thereof. Our stock transfer books will not be closed.

All stockholders are invited to attend the annual meeting in person, but those who are unable to do so are urged to execute and return promptly the enclosed proxy in the provided postage-paid envelope. Since a majority of the outstanding shares of each class of our common stock must be present or represented at the annual meeting to elect directors and conduct the other business matters referred to above, your promptness in returning the enclosed proxy will be greatly appreciated. Your proxy is revocable and will not affect your right to vote in person in the event you

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attend the meeting and revoke your proxy.

All stockholders who attend the annual meeting are invited to join us for a reception immediately following the meeting.

This proxy statement and the accompanying proxy card are first being distributed to stockholders on or about April 1, 2011.

**Important Notice Regarding the Internet Availability of Proxy Materials for our 2011 Annual Meeting of Stockholders to be held on April 26, 2011:**

**The proxy statement and annual report of**

**Bio-Rad Laboratories, Inc. are available at [www.bio-radproxy.com](http://www.bio-radproxy.com).**

By order of the Board of Directors

BIO-RAD LABORATORIES, INC.

SANFORD S. WADLER, Secretary

Hercules, California

April 1, 2011

## **BIO-RAD LABORATORIES, INC.**

**1000 Alfred Nobel Drive**

**Hercules, California 94547**

### **PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON APRIL 26, 2011**

#### **Information Regarding Proxies**

**Our Board of Directors is soliciting the enclosed proxy in connection with our annual meeting of stockholders to be held at our corporate offices, 1000 Alfred Nobel Drive, Hercules, California 94547 on Tuesday, April 26, 2011 at 4:00 p.m., Pacific Daylight Time, and at any adjournments or postponements thereof.** Copies of this proxy statement and the accompanying notice and proxy card are first being mailed on or about April 1, 2011 to all stockholders entitled to vote.

We will pay the cost of this proxy solicitation. In addition to solicitation by use of the mails, proxies may be solicited from our stockholders by our directors, officers and employees in person or by telephone, telegram or other means of communication. These directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Arrangements will be made with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy materials to beneficial owners of shares held of record by such brokerage houses, custodians, nominees and fiduciaries and for reimbursement of their reasonable expenses incurred in connection therewith. We may retain Georgeson Shareholder Services, a proxy solicitation firm, to solicit proxies in connection with our annual meeting at an estimated cost of \$6,500.

Shares for which a properly executed proxy in the enclosed form is returned will be voted at our annual meeting in accordance with the directions on such proxy. If no voting instructions are indicated with respect to one or more of the proposals, the proxy will be voted in favor of the proposal(s), and to approve those other matters that may properly come before the annual meeting at the discretion of the person named in the proxy. Any proxy may be revoked by the record owner of the shares at any time prior to its exercise by filing with our Secretary a written revocation or duly executed proxy bearing a later date or by attending the meeting in person and announcing such revocation. Attendance at the annual meeting will not, by itself, constitute revocation of a proxy.

#### **Voting Securities**

Our securities entitled to vote at the meeting consist of shares of our Class A Common Stock and Class B Common Stock, both \$0.0001 par value (collectively, Common Stock ). 22,716,814 shares of Class A Common Stock and 5,164,911 shares of Class B Common Stock were issued and outstanding at the close of business on February 25, 2011. Only stockholders of record at the close of business on February 25, 2011 will be entitled to notice of and to vote at the meeting. The presence, in person or by proxy, of the holders of a majority of our Voting Power, as hereinafter defined, will constitute a quorum for the transaction of business; *provided, however*, that the election of the Class A and Class B directors shall require the presence, in person or by proxy, of the holders of a majority of the outstanding shares of each respective class. Each share of Class A Common Stock is entitled to one-tenth of a vote and each share of Class B Common Stock is entitled to one vote, except in the election of directors and any other matter requiring the vote of one or both classes of Common Stock voting separately. The sum of one-tenth the number of outstanding shares of Class A Common Stock and the number of outstanding shares of Class B Common Stock constitutes our Voting Power.

