

Opko Health, Inc.  
Form DEF 14A  
April 27, 2012

## SCHEDULE 14A INFORMATION

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

## OPKO HEALTH, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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

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(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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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:



April 27, 2012

Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the Annual Meeting of Stockholders of OPKO Health, Inc. to be held at its headquarters at 4400 Biscayne Blvd., Miami, Florida 33137, on Thursday, June 14, 2012, beginning at 10:00 a.m. local time.

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

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

We look forward to seeing you on June 14, 2012 and urge you to return your proxy card as soon as possible.

Sincerely,

Phillip Frost  
Chairman and Chief Executive Officer

**OPKO HEALTH, INC.**

**4400 Biscayne Blvd.**

**Miami, FL 33137**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD JUNE 14, 2012**

Notice is hereby given that the Annual Meeting of Stockholders (the "Annual Meeting") of OPKO Health, Inc., a Delaware corporation (the "Company"), will be held at the Company's headquarters at 4400 Biscayne Blvd., Miami, Florida, 33137, on Thursday, June 14, 2012, beginning at 10:00 a.m., local time, for the following purposes:

1. To elect as directors the ten nominees named in the attached proxy statement for a term of office expiring at the 2013 annual meeting of stockholders and until their respective successors are duly elected and qualified;
2. To approve the Company's 2007 Equity Incentive Plan for purposes of Internal Revenue Code Section 162(m); and
3. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Holders of record of our common stock, par value \$0.01 per share, and our 8% Series D Cumulative Convertible Preferred Stock, par value \$.01 per share, at the close of business on April 16, 2012, will be entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

**Please sign, date, and return the enclosed proxy in the postage paid, self-addressed envelope provided, or vote by Internet (instructions are on your proxy card). Management asks that you do this whether or not you plan to attend the Annual Meeting. Should you attend, you may, if you wish, withdraw your proxy and vote your shares in person.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on June 14, 2012**

The Proxy Statement and 2011 Annual Report are available at [www.opko.com](http://www.opko.com).

By Order of the Board of Directors,

Kate Inman  
Secretary

Miami, Florida

April 27, 2012

**OPKO HEALTH, INC.**

**PROXY STATEMENT FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD**

**THURSDAY, JUNE 14, 2012**

This proxy statement is furnished by the Board of Directors ( Board ) of OPKO Health, Inc. (the Company or we, us or our ) in connection with the solicitation of proxies to be voted at the Annual Meeting of Stockholders of the Company that will be held at the Company's headquarters at 4400 Biscayne Blvd., Miami, Florida 33137, on Thursday, June 14, 2012, beginning at 10:00 a.m., local time, and all adjournments thereof (the Annual Meeting ), for the purposes set forth in the accompanying Notice of Annual Meeting.

Our Board has fixed the close of business on April 16, 2012, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournments thereof. As of that date, there were issued and outstanding 295,089,072 shares of our common stock, par value \$0.01 per share, and 1,129,032 shares of our 8% Series D Cumulative Convertible Preferred Stock, par value \$.01 per share ( Series D Preferred Stock ). The holders of our common stock are entitled to one vote for each outstanding share on all matters submitted to our stockholders, and holders of our Series D Preferred Stock vote on an as-converted to common stock basis. As of April 16, 2012, each share of Series D Preferred Stock was convertible into approximately ten shares of common stock.

A nominee for director will be elected to the Board if the votes cast in favor of a nominee by the holders of shares of our common stock and Series D Preferred Stock present or represented and entitled to vote at the Annual Meeting at which a quorum is present and voting together as a single class exceed the votes cast against a nominee. In addition, the 2007 Equity Incentive Plan will be approved for purposes of Internal Revenue Code Section 162(m) if the votes cast in favor of the proposal by the holders of shares of our common stock and Series D Preferred Stock present or represented and entitled to vote at the Annual Meeting at which a quorum is present and voting together as a single class exceed the votes cast against the proposal. Any other matter that may be submitted to a vote of our stockholders at the Annual Meeting will be approved if the number of shares of common stock and Series D Preferred Stock voted for the proposal exceed the votes cast against the proposal, unless such matter is one for which a greater vote is required by law or our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws.

The presence, in person or by proxy, of holders of a majority of our outstanding common and preferred stock constitutes a quorum at the Annual Meeting. Shares of our stock represented by proxies that reflect abstentions will be counted for the purpose of determining the existence of a quorum at the Annual Meeting but will have no effect on the election of directors or the approval of our 2007 Equity Incentive Plan. Shares of stock represented by proxies that reflect broker non-votes (i.e., stock represented at the Annual Meeting by proxies held by brokers or nominees as to which (i) the brokers or nominees have not received instructions from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have the discretionary voting power on a particular matter) will not be counted for the purpose of determining the existence of a quorum at the Annual Meeting and will have no effect on matters for which brokers or banks do not have discretionary authority. A broker does not have the discretion to vote on the election of directors or the approval of the 2007 Equity Incentive Plan. Thus, a broker non-vote will have no effect on the election of directors or the approval of the 2007 Equity Incentive Plan.

Any stockholder giving a proxy will have the right to revoke it at any time prior to the time it is voted. A proxy may be revoked by: (i) written notice to us at or prior to the Annual Meeting, attention: Secretary; (ii) execution of a subsequent proxy; (iii) attendance and voting in person at the Annual Meeting; or (iv) re-voting by Internet (only your latest internet vote will be counted). Attendance at the Annual Meeting will not automatically revoke the proxy. All shares of our stock represented by effective proxies will be voted at the Annual Meeting or at any adjournment thereof. **Unless otherwise specified in the proxy, shares of our stock represented by proxies will be voted: (i) FOR the election of the Board's nominees for directors; (ii) FOR the approval of the 2007 Equity Incentive Plan; and (iii) in the discretion of the proxy holders with respect to such other matters as may properly come before the Annual Meeting.**

Our executive offices are located at 4400 Biscayne Blvd., Miami, Florida 33137. Mailing to stockholders of record on April 16, 2012 of the Notice of Annual Meeting, this proxy statement, the accompanying form of proxy and our Annual Report to Stockholders for our fiscal year ended December 31, 2011 ( fiscal 2011 ) will commence on or around April 27, 2012.

**Security Ownership of Certain Beneficial Owners and Management**

The following table contains information regarding the beneficial ownership of our voting stock as of April 16, 2012, held by (i) each stockholder known by us to beneficially own more than 5% of the outstanding shares of any class of voting stock; (ii) our directors and nominees; (iii) our Named Executive Officers in 2011 as defined in the paragraph preceding the Summary Compensation Table and our current executive officers; and (iv) all current directors and executive officers as a group. Except where noted, all holders listed below have sole voting power and investment power over the shares beneficially owned by them. Unless otherwise noted, the address of each person listed below is c/o OPKO Health, Inc., 4400 Biscayne Blvd., Miami, FL 33137.

Name and Address of Beneficial Owner	Class of Security	Amount and Nature Beneficial Ownership	Percentage of Class**
Frost Gamma Investments Trust	Common Stock	144,714,616 <sup>(1)</sup>	46.19%
	Series D Preferred	252,019 <sup>(2)</sup>	22.32%
The Frost Group, LLC	Common Stock	20,286,704 <sup>(3)</sup>	6.76%
Phillip Frost, M.D. CEO & Chairman of the Board	Common Stock	146,502,116 <sup>(4)</sup>	46.49%
	Series D Preferred	252,019 <sup>(2)</sup>	22.32%
Jane H. Hsiao, Ph.D., MBA Vice Chairman of the Board & Chief Technical Officer	Common Stock	28,311,706 <sup>(5)</sup>	9.42%
	Series D Preferred	80,645 <sup>(6)</sup>	7.14%
Steven D. Rubin Executive Vice President Administration and Director	Common Stock	6,247,608 <sup>(7)</sup>	2.10%
Rao Uppaluri, Ph.D. Senior Vice President and Chief Financial Officer	Common Stock	5,796,189 <sup>(8)</sup>	1.95%
Robert Baron, Director	Common Stock	436,000 <sup>(9)</sup>	*
John A. Paganelli, Director	Common Stock	390,000 <sup>(10)</sup>	*
Richard A. Lerner, M.D., Director	Common Stock	158,333 <sup>(11)</sup>	*
Richard C. Pfenniger, Jr., Director	Common Stock	170,000 <sup>(12)</sup>	*
Thomas E. Beier, Director	Common Stock	220,000 <sup>(13)</sup>	*
Alice Lin-Tsing Yu, M.D., Ph.D., Director	Common Stock	80,000 <sup>(14)</sup>	*
Dmitry Kolosov, Director Nominee	Common Stock	0	*
Brilliant Champion Resources Limited	Series D Preferred	80,645	7.14%
Grandtime Associates Limited	Series D Preferred	120,970	10.71%
Kwang Shun Company Limited	Series D Preferred	403,225	35.71%
Oracle Partners, L.P.	Series D Preferred	80,645	7.14%
All Executive Officers and Directors as a group (11 persons)	Common Stock	188,311,952	57.92%
	Series D Preferred	332,664	29.46%

\* Less than 1%

\*\* Percentages of common stock based upon 295,089,072 shares of our common stock issued and outstanding at April 16, 2012; percentages for our Series D Preferred Stock based upon 1,129,032 shares of our Series D Preferred Stock issued and outstanding at April 16, 2012.

(1) Includes warrants to purchase 10,831,141 shares of common stock and 2,610,917 shares of common stock issuable as of April 16, 2012 upon conversion of 252,019 shares of Series D Preferred Stock. Also includes 15,490,546 shares of common stock and warrants to purchase 4,796,158 shares of common stock held by The Frost Group, LLC, of which Frost Gamma Investments Trust is a principal member. Frost Gamma Investments Trust disclaims beneficial ownership of the common stock and warrants held by The Frost Group, LLC, except to the extent of its pecuniary interest therein.

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- (2) Includes 252,019 shares of Series D Preferred Stock held by Frost Gamma Investments Trust. Dr. Frost is the trustee and Frost Gamma, Limited Partnership is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma, Limited Partnership. The general partner of Frost Gamma, Limited Partnership is Frost Gamma Inc. and the sole stockholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole stockholder of Frost-Nevada Corporation.
- (3) Includes warrants to purchase 4,796,158 shares of common stock.
- (4) Includes 110,985,854 shares of common stock, warrants to purchase 10,831,141 shares of common stock, and 2,610,917 shares of common stock issuable as of April 16, 2012 upon conversion of 252,019 shares of Series D Preferred Stock held by Frost Gamma Investments Trust. It also includes options to purchase 1,787,500 shares of common stock held by Dr. Frost. Dr. Frost is the trustee and Frost Gamma, Limited Partnership is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma, Limited Partnership. The general partner of Frost Gamma, Limited Partnership is Frost Gamma Inc. and the sole stockholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole stockholder of Frost-Nevada Corporation. The number of shares included above also includes 15,490,546 shares of common stock and warrants to purchase 4,796,158 shares of common stock owned directly by The Frost Group, LLC. Frost Gamma Investments Trust is a principal member of The Frost Group, LLC. Dr. Frost and the Frost Gamma Investments Trust disclaim beneficial ownership of these shares of common stock and warrants to purchase common stock, except to the extent of any pecuniary interest therein.
- (5) Includes warrants to purchase 2,936,580 shares of common stock and options to purchase 1,350,000 shares of common stock. Also includes 1,000,000 shares of common stock held by each of The Chiin Hsiung Hsiao Family Trust A and The Chiin Hsiung Hsiao Family Trust B, for which Dr. Hsiao serves as the sole trustee of both, warrants to purchase 201,613 shares of common stock, 3,097,800 shares of common stock and 835,482 shares of common stock issuable as of April 16, 2012 upon conversion of 80,645 shares of Series D Preferred Stock held by Hsu Gamma Investment, L.P, for which Dr. Hsiao serves as General Partner. Dr. Hsiao is a member of the Frost Group, LLC, which holds 15,490,546 shares of common stock and warrants to purchase 4,796,158 shares of common stock. Dr. Hsiao disclaims beneficial ownership of the shares of common stock and warrants held by The Frost Group, LLC, except to the extent of any pecuniary interest therein.
- (6) Includes 80,645 shares of Series D Preferred Stock held by Hsu Gamma Investment, L.P., for which Dr. Hsiao serves as general partner.
- (7) Includes warrants to purchase 1,036,440 shares of common stock and options to purchase 1,020,000 shares of common stock. Mr. Rubin is a member of the Frost Group, LLC, which holds 15,490,546 shares of common stock and warrants to purchase 4,796,158 shares of common stock. Mr. Rubin disclaims beneficial ownership of the shares of common stock and warrants held by The Frost Group, LLC, except to the extent of any pecuniary interest therein.
- (8) Includes warrants to purchase 950,070 shares of common stock and options to purchase 861,250 shares of common stock. It also includes 162,000 shares held directly by Dr. Uppaluri's wife. Dr. Uppaluri is a member of the Frost Group, LLC, which holds 15,490,546 shares of common stock and warrants to purchase 4,796,158 shares of common stock. Dr. Uppaluri disclaims beneficial ownership of the shares of common stock and warrants held by The Frost Group, LLC, except to the extent of any pecuniary interest therein. Dr. Uppaluri also disclaims ownership of 162,000 shares held by his wife.
- (9) Includes options to acquire 175,000 shares of common stock exercisable within 60 days of April 16, 2012.
- (10) Includes options to acquire 175,000 shares of common stock exercisable within 60 days of April 16, 2012.
- (11) Includes options to acquire 128,333 shares of common stock exercisable within 60 days of April 16, 2012 and 30,000 shares of restricted stock subject to certain vesting conditions.
- (12) Includes options to acquire 120,000 shares of common stock exercisable within 60 days of April 16, 2012.
- (13) Includes options to acquire 120,000 shares of common stock exercisable within 60 days of April 16, 2012. Also includes 100,000 shares of common stock held by the Thomas E. Beier Trust, for which Thomas Beier and Evelyn Beier are trustees.
- (14) Includes options to acquire 80,000 shares of common stock exercisable within 60 days of April 16, 2012.



**PROPOSAL ONE:****ELECTION OF DIRECTORS****Nominees for Election of Directors**

Pursuant to the authority granted to our Board of Directors under Article III of our Amended and Restated Bylaws, the Board has fixed the number of directors constituting the entire Board at ten. All ten directors are to be elected at the Annual Meeting, each to hold office until the 2013 annual meeting of stockholders and until his successor is duly elected and qualified. Each stockholder of record on April 16, 2012 is entitled to cast one vote for each share of our common stock and each stockholder of record on April 16, 2012 of our Series D Preferred Stock is entitled to vote on an as converted to common stock basis, either in favor of or against the election of each nominee, or to abstain from voting on any or all nominees. As of April 16, 2012, each share of our Series D Preferred Stock is convertible into approximately ten shares of common stock. All shares of our common stock and Series D Preferred Stock vote together as a single class. Although management does not anticipate that any nominee will be unable or unwilling to serve as director, in the event of such an occurrence, proxies may be voted in the discretion of the persons named in the proxy for a substitute designated by the Board, unless the Board decides to reduce the number of directors constituting the Board. Each nominee shall be elected if the votes cast in favor of a nominee by the holders of shares of our common stock and Series D Preferred Stock present or represented and entitled to vote at the Annual Meeting at which a quorum is present exceed the votes cast against a nominee.

The following sets forth information provided by the nominees as of April 16, 2012. With the exception of Dmitry Kolosov, all of the director nominees are currently serving as directors of the Company. All of the nominees have consented to serve if elected by our stockholders.

<b>Name of Nominee</b>	<b>Age</b>	<b>Year First Elected/ Nominated</b>	<b>Director</b>	<b>Positions and Offices with the Company</b>
Phillip Frost, M.D.	75	2007		Chairman of the Board and Chief Executive Officer
Jane H. Hsiao, Ph.D.	64	2007		Vice Chairman of the Board and Chief Technical Officer
Steven D. Rubin	51	2007		Director and Executive Vice President-Administration
Robert A. Baron	72	2003		Director
Thomas E. Beier	66	2008		Director
Richard A. Lerner, M.D.	73	2007		Director
Dmitry Kolosov	32	2012		Director Nominee
John A. Paganelli	77	2003		Director
Richard C. Pfenniger, Jr.	56	2008		Director
Alice Lin-Tsing Yu, M.D., Ph.D.	68	2009		Director

**Phillip Frost, M.D.** Dr. Frost became the CEO and Chairman of OPKO Health, Inc. upon the consummation of the merger of Acuity Pharmaceuticals Inc., Froprix Corporation and eXegenics, Inc. on March 27, 2007. Dr. Frost was named the Chairman of the Board of Teva Pharmaceutical Industries, Limited, or Teva, (NYSE:TEVA) in March 2010 and had previously been Vice Chairman since January 2006 when Teva acquired IVAX Corporation, or IVAX. Dr. Frost had served as Chairman of the Board of Directors and Chief Executive Officer of IVAX Corporation since 1987. He was Chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida from 1972 to 1986. Dr. Frost was Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until the acquisition of Key Pharmaceuticals by Schering Plough Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial Services Inc. (NYSE Amex:LTS), an investment banking, asset management, and securities brokerage firm providing services through its principal operating subsidiary, Ladenburg Thalmann & Co. Inc., in July 2006 and has been a director of Ladenburg Thalmann from 2001 until 2002 and again since 2004. Dr. Frost also serves as Chairman of the board of directors of PROLOR Biotech, Inc. (NYSE Amex: PBTH), a development stage biopharmaceutical company. He serves as a member of the Board of Trustees of the University of Miami and as a Trustee of each of the Scripps Research Institute, the Miami Jewish Home for the Aged, and the Mount Sinai Medical Center. Dr. Frost is also a director of Castle Brands (NYSE Amex:ROX), a developer and marketer of premium brand spirits. Dr. Frost previously served as a director for Continucare Corporation, Northrop Grumman Corp., Ideation Acquisition Corp., Protalix Bio Therapeutics, Inc., and SafeStitch Medical Inc., and as Governor and Co-Vice-Chairman of the American Stock Exchange (now NYSE Amex).

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

**Jane H. Hsiao, Ph.D., MBA.** Dr. Hsiao has served as Vice-Chairman and Chief Technical Officer of the Company since May 2007. Dr. Hsiao served as the Vice Chairman-Technical Affairs of IVAX from 1995 to January 2006. Dr. Hsiao served as Chairman, Chief Executive Officer and President of IVAX Animal Health, IVAX's veterinary products subsidiary, from 1998 to 2006. Dr. Hsiao has served as Chairman of the Board of each of Safestitch Medical, Inc. (OTCQB:SFES) and Non-Invasive Monitoring Systems, Inc. (OTCBB:NIMU), both medical device companies, since September 2007 and October 2008, respectively, and was named Interim Chief Executive Officer of Non-Invasive Monitoring Systems, Inc. in February 2012. Dr. Hsiao is also a director of PROLOR Biotech, Inc. (NYSE Amex: PBTH), a development stage biopharmaceutical company, Sorrento Therapeutics, Inc. (OTCBB:SRNE), a development stage biopharmaceutical company, and Neovasc, Inc. (TSXV:NVC), a company developing and marketing medical specialty vascular devices. Dr. Hsiao previously served as a director for Protalix BioTherapeutics, Inc.

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

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

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

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

Mr. Baron's history as an operating executive in a variety of industries combined with his experience as a director in other public companies, including other pharmaceutical and medical equipment manufacturers, allows him to bring strategic insight to the Board with respect to our business as well as emerging technologies and

business models. Through these experiences, Mr. Baron has also developed an appreciation for audit and corporate governance related issues and, he uses these skills as a member of the Audit Committee and Corporate Governance and Nominating Committee of our Board of Directors.

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

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

**Richard A. Lerner, M.D.** Dr. Lerner has served as a director of the Company since March 2007. Dr. Lerner served as President of The Scripps Research Institute, a private, non-profit biomedical research organization, from 1986 until 2011 and is currently serving as an institute professor. Dr. Lerner is a member of numerous scientific associations, including the National Academy of Science and the Royal Swedish Academy of Sciences. Dr. Lerner serves as director of Kraft Foods, Inc. (NYSE:KFT) and Sequenom, Inc. (Nasdaq:SQNM), a life sciences company. He is also on the board of directors for Intra-Cellular Therapies, a privately held biotechnology company. He previously served as a director of Xenor, a privately held biotechnology company, and on the Siemens Advisory Board for Molecular Medicine of Siemens AG.

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

**Dmitry Kolosov.** Mr. Kolosov has been nominated to serve as a director of the Company commencing at the 2012 Annual Meeting of Stockholders. Mr. Kolosov, an attorney, presently serves as the Vice President, Chief of Staff, and Member of the Management Board of the Skolkovo Foundation, a nonprofit organization in Russia charged by Russian President Dmitry Medvedev with creating a new science and technology city in the Moscow suburb of Skolkovo, which comprises a university, research institutions, centers of collective usage, business incubator, technology transfer and commercialization office, corporate offices and research and development centers, as well as residential space and social infrastructure. From 2002 until 2010 when he joined the Skolkovo Foundation, Mr. Kolosov served in various positions, including as Executive Secretary of the Board of Directors and Head of Shareholder Relations, and as Advisor to the Executive Chairman of the Board, of TNK-BP, a joint venture between BP plc and the Alfa-Access-Renova consortium, and among the ten largest private oil companies in the world.

Through his tenure with a large multi-national corporation and the Skolkovo Foundation, Mr. Kolosov has significant experience with international business and cross-border transactions, particularly in emerging markets, that will assist the Company as it expands internationally.

**John A. Paganelli.** Mr. Paganelli has served as a director of the Company since December 2003. Mr. Paganelli served as the Company's Interim Chief Executive Officer and secretary from June 29, 2005 through March 27, 2007, and Chairman of our Board of Directors from December 2003 through March 27, 2007. Mr. Paganelli served as President and Chief Executive Officer of Transamerica Life Insurance Company of New York from 1992 to 1997. Since 1987, Mr. Paganelli has been a partner in RFG Associates, a financial planning organization. Mr. Paganelli is also the Managing Partner of Pharos Systems Partners, LLC, an investment company, and he is Chairman of the Board of Pharos Systems International, a software company. He was Vice President and Executive Vice President of PEG Capital Management, an investment advisory organization, from 1987 until 2000. From 1980 to January 2003, Mr. Paganelli was an officer and director-stockholder of Mike Barnard Chevrolet, Inc., an automobile dealership. Mr. Paganelli also serves as a director of Western New York Energy, LLC and is on the Board of Trustees of Paul Smith's College. Mr. Paganelli previously served on the Board of Managers of Bridge Financial Services, LLC.

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

**Richard C. Pfenniger, Jr.** Mr. Pfenniger has served as a director of the Company since January 2008. Mr. Pfenniger served as Chief Executive Officer and President for Continucare Corporation (NYSE:CNU), a provider of primary care physician and practice management services, from October 2003 until October 2011, and served as Chairman of the Board of Directors of Continucare from September 2002 until October 2011. Previously, Mr. Pfenniger served as the Chief Executive Officer and Vice Chairman of Whitman Education Group, Inc. from 1997 through June 2003. Prior to joining Whitman, he served as the Chief Operating Officer of IVAX from 1994 to 1997, and, from 1989 to 1994, he served as the Senior Vice President-Legal Affairs and General Counsel of IVAX Corporation. Mr. Pfenniger currently serves as a director of GP Strategies Corporation (NYSE:GPX), a corporate education and training company, and SafeStitch Medical, Inc. (OTCQB:SFES), a medical device company.

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

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

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

**OUR BOARD RECOMMENDS A VOTE FOR THE ELECTION OF ALL NOMINEES NAMED ABOVE.**

**Identification of Executive Officers**

Set forth below is the name and age as of April 16, 2012 of each of our current executive officers, together with certain biographical information for each of them (other than Phillip Frost, Jane H. Hsiao, and Steven Rubin, for whom biographical information is included above under Nominees for Election of Directors ):

Name of Executive Officer	Age	Position and Offices with the Company
Rao Uppaluri, Ph.D.	62	Senior Vice President and Chief Financial Officer

**Rao Uppaluri, Ph.D.** Dr. Uppaluri has served as our Senior Vice President and Chief Financial Officer since May 2007. Dr. Uppaluri served as the Vice President, Strategic Planning and Treasurer of IVAX from 1997 until December 2006. Before joining IVAX, from 1987 to August 1996, Dr. Uppaluri was Senior Vice President, Senior Financial Officer and Chief Investment Officer with Intercontinental Bank, a publicly traded commercial bank in Florida. In addition, he served in various positions, including Senior Vice President, Chief Investment Officer and Controller, at Peninsula Federal Savings & Loan Association, a publicly traded Florida S&L, from October 1983 to 1987. His prior employment, during 1974 to 1983, included engineering, marketing and research positions with multinational companies and research institutes in India and the United States. Dr. Uppaluri currently serves on the board of directors of Kidville, Inc (OTCBB:KVIL), which operates large, upscale facilities, catering to newborns through five-year-old children and their families and offers a wide range of developmental classes for newborns to 5 year olds, Tiger X Medical, Inc. (OTCBB:CDOM), previously an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices, and Non-Invasive Monitoring Systems, Inc. (OTCBB:NIMU), a medical devices company. Dr. Uppaluri previously served on the board of directors of our company, Ideation Acquisition Corp., and Winston Pharmaceuticals Inc.

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## CORPORATE GOVERNANCE

Our common stock is listed on the New York Stock Exchange ( NYSE ). Prior to the transfer to the NYSE in September 2011, our stock was listed for trading on the NYSE Amex. As a result of this transfer we are now subject to NYSE listing standards, which we must be in full compliance with by September 2012. We are currently reviewing our charters and preparing governance guidelines as part of this transition. Pursuant to the Company s Amended and Restated Bylaws and the Delaware General Corporation Law, our business and affairs are managed under the direction of our Board of Directors. Directors are kept informed of the Company s business through discussions with management, including our Chief Executive Officer, Chief Financial Officer, and other senior officers, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees. The Company has adopted a Code of Business Conduct and Ethics that applies to all employees, officers, and directors of the Company. The Code of Business Conduct and Ethics is available on our website: [www.opko.com](http://www.opko.com) under Investor Relations. If the Company makes any substantive amendments to, or grants a waiver (including an implicit waiver) from, a provision of our Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act ), we will disclose such amendment or waiver on our website.

### Director Independence

In evaluating the independence of each of our directors and director nominees, the Board of Directors considers transactions and relationships between each director or nominee, or any member of his or her immediate family and the Company and its subsidiaries and affiliates. The Board of Directors also examined transactions and relationships between directors and director nominees or their known affiliates and members of the Company s senior management and their known affiliates. The purpose of this review is to determine whether any such relationships or transactions are inconsistent with a determination that the director is independent under applicable laws and regulations and NYSE listing standards. The Board of Directors affirmatively determined that a majority of our current directors, including Messrs. Robert A. Baron, John A. Paganelli, Richard C. Pfenniger, Jr., and Drs. Richard A. Lerner and Alice Lin-Tsing Yu, are independent directors within the meaning of the listing standards of NYSE and applicable law. The Board of Directors also determined that director nominee Dmitry Kolosov is independent and that Dr. Pascal Goldschmidt, who resigned from the Board of Directors on July 27, 2011, was independent under applicable law and the listing standards of NYSE. In making the independence determinations, the Board considered a number of factors and relationships, including without limitation (i) Dr. Frost s service as a member of the Board of Trustees for the University of Miami and its Service Committee, a 501(c)(3) entity for which Dr. Goldschmidt serves as an executive officer, (ii) Dr. Frost s service on the board of directors for Continucare Corporation until October 2011, an entity for which Mr. Pfenniger served as Chairman, Chief Executive Officer, and President until October 2011; (iii) Dr. Frost s membership on the Board of Trustees for the Scripps Research Institute, a 501(c)(3) entity for which Dr. Lerner served as President until December 2011; (iv) Dr. Lerner s restricted stock grant for exceptional Board service on September 8, 2009 valued at \$76,500; (v) Dr. Lerner s stock option award for service as Chairman of the Company s Scientific Advisory Board on June 9, 2011 valued at \$57,250; (vi) Dr. Lerner s service as a consultant and scientific advisor to Sorrento Therapeutics, Inc. at the time of the OPKO transaction with Sorrento; and (vii) Dr. Yu s service as a Distinguished Research Fellow and Associate Director at the Genomics Research Center, Academia Sinica, a Taiwanese entity from which the Company licenses technology. As required by the NYSE, the Company s independent directors meet at least annually in executive session without the presence of its non-independent directors or management.

### Board of Directors Voting

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

### **Board Leadership Structure**

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

Although the Board does not have a formal policy on whether the roles of Chief Executive Officer and Chairman of the Board should be separated, we believe that our current Board leadership structure is suitable for us. The Chief Executive Officer is the individual selected by the Board of Directors to manage our Company on a day to day basis, and his direct involvement in our business operations makes him best positioned to lead productive Board strategic planning sessions and determine the time allocated to each agenda item in discussions of our Company's short- and long-term objectives.

### **Board Role in Risk Oversight**

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

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

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

Our Board met nine times during fiscal 2011 and took action by written consent on one occasion. In fiscal 2011, all incumbent directors attended 75% or more of the Board meetings and meetings of the committees on which they served with the exception of Dr. Yu.

Although we encourage each member of our Board of Directors to attend our annual meetings of stockholders, we do not have a formal policy requiring the members of our Board of Directors to attend. Seven members of our Board of Directors attended the annual meeting of stockholders during fiscal 2011.

### **Executive Sessions; Presiding Director**

Our non-management directors meet separately from the Board of Directors from time to time as needed. Our independent directors meet in executive session from time to time as needed, but not less than annually. Our non-management or independent directors, as applicable, choose a presiding director by majority vote for each session. The presiding director is responsible for, among other things, presiding at the executive session for which he or she is chosen to serve and apprising the Chairman of the issues considered at such meetings.

### **Standing Committees of the Board of Directors**

Our Board of Directors maintains several standing committees, including a Compensation Committee, a Nominating and Governance Committee, and a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, and the rules and regulations promulgated thereunder.

These committees and their functions are described below. Our Board of Directors may also establish various other committees to assist it in its responsibilities. Our Board of Directors has adopted a written charter for each of its standing committees. The full text of each charter is available on our website at <http://www.opko.com>.

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

	Audit	Compensation	Corporate Governance and Nominating
Phillip Frost, M.D.			
Jane H. Hsiao, Ph.D., MBA			
Robert A. Baron	X	X	Chair
Thomas E. Beier			
Richard A. Lerner, M.D.		Chair	X
John A. Paganelli	X	X	
Richard C. Pfenniger, Jr.	Chair		
Steven D. Rubin			
Alice Lin-Tsing Yu, M.D., Ph.D.			

**Audit Committee**

Our Audit Committee oversees our corporate accounting and financial reporting process. Our Audit Committee met eight times during fiscal 2011. The responsibilities of our Audit Committee are set forth in a written charter adopted by our Board of Directors and reviewed and reassessed annually by the Audit Committee. Our Audit Committee:

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

determines the engagement of our independent registered public accounting firm;

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

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

reviews our accounting and financial reporting processes;

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

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

reviews the audits of our financial statements;

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

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

Our Audit Committee is composed of Messrs. Pfenniger (Chairman), Baron, and Paganelli. Our Board of Directors has determined that Mr. Pfenniger, who is independent (as independence for audit committee members is defined in NYSE listing standards and applicable SEC rules), is an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K.



### **Compensation Committee**

Our Compensation Committee reviews and either approves, on behalf of the Board of Directors, or recommends to the Board of Directors for approval, (i) annual salaries, bonuses, and other compensation for our executive officers, and (ii) individual equity awards for our employees and executive officers. Our Compensation Committee also oversees our compensation policies and practices. Our Compensation Committee met six times during fiscal 2011 and took action by written consent on one occasion. Our Compensation Committee may from time to time establish a subcommittee to perform any action required to be performed by a committee of non-employee directors pursuant to Rule 16b-3 under the Securities Exchange Act of 1934 and outside directors pursuant to Rule 162(m) under the Internal Revenue Code.

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

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

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

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

reviews and approves material changes in our employee benefit plans; and

administers our equity compensation and employee stock purchase plans.

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

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

### **Compensation Committee Interlocks and Insider Participation**

The members of our Compensation Committee are Dr. Lerner and Messrs. Baron and Paganelli. Dr. Goldschmidt served on the Compensation Committee until July 27, 2011, and Mr. Baron was appointed to the Compensation Committee on August 4, 2011. None of these individuals was at any time during fiscal 2011 an officer or employee of ours. Mr. Paganelli served as the Company's Interim Chief Executive Officer and Secretary from June 29, 2005 through March 27, 2007, and as Chairman of the Board of Directors from December 2003 through March 27, 2007.

### **Corporate Governance and Nominating Committee**

Our Corporate Governance and Nominating Committee's responsibilities include the selection of potential candidates for our Board of Directors, making recommendations to our Board of Directors concerning the structure and membership of the other Board committees, and considering director candidates recommended by others, including our Chief Executive Officer, other Board members, third parties, and stockholders. Our Corporate Governance and Nominating Committee is composed of Mr. Baron (Chairman) and Dr. Lerner. Our Corporate Governance and Nominating Committee met one time during fiscal 2011 and took action by written consent on one occasion. We believe that the composition of our Corporate Governance and Nominating Committee complies with applicable requirements of the Sarbanes-Oxley Act of 2002, the NYSE, and the SEC's rules and regulations, including those regarding the independence of our Corporate Governance and Nominating Committee members.



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

The Corporate Governance and Nominating Committee recommended to the Board that it nominate each of the incumbent directors and the director nominee for election at the 2012 Annual Meeting.

#### **Director Selection Criteria**

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

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

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

Our Chief Executive Officer recommended the nomination of Dmitry Kolosov for election to the Company's Board of Directors.

#### **Stockholder Nominations**

The Corporate Governance and Nominating Committee does not have a written policy with regard to consideration of director candidates recommended by stockholders. Nevertheless, it is the Corporate Governance and Nominating Committee's policy to consider director candidates recommended by stockholders. Stockholders who wish to recommend candidates for election to the Board of Directors must do so in writing. The recommendation should be sent to the Secretary of the Company, OPKO Health, Inc., 4400 Biscayne Boulevard, Miami, Florida 33137, who will forward the recommendation to the Corporate Governance and Nominating Committee. The recommendation must set forth (i) the name and address as they appear on the Company's books of the stockholder making the recommendation, the telephone number of such stockholder, and the name, address and telephone number of any beneficial owner, and the class and number of shares of capital stock of the Company owned of record by such stockholder and beneficially owned by such beneficial owner, (ii) the name of the candidate and all information relating to the candidate that is required to be disclosed in solicitations of proxies for election of directors under the SEC's proxy rules, (iii) a description of all relationships between the candidate and the recommending stockholder and any agreements or understandings between the recommending stockholder and the candidate regarding the nomination, and (iv) a description of all relationships between the candidate and any of the Company's competitors, customers, suppliers, labor unions (if any) and any other persons with special interests regarding the Company. The recommendation must be accompanied by the candidate's written consent to being

named in the Company's proxy statement as a nominee for election to the Board of Directors and to serving as a director, if elected, and by a representation from the stockholder and beneficial owner, if any, that such stockholder and beneficial owner intend to appear in person or by proxy at the Annual Meeting and intend to continue to hold the reported shares through the date of the Company's next annual meeting of stockholders. Stockholders must also comply with all requirements of the Company's Amended and Restated Bylaws with respect to nomination of persons for election to the Board of Directors.

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

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

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

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

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

Frost Gamma Investments Trust (the "Gamma Trust"), a trust controlled by Dr. Phillip Frost, our Chairman of the Board and Chief Executive Officer, Jane H. Hsiao, our Vice Chairman and Chief Technical Officer, Steven D. Rubin, our Executive Vice President Administration and a member of our Board of Directors, and Rao Uppaluri, our Senior Vice President and Chief Financial Officer, are each members of The Frost Group, LLC (the "Frost Group"), an entity which beneficially owns approximately 6.76% of our common stock as of April 16, 2012. Furthermore, the Gamma Trust beneficially owns approximately 46.19% of our common stock as of April 16, 2012. Jane Hsiao beneficially owns approximately 9.42% of our common stock as of April 16, 2012, and Mr. Rubin and Dr. Uppaluri each own less than 5% of our common stock as of April 16, 2012.

We had an unutilized \$12.0 million line of credit with the Frost Group that expired on March 31, 2012. The line of credit, which previously expired on January 11, 2011, was renewed on February 22, 2011 until March 31, 2012 on substantially the same terms as in effect at the time of expiration. We were obligated to pay interest upon maturity, capitalized quarterly, on any outstanding borrowings under the line of credit at an 11% annual rate. The line of credit was collateralized by all of our U.S. personal property except our intellectual property. We did not have any borrowings under the line of credit at any time during the year ended December 31, 2011.

In November 2007, we entered into an office lease with Frost Real Estate Holdings, LLC, an entity affiliated with Dr. Frost. The lease is for approximately 8,300 square feet of space in an office building in Miami, Florida, where the Company's principal executive offices are located. The lease provides for payments of approximately \$18 thousand per month in the first year increasing annually to \$24 thousand per month in the fifth year, plus applicable sales tax. The rent is inclusive of operating expenses, property taxes and parking. The rent for the first year was reduced to reflect a \$30 thousand credit for the costs of tenant improvements.

We reimburse Dr. Frost for Company-related use by Dr. Frost and our other executives of an airplane owned by a company that is beneficially owned by Dr. Frost. We reimburse Dr. Frost in an amount equal to the cost of a first class airline ticket between the travel cities for each executive, including Dr. Frost, traveling on the airplane for Company-related business. We do not reimburse Dr. Frost for personal use of the airplane by Dr. Frost or any other executive; nor do we pay for any other fixed or variable operating costs of the airplane. For the fiscal years ending December 31, 2011, 2010, and 2009, we reimbursed Dr. Frost approximately \$170 thousand, \$46 thousand, and \$92 thousand, respectively, for Company-related travel by Dr. Frost and other OPKO executives.

In June 2009, we entered into an agreement to lease approximately 10,000 square feet of space in Hialeah, Florida to house manufacturing and service operations for our ophthalmic instrumentation business (the Hialeah Facility ) from an entity controlled by Drs. Frost and Hsiao. Effective as of July 1, 2011, the lease was amended to include an additional 5,000 square feet of space at the same rate per square foot as was then in effect under the lease. Following the amendment, gross rent payable under the lease was approximately \$200 thousand per year. Upon the closing of the sale of the our instrumentation business in October 2011 to OPTOS, Inc., a subsidiary of Optos plc (collectively Optos ), we assigned the lease to Optos.

In July 2009, we entered into a worldwide exclusive license agreement with Academia Sinica in Taipei, Taiwan ( Academia Sinica ), for a new technology to develop protein vaccines against influenza and other viral infections. In addition, effective March 5, 2010, the Frost Group assigned two license agreements with Academia Sinica to us pertaining to alpha-galactosyl ceramide analogs and their use as immunotherapies and peptide ligands in the diagnosis and treatment of cancer. Dr. Alice Yu, a member of our Board of Directors, is a Distinguished Research Fellow and Associate Director at the Genomics Research Center, Academia Sinica ( Genomics Research Center ).

In June 2010, we entered into a cooperative research and development agreement with Academia Sinica, for pre-clinical work for a compound against various forms of cancer. Dr. Alice Yu, a member of our Board of Directors, is a Distinguished Research Fellow and Associate Director at the Genomics Research Center. In connection with the agreement, we are required to pay Academia Sinica approximately \$200 thousand over the term of the agreement.

In January 2011, we entered into a definitive agreement with CURNA, Inc., ( CURNA ) and each of CURNA 's stockholders and optionholders, pursuant to which we agreed to acquire all of the outstanding stock of CURNA in exchange for \$10.0 million in cash, plus \$600 thousand in liabilities, of which \$500 thousand was paid at closing. At the time of the transaction, TSRI owned approximately 4% of CURNA. Dr. Frost serves as Trustee for TSRI and Dr. Richard Lerner served as its President until December 2011.

In March 2011, we issued 27,000,000 shares of our common stock in a public offering at a price of \$3.75 per share. The 27,000,000 shares of our common stock issued include an aggregate of 3,733,000 shares of our common stock purchased by the Gamma Trust and Hsu Gamma Investment, L.P. ( Hsu Gamma ), for which Dr. Hsiao serves as General Partner, at the public offering price. The Gamma Trust purchased an aggregate of 3,200,000 shares for approximately \$12.0 million and Hsu Gamma purchased an aggregate of 533,000 shares for approximately \$1.9 million. Jefferies & Company, Inc. and J.P. Morgan Securities LLC acted as joint book-running managers for the offering. UBS Investment Bank and Lazard Capital Markets LLC acted as co-lead managers for the offering and Ladenburg Thalmann & Co. Inc., a subsidiary of Ladenburg Thalmann Financial Services Inc., acted as co-manager for the offering. Dr. Frost is the Chairman of the Board of Directors and principal stockholder of Ladenburg Thalmann Financial Services Inc.

In August 2011, we made an investment in Neovasc Inc., a medical technology company. Dr. Frost and other members of OPKO management are stockholders of Neovasc. Prior to the investment, Dr. Frost beneficially owned approximately 36% of Neovasc, Dr. Hsiao owned approximately 6%, and each of Dr. Uppaluri and Mr. Rubin owned less than 1%. Dr. Hsiao and Mr. Rubin also serve on the board of directors for Neovasc.

In February 2012, we made a \$1.0 million investment in ChromaDex Corporation ( ChromaDex ), a publicly traded company and leading provider of proprietary ingredients and products for the dietary supplement, nutraceutical, food and beverage, functional food, pharmaceutical and cosmetic markets, in exchange for 1,333,333 shares of ChromaDex common stock, at \$0.75 per share. In connection with our investment, we also entered into a license, supply and distribution agreement with ChromaDex pursuant to which we obtained exclusive distribution rights to certain of its products in Latin America. Our investment was part of a \$3.7 million private placement. Other investors participating in the private financing included the Gamma Trust, Hsu Gamma, and Richard Lerner, a director. Curt Lockshin, OPKO 's Vice President, Corporate R&D Initiatives, serves as a director for ChromaDex. Following our investment, we own 1.5% of ChromaDex, the Gamma Trust owns approximately 16% of ChromaDex; Hsu Gamma owns approximately 1%; and each of Dr. Lerner, Richard Pfenniger, Jr., Steven Rubin, and Rao Uppaluri own less than 1% of ChromaDex.

In February 2012, we purchased from Biozone Pharmaceuticals, Inc., a publicly traded company engaged in the manufacture and sale of pharmaceutical and cosmetic products ( BZNE ), \$1.7 million of 10% secured convertible promissory notes (the Notes ), convertible into BZNE common stock at a price equal to \$0.20 per common share, which Notes are due and payable on February 24, 2014 and ten year warrants (the Warrants ) to purchase 8.5

million shares of BZNE common stock at an exercise price of \$0.40 per share. The Notes are secured pursuant to a security agreement by a first priority lien in the assets of BZNE, including the stock of its subsidiaries. As further consideration for the purchase of the Notes by OPKO, BZNE granted OPKO exclusive, worldwide distribution rights to its enhanced formulation of propofol. The parties also entered into a license agreement pursuant to which OPKO acquired a world-wide license for the development and commercialization of products utilizing BZNE's proprietary drug delivery technology, including QuSomes, exclusively for OPKO in the field of ophthalmology and non-exclusive for all other therapeutic fields, subject in each case to certain excluded products.

Roberto Prego Novo is the Chairman of Biozone and presently serves as a Consultant to OPKO. Dr. Frost and Mr. Prego Novo previously invested in BZNE in February and March, 2011. On May 16, 2011, BZNE acquired the assets and assumed the liabilities of Aero Pharmaceuticals, Inc. ( Aero ) in exchange for which BZNE issued an aggregate of 8,331,396 shares of its restricted common stock to Aero. On September 21, 2011, BZNE issued an additional 13,914 shares to Aero due to the late filing of a registration statement. Prior to the transaction, Dr. Frost, through the Gamma Trust, beneficially owned approximately 46% of Aero's issued and outstanding capital stock; Mr. Prego Novo owned approximately 23% of Aero's issued and outstanding capital stock through Olyrca Trust; and Dr. Hsiao beneficially owned approximately 12% of Aero's issued and outstanding stock. Each of Drs. Frost and Hsiao and Mr. Prego Novo beneficially owned approximately 9.2%, 1.7%, and 8.2% of BZNE, respectively, following the purchase of Aero by BZNE. Each of Dr. Uppaluri and Mr. Rubin beneficially own less than 1% of BZNE as a result of their prior ownership of Aero shares. Effective as of April 18, 2012, Dr. Frost, through the Gamma Trust, also made a loan to BZNE in the principal amount of \$250,000, with a maturity date of August 7, 2012, which is secured by a first priority lien on a particular BZNE receivable.

### **Our Policies Regarding Related Party Transactions**

We have adopted a written statement of policy with respect to related party transactions, which is administered by our Audit Committee. Under our related party transaction policy, a Related Party Transaction is any transaction, arrangement, or relationship (or any series of similar transactions, arrangements, or relationships) in which the Company or any of our subsidiaries was, is or will be a participant and the amount exceeds \$100,000 and in which any Related Person had, has or will have a direct or indirect material interest. A Related Person is any of our executive officers, directors or director nominees, any stockholder beneficially owning in excess of 5% of our stock or securities exchangeable for our stock, any immediate family member of any of the foregoing persons, and any firm, corporation, or other entity in which any of the foregoing persons is employed, is a partner or principal or in a similar position, or in which such person has a 5% or greater beneficial ownership interest in such entity.

It is the Company's policy to enter into or ratify Related Party Transactions only when the Audit Committee determines that the Related Party Transaction in question is in, or is not inconsistent with, the best interests of the Company. In making this determination, the Audit Committee may take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the Related Person's interest in the transaction. Pursuant to the Company's policy, the Audit Committee has granted standing pre-approval to certain types of Related Party Transactions that are considered to be in, or consistent with, the best interests of the Company.

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

our Audit Committee approves or ratifies such transaction in accordance with the terms of the Company's policy;

such transaction falls within the category of transactions that have previously been granted standing pre-approval; or

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

If advance approval of a Related Party Transaction is not feasible, then that Related Party Transaction will be considered and, if our Audit Committee determines it to be appropriate, ratified, at its next regularly scheduled meeting. If we decide to proceed with a Related Party Transaction without advance approval, then the terms of such Related Party Transaction must permit termination by us without further material obligation in the event our Audit Committee ratification is not forthcoming at our Audit Committee's next regularly scheduled meeting.

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

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

**DIRECTOR COMPENSATION**

Each non-employee director is entitled to receive an annual retainer of \$10,000, payable in quarterly installments, an option to acquire 40,000 shares of the Company's common stock upon initial appointment to the Board and an option to acquire 20,000 shares each year thereafter on the date of the Company's annual meeting of stockholders. The chairman of each committee of the Board will also receive an additional annual retainer of \$5,000, payable in quarterly installments. The members of the Audit Committee, excluding the Chairman, will also receive an additional annual retainer of \$2,500, payable in quarterly installments.

The following table sets forth information with respect to compensation of non-employee directors of the Company during fiscal year 2011.

**Fiscal 2011 Director Compensation**

Name	Fees		Option Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Change in Nonqualified Deferred Compensation		Total (\$)
	or Paid in Cash (\$)	Stock Award (\$)			Earnings (\$)	All Other Compensation (\$)	
Robert A. Baron	15,625		36,000				51,625
Thomas E. Beier	10,000		36,000				46,000
Richard A. Lerner, M.D.	15,000		93,250 <sup>(2)</sup>				108,250
Richard C. Pfenniger, Jr.	15,000		36,000				51,000
Pascal J. Goldschmidt, M.D. <sup>(3)</sup>	8,333		74,900 <sup>(3)</sup>				83,233
John A. Paganelli	10,625		36,000				46,625
Alice Lin-Tsing Yu, M.D., Ph.D.	10,000		36,000				46,000

- <sup>(1)</sup> Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions made in the calculation of these amounts are included in Note 9 to the Company's audited financial statements, included in the Company's Annual Report on Form 10-K filed with the SEC on March 15, 2012. The table below sets forth the aggregate number of stock options of each non-employee director outstanding as of December 31, 2011:

Name	Stock Options
Robert A. Baron	175,000
Thomas E. Beier	120,000
Richard A. Lerner, M.D.	145,000
Richard C. Pfenniger, Jr.	120,000
John A. Paganelli	175,000
Alice Lin-Tsing Yu, M.D., Ph.D.	80,000

- <sup>(2)</sup> Includes \$57,250 for stock options awarded to Dr. Lerner for service as the Chairman of the Company's scientific advisory board, a panel of distinguished medical and scientific advisors to the Company.
- <sup>(3)</sup> Includes \$22,900 for stock options awarded to Dr. Goldschmidt for service on the Company's scientific advisory board, a panel of distinguished medical and scientific advisors to the Company. Dr. Goldschmidt resigned from the Board of Directors on July 27, 2011. In connection with his resignation, we accelerated the vesting of certain of his unvested stock options, resulting in an incremental cost of \$16,000, included above. Dr. Goldschmidt's vested options are exercisable for a period of one year following his resignation.

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

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of ten percent (10%) or more of our common stock (collectively, Reporting Persons) to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and any other equity securities. Based on a review of the copies of the reports furnished to us, the Reporting Persons complied with all applicable Section 16(a) filing requirements.





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## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

### *Benchmarking of Cash and Equity Compensation*

Our Compensation Committee reviews executive compensation levels on an annual basis to ensure they remain competitive in our industry. Data for this review is prepared and provided to the Compensation Committee by our management and human resources department, with input from our Chief Executive Officer, as well as other members of senior management. This data details relevant market rates for executive base salaries, annual cash incentive, long-term incentive, and total compensation for companies of similar size in our industry. The sources for this data for fiscal year 2010 included the Executive Compensation Survey, a survey of 113 biotech companies ranging in size from less than \$20 million in revenues with less than 10 employees to over \$500 million in revenue with over 1,000 employees. The data we used for our analysis focused on 45 companies with less than \$25 million in revenues and less than 150 employees. We believe that criteria used by the Executive Compensation Survey were effective in yielding a comprehensive survey group of companies, or peer groups, comparable to the Company for 2010. Utilizing the compiled information, the Compensation Committee in 2010 reviewed the various components of executive compensation to determine the base salary, annual cash incentive, long term incentive, and equity compensation. The Compensation Committee did not make any changes to compensation for the Named Executive Officers in 2011. The Compensation Committee expects to evaluate Named Executive Officer Compensation again during 2012.

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

### *Elements of Compensation*

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

*Base Salary.* We try to establish and maintain competitive annual base salaries for our Named Executive Officers by utilizing available resources, which include surveys as discussed above. While base salaries are not primarily performance-based, we believe it is important to provide adequate, fixed compensation to executives working in a highly volatile and competitive industry such as ours. We provide fixed salary compensation to our Named Executive Officers based on their responsibilities and individual experience, taking into account competitive market compensation paid by other companies for similar positions within the pharmaceutical industry. In general, we have targeted Named Executive Officer compensation and base salary to fall within the median range for equivalent or similar positions of executives at peer group companies after adjusting for size. As a result of the Company's growth and expansion into various medical markets in 2009 and early 2010, and taking into consideration the peer group surveys noted above, as well as the fact that no salary increases had been given to the Named Executive Officers since the Company's inception, the Compensation Committee approved increases in April 2010 for the base salaries for the Company's Named Executive Officers. The base salaries for each of the

Named Executive Officers, with the exception of one, were positioned at approximately the competitive median of the Company's peer groups. The Compensation Committee has not made any changes with respect to base salaries for the Named Executive Officers since April 2010, but expects to evaluate base salaries again during 2012.

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

*Equity Compensation.* We believe that equity compensation should be a primary component of our executive compensation program because they align the interests of our executive officers with the long term performance of the Company. Stock options are a critical element of our long-term incentive strategy. The primary purpose of stock options is to provide Named Executive Officers and other employees with a personal and financial interest in our success through stock ownership, thereby aligning the interests of such persons with those of our stockholders. This broad-based program is a vital element of our goal to empower and motivate outstanding long-term contributions by our Named Executive Officers and other employees. The Compensation Committee believes that the value of stock options will reflect our performance over the long-term. Under our employee stock option program, options are granted at fair market value at the date of grant, and options granted under the program become exercisable only after a vesting period, which is subject to continued employment. Consequently, employees benefit from stock options only if the market value of our common stock increases over time. With respect to these stock options, we recognize compensation expense based on FASB ASC Topic 718.

The Compensation Committee typically grants stock options to our Named Executive Officers under our 2007 Equity Incentive Plan. As with base salaries, there is no set formula or performance criteria which determines the amount of the equity award for our Named Executive Officers or our other employees. Nor does the Compensation Committee assign any relative weight to any specific factors or criteria it considers when granting stock options. Rather the Committee exercises its judgment and discretion by considering all factors it deems relevant at the time of such grants, including the peer group survey. For the Named Executive Officers, other than the Chief Executive Officer, the decisions by the Compensation Committee regarding grants of stock options are made based almost entirely upon the recommendation of the Company's Chief Executive Officer, and includes his subjective determination based on his assessment of the executive officer's current position with the Company, the executive officer's past and expected future performance and the other factors discussed in the determination of base salaries.

In determining grants of stock options made in April 2010, the Compensation Committee relied primarily on the recommendations of the Chief Executive Officer for the Named Executive Officers other than the Chief Executive Officer. In making his recommendations to the Compensation Committee regarding the other executive officers, the Chief Executive Officer's general intent was to position the value of the stock option grants around the competitive median of the peer groups. Nevertheless, in recommending stock option grants to one executive officer which exceeded the competitive median, the Chief Executive Officer considered such individual's substantial experience in the pharmaceutical industry, her role in co-founding the Company, her relationships with strategic investors and important scientific institutions, including Academia Sinica in Taiwan, and certain other contributions during the 2009 fiscal year. In determining the stock option award for the Chief Executive Officer, the Compensation Committee relied heavily on the competitive median established by the peer group. As discussed above, we targeted Named Executive Officer compensation to fall within the median range for equivalent positions at peer group companies after adjusting for company size. The actual positioning of target compensation for individual executives may range above or below the median based on job content, experience and responsibilities of the roles compared to similar positions in the market.

We have not granted to any employee any restricted stock or restricted stock awards pursuant to our equity benefit plans. However, our Compensation Committee, in its discretion, may in the future elect to make such grants to our Named Executive Officers if it deems it advisable.

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***Advisory Vote on Executive Compensation***

We conducted our first advisory vote on executive compensation last year at our 2011 Annual Meeting. While this vote was not binding on the Company, our Board of Directors or our Compensation Committee, we believe that it is important for our stockholders to have an opportunity to vote on this proposal every three years as a means to express their views regarding our executive compensation philosophy, our compensation policies and programs, and our decisions regarding executive compensation, all as disclosed in our proxy statement. Our Board of Directors and our Compensation Committee value the opinions of our stockholders and, to the extent there is any significant vote against the compensation of our Named Executive Officers as disclosed in the proxy statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns. In addition to our advisory vote on executive compensation every three years, we are committed to ongoing engagement with our stockholders on executive compensation and corporate governance issues. These engagement efforts take place throughout the year through meetings, telephone calls and correspondence involving our senior management, directors and representatives of our stockholders.

At the 2011 Annual Meeting, more than 99% of the votes cast on the advisory vote on the executive compensation proposal were in favor of our named executive officer compensation as disclosed in the proxy statement, and as a result our named executive officer compensation was approved. The Board of Directors and Compensation Committee reviewed these final vote results. Given the significant level of support, no changes to our executive compensation policies and decisions were necessary at this time based on the vote results. We have determined that our stockholders should vote on a say-on-pay proposal every three years, consistent with the preference expressed by our stockholders at the 2011 Annual Meeting.

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

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

***401(k) Profit Sharing Plan.*** We have adopted a tax-qualified 401(k) Profit Sharing Plan (the "401(k) Plan") covering all qualified employees. The effective date of the 401(k) Plan is January 2008. Participants may elect a salary reduction of at least 1% as a contribution to the 401(k) Plan, up to the statutorily prescribed annual limit for tax-deferred contributions (\$16,500 for employees under age 50 and an additional \$5,000 for employees 50 and above in 2009). In 2008, the Company adopted the Roth contribution for employee elections. The 401(k) Plan permits employer matching of up to 4% of a participant's salary up to the statutory limits. In 2010, we elected a safe harbor contribution at 4% of annual compensation. All of our safe harbor contributions are immediately vested.

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

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

Section 162(m) of the Internal Revenue Code generally does not allow a deduction for annual compensation in excess of \$1,000,000 paid to our executive officers. This limitation on deductibility does not apply to certain compensation, including performance based compensation under a plan approved by our stockholders. It is expected that equity grants under our 2007 Equity Incentive Plan will qualify for the performance-based exceptions from the Section 162(m) limitations. Our policy is generally to preserve the federal income tax deductibility of compensation and to qualify eligible compensation for the performance-based exception in order for compensation not to be subject to the limitation on deductibility imposed by Section 162(m) of the Internal Revenue Code. We may, however, approve compensation that may not be deductible if we determine that the compensation is in our best interests as well as the best interests of our stockholders.

**COMPENSATION COMMITTEE REPORT**

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

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

*Compensation Committee*  
Richard A. Lerner, M.D., Chairman  
Robert Baron\*  
John A. Paganelli

\* Mr. Baron was appointed to the Compensation Committee on August 4, 2011, following the resignation of Dr. Goldschmidt from the Board of Directors on July 27, 2011.

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

**Summary Compensation Table for 2009-2011**

The following table sets forth information regarding compensation earned in or with respect to fiscal 2011, 2010, and 2009 by:

Our Chief Executive Officer during fiscal 2011;

Our Principal Financial Officer during fiscal 2011; and

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

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

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Award(s) (\$)</b>	<b>Option Award(s) (\$)<sup>(1)</sup></b>	<b>All Other Compensation (\$)<sup>(2)</sup></b>	<b>Total (\$)</b>
Phillip Frost, M.D. <i>Chief Executive Officer</i>	2011	460,000			0	9,800	469,800
	2010	439,230			642,510	9,800	1,091,540
	2009	337,500			236,635	54,800	628,935
Jane H. Hsiao, Ph.D. <i>Chief Technical Officer</i>	2011	450,000			0	9,800	459,800
	2010	426,923			642,510	9,800	1,079,233
	2009	311,538			202,830	9,800	524,168
Steven D. Rubin <i>Executive Vice President-Administration</i>	2011	350,000			0	9,800	359,800
	2010	342,308			378,367	9,800	730,475
	2009	311,539			169,025	9,800	490,364
Rao Uppaluri, Ph.D. <i>Senior Vice President and Chief Financial Officer</i>	2011	310,000			0	9,800	319,800
	2010	304,616			335,533	9,800	649,949
	2009	285,581			152,123	9,800	447,504

<sup>(1)</sup> Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The assumptions used in calculating the amounts are discussed in Note 9 of the Company's audited financial statements for the year ended December 31, 2011 included in the Company's Annual Report on Form 10-K filed with the SEC on March 15, 2012.

<sup>(2)</sup> Includes contributions made by the Company under its 401(k) Plan during fiscal 2011 in the amount of \$9,800 for each of Drs. Frost, Hsiao, and Uppaluri and Mr. Rubin.

**Grants of Plan-Based Awards**

No grants of plan-based awards were made to the Named Executive Officers during the year ended December 31, 2011.

**Outstanding Equity Awards at Fiscal Year-End for 2011**

The following table sets forth information with respect to equity awards outstanding as of December 31, 2011.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
	Phillip Frost, M.D.	1,000,000 <sup>(1)</sup> 225,000 <sup>(2)</sup> 175,000 <sup>(3)</sup> 112,500 <sup>(4)</sup>	75,000 <sup>(2)</sup> 175,000 <sup>(3)</sup> 337,500 <sup>(4)</sup>	4.88 1.65 1.16 2.36	5/2/14 4/27/15 5/4/16 4/13/17	
Jane H. Hsiao, Ph.D.	650,000 <sup>(1)</sup> 187,500 <sup>(2)</sup> 150,000 <sup>(3)</sup> 112,500 <sup>(4)</sup>	62,500 <sup>(2)</sup> 150,000 <sup>(3)</sup> 337,500 <sup>(4)</sup>	4.88 1.65 1.16 2.36	5/2/14 4/27/15 5/4/16 4/13/17		
Steven D. Rubin	500,000 <sup>(1)</sup> 150,000 <sup>(2)</sup> 125,000 <sup>(3)</sup> 66,250 <sup>(4)</sup>	50,000 <sup>(2)</sup> 125,000 <sup>(3)</sup> 198,750 <sup>(4)</sup>	4.88 1.65 1.16 2.36	5/2/14 4/27/15 5/4/16 4/13/17		
Rao Uppaluri, Ph.D.	400,000 <sup>(1)</sup> 131,250 <sup>(2)</sup> 112,500 <sup>(3)</sup> 58,750 <sup>(4)</sup>	43,750 <sup>(2)</sup> 112,500 <sup>(3)</sup> 176,250 <sup>(4)</sup>	4.88 1.65 1.16 2.36	5/2/14 4/27/15 5/4/16 4/13/17		

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

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

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

(4) Options were issued on April 14, 2010 and vest in four equal annual tranches beginning on April 14, 2011.

**Option Exercises and Stock Vested**

None of our Named Executive Officers exercised stock options or held stock awards that vested during fiscal 2011.

**Pension Benefits**

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

**Nonqualified Deferred Contribution and Other Nonqualified Deferred Compensation Plan**

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

### **Employment Agreements and Change in Control Arrangements**

We have not entered into employment agreements with any of our executive officers, and none of our Named Executive Officers are entitled to severance or change of control benefits; provided however, that the OPKO Health, Inc. 2007 Equity Incentive Plan provides for accelerated vesting of all awards under the plan upon a Change in Control. Pursuant to the plan, if there is a Change in Control of the Company, the vesting date of each outstanding equity award under the plan shall be accelerated so that each such award shall, immediately prior to the effective date of the Change in Control, become fully vested with respect to the total number of shares of Common stock subject to such award. Upon the consummation of any Change in Control, all outstanding awards under the Plan, shall to the extent not previously exercised, either be assumed by any successor corporation or parent thereof or be replaced with a comparable award with respect to shares of common stock of such successor corporation or parent thereof. Under the plan, a Change in Control means the occurrence of any of the following events:

- (a) any Person (other than (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) any subsidiaries of the Company, (iv) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), or (v) the Frost Group or any of its affiliates) becomes, either alone or together with such Person's affiliates and associates, the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then-outstanding securities;
- (b) during any period of twenty-four months, individuals who at the beginning of such period constitute the Board, and any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;
- (c) the effective date or date of consummation of any transaction or series of transactions (other than a transaction to which only the Company and one or more of its subsidiaries are parties) under which the Company is merged or consolidated with any other company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) 50% or more of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or
- (d) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

If we had experienced a Change of Control on December 31, 2011, the value of the acceleration of stock options held by each of Drs. Frost, Hsiao, and Uppaluri and Mr. Rubin would be approximately \$1.7 million, \$1.6 million, \$1.1 million and \$1.0 million, respectively.

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

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



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**PROPOSAL TWO:**

**APPROVAL OF 2007 EQUITY INCENTIVE PLAN FOR PURPOSES OF SECTION 162(m) OF THE  
INTERNAL REVENUE CODE**

**General**

On April 25, 2007, we implemented the Company's 2007 Equity Incentive Plan, which was approved by our Board of Directors on April 25, 2007 and our stockholders on May 15, 2007, under which the Company is authorized to grant equity-based and other awards to its employees, officers, directors, and consultants.

Section 162(m) of the Internal Revenue Code (the "Code") generally limits the deductibility of compensation paid to certain executive officers of a publicly-held corporation to \$1.0 million in any taxable year of the corporation. Certain types of compensation, including qualified performance-based compensation, are exempt from this deduction limitation. With respect to awards other than stock options and stock appreciation rights, in order to qualify for the exemption for qualified performance-based compensation, Section 162(m) of the Code generally requires that:

The compensation be paid solely upon account of the attainment of one or more pre-established objective performance goals;

The performance goals must be established by a compensation committee comprised of two or more outside directors;

The material terms of the performance goals (including the maximum amount of compensation that could be paid to the employee) must be disclosed to and approved by the shareholders; and

The compensation committee of outside directors must certify that the performance goals have been met prior to payment. In order to meet the requirements of Section 162(m) and to continue to qualify for the exemption for qualified performance-based compensation under Section 162(m), the stockholders must approve the material terms of the entire 2007 Equity Incentive Plan every five years by majority vote. As a result, we are asking the stockholders to approve the 2007 Equity Incentive Plan at the Annual Meeting. If the 2007 Equity Incentive Plan is approved at the Annual Meeting, the material terms and performance goals of the plan will need to be re-approved again in five years. The 2007 Equity Incentive Plan will be approved if the votes cast in favor of it by the holders of shares of our common stock and Series D Preferred Stock present or represented and entitled to vote at the Annual Meeting at which a quorum is present exceed the votes cast against it.

The principal features of the Company's Equity Incentive Plan are summarized below, but the summary is qualified in its entirety by reference to the actual plan document. A copy of the Equity Incentive Plan is included as Appendix A.

**Awards**

Awards granted under the 2007 Equity Incentive Plan may consist of incentive stock options, non-qualified stock options, stock appreciation rights (SAR), restricted stock grants, restricted stock units (RSU) performance shares, performance units or cash awards. Each award is subject to the terms and conditions set forth in the 2007 Equity Incentive Plan and to those other terms and conditions specified by the Committee and memorialized in a written award agreement.

**Shares Subject to the 2007 Equity Incentive Plan**

Subject to adjustment in certain circumstances as discussed below, the 2007 Equity Incentive Plan authorizes up to 35,000,000 shares of our common stock for issuance pursuant to the terms of the 2007 Equity Incentive Plan. If and to the extent Awards granted under the 2007 Equity Incentive Plan terminate, expire, cancel, or are forfeited without being exercised and/or delivered, the shares subject to such awards again will be available for grant under the 2007 Equity Incentive Plan. Additionally, to the extent any shares subject to an award are tendered and/or withheld in settlement of any exercise price and/or any tax withholding obligation associated with that award, those shares will again be available for grant under the 2007 Equity Incentive Plan.



In the event of any recapitalization, reorganization, merger, stock split or combination, stock dividend or other similar event or transaction, substitutions or adjustments will be made by our compensation committee: (i) to the aggregate number, class and/or issuer of the securities reserved for issuance under the 2007 Equity Incentive Plan; (ii) to the number, class and/or issuer of securities subject to outstanding awards; and (iii) to the exercise price of outstanding options or SARs, in each case in a manner that reflects equitably the effects of such event or transaction.

#### **Administration**

The 2007 Equity Incentive Plan will be administered and interpreted by our board of directors or by our compensation committee. Our board of directors will have full authority to grant awards under the 2007 Equity Incentive Plan and determine the terms of such awards, including the persons to whom awards are to be granted, the type and number of awards to be granted and the number of shares of our common stock to be covered by each award. Our board of directors will also have full authority to specify the time(s) that which awards will be exercisable or settled.

#### **Eligibility**

Employees, directors, consultants and other of our service providers that provide services to us are eligible to participate in the 2007 Equity Incentive Plan, *provided, however*, that only employees of ours or our subsidiaries are eligible to receive incentive stock options.

#### **Per Person Limitations**

***Maximum Aggregate Number of Shares Underlying Stock-Based Awards Granted Under the 2007 Equity Incentive Plan to any Single Participant.*** The maximum aggregate number of shares of Common Stock underlying all awards measured in shares of Common Stock (whether payable in Common Stock, cash or a combination of both) that may be granted to any single participant in respect of any fiscal year of the Company shall be 2,000,000 shares.

***Maximum Dollar Amount Underlying Cash-Based Awards Granted Under the 2007 Equity Incentive Plan to Any Single Participant.*** The maximum dollar amount that may be paid to any single participant with respect to all awards measured in cash (whether payable in Common Stock, cash or a combination of both) in respect of any fiscal year of the Company shall be \$2,000,000.

#### **Stock Options**

***General.*** Our compensation committee may grant options qualifying as incentive stock options (ISO) within the meaning of Section 422 of the Code and/or Non-Qualified Stock Options (NQSO) in accordance with the terms and conditions set forth in the 2007 Equity Incentive Plan.

***Term, Purchase Price, Vesting and Method of Exercise of Options.*** The exercise price of any stock option granted under the 2007 Equity Incentive Plan will be the fair market value of such stock on the date the option is granted.

Our compensation committee may determine the option exercise period for each option; *provided, however*, that the exercise period of any option intended to be an ISO, may not exceed ten (10) years from the date of grant. Vesting for each option will also be determined by our compensation committee.

Generally, payment of the option price may be made (i) in cash, (ii) unless otherwise determined by our compensation committee, in shares subject to the option via net-share settlement whereby the cost to exercise the option is satisfied by share withholding, (iii) by such other method as our compensation committee may approve. The participant must pay the option price and the amount of withholding tax due, if any, at the time of exercise. Shares of our common stock will not be issued or transferred upon exercise of the option until the option price and the withholding obligation are fully paid.

## **SARs**

Our compensation committee is authorized to grant SARs pursuant to the terms of the 2007 Equity Incentive Plan. Upon exercise of a SAR, the participant is entitled to receive an amount equal to the difference between the fair market value of the shares of our common stock underlying the SAR on the date of grant and the fair market value of the shares of our common stock underlying the SAR on the date of exercise. Such amount may be paid in cash or shares of our common stock as determined by our compensation committee.

## **Restricted Stock Awards**

Our compensation committee is authorized to grant awards of restricted stock. Prior to the end of the restricted period, shares received as restricted stock may not be sold or disposed of by participants, and may be forfeited in the event of termination of employment in certain circumstances. The restricted period generally is established by our compensation committee. While the shares remain unvested, a participant may not sell, assign, transfer, pledge or otherwise dispose of the shares. Unless otherwise determined by our compensation committee, an award of restricted stock entitles the participant to all of the rights of a stockholder, including the right to vote the shares and the right to receive any dividends thereon.

## **RSUs**

Our compensation committee is authorized to issue RSUs pursuant to the terms of the 2007 Equity Incentive Plan. A RSU is a contractual promise to issue shares and/or cash in an amount equal to the fair market value (determined at the time of distribution) of the shares of our common stock subject to the award, at a specified future date, subject to the fulfillment of vesting conditions specified by our compensation committee. Prior to settlement, a RSU carries no voting or dividend rights or other rights associated with stock ownership. A RSU award may be settled in our common stock, cash, or in any combination of our common stock and/or cash; *provided, however*, that a determination to settle a RSU in whole or in part in cash shall be made by our compensation committee, in its sole discretion.

## **Performance Awards**

In order to enable the Company to avail itself of the tax deductibility of qualified performance-based compensation, within the meaning of Code Section 162(m), the 2007 Equity Incentive Plan provides for performance based awards, the grant or vesting of which is dependent upon attainment of objective performance targets relative to certain performance measures. The terms and conditions of any Performance-Based Awards granted under the 2007 Equity Incentive Plan shall be set forth in an Award Agreement which shall contain provisions determined by the compensation committee and not inconsistent with the 2007 Equity Incentive Plan. The performance criteria to be achieved during any performance period and the length of the performance period is determined by the compensation committee upon the grant of the Performance-Based Award; provided, however, that a performance period must be a minimum of 12 months and cannot be longer than five years. Performance-Based Awards granted to persons whom the compensation committee expects will, for the year in which a deduction arises, be covered employees (as defined below) will, if and to the extent intended by the compensation committee, be subject to provisions that should qualify such Awards as performance-based compensation not subject to the limitation on tax deductibility by us under Code Section 162(m). For purposes of Section 162(m), the term covered employee means the CEO and each Named Executive Officer whose compensation is required to be reported by reason of being among the four highest compensated officers for the fiscal year (other than the CEO and CFO). If and to the extent required under Section 162(m) of the Code, any power or authority relating to a Performance-Based Award intended to qualify under Section 162(m) of the Code is to be exercised by the compensation committee. Our compensation committee shall use the following performance measures (either individually or in any combination) to set performance goals with respect to awards intended to qualify as Performance-Based Awards: net sales; pretax income before allocation of corporate overhead and bonus; budget; cash flow; earnings per share; net income; financial goals; return on shareholders equity; return on assets; attainment of strategic and operational initiatives; appreciation in and/or maintenance of the price of the Common Stock or any other publicly-traded securities of the Company; market share; gross profits; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; economic value-added models; comparisons with various stock market indices; and/or reductions in costs.

### **Amendment and Termination of the 2007 Equity Incentive Plan**

Our board of directors may amend, alter or discontinue the 2007 Equity Incentive Plan at any time, *provided however*, that any amendment that increases the aggregate number of shares of our common stock that may be issued or transferred under the 2007 Equity Incentive Plan, or changes the class of individuals eligible to participate in the 2007 Equity Incentive Plan, will be subject to approval by our stockholders. An ISO may not be granted after the date, which is ten (10) years from the effective date of the 2007 Equity Incentive Plan (or, if stockholders approve an amendment that increases the number of shares reserved for issuance under the 2007 Equity Incentive Plan, ten (10) years from the date of the amendment). Thereafter, the 2007 Equity Incentive Plan will remain in effect for the purposes of awards other than ISOs, unless and until otherwise determined by our board of directors.

### **Accelerated Vesting Upon a Change in Control**

Notwithstanding any other provision of the 2007 Equity Incentive Plan to the contrary, and without limiting the powers of our compensation committee under the 2007 Equity Incentive Plan, if there is a Change in Control of the Company, as defined in the 2007 Equity Incentive Plan, the vesting date and/or payout of each outstanding award shall be accelerated so that each such award shall, immediately prior to the effective date of the Change in Control, become fully vested with respect to the total number of shares of common stock subject to such award. Upon the consummation of any Change in Control, all outstanding awards under the 2007 Equity Incentive Plan shall, to the extent not previously exercised, either be assumed by any successor corporation or parent thereof or be replaced with a comparable award with respect to shares of common stock of such successor corporation or parent thereof.

### **New Plan Benefits**

Because future awards under the 2007 Equity Incentive Plan will be granted at the discretion of our compensation committee, the type, number, recipients, and other terms of such awards cannot be determined at this time. However, information regarding our recent practices with respect to annual, long-term and stock-based compensation under the 2007 Equity Incentive Plan granted to the Named Executive Officers is presented above in the Summary Compensation Table and Grants of Plan-Based Awards table and granted to the non-employee directors is presented above in the Fiscal 2011 Director Compensation table. Each of our non-employee directors receives a one-time award of options to acquire 40,000 shares of common stock and an annual grant of options to acquire 20,000 shares of common stock.

### **Federal Income Tax Consequences under the 2007 Equity Incentive Plan**

Set forth below is a general description of the federal income tax consequences relating to awards granted under the 2007 Equity Incentive Plan. Participants are urged to consult with their personal tax advisors concerning the application of the principles discussed below to their own situations and the application of state and local tax laws.

#### ***NQSOs***

There are no federal income tax consequences to participants or to us upon the grant of a NQSO. Upon the exercise of a NQSO, participants will recognize ordinary income in an amount equal to the excess of the fair market value of the shares at the time of exercise over the exercise price of the NQSO and we generally will be entitled to a corresponding federal income tax deduction at that time. Upon the sale of shares acquired by exercise of a NQSO, a participant will have a capital gain or loss (long-term or short-term depending upon the length of time the shares were held) in an amount equal to the difference between the amount realized upon the sale and the participant's adjusted tax basis in the shares (the exercise price plus the amount of ordinary income recognized by the participant at the time of exercise of the NQSO).

#### ***ISOs***

Participants will not be subject to federal income taxation upon the grant or exercise of an ISO and we will not be entitled to a federal income tax deduction by reason of such grant or exercise. However, the amount by

which the fair market value of the shares at the time of exercise exceeds the option exercise price is an item of tax preference subject to the alternative minimum tax. A sale of shares acquired by exercise of an ISO that does not occur within one year after the exercise or within two years after the grant of the ISO generally will result in the recognition of long-term capital gain or loss equal to the difference between the amount realized on the sale and the option exercise price and we will not be entitled to any tax deduction in connection therewith.

If such sale occurs within one year from the date of exercise of the ISO or within two years from the date of grant, also known as a disqualifying disposition, the participant generally will recognize ordinary income equal to the lesser of the excess of the fair market value of the shares on the date of exercise over the exercise price, or the excess of the amount realized on the sale of the shares over the exercise price. We generally will be entitled to a tax deduction on a disqualifying disposition corresponding to the ordinary compensation income recognized by the participant.

#### ***SARs***

The participant will not recognize any income upon the grant of a SAR. Upon the exercise of a SAR, the participant will recognize ordinary compensation income equal to the value of the shares of our common stock and/or cash received upon such exercise, and we will be entitled to a corresponding deduction. Shares received in connection with the exercise of a SAR will have a tax basis equal to their fair market value on the date of transfer, and the holding period of the shares will commence on that date for purposes of determining whether a subsequent disposition of the shares will result in long-term or short-term capital gain or loss.

#### ***Restricted Stock***

A participant normally will not recognize taxable income upon the award of restricted stock, and we will not be entitled to a deduction, until such stock is transferable by the participant or is no longer subject to a substantial risk of forfeiture for federal tax purposes, whichever occurs earlier. When the shares of common stock are either transferable or is no longer subject to a substantial risk of forfeiture, the participant will recognize ordinary compensation income in an amount equal to the difference between the fair market value of the shares of common stock subject to the award at that time and the amount paid by the participant for the shares, if any. We will be entitled to a deduction equal to the income recognized by the participant.

A participant may, however, elect to recognize ordinary income in the year the restricted stock is granted in an amount equal to the difference between the fair market value of the shares of common stock subject to the award at that time, determined without regard to any restrictions, and the amount paid by the participant for the shares, if any. In this event, we will be entitled to a deduction equal to the amount recognized as compensation by the participant in the same year. In addition, in this event, the participant will not be required to recognize any taxable income upon vesting of the shares. Any gain or loss recognized by the participant upon subsequent disposition of the share of common stock will be capital gain or loss (long-term or short-term, depending on how long the shares were held). If, after making the election, any share of common stock subject to an award is forfeited, the participant will not be entitled to any tax deduction or tax refund.

#### ***RSUs***

A participant will not recognize taxable income upon the grant of a RSU, and we will not be entitled to a deduction, until the shares and/or cash with respect to the award are transferred to the participant, generally at the end of the vesting period. At the time of transfer, the participant will recognize ordinary income equal to the value of the shares of common stock and/or cash. We will be entitled to a deduction equal to the income recognized by the participant. The subsequent disposition of shares acquired pursuant to a RSU Award will result in capital gain or loss (based upon the difference between the price received upon disposition and the participant's basis in those shares i.e., generally, the market value of the shares at the time of their distribution).

#### ***Section 162(m)***

Under the 2007 Equity Incentive Plan, options or SARs granted with an exercise price at least equal to 100% of the fair market value of the underlying shares at the date of grant and other awards that are conditioned upon

achievement of certain performance goals may satisfy the requirements for treatment as qualified performance-based compensation. We intend that options granted to employees whom the compensation committee expects to be covered employees at the time a deduction arises in connection with such options will (and that other awards may be structured in a manner that may) qualify as such performance-based compensation, so that such options will not be subject to the Section 162(m) deductibility cap of \$1,000,000 and that other performance-based awards under the 2007 Equity Incentive Plan may be structured so as not to be subject to that limitation. A number of other requirements must be met, however, in order for those awards to so qualify. As described above, in order for these types of awards to qualify as performance-based under Section 162(m) of the Code, the Company has submitted this proposal for stockholder approval. However, there can be no assurance that such awards under the 2007 Equity Incentive Plan will be fully deductible under all circumstances. In addition, other awards under the 2007 Equity Incentive Plan generally will not so qualify, so that compensation paid to certain executives in connection with those awards may, to the extent it and other non-exempt compensation exceed \$1,000,000 in any given year, be subject to the deduction limitation of Section 162(m) of the Code.

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

The following table sets forth aggregated information concerning our equity compensation plans outstanding at December 31, 2011.

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (#)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding shares reflected in the 1st column)</b>
Equity Compensation Plans Approved by Stockholders	16,814,521	\$ 2.64	8,577,850
Equity Compensation Plans Not Approved by Stockholders			
<b>Total</b>	<b>16,814,521</b>	<b>\$ 2.64</b>	<b>8,577,850</b>

**OUR BOARD RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY'S 2007 EQUITY INCENTIVE PLAN FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 162(M).**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP ( Ernst & Young ) has served as the Company's independent registered public accounting firm since 2007. The Audit Committee plans to engage Ernst & Young as the Company's independent registered public accounting firm to audit our financial statements for fiscal 2012 and to express an opinion on the effectiveness of our internal control over financial reporting as of December 31, 2012. We expect that a representative of Ernst & Young will attend the Annual Meeting, will have an opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

The following table presents fees for professional audit services provided by Ernst & Young for the audit of our annual financial statements and internal control over financial reporting for fiscal 2011 and 2010:

	FY 2011	FY 2010
Audit Fees	\$ 632,500	\$ 571,400
Audit-Related Fees		
Tax Fees		
All Other Fees	2,000	2,000
<b>Total</b>	<b>\$ 634,500</b>	<b>\$ 573,400</b>

*Audit Fees* include fees for services rendered for the audit of our annual consolidated financial statements, the audit of internal control over financial reporting, the review of financial statements included in our quarterly reports on Form 10-Q, and consents and other services normally provided in connection with statutory and regulatory filings or engagements for those fiscal years. Audit fees for 2010 include approximately \$83,000 in fees paid for services related to the public offering of the Company's common stock in March 2011.

*Audit-Related Fees* would principally include fees incurred for due diligence in connection with potential transactions and accounting consultations. There were no audit-related fees incurred during 2011 and 2010.

*Tax Fees