

DIAGNOSTIC PRODUCTS CORP

Form SC 13D

May 08, 2006

OMB APPROVAL
OMB Number: 3235-0145
Expires: February 28, 2009
Estimated average burden hours per response...15

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
Diagnostic Products Corporation

---

(Name of Issuer)

Common Stock, No Par Value Per Share

---

(Title of Class of Securities)

252450101

---

(CUSIP Number)

**Kevin M. Royer**

**Siemens Corporation**

**153 East 53<sup>rd</sup> Street, 56<sup>th</sup> Floor**

**New York, NY 10022**

**(212) 258-4151**

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

*Copy to:*

Karl A. Roessner

Clifford Chance US LLP

31 West 52<sup>nd</sup> Street

New York, New York 10019

(212) 878-8335

April 26, 2006

---

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

**Persons who respond to the collection of Information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

(Continued on following pages)

(Page 1 of 16 Pages)

---

CUSIP No. **252450101**

---

1. Name of Reporting Persons I.R.S. Identification Nos. of above person (entities only) **SIEMENS AKTIENGESELLSCHAFT**

---

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

---

3. SEC Use Only

---

4. Source of Funds **Not applicable**

---

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e) 0

---

6. Citizenship or Place of Organization **Federal Republic of Germany**

---

Number of Shares Beneficially Owned by Each Reporting Person With:	7. Sole Voting Power	<b>0</b>
	8. Shared Voting Power	<b>5,526,985</b>
	9. Sole Dispositive Power	<b>0</b>
	10. Shared Dispositive Power	<b>0</b>

---

11. Aggregate Amount Beneficially Owned by Each Reporting Person **5,526,985**

---

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares 0

---

13. Percent of Class Represented by Amount in Row (11) **18.7%**<sup>(1)</sup>

---

14. Type of Reporting Person

CO

---

(1) Based on 29,582,667 shares of common stock issued and outstanding as of April 24, 2006, as set forth in Section 3.3 of the Merger Agreement (as defined in Item 4 below).

(Page 2 of 16 Pages)

---

CUSIP No. **252450101**

---

1. Name of Reporting Persons I.R.S. Identification Nos. of above person (entities only) **SIEMENS MEDICAL SOLUTIONS USA, INC.**

---

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

---

3. SEC Use Only

---

4. Source of Funds **Not applicable**

---

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e) 0

---

6. Citizenship or Place of Organization **Delaware**

---

Number of Shares Beneficially Owned by Each Reporting Person With:	7.	Sole Voting Power	<b>0</b>
	8.	Shared Voting Power	<b>5,526,985</b>
	9.	Sole Dispositive Power	<b>0</b>
	10.	Shared Dispositive Power	<b>0</b>

---

11. Aggregate Amount Beneficially Owned by Each Reporting Person **5,526,985**

---

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares 0

---

Edgar Filing: DIAGNOSTIC PRODUCTS CORP - Form SC 13D

13. Percent of Class Represented by Amount in Row (11)

18.7%<sup>(1)</sup>

---

14. Type of Reporting Person

CO

---

(1) Based on 29,582,667 shares of common stock issued and outstanding as of April 24, 2006, as set forth in Section 3.3 of the Merger Agreement (as defined in Item 4 below).

(Page 3 of 16 Pages)

---

**Item 1. Securities and the Issuer**

This statement on Schedule 13D relates to shares of common stock, no par value per share (the Common Stock ), of Diagnostic Products Corporation (the Issuer or the Company ), a corporation organized under the laws of the State of California, with its principal executive offices located at 5210 Pacific Concourse Drive, Los Angeles, CA 90045.

**Item 2. Identity and Background**

This statement is being filed jointly by Siemens Aktiengesellschaft, a corporation organized under the laws of the Federal Republic of Germany ( Siemens AG ), and Siemens Medical Solutions USA, Inc., a corporation organized under the laws of the State of Delaware ( Siemens Med US ).

Siemens AG has its principal office at Wittelsbacherplatz 2, D-80333 Munich, Federal Republic of Germany. Siemens AG's business is based in electronics and electrical engineering with strong market positions in equipment for telecommunications and networking, industrial automation, power generation, medical diagnostics, rail transportation systems, automotive electronics, water technologies and lighting.

Siemens Med US has its principal office at 51 Valley Stream Parkway, Malvern, Pennsylvania, 19355. Siemens Med US is an indirect, wholly-owned subsidiary of Siemens AG and its principal business is the design, development, manufacture and marketing of medical diagnostic and therapeutic systems and devices and information technology systems for clinical and administrative purposes.

The directors and officers of Siemens AG and Siemens Med US are named on Schedules I and II, respectively, attached hereto. Schedules I and II set forth the following information with respect to each such person:

- i. name;
- ii. business address (or residence address where indicated);
- iii. present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted; and
- iv. citizenship.

During the last five years, none of the Reporting Persons nor, to the best of each Reporting Person's knowledge, any person named in Schedule I or II attached hereto, has been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

**Item 3. Source and amount of Funds and Other Consideration**

Concurrently with entering into the Merger Agreement (as defined below in Item 4), Siemens Med US has entered into Shareholder Agreements (the Voting Agreements ) with certain holders of the Company's Common Stock, as described in more detail below. The Voting Agreements were entered into as an



inducement to Siemens Med US's willingness to enter into the Merger Agreement (as defined in Item 4 below), and Siemens Med US did not pay any consideration therefore.

Page 4 of 16

---

**Item 4. Purpose of the Transaction**

Siemens Med US, Dresden Acquisition Corporation, a corporation organized under the laws of the State of California and a wholly-owned subsidiary of Siemens Med US ( Merger Sub ), and the Company have entered into an Agreement and Plan of Merger, dated as of April 26, 2006 (the Merger Agreement ). The Merger Agreement provides, among other things, that as soon as practicable after the satisfaction of the conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the California General Corporation Law (the CGCL ), Merger Sub will be merged with and into the Company (the Merger ), and that each outstanding share of the Company s Common Stock (other than certain shares more fully described in the Merger Agreement) will be converted into the right to receive \$58.50 per share of the Company s Common Stock in cash (the Merger Consideration ), without interest, following the waiver or satisfaction of conditions set forth in the Merger Agreement, including obtaining the approval of the Company s shareholders. As a result of the Merger, the separate corporate existence of Merger Sub shall cease and the Company will continue as the surviving corporation (the Surviving Corporation ) and will become a wholly-owned subsidiary of Siemens Med US. If the transactions contemplated by the Merger Agreement are consummated, the shares of the Company s Common Stock will be delisted from the New York Stock Exchange and deregistered under Section 12(g)(4) of the Securities Exchange Act of 1934.

Under the Merger Agreement, unless otherwise determined by Siemens Med US, from and after the effective time of the Merger (the Effective Time ) the directors and officers as provided in the Merger Agreement shall be the initial directors and officers of the Surviving Corporation. Such persons shall serve as directors or hold office in accordance with the articles of incorporation and bylaws of the Surviving Corporation. Further, under the Merger Agreement, the articles of incorporation and bylaws of Merger Sub, as in existence immediately prior to the Effective Time, shall be the articles of incorporation and bylaws of the Surviving Corporation from and after the Effective Time unless and until amended in accordance with their terms and as provided by applicable law.

Concurrently with entering into the Merger Agreement, Siemens Med US entered into a Voting Agreement with each of Marilyn Ziering, Michael Ziering and Ira Ziering (each a Shareholder and, collectively, the Shareholders ), each dated as of April 26, 2006, pursuant to which, among other things, each Shareholder has agreed to cause his or her shares of the Company s Common Stock to be voted (i) in favor of the approval of the Merger Agreement and the Merger and (ii) against any Acquisition Proposal (as defined in the Voting Agreement) other than the Merger. Except as otherwise provided in the Voting Agreements, each Shareholder (i) has agreed not to sell, transfer, pledge, or otherwise dispose of any of his or her shares of the Company s Common Stock or offer to make such a sale, transfer, pledge or other disposition; (ii) has waived and agreed not to exercise or assert any applicable appraisal rights under Chapter 13 of the CGCL in connection with the Merger; and (iii) has agreed to execute and deliver such other documents and instruments and take such further actions as are necessary in order to ensure that Siemens Med US receives the benefit of his or her respective Voting Agreement.

Each of the Voting Agreements terminates upon the earliest to occur of (i) the mutual written consent of Siemens Med US and the Shareholder; (ii) the Effective Time; (iii) the termination of the Merger Agreement in accordance with its terms; or (iv) an amendment to the Merger Agreement that reduces or otherwise changes the form of the Merger Consideration to which the Shareholders would have been entitled.

Pursuant to each of the Voting Agreements, the respective Shareholder appointed Siemens Med US as such Shareholder's proxy to vote such Shareholder's shares of the Company's Common Stock at any meeting of shareholders of the Company or in other circumstances (i) in favor of the approval of the Merger Agreement and the Merger and (ii) against any Acquisition Proposal other than the Merger. Under the terms of each of the Voting Agreements, each respective Shareholder affirmed that his or her proxy is coupled with an interest and (subject to the terms of the Voting Agreement) may under no circumstances be revoked, and agreed not to enter into any agreement or commitment the effect of which would be inconsistent with or violative of the provisions of the Voting Agreement.

Page 5 of 16

---

Except as indicated above, none of Siemens AG, Siemens Med US or, to the best knowledge of Siemens AG and Siemens Med US, any person named in Item 2 has any plans or proposals that relate to or would relate to or would result in any of the events, actions or conditions specified in paragraphs (a) through (j) of Item 4 of Schedule 13D.

References to and descriptions of the Merger Agreement and the Voting Agreements as set forth in this Item 4 are qualified in their entirety by reference to the Merger Agreement and the Voting Agreements. The Merger Agreement is filed as Exhibit 2.1 of the Issuer's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 1, 2006 and is incorporated by reference in this Item 4. The Voting Agreements are attached as exhibits to this Schedule 13D and are incorporated by reference in this Item 4.

**Item 5. Interest in Securities of the Issuer**

Siemens Med US, pursuant to the Voting Agreements, has acquired the right to vote 5,526,985 shares of the Company's Common Stock, representing 18.7% of the outstanding shares of the Company's Common Stock as of April 24, 2006, in favor of the Merger (as described in Item 4) and, for the purposes of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, Siemens AG and Siemens Med US may be deemed to beneficially own 5,526,985 shares of the Company's Common Stock, representing 18.7% of the outstanding shares of the Company's Common Stock as of April 24, 2006. Siemens AG, Siemens Med US and any person named in Item 2 disclaim beneficial ownership of such shares of the Company's Common Stock. Siemens Med US has power to vote or to direct the voting of 5,526,985 shares of the Company's Common Stock pursuant to the Voting Agreements as described in Item 4. Except as described in this Schedule 13D, to the best knowledge of Siemens AG and Siemens Med US, no person named in Item 2 beneficially owns any shares of the Company's Common Stock. Except as described in Item 4, during the past 60 days there have been no other transactions in the securities of the Issuer effected by Siemens AG, Siemens Med US or, to the best knowledge of Siemens AG and Siemens Med US, the other persons named in Item 2.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

The Merger Agreement is filed as Exhibit 2.1 of the Issuer's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 1, 2006 and is incorporated herein by reference. The Voting Agreements are attached as exhibits to this Schedule 13D. The summaries of such agreements contained in this Schedule 13D are qualified in their entirety by reference to such agreements.

Except as provided in the Merger Agreement and the Voting Agreements or as otherwise described in this Schedule 13D, to the best knowledge of Siemens AG and Siemens Med US, there is no contract, arrangement, understanding or relationship (legal or otherwise) among the persons named in Item 2 and between such persons and any person with respect to any securities of the Issuer, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or voting of such securities, finder's fees, joint ventures, loan loss, guarantees of profits, division of profits or loss or the giving or withholding of proxies.

**Item 7. Material To Be Filed as Exhibits**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
1	Agreement and Plan of Merger, dated as of April 26, 2006, by and among Siemens Medical Solutions USA, Inc., Dresden Acquisition Corporation and Diagnostic Products Corporation (incorporated by reference to Exhibit 2.1 of Diagnostic Products Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 1, 2006).
2	Shareholder Agreement, dated as of April 26, 2006, by and between Siemens Medical Solutions USA, Inc. and Marilyn Ziering.
3	Shareholder Agreement, dated as of April 26, 2006, by and between Siemens Medical Solutions USA, Inc. and Michael Ziering.
4	Shareholder Agreement, dated as of April 26, 2006, by and between Siemens Medical Solutions USA, Inc. and Ira Ziering.
5	Joint Filing Agreement, dated as of May 8, 2006, by and between Siemens AG and Siemens Medical Solutions USA, Inc.

**SIGNATURES**

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

Dated May 8, 2006

SIEMENS AKTIENGESELLSCHAFT

By: /s/ Lothar Wilisch  
Name: Lothar Wilisch  
Title: Head of Capital Markets

By: /s/ Dr. Werner Schick  
Name: Dr. Werner Schick  
Title: Senior Counsel

SIEMENS MEDICAL SOLUTIONS USA, INC.

By: /s/ Georg Obermeyer  
Name: Georg Obermeyer  
Title: Executive Vice President, CFO &  
Treasurer

By: /s/ James R. Ruger  
Name: James R. Ruger, Ph.D  
Title: Secretary

(Page 8 of 16 Pages)

---

**SCHEDULE I**

The name, position and citizenship of each director and executive officer of Siemens AG are set forth below.

**SIEMENS AKTIENGESELLSCHAFT MANAGING BOARD**

<b>Name and Citizenship</b>	<b>Position with Siemens AG and Principal Occupation</b>	<b>Business Address</b>
Dr. Klaus Kleinfeld* Federal Republic of Germany	President and CEO	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Johannes Feldmayer* Federal Republic of Germany	Executive Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Dr. Thomas Ganswindt* Federal Republic of Germany	Executive Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Joe Kaeser* Federal Republic of Germany	Executive Vice-President and CFO	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Prof. Dr. Edward G. Krubasik* Federal Republic of Germany	Executive Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Rudi Lamprecht* Federal Republic of Germany	Executive Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Eduardo Montes Spain	Senior Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Dr. Jürgen Radomski* Federal Republic of Germany	Executive Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany





Name and Citizenship	Position with Siemens AG and Principal Occupation	Business Address
Prof. Dr. Erich R. Reinhardt Federal Republic of Germany	Senior Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Dr. Hermann Requardt Federal Republic of Germany	Senior Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Dr. Uriel J. Sharef* Federal Republic of Germany	Executive Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Prof. Dr. Claus Weyrich Federal Republic of Germany	Senior Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Prof. Dr. Klaus Wucherer* Federal Republic of Germany	Executive Vice-President	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany

---

\* Member of the  
Corporate  
Executive  
Committee of  
the Managing  
Board.

(Page 10 of 16 Pages)

---

**SIEMENS AKTIENGESELLSCHAFT SUPERVISORY BOARD**

<b>Name and Citizenship</b>	<b>Position with Siemens AG (if any) and Principal Occupation</b>	<b>Business Address</b>
Prof. Dr. Heinrich v. Pierer Federal Republic of Germany	Chairman of the Supervisory Board, Siemens AG	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Ralf Heckmann Federal Republic of Germany	First Deputy Chairman of the Supervisory Board, Siemens AG Chairman of the Central Works Council, Siemens AG	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Dr. Josef Ackermann Switzerland	Second Deputy Chairman of the Supervisory Board, Siemens AG Chairman of the Management Board, Deutsche Bank AG	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Lothar Adler Federal Republic of Germany	Deputy Chairman of the Central Works Council, Siemens AG	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Gerhard Bielezki Federal Republic of Germany	Chairman of the Works Council, Siemens AG, Dortmund facility	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
John David Coombe United Kingdom	Chartered Accountant (FCA)	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Hildegard Cornudet Federal Republic of Germany	Chairperson of the Central Works Council, Siemens Business Services GmbH &	Siemens AG c/o Chairman of the Supervisory Board

Co. OHG

Wittelsbacherplatz 2  
D-80333 Munich  
Germany

(Page 11 of 16 Pages)

---

Name and Citizenship	Position with Siemens AG (if any) and Principal Occupation	Business Address
Dr. Gerhard Cromme Federal Republic of Germany	Chairman of the Supervisory Board, ThyssenKrupp AG	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Birgit Grube Federal Republic of Germany	Office clerk, Siemens AG	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Heinz Hawreliuk Federal Republic of Germany	Head of the Company Codetermination Department, IG Metall	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Berthold Huber Federal Republic of Germany	Deputy Chairman, IG Metall	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Prof. Dr. Walter Kröll Federal Republic of Germany	Consultant	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Wolfgang Müller Federal Republic of Germany	Head of Siemens team, IG Metall	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Georg Nassauer Federal Republic of Germany	Chairman of the Combined Works Council, Siemens AG	Siemens AG c/o Chairman of the Supervisory Board

Wittelsbacherplatz 2  
D-80333 Munich  
Germany

(Page 12 of 16 Pages)

---

<b>Name and Citizenship</b>	<b>Position with Siemens AG (if any) and Principal Occupation</b>	<b>Business Address</b>
Thomas Rackow Federal Republic of Germany	Industrial manager, Siemens AG	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Dr. Albrecht Schmidt Federal Republic of Germany	Managing Bank Director (ret.)	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Dr. Henning Schulte-Noelle Federal Republic of Germany	Chairman of the Supervisory Board, Allianz AG	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Peter von Siemens Federal Republic of Germany	Industrial manager	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Jerry I. Speyer USA	President, TishmanSpeyer Properties	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany
Lord Iain Vallance of Tummel United Kingdom	Chairman, Nations Healthcare Ltd.	Siemens AG c/o Chairman of the Supervisory Board Wittelsbacherplatz 2 D-80333 Munich Germany

(Page 13 of 16 Pages)

**SCHEDULE II**

The name, position and citizenship of the members of the board of directors and the executive officers of Siemens Medical Solutions USA, Inc. are set forth below.

<b>Name and Citizenship</b>	<b>Principal Occupation/ Employment</b>	<b>Business Address</b>
Prof. Dr. Erich R. Reinhardt* Federal Republic of Germany	Senior Vice-President, Siemens AG Chairman of the Board of Directors, Siemens Medical Solutions USA, Inc.	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Thomas N. McCausland* USA	President and CEO, Customer Solutions Group, Siemens Medical Solutions USA, Inc.	Siemens Medical Solutions USA, Inc. 51 Valley Stream Parkway Malvern, PA 19355
Thomas Miller* USA	President, Health Services, Siemens Medical Solutions USA, Inc.	Siemens Medical Solutions Health Services Corporation 51 Valley Stream Parkway, MS-J16 Malvern, PA 19355
George Nolen* USA	President and CEO, Siemens Corporation	Siemens Corporation 153 East 53rd Street New York, NY 10022
Michael Reitermann* Federal Republic of Germany	President, Nuclear Medicine Group, Siemens Medical Solutions USA, Inc.	Siemens Medical Solutions USA, Inc. (Medical Technology) 2501 North Barrington Road Hoffman Estates, IL 60195
Hermann Requardt* Federal Republic of Germany	Senior Vice-President, Siemens AG	Siemens AG Wittelsbacherplatz 2 D-80333 Munich Germany
Ajit Singh* USA	President, Oncology Care Systems Group, Siemens Medical Solutions USA, Inc.	Siemens Medical Solutions USA, Inc. 4040 Nelson Avenue Concord, CA 94520-1271
Klaus Stegemann* Federal Republic of Germany	Chief Financial Officer, Siemens Medical Solutions Group of Siemens AG	Siemens AG Henkestrasse 127 D-91050 Erlangen





Name and Citizenship	Principal Occupation/ Employment	Business Address
Heribert Stumpf* Federal Republic of Germany	Executive Vice President and CFO, Siemens Corporation	Siemens Corporation 153 East 53rd Street New York, NY 10022
Georg Obermeyer Federal Republic of Germany	Executive Vice President, CFO & Treasurer, Siemens Medical Solutions USA, Inc.	Siemens Medical Solutions USA, Inc. 51 Valley Stream Parkway Malvern, PA 19355
Klaus Hambuechen Federal Republic of Germany	President, Ultrasound Division, Siemens Medical Solutions USA, Inc.	Siemens Medical Solutions USA, Inc. 1230 Shorebird Way Mountain View, CA 94043
James R. Ruger, Ph.D. USA	Secretary, Siemens Medical Solutions USA, Inc.	Siemens Medical Solutions USA, Inc. 51 Valley Stream Parkway Malvern, PA 19355
Anthonie Goudemond USA	Vice President, Human Resources, Siemens Medical Solutions USA, Inc.	Siemens Medical Solutions USA, Inc. 51 Valley Stream Parkway Malvern, PA 19355

---

\* Director of  
Siemens  
Medical  
Solutions USA,  
Inc.

(Page 15 of 16 Pages)

---



Edgar Filing: DIAGNOSTIC PRODUCTS CORP - Form SC 13D

2001	\$166,633	\$80,186	\$96,219	\$11,700(5)
Chief Financial Officer				
2000	\$150,499	\$65,913	5,000	\$11,519(5)
Steven C. Romelt				
2002	\$174,927(10)	\$87,611(10)	15,000	\$49,356 \$24,549(6)
Senior Managing Director and				
2001	\$160,478(10)	\$76,657(10)	\$91,981	\$17,896(6)
Chief Lending Officer of Imperial				
2000	\$153,697(10)	\$72,660(10)		\$20,678(6)
Don Nickbarg				
2002	\$163,004	\$64,990(11)	15,000	\$61,353 \$8,202(7)
Senior Managing Director and				
2001	\$130,946	\$62,550(11)	10,000	\$18,765 \$4,782(7)
Chief Banking Officer				
2000	\$118,533	\$33,000(11)	9,000	\$8,849(7)

---

- (1) Options were granted on various dates and vest one-third on each of the three subsequent anniversary dates of issuance.
- (2) \$400,000 of the 2002 bonus was deferred at the election of the named executive officer under ITLA Capital's Nonqualified Deferred Compensation plan. The respective amounts were \$200,000 and none in 2001 and 2000.
- (3) Consists of (a) \$23,400 in auto related benefits, (b) \$30,000 in supplemental housing payments, (c) \$7,760 in life insurance premiums, (d) \$5,500 in employer contributions to ITLA Capital's 401(k) plan and (e) \$36,598 in preferential interest on employee savings accounts in 2002. The respective amounts were \$23,400, \$30,000, \$7,760, \$5,100 and \$12,501 in 2001 and \$23,400, \$30,000, \$7,760, \$5,100 and \$9,995 in 2000.
- (4) Consists of (a) \$2,182 in auto related benefits, (b) \$3,049 in life insurance premiums, (c) \$6,000 in employer contributions to ITLA Capital's 401(k) plan and (d) \$10,422 in preferential interest on employee savings accounts in 2002. The respective amounts were \$2,182, \$2,054, \$5,100 and \$7,733 in 2001 and \$2,182, \$1,724, \$5,100 and \$5,393 in 2000.
- (5) Consists of (a) \$1,476 in auto related benefits, (b) \$5,500 in employer contributions to ITLA Capital's 401(k) plan and (c) \$5,206 in life insurance benefits and (d) no interest on employee savings accounts in 2002. The respective amounts were \$1,476, \$5,100, \$5,027 and \$97 in 2001 and \$1,476, \$5,100, \$4,943 and none in 2000.
- (6) Consists of (a) \$15,000 in auto related benefits, (b) \$821 in life insurance premiums, (c) none in employer contributions to ITLA Capital's 401(k) plan and (d) \$8,728 in preferential interest on employee savings accounts in 2002. The respective amounts were \$9,000, \$739, none and \$8,157 in 2001. The respective amounts were \$9,000, \$705, \$5,100 and \$5,873 in 2000.
- (7) Consists of (a) \$1,440 in auto related benefits, (b) \$6,000 in employer contributions to ITLA Capital's 401(k) plan and (c) \$762 in life insurance benefits in 2001 and (d) none in preferential interest on

**Table of Contents**

employee savings accounts in 2002. The respective amounts were \$1,440, \$2,880, \$378 and \$84 in 2001 and \$1,440, \$4,546, \$330 and \$2,533 in 2000.

- (8) Includes ITLA Capital stock granted and allocated to the Long-Term Supplemental Executive Retirement Plan under the Recognition and Retention Plan previously approved by the shareholders.
- (9) \$108,735 of the 2002 salary and \$57,633 of the 2002 bonus was deferred at the election of the named executive officer under ITLA Capital's Nonqualified Deferred Compensation plan. The respective amounts were \$100,269 and \$48,251 in 2001 and \$46,124 and \$85,636 in 2000.
- (10) \$171,721 of the 2002 salary and \$81,203 of the 2002 bonus was deferred at the election of the named executive officer under ITLA Capital's Nonqualified Deferred Compensation plan. The respective amounts were \$155,938 and \$71,188 in 2001, and none and \$61,770 in 2000.
- (11) \$10,000 of the 2002 bonus was deferred at the election of the named executive officer under ITLA Capital's Nonqualified Deferred Compensation plan. The respective amounts were none in 2001, and none in 2000.

The following table sets forth certain information concerning the number and value of stock option grants made to the Named Executive Officers in 2002. No stock appreciation rights have been granted pursuant to ITLA Capital's stock option plans.

**OPTION/ SAR GRANTS IN LAST FISCAL YEAR**

Name	Individual Grants				Potential Realizable Value of Assumed Annual Rates of Stock Price Appreciation for Option Term	
	Number of Underlying Options Granted (#)(1)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date	5% (\$)	10% (\$)
George W. Haligowski	37,500	12.8%	\$23.00	02/19/2012	\$542,421	\$1,374,603
Norval L. Bruce	20,000	6.8%	\$23.00	02/19/2012	\$289,291	\$733,122
Timothy M. Doyle	15,000	5.1%	\$23.00	02/19/2012	\$216,969	\$549,841
Steven C. Romelt	15,000	5.1%	\$23.00	02/19/2012	\$216,969	\$549,841
Don Nickbarg	15,000	5.1%	\$23.00	02/19/2012	\$216,969	\$549,841

- (1) The options vest equally over a three-year period, beginning with the first anniversary of the date of each individual grant. All of the options granted to the named executives were granted on February 19, 2002.

**Table of Contents**

The following table sets forth certain information concerning the number and value of stock options at December 31, 2002 held by the Named Executive Officers.

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND****OPTION VALUES AT DECEMBER 31, 2001**

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Unexercised Option at Fiscal Year-End		Value of Unexercised In-the-Money Options at Fiscal Year-End(1)	
			Exercisable	(#) Unexercisable	Exercisable (\$)	Unexercisable
George W. Haligowski		n/a	360,000	37,500	\$ 7,872,800	\$ 383,625
Norval L. Bruce		n/a	93,333	21,667	\$ 1,842,293	\$ 241,657
Timothy M. Doyle		n/a	58,333	16,667	\$ 1,058,568	\$ 190,507
Steven C. Romelt		n/a	50,000	15,000	\$ 889,000	\$ 153,450
Don Nickbarg		n/a	15,333	24,667	\$ 298,822	\$ 330,278

(1) The difference between the aggregate option exercise price and the closing price of \$33.23 of the underlying shares at December 31, 2002.  
**Agreements with Mr. Haligowski**

ITLA Capital has entered into an employment agreement with Mr. Haligowski. The employment agreement provides for an initial employment term of five years, with the agreement automatically annually extending for an additional one-year period each year unless either party provides the other with at least 90 days notice of the non-extension or termination. The employment agreement provides that ITLA Capital may terminate Mr. Haligowski for cause, as defined in the employment agreement. In the event Mr. Haligowski is involuntarily terminated, as defined in the employment agreement, including following a change of control, as defined in the employment agreement, Mr. Haligowski will be entitled to receive during the remaining term of the agreement his base salary calculated at the highest annual rate during the three years prior to his involuntary termination and the average amount of cash bonus and incentive compensation paid for the two years prior to his involuntary termination, if any, the continuation of all employment related benefits for the 60 months following the date of termination and the immediate vesting of any stock options and restricted stock awards previously granted and outstanding. As a result of a change of control, Mr. Haligowski will also be retained as a consultant for an eighteen month period following the change in control at a monthly consulting fee equal to 75% of his base salary and an additional contribution to his account in ITLA Capital's Supplemental Executive Retirement Plan equal to 3.95 times his base salary. In addition, the terms of the employment agreement shall be extended 60 months and stock options and restricted stock awards previously granted and outstanding, salary continuation plans, equity club memberships and other fringe benefits shall immediately vest following a change of control. The annual base salary for Mr. Haligowski under the employment agreement is currently \$447,500 (which may be increased from time to time by the Board of Directors). The employment agreement also provides for, among other things, annual incentive compensation, disability pay, participation in stock benefit and salary continuation plans, and other fringe benefits, including a supplemental housing payment of not less than \$2,500 per month, an automobile allowance of not less than \$1,950 per month, and life insurance coverage in an amount not less than four times Mr. Haligowski's annual salary. In addition, ITLA Capital must maintain health, dental and life insurance benefits for the 60 months following an involuntary termination and transfer title to ITLA Capital's owned vehicle currently used by Mr. Haligowski. In March 2000, ITLA Capital adopted a Salary Continuation Plan for the benefit of Mr. Haligowski. Under the terms of this plan, Mr. Haligowski will be entitled to receive monthly payments, based on 75% of his average monthly base salary for the three years preceding the year in which the plan benefits become payable, for a 15 year period. The benefits under the plan become payable on the earlier of Mr. Haligowski's retirement upon reaching age 65, or his death, disability, or involuntary termination (other than a termination for cause, as defined in the agreement). If Mr. Haligowski voluntarily terminates his employment prior to reaching age 65, the benefit payable to him under the plan will be prorated.

## **Table of Contents**

based on the ratio of the actual period that he worked while the plan is in effect to the scheduled period of time that he would have worked if he had continued to work until reaching age 65. If ITLA Capital undergoes a change of control, the vesting of plan benefits accelerates and become payable monthly over a ten-year period, with an increased monthly payment to reflect the shorter payment period.

### **Change of Control Agreements**

ITLA Capital has entered into change of control agreements with Messrs. Bruce, Doyle, Romelt and Nickbarg. The change in control agreements have initial terms of one year and shall automatically extend for additional one-year periods upon a change of control, as defined in the agreement, or upon their anniversary date, unless either party provides the other with at least 90 days notice of termination. These agreements provide that in the event the officer is involuntarily terminated within 24 months following a change of control, as defined in the agreement, the officer shall be entitled to receive upon such termination an amount equal to the greater of the annualized salary as in effect on the date of the change of control or the date of termination for a period of up to 18 months and a pro rata portion of his bonus from the previous year. In addition ITLA Capital will maintain health, dental and life insurance benefits for up to the next 18 months for each officer and transfer title to ITLA Capital's owned vehicle currently used by the officer or, in the event the officer receives a monthly cash car allowance in lieu of the use of our vehicle, ITLA Capital shall pay an amount equal to up to 18 times the monthly allowance. Stock options and restricted stock awards previously granted and outstanding will also immediately vest. The annual base salaries for Messrs. Bruce, Doyle, Romelt and Nickbarg are currently \$230,000, \$195,000, \$185,000 and \$175,000, respectively.

Both Mr. Haligowski's employment agreement and the change of control agreements also provide that to the extent any payments made may be considered excess parachute payments under Section 280G of the Internal Revenue Code that are subject to excise tax, ITLA Capital will pay an additional amount needed to insure that the amount of payments and value of benefits received equals the same amount in the absence of any excise tax.

### **Supplemental Executive Retirement Plan (SERP)**

The SERP provides that the compensation committee may make restricted stock awards under ITLA Capital's Recognition and Retention Plan (the RRP) on a tax deferred basis through the SERP. The SERP further provides that Mr. Haligowski shall receive an allocation annually, subject to the performance terms of the RRP, of a restricted stock award equal to one-third of his base salary and all other participants shall receive an award equal to one-fifth of base salary subject to the approval of the compensation committee, which may also allocate a greater or lesser award or no award in its discretion. For this purpose, each share of Common Stock has been valued at \$9.00 per share, the fair market value of the Common Stock on the date of issuance to the SERP. A participant shall only have a vested right to amounts allocated to his or her account if the participant is employed on the last day of a three year vesting cycle or earlier at the discretion of the compensation committee. Upon a change in control (as defined in the SERP), the participant shall have an accelerated vesting of all shares allocated to his or her account. The participant shall only have a right to vested shares in his or her account upon normal retirement, death, disability or termination. The last day of the next vesting cycle for shares allocated to the SERP accounts for the benefit of the participants for the years 2003, 2004 and 2005 is December 31, 2005.

### **Nonqualified Deferred Compensation Plan**

The ITLA Capital Corporation Supplemental Salary Savings Plan (the Supplemental Plan) and Nonqualified Deferred Compensation Plan (the Deferral Plan) are designed to provide additional retirement benefits for certain officers and highly compensated employees. The Supplemental Plan provides participating employees with an opportunity to make up benefits not available under ITLA Capital's 401(k) Plan due to any application of limitations on compensation and maximum benefits under the 401(k) Plan. Benefits under the Supplemental Plan are provided at the same time and in the same form as benefits under the 401(k) Plan, and become taxable to the participant at that point. The Deferral Plan allows a participant to defer receipt of, and current taxation upon, designated portions of the participant's direct cash compensation

## **Table of Contents**

until a future date specified by the participant. Both of these plans are unfunded plans, meaning that all benefits payable thereunder are payable from ITLA Capital's general assets, and funds available to pay benefits are subject to the claims of ITLA Capital's general creditors. ITLA Capital has established a Rabbi Trust with a third party FDIC insured financial institution which holds the contributions to the Supplemental Plan and Deferral Plan, for the purpose of providing the benefits set forth under the terms of the plans. Participants only have the rights of unsecured creditors with respect to the Rabbi Trust assets.

### **Compensation Committee Report on Executive Compensation**

The Compensation Committee of the Board of Directors has furnished the following report on executive compensation:

*Compensation Policies.* Under the supervision of the Board of Directors, ITLA Capital has developed and implemented compensation policies, plans and programs which seek to enhance the profitability of ITLA Capital, and thus shareholder value, by closely aligning the financial interests of ITLA Capital's employees, including its Chief Executive Officer and ITLA Capital's other senior management, with those of its shareholders.

The executive compensation program of ITLA Capital is designed to:

Support a pay-for-performance policy that differentiates compensation based on corporate and individual performance;

Motivate employees to assume increased responsibility and reward them for their achievements;

Provide compensation opportunities that are comparable to those offered by other leading companies, allowing ITLA Capital to compete for and retain talented executives who are critical to ITLA Capital's long-term success; and

Align the interests of executives with the long-term interests of shareholders through award opportunities that can result in ownership of Common Stock.

At present, the executive compensation program is comprised of salary, annual cash bonus incentive opportunities, long-term incentive opportunities in the form of stock options and restricted stock awards, and miscellaneous benefits typically offered to executives by major corporations. The Committee considers the total compensation (earned or potentially available) in establishing each element of compensation so that total compensation paid is competitive with the market place, based on an independent compensation consultant's survey of salary competitiveness of other financial institutions.

For Mr. Haligowski and the other executive officers, as an executive's level of responsibility increases, a greater portion of his or her potential total compensation opportunity is based on ITLA Capital performance incentives rather than on salary. Reliance on ITLA Capital performance causes greater variability in the individual's total compensation from year to year. By varying annual and long-term compensation and basing both on corporate performance, ITLA Capital believes executive officers are encouraged to continue focusing on building profitability and shareholder value.

*Salaries and Bonuses.* With respect to Mr. Haligowski's base salary, the Committee took into account a comparison of salaries of chief executive officers of financial institutions statewide and established Mr. Haligowski's salary at \$447,500 as of January 1, 2002. Likewise, each executive officer's base salary was determined utilizing financial institution compensation surveys. Mr. Haligowski's cash bonus for 2002 was determined by the Committee after considering Mr. Haligowski's individual performance and the performance of ITLA Capital during 2002, as well as the recommendation of the independent compensation consultant. The 2002 cash bonuses for the other executive officers were also determined by the Committee based on the individual performance of each officer and the performance of ITLA Capital during 2002, as well as the recommendations of Mr. Haligowski.

*Stock Option Awards.* The Employee Stock Incentive Plan is designed to align a significant portion of the executive compensation program with shareholder interests. The Employee Stock Incentive Plan provides

**Table of Contents**

for the granting of stock-based awards. To date, stock options are the only awards granted under the Employee Stock Incentive Plan to executive officers and other key employees.

*Restricted Stock Awards.* In 1996, the Committee adopted a policy relating to the granting of restricted stock awards to executive officers and certain key employees under the RRP to be carried out by the Committee. Under this policy, awards may be granted to plan participants by the Committee utilizing objective criteria adopted by the Committee and approved by the Board of Directors, after taking into account the proposed allocations under ITLA Capital's SERP, the practices of other publicly traded financial institutions and such other factors as deemed appropriate. In addition, under the formula, no awards under the proposed RRP may be granted in any year in which Imperial Capital Bank does not achieve a return on average assets of at least .50% and remain adequately capitalized under FDIC rules.

**Shareholder Return Performance Presentation\***

Set forth below is a line graph comparing the yearly percentage change in the cumulative total shareholder return on ITLA Capital's Common Stock against the cumulative total return of the SNL All Thrift Index and the Nasdaq Market Index for the period commencing December 31, 1997 and ended December 31, 2002.

**ITLA Capital Corporation****Period Ending**

<b>Index</b>	<b>12/31/97</b>	<b>12/31/98</b>	<b>12/31/99</b>	<b>12/31/00</b>	<b>12/31/01</b>	<b>12/31/02</b>
ITLA Capital Corporation	100.00	78.57	65.26	99.35	108.88	172.62
NASDAQ Total US*	100.00	140.99	261.48	157.42	124.89	86.33
SNL Thrift Index	100.00	87.95	71.85	114.72	122.62	146.28

\* Assumes \$100 invested on December 31, 1997. Total return assumes reinvestment of dividends.

**Certain Transactions**

During fiscal 2002, ITLA Capital utilized the services of Tisdale & Nicholson. Director Mayuga is a partner in that law firm. During 2002, this law firm received \$105,000 in legal fees from ITLA Capital, which was not in excess of 5% of the firm's total revenues for fiscal 2002.

During the year, ITLA Capital utilized the services of a public relations firm, which is owned by Director Lipscomb's spouse. During 2002, this public relations firm received \$68,000 in fees from ITLA Capital.



**Table of Contents**

**PROPOSAL II RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS**

On May 29, 2002, the Board of Directors of ITLA Capital dismissed ITLA Capital's independent auditors, Arthur Andersen LLP, and upon recommendation by its Audit Committee, approved the engagement of Ernst & Young LLP as ITLA Capital's independent auditors for the year ending December 31, 2002, subject to the ratification of that appointment by ITLA Capital's shareholders at the Meeting.

The reports of Arthur Andersen LLP on ITLA Capital's financial statements as of and for the years ending December 31, 2001 and 2000, did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During ITLA Capital's fiscal years ended December 31, 2001 and 2000, and the subsequent interim period from January 1, 2002 through May 29, 2002, there were no disagreements with Ernst & Young LLP on any matters of accounting principles or practices, financial statement disclosure, or auditing scope and procedures which, if not resolved to the satisfaction of Arthur Andersen LLP would have caused Ernst & Young LLP to make reference to the matter in their report. There were no reportable events as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

Prior to the dismissal of Arthur Andersen LLP, ITLA Capital did not consult with Ernst & Young LLP regarding: (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on ITLA Capital's financial statements; or (iii) a reportable event (as defined in paragraph 304(a)(1)(v) of Regulation S-K).

The Audit Committee of ITLA Capital's Board of Directors has engaged Ernst & Young LLP to serve as ITLA Capital's independent auditors for the 2003 fiscal year, subject to the ratification of that appointment by ITLA Capital's shareholders at the Meeting. A representative of Ernst & Young LLP is expected to attend the Meeting to respond to appropriate questions and will have an opportunity to make a statement if he or she so desires. Ratification of the appointment of the independent auditors requires approval of a majority of the votes cast on the proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE **FOR** THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS ITLA CAPITAL'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002.

For the fiscal year ended December 31, 2002, Ernst & Young LLP, the independent accounting firm which audited ITLA Capital's 2002 financial statements, provided various audit and non-audit services to ITLA Capital. Set forth below are the aggregate fees billed for these services.

(a) *Audit Fees.* The aggregate fees billed to ITLA Capital by Ernst & Young LLP for professional services rendered for the audit of ITLA Capital's financial statements for fiscal 2002 and the reviews of the financial statements included in ITLA Capital's Form 10-Qs for that year were \$181,000.00.

(b) *Financial Information Systems Design and Implementation Fees.* There were no fees for financial information systems design and implementation billed to ITLA Capital by Ernst & Young LLP for fiscal 2002.

(c) *All Other Fees.* Other than audit fees, the aggregate fees billed to ITLA Capital by Ernst & Young LLP for fiscal 2002 were \$91,600.00.

The Audit Committee of the Board of Directors considered whether the provision of the services described in item (c) above by Ernst & Young, LLP was compatible with maintaining the independence of Ernst & Young, LLP.

**SHAREHOLDER PROPOSALS**

In order to be eligible for inclusion in ITLA Capital's proxy materials for next year's Annual Meeting of Shareholders, any shareholder proposal to take action at such meeting must be received at ITLA Capital's executive office at 888 Prospect Street, Suite 110, La Jolla, California 92037 no later than March 2, 2004. Any



**Table of Contents**

such proposal will be subject to the requirements of the proxy rules adopted under the Exchange Act, and as with any shareholder proposal (regardless of whether included in ITLA Capital's proxy materials), ITLA Capital's certificate of incorporation and bylaws and Delaware law. To be considered for presentation at the next annual meeting, but not for inclusion in ITLA Capital's proxy materials for the meeting, a shareholder proposal must be received at ITLA Capital's executive office by May 1, 2004; however, if the date of the next annual meeting is held before July 10, 2004 or after September 28, 2004, the proposal must be received by the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which notice of the date of the annual meeting is mailed or public disclosure of the date of such meeting is first made.

**OTHER MATTERS**

As of the date of this Proxy Statement, the Board of Directors is not aware of any business to come before the Meeting other than the matters described above in this Proxy Statement. If, however, any other matters should properly come before the Meeting, it is intended that the Board of Directors, as proxy for the shareholder, will act in accordance with its best judgment.

The cost of solicitation of proxies will be borne by ITLA Capital. ITLA Capital will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Common Stock. In addition to solicitation by mail, directors, officers and regular employees of ITLA Capital may solicit proxies personally or by telegraph or telephone, without additional compensation. ITLA Capital has retained Regan & Associates, Inc. to assist in the solicitation of proxies for a fee estimated to be approximately \$3,000, plus reasonable out of pocket expenses.

By Order of the Board of Directors

GEORGE W. HALIGOWSKI  
*Chairman of the Board, President and  
Chief Executive Officer*

La Jolla, California  
June 30, 2003

**Table of Contents**

**REVOCABLE PROXY  
ITLA CAPITAL CORPORATION**

**ANNUAL MEETING OF SHAREHOLDERS**

**July 30, 2003**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints the Board of Directors of ITLA Capital Corporation ( ITLA Capital ), and its survivor, with full power of substitution, to act as attorneys and proxies for the undersigned to vote all shares of common stock of ITLA Capital which the undersigned is entitled to vote at the Annual Meeting of Shareholders (the Meeting ), to be held on July 30, 2003 at the Hyatt Regency La Jolla, 3777 La Jolla Village Drive, San Diego, California, at 2:00 p.m. (California Time), and at any and all adjournments or postponements thereof, as follows:

**THIS PROXY WILL BE VOTED AS DIRECTED, BUT IF NO INSTRUCTIONS ARE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL DIRECTOR NOMINEES NAMED HEREIN AND FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP. IF ANY OTHER BUSINESS IS PRESENTED AT THE MEETING, THIS PROXY WILL BE VOTED BY THE BOARD OF DIRECTORS, AS PROXY FOR THE SHAREHOLDER, IN THEIR BEST JUDGMENT. AT THE PRESENT TIME, THE BOARD OF DIRECTORS KNOWS OF NO OTHER BUSINESS TO BE PRESENTED AT THE MEETING.**

**PLEASE PROMPTLY COMPLETE, DATE, SIGN AND MAIL THIS PROXY IN THE ENCLOSED  
POSTAGE-PAID ENVELOPE**

---

**Table of Contents**

- DETACH PROXY CARD HERE -

**I. The election as directors of all nominees listed below, each for a three-year term:**

ELECTION OF DIRECTORS

- FOR**
- FOR ALL EXCEPT**
- VOTE WITHHELD**

**INSTRUCTION: To vote for all nominees, mark FOR. To vote for one or more nominee(s), but not all nominees, mark FOR ALL EXCEPT and strike a line through the name(s) of the nominee(s) below from whom you wish to withhold your vote. To withhold your vote from all nominees, mark VOTE WITHHELD.**

Norval L. Bruce,  
Jeffrey L. Lipscomb  
and Preston Martin

**II. The ratification of the appointment of Ernst & Young LLP as independent auditors for ITLA Capital for the fiscal year ending December 31, 2003.**

- FOR**
- AGAINST**
- ABSTAIN**

In its discretion, the Board of Directors, as proxy for the shareholder, is authorized to vote on any other business that may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors recommends a vote **FOR** the election of all director nominees named above and **FOR** the ratification of the appointment of Ernst & Young LLP.

This proxy may be revoked at any time before it is voted by: (i) duly executing a subsequent proxy relating to the same shares and delivering it to the Secretary of ITLA Capital prior to the exercise of this proxy; (ii) filing with the Secretary of ITLA Capital at or before the Meeting a written notice of revocation bearing a later date than the proxy; or (iii) attending the Meeting and voting in person (although attendance at the Meeting will not in and of itself constitute revocation of a proxy). If this proxy is properly revoked as described above, then the power of the Board of Directors as attorneys and proxies for the undersigned shall be deemed terminated and of no further force and effect.

The undersigned acknowledges receipt from ITLA Capital prior to the execution of this Proxy, of Notice of the Meeting, a related Proxy Statement and ITLA Capital's Annual Report to Shareholders for the fiscal year ended December 31, 2002.  
Dated: \_\_\_\_\_

\_\_\_\_\_  
PRINT NAME OF SHAREHOLDER

\_\_\_\_\_  
SIGNATURE OF SHAREHOLDER  
Please sign exactly as your name appears above on this card. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If shares are held jointly, each holder should sign.

**Please Detach Here**

**- You Must Detach This Portion of the Proxy Card -  
Before Returning it in the Enclosed Envelope**