Six directors are to be elected at the meeting. The holders of Class A Common Stock, voting as a separate class, are entitled to elect two directors. The holders of Class B Common Stock, also voting as a separate class,

are entitled to elect the other four directors. The stockholders do not have any right to vote cumulatively in any election of directors. Under Delaware law, directors elected by each class shall be elected by a plurality of the votes in the respective class.

On all other matters submitted to a vote at the annual meeting (except matters requiring the vote of one or both classes voting separately), the affirmative vote of the holders of a majority of our Voting Power present in person or represented by proxy is necessary for approval. The Board of Directors is not aware of any matters that might come before the meeting other than those mentioned in this proxy statement. If, however, any other matters properly come before the annual meeting, it is intended that the proxies will be voted in accordance with the judgment of the person or persons voting such proxies.

Abstentions and broker non-votes will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. With respect to the two directors to be elected by the holders of our Class A Common Stock, the two director nominees receiving the highest number of affirmative votes will be elected. With respect to the four directors to be elected by the holders of our Class B Common Stock, the four director nominees receiving the highest number of affirmative votes will be elected. A properly executed proxy marked to withhold authority with respect to the election of one or more director nominees will not be voted with respect to the director nominee(s) indicated, although it will be counted for purposes of determining the presence of a quorum. The proposal to ratify the appointment of our independent auditors must receive the affirmative vote of a majority of our Voting Power present in person or represented by proxy at the meeting in order for the proposal to be approved. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

There are no statutory or contractual rights of appraisal or similar remedies available to those stockholders who dissent from any matter to be acted upon.

**PRINCIPAL AND MANAGEMENT STOCKHOLDERS**

The following table presents certain information as of February 25, 2011 (except as noted below), with respect to our Class A Common Stock and Class B Common Stock beneficially owned by: (i) any person who is known to us to be the beneficial owner of more than five percent of the outstanding Common Stock of either class, (ii) each of our directors, (iii) certain of our executive officers named in the Summary Compensation Table of this proxy statement and (iv) all of our directors and executive officers as a group. The address for all executive officers and directors is c/o Bio-Rad Laboratories, Inc., 1000 Alfred Nobel Drive, Hercules, California, 94547.

Name and, with Respect to Owner of 5% or More, Address	Class A Common Stock(1)		Class B Common Stock	
	Number of Shares and Nature of Ownership(2)	Percent of Class	Number of Shares and Nature of Ownership(2)	Percent of Class
Blue Raven Partners, L.P.(3) 1000 Alfred Nobel Drive Hercules, CA 94547		0.0%	4,060,054	78.6%
Ariel Investments, LLC(4) 200 E. Randolph Drive, Suite 2900 Chicago, IL 60601	1,518,347	6.7%		0.0%
David & Alice N. Schwartz(5)(6)(7)(8) Bio-Rad Laboratories, Inc. 1000 Alfred Nobel Drive Hercules, CA 94547	3,089,315	13.6%	4,658,805	88.6%
Norman Schwartz(5)(7)(9)(10)(11) Bio-Rad Laboratories, Inc. 1000 Alfred Nobel Drive Hercules, CA 94547	270,206	1.2%	4,482,074	81.6%
Steven Schwartz(5)(9)(11)(12) Bio-Rad Laboratories, Inc. 1000 Alfred Nobel Drive Hercules, CA 94547	223,664	1.0%	4,075,442	78.9%
James J. Bennett(13)	32,546	0.1%	47,454	0.9%
Albert J. Hillman	6,926	0.0%	8,234	0.2%
Ted W. Love, M.D.		0.0%		0.0%
Louis Drapeau		0.0%		0.0%
John Goetz(7)	74,732	0.3%		0.0%
Bradford J. Crutchfield(7)	39,618	0.2%		0.0%
Christine A. Tsingos(7)	12,627	0.1%		0.0%
All directors and executive officers as a group(7)(13 persons)	3,596,053	15.7%	5,136,513	92.0%



- (1) Excludes Class A Common Stock that may be acquired on conversion of Class B Common Stock. Class B Common Stock may be converted to Class A Common Stock on a one for one basis and, if fully converted, would result in the following percentage beneficial ownership of Class A Common Stock: Blue Raven Partners, L.P. 14.6%; Ariel Investments, LLC 5.4%; David and Alice N. Schwartz 27.7%; Norman Schwartz 16.8%; Steven Schwartz 15.4%; James J. Bennett 0.3%; John Goetz 0.3%; Albert J. Hillman 0.1%; Ted W. Love, M.D., 0.0%; Louis Drapeau 0.0%; Bradford J. Crutchfield 0.1%; Christine A. Tsingos 0.0%; and all directors and executive officers as a group 30.7%. Management considers any substantial conversions by the executive officers or directors listed in the table to be highly unlikely.
- (2) Except as otherwise indicated and subject to applicable community property and similar statutes, the persons listed as beneficial owners of the shares have sole voting and investment power with respect to such shares. Number of shares is based on the statements of the stockholders where not identified specifically in the stockholder register.
- (3) David Schwartz, Alice N. Schwartz, Norman Schwartz and Steven Schwartz are general partners of Blue Raven Partners, L.P., a California limited partnership, and, as such, share voting and dispositive power over the Class B Common Stock held by Blue Raven Partners.
- (4) Based solely on a Schedule 13G/A filed on February 14, 2011 with the Securities and Exchange Commission pursuant to Rule 13d-1(b) of the Exchange Act.
- (5) Includes 4,060,054 shares of Class B Common Stock held by Blue Raven Partners, L.P.
- (6) David and Alice N. Schwartz each have a one-half community property interest in these shares. Also includes 34,311 shares of Class A Common Stock held by the David and Alice N. Schwartz Charitable Remainder Unitrust of which David and Alice N. Schwartz are the sole trustees. Also includes 41,176 shares of Class B Common Stock held by DANSA Partners Limited, a California limited partnership, of which David and Alice N. Schwartz are general partners. Also, includes: 480,423 shares of Class A Common Stock held by the David Schwartz 2009 Retained Annuity Trust of which a third party is the trustee; and 480,423 shares of Class A Common Stock held by the Alice N. Schwartz 2009 Retained Annuity Trust of which a third party is the trustee.
- (7) Includes shares with respect to which such persons have the right to acquire beneficial ownership immediately or within sixty days of February 25, 2011, under the Company's employee stock purchase plan and stock option agreements, as follows: David Schwartz, 94,685 Class B shares; Norman Schwartz, 325,008 Class B shares; John Goetz, 44,527 Class A shares; Bradford J. Crutchfield, 34,200 Class A shares; Christine A. Tsingos, 9,292 Class A shares, and all directors and officers as a group, 137,190 Class A shares and 419,693 Class B shares.
- (8) Includes the following total amount of shares pledged as security: 1,167,088 shares of Class A Common Stock and 41,176 shares of Class B Common Stock.
- (9) Norman Schwartz and Steven Schwartz are sons of David and Alice N. Schwartz.
- (10) Includes 11,874 shares of Class B Common Stock owned by Norman Schwartz's wife, as to which Norman Schwartz disclaims any beneficial ownership.
- (11) Includes 37,825 shares of Class A Common Stock pledged as security.

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(12) Includes 2,564 shares of Class A Common Stock and 11,874 shares of Class B Common Stock owned by Steven Schwartz's wife, as to which Steven Schwartz disclaims any beneficial ownership.

(13) James J. Bennett retired from the Board on March 23, 2011.

## I. ELECTION OF DIRECTORS

Our Board of Directors currently has six members. The six persons nominated are listed in the following table as the candidates nominated for the respective classes of Common Stock indicated. All are currently our directors with terms expiring as of the date of the annual meeting of stockholders or on election and qualification of their successors. David Schwartz and Alice N. Schwartz are husband and wife; Norman Schwartz is their son. No other family relationships exist among our current and nominated directors or executive officers. As husband and wife, David and Alice N. Schwartz share equally in all remuneration and other benefits accorded to either of them by us.

The directors elected at this meeting will serve until the next annual meeting of stockholders or until their respective successors are elected and qualified. The persons named in the proxy intend to vote the shares subject to such proxy for the election as directors of the persons listed in the following table. Although it is not contemplated that any nominee will decline or be unable to serve as a director, in the event that at the meeting or any adjournments or postponements thereof any nominee declines or is unable to serve, the persons named in the enclosed proxy will, in their discretion, vote the shares subject to such proxy for another person selected by them for director.

Name	Class of Common Stock to Elect	Age	Present Principal Employment, Business Experience and Qualifications	Director Since
Louis Drapeau	Class A	67	Mr. Drapeau is currently Vice President and Chief Financial Officer of InSite Vision, and from 2008 to 2011 was its Chief Executive Officer. From 2006 to 2007, he was Senior Vice President and Chief Financial Officer of Nektar Therapeutics. From 2004 to 2005 he was Acting Chief Executive Officer, and from 2002 to 2005 Senior Vice President and Chief Financial Officer, of BioMarin Pharmaceutical. From 1971 to 2002 he was with Arthur Andersen, where he was a Partner from 1983 to 2002 and Managing Partner from 1985 to 1997. He is also a Board member of Bionovo, Inc. and Intermune, Inc., and was a Board member of Inflazyme Pharmaceuticals Ltd. from 2006 to 2008. We believe that Mr. Drapeau's financial and business expertise gained through his many years as an accountant, executive and director of various public companies give him the qualifications and skills to serve as a director.	2007
Albert J. Hillman	Class A	79	Mr. Hillman retired from active practice as an attorney in 1996. He was Of Counsel to the law firm of Townsend and Townsend and Crew from 1995 through 2005 and a partner in the firm from 1965 to 1995, which firm serves as our patent counsel. We believe that Mr. Hillman's financial and business expertise gained through his law practice and over 30 years as a director of our Company give him the qualifications and skills to serve as a director.	1980

Name	Class of Common Stock to Elect	Age	Present Principal Employment, Business Experience and Qualifications	Director Since
Ted W. Love, M.D.	Class B	52	Dr. Love is currently Executive Vice President, Research and Development at Onyx Pharmaceuticals. From 2001 to 2009, he was the President and Chief Executive Officer and a Board member of Nuvelo, Inc., and was Chairman of Nuvelo's board of directors from 2005 to 2009. From 1998 to 2001, he was Senior Vice President of Development at Theravance, Inc. (formerly Advanced Medicine, Inc.). From 1992 to 1998, he was a research physician and Vice President of Product Development at Genentech, Inc. He is also a Board member of Santarus, Inc., ARCA biopharma, Inc., and Affymax, Inc. We believe that Dr. Love's technical, financial and business expertise gained through his many years as a researcher, executive and director of various public companies give him the qualifications and skills to serve as a director.	2010
Alice N. Schwartz	Class B	84	Mrs. Schwartz has been retired since 1979. From 1972 to 1978 she was a Research Associate at the University of California. As a co-founder of our Company, Mrs. Schwartz has a unique and invaluable understanding of our Company's business practices and core values. We believe that Mrs. Schwartz's technical and business expertise gained through her many years as a researcher and as a director of our Company give her the qualifications and skills to serve as a director.	1967
David Schwartz	Class B	87	Mr. Schwartz has been our Chairman of the Board since 1957. He served as our President and Chief Executive Officer from 1957 through 2002. As a co-founder of our Company, Mr. Schwartz has a unique and invaluable understanding of our Company's business practices and core values. We believe that Mr. Schwartz's technical and business expertise gained through his service to our Company since its inception and his wide-ranging experience in our industry for over 50 years give him the qualifications and skills to serve as a director.	1957
Norman Schwartz	Class B	61	Mr. Schwartz has been our President and Chief Executive Officer since January 1, 2003. He was our Vice President from 1989 to 2002, our Group Manager, Life Science, from 1997 to 2002 and our Group Manager, Clinical Diagnostics, from 1993 to 1997. We believe Mr. Schwartz's financial and business expertise gained through over 35 years of service with our Company, including as our President and Chief Executive Officer for over 8 years, give him the qualifications and skills to serve as a director.	1995

In addition to David Schwartz and Norman Schwartz, the following persons were our executive officers during all or part of 2010: Bradford J. Crutchfield, John Goetz, Giovanni Magni, Ronald W. Hutton, Christine A. Tsingos and Sanford S. Wadler. Bradford J. Crutchfield (age 48) was appointed Vice President and Group Manager of the Life Science Group in 2003. Previously, he held various positions within Bio-Rad since joining us in 1985, including Managing Director, Bio-Rad Microscience, and Manager of our BioMaterials Division. John Goetz (age 61) was appointed Vice President and Group Manager of the Clinical Diagnostics Group in 2000. Previously, he held various positions within Bio-Rad since joining us in 1974 including Plant Engineer, Manufacturing Manager, Division Manager, Quality Systems Division and Operations Manager of the Diagnostics Group. Giovanni Magni (age 54) was appointed Vice President and International Sales Manager in 2004. Previously, he held various positions within Bio-Rad since joining us in 1995, including Diagnostic Division Manager, Southern Europe and Diagnostics Group Operation Manager, France. Ronald W. Hutton (age 53) has been our Treasurer since 1997. Previously, he was Director of Treasury at Kaiser Aluminum & Chemical Corporation from 1993 to 1997. Christine A. Tsingos (age 52) was appointed our Chief Financial Officer in 2002 and Vice President in 2003. Previously, she was the Chief Operating Officer and Chief Financial Officer at Attest Systems, Inc., a provider of information technology asset discovery and management tools, from August 2002 to November 2002. Prior to that, Ms. Tsingos was a consultant to Attest Systems, Inc. from October 2000 to July 2002. She was the Chief Financial Officer at Tavolo, Inc., an online retailer of gourmet cookware and food, from November 1999 to September 2000, and she was Treasurer, and later Vice President and Treasurer, of Autodesk, Inc., a developer of design software, from May 1990 to November 1999. Sanford S. Wadler (age 64) has been our General Counsel and Secretary since 1989 and was appointed Vice President in 1996. Our executive officers also serve in various management capacities with our wholly owned subsidiaries.

**The Board of Directors recommends that you vote FOR the above-named director nominees for the class or classes of Common Stock that you hold.**

## COMMITTEES OF THE BOARD OF DIRECTORS

Our Board of Directors has an Audit Committee and a Compensation Committee. Because we are a controlled company, as explained below, our Board of Directors has no nominating committee or other committees performing similar functions. During 2010, our Board of Directors held a total of 12 meetings (including regularly scheduled and special meetings) and no director attended fewer than 75% of such meetings and meetings of any committee on which such director served.

### *Controlled Company*

Because the Schwartz family holds more than 50% of the voting power for the election of our Board of Directors, we are a controlled company for purposes of the New York Stock Exchange listing standards.

### *Independent Directors*

Louis Drapeau, Albert J. Hillman and Ted W. Love, M.D., are independent directors, as determined in accordance with the independence standards set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and Section 303A.02 of the New York Stock Exchange Listed Company Manual.

### *Audit Committee*

During 2010 our Audit Committee was composed of Louis Drapeau, Albert J. Hillman and Ted W. Love, M.D. Dr. Love joined the Audit Committee on March 24, 2010. All three Audit Committee members are independent directors as stated above, and each is able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. Our Board of Directors has determined that Louis Drapeau is a financial expert. The purpose of our Audit Committee is to oversee our accounting and financial reporting processes and the audits of our financial statements. Our Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of any independent auditor we engage, including resolution of any disagreements between our management and the independent auditor regarding financial reporting, and is responsible for reviewing and evaluating our accounting policies and system of internal accounting controls. In addition, our Audit Committee reviews the scope of our independent auditor's audit of our financial statements, reviews and discusses our audited financial statements with management, prepares the annual Audit Committee reports that are included in our proxy statements and annually reviews the Audit Committee's performance and the Audit Committee Charter, among other responsibilities. Our Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from us for, any independent counsel, experts or advisors that the Audit Committee believes to be necessary or appropriate in order to enable it to carry out its duties. Our Audit Committee met 12 times in the year 2010. A more complete discussion is provided in the Report of the Audit Committee of the Board of Directors of this proxy statement.

### *Compensation Committee*

Our Compensation Committee consisted of two directors, Albert J. Hillman and Louis Drapeau, and met 2 times in 2010. Mr. Drapeau joined the Compensation Committee on March 24, 2010. Our Compensation Committee reviews and approves our executive compensation policies. Our Compensation Committee does not have a charter. A more complete discussion of the Compensation Committee's duties and functions is provided in the Compensation Discussion and Analysis section of this proxy statement.

### *Nominating Committee Functions*

Our Board of Directors does not have a standing nominating committee or a committee performing similar functions. Our Board of Directors believes that it is appropriate for us not to have a standing nominating committee because we are controlled by the Schwartz family. Each member of our Board of Directors

participates in the consideration of director nominees. Albert J. Hillman, Ted W. Love, M.D. and Louis Drapeau are all independent directors, as stated above; David Schwartz, Alice N. Schwartz and Norman Schwartz are not. However, because we are a controlled company as stated above, we are not required to have a standing nominating committee comprised solely of independent directors.

Our Board of Directors has not adopted a charter governing the director nomination process. However, it is the policy of our Board of Directors to consider stockholder nominations for candidates for membership on our Board of Directors that are properly submitted as set forth below under the caption Communications with the Board of Directors. The stockholder must submit a detailed resume of the candidate together with a written explanation of the reasons why the stockholder believes that the candidate is qualified to serve on our Board of Directors. In addition, the stockholder must include the written consent of the candidate, provide any additional information about the candidate that is required to be included in a proxy statement pursuant to the rules and regulations of the Securities and Exchange Commission, and must also describe any arrangements or undertakings between the stockholder and the candidate regarding the nomination. In order to be considered for inclusion in next year's proxy statement, any such nominations must be properly submitted by December 3, 2011.

The director qualifications our Board of Directors has developed to date focus on what our Board of Directors believes to be those competencies that are essential for effective service on our Board of Directors. Qualifications for Directors include technical, operational and/or economic knowledge of our business and industries; experience in operational, financial and/or administrative management; financial and risk management acumen and experience in or familiarity with international business, markets and cultures, technological trends and developments, and corporate securities and tax laws. While a candidate may not possess every one of these qualifications, his or her background should reflect many of these qualifications. In addition, a candidate should possess integrity and commitment according to the highest ethical standards; be consistently available and committed to attending meetings; be able to challenge and share ideas in a positive and constructively critical manner and be responsive to our needs and fit in with other Board members from a business culture perspective.

Our Board of Directors identifies director nominees by first evaluating the current members of our Board of Directors who are willing to continue in service. Current members with qualifications and skills that are consistent with our Board of Directors' criteria for Board service are re-nominated. As to new candidates, our Board of Directors generally polls its members and members of our management for their recommendations. Our Board of Directors may also review the composition and qualification of the boards of our competitors, and may seek input from industry experts or analysts. Our Board of Directors reviews the qualifications, experience and background of the candidates, and as discussed below, considers diversity in these areas among all the Board members. In making its determinations, our Board of Directors evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate our success and represent stockholder interests through the exercise of sound judgment. Any recommendations properly submitted by stockholders will be processed and are subject to the same criteria as any other candidates.

Each of the nominees included on the attached proxy card was recommended for inclusion by all of the other members of our Board of Directors.

#### *Diversity*

We do not have a formal policy regarding consideration of diversity in selecting the nominees for our Board of Directors; however, we seek to nominate Directors with a variety of complimentary skills so that as a group, the Board will possess the appropriate talent, skills and expertise to oversee our businesses. As set forth above, the qualifications we look for in nominees for Directors (both new candidates and current Board members) include technical and operational knowledge of our business and industries; experience in operational, financial and/or risk management; and familiarity with international business, markets and cultures, as well as corporate securities and tax laws. Because not every nominee will possess all of these qualifications, our Board considers diversity in these factors when evaluating each nominee in the context of the Board as a whole.

*Board Leadership and Risk Oversight*

Our Board of Directors does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board believes it is in the best interest of the Company to make that determination based on the position and direction of the Company and the membership of the Board. Our Board of Directors has determined that having Norman Schwartz serve as Chief Executive Officer and David Schwartz serve as Chairman of the Board is in the best interest of the Company's stockholders at this time. This structure permits the Chief Executive Officer and the Chairman of the Board to focus on the management of our day-to-day operations and the oversight of the Board's activities, respectively.

Companies face a variety of risks, including credit risk, liquidity risk and operational risk. The Board of Directors believes an effective risk management system will timely identify the material risks that the Company faces, communicate necessary information with respect to material risks to senior executives and, as appropriate, to the Board of Directors or the relevant Board committee, implement appropriate and responsive risk management strategies consistent with the Company's risk profile and integrate risk management into the Company's decision-making. Our entire Board of Directors oversees general risk management of the Company and continually works, with the input of the Company's executive officers, to assess and analyze the most likely areas of future risk for the Company. The Board of Directors also encourages management to promote a corporate culture that incorporates risk management into the Company's corporate strategy and day-to-day business operations. In addition, our Audit Committee focuses on oversight of the financial risks of the Company. We believe that the leadership structure of our Board of Directors supports effective oversight of the Company's risk management.

*Communications with the Board of Directors*

Individuals, including stockholders, may contact an individual director, the Board as a group, or a specified Board committee or group, including the non-management directors or independent directors as a group, by the following means:

Bio-Rad Laboratories, Inc.

1000 Alfred Nobel Drive

Hercules, California 94547

Attention: Corporate Secretary

The Corporate Secretary will promptly forward all such communications to the Chairman of the Board. Louis Drapeau presides over the meetings of non-management directors or independent directors as a group.

*Availability of Documents*

Our Audit Committee Charter, Code of Business Ethics and Conduct and Corporate Governance Guidelines are available at the Investor Relations section of our Web site, [www.bio-rad.com](http://www.bio-rad.com).

*Board of Directors Policy Regarding Board Members Attendance at Annual Meetings*

Every member of our Board of Directors is expected to attend our annual meeting of stockholders in person, absent extraordinary circumstances such as a personal emergency. All of our directors attended last year's annual meeting of stockholders in person.



### **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During 2010 our Compensation Committee was composed of Albert J. Hillman and Louis Drapeau. Mr. Drapeau joined the Compensation Committee on March 24, 2010. No member of our Compensation Committee was at any time during 2010 or at any other time an officer or employee of the Company, and no member had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K promulgated by the Securities and Exchange Commission.

None of our executive officers has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of our board of directors or compensation committee during 2010.

### **TRANSACTIONS WITH RELATED PERSONS**

We maintain various policies and procedures relating to the review, approval, or ratification of transactions in which we are a participant and in which any of our directors, executive officers, 10% stockholders or their family members have a direct or indirect material interest. Our Management Guidelines provide that any transaction proposed, initiated or approved by our employees that poses an actual or potential conflict of interest requires the prior written approval of our Chief Executive Officer. In addition, our Board or certain executive officers, depending on the dollar value of the transaction, review and approve all material transactions through the expenditure approval procedures set forth in the Management Guidelines. Our Code of Business Ethics and Conduct, which applies to all of our directors, officers, employees, and in some cases, their family members, prohibits arrangements, agreements and acts which are, or may give the impression of being, conflicts of interest with us. In addition, each quarter we require our regional managers and financial officers to sign and send a written representation letter to the corporate financial reporting group wherein they are asked to disclose any related party transactions of which they are aware. Also, each year we require our directors and executive officers to complete a questionnaire which, among other things, identifies transactions or potential transactions with us in which a director or an executive officer or one of their family members or associate entities has an interest. We have also formed a disclosure committee that meets quarterly to discuss, among other matters, potential conflicts of interest.

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Program Objectives and Philosophy

Our named executive officers are: Norman Schwartz, President and Chief Executive Officer; Christine Tsingos, Vice President and Chief Financial Officer; David Schwartz, Chairman of the Board; John Goetz, Vice President and Group Manager of the Clinical Diagnostics Group; and Bradford J. Crutchfield, Vice President, Group Manager of the Life Science Group. We maintain various compensation programs for our named executive officers. Our executive compensation program, taken as a whole, has several objectives. The overriding objective of our executive compensation program is to attract, retain, motivate and develop the types of employees and executives who will move our business forward. We also want our executive compensation program to align the interests of the executives with the interests of the Company and its shareholders. Finally, we want to reward our executives for business achievements and satisfaction of corporate objectives without creating risks which could have a material adverse effect on the Company.

In developing our overall executive compensation program and in setting individual pay levels for the named executive officers, we strive to meet the following goals:

To pay salaries that are competitive in our industry and our geographical market.

To use executive pay practices that are commonly found in our industry, as appropriate.

To pay salaries and award merit increases on the basis of the individual executive's performance and contributions and the value of the executive's position within our organization.

To maintain a pay for performance outlook, particularly in our incentive programs.

To manage risk taking by incorporating objective company performance targets into our incentive programs.

Our executive compensation program is designed to reward our executives for Company and individual performance. Because we feel that each of our named executive officers provides unique services to us, we do not use a fixed relationship between base pay, annual performance-based cash bonus payments and equity awards. When we make our final decisions about a named executive officer's total compensation package for a year, we look at the three elements of compensation (base pay, potential performance-based bonus payments and equity awards) individually and as a complete package. We do not take into account amounts that a named executive officer may have realized with respect to a prior year as a result of performance-based bonus payments or stock option exercises when we establish pay levels and goals for the current year. Overall, we believe that our total compensation program for executives is reasonable while being competitive within the market in which we compete for executive talent.

### The Components of Our Executive Compensation Program

To achieve the above goals, we have created an executive compensation program which consists of base pay, a short term performance-based cash bonus program pursuant to the Incentive Bonus Plan, or IBP, and an equity grant program providing long-term incentives. We use this mix of compensation types for a variety of reasons:

These types of programs, as a package, are typically offered by the types of companies from which we typically seek executive talent.

These programs, as a package, provide an immediate and a long term incentive for the executive officers, thereby helping to align the executives' interests with those of the Company.

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These programs, as a package, provide the executives with short and long term rewards.

We apply differing performance goals to the various types of rewards to help motivate the executives to accomplish separate and diverse corporate and individual goals.

Diverse programs and performance targets help manage risk taking.

We also provide executives with a package of fringe benefits on the same basis that is provided to all full-time benefits eligible employees. These benefits include such items as health insurance, tax qualified profit sharing plan contributions and group term life insurance. We do not provide the executives with any benefits that are not generally available to other full-time professional employees.

We believe that our executive compensation program, taken as a whole, is a cost-effective method of providing competitive pay to our named executive officers and implementing our compensation philosophy and objectives.

**Our Process for Sett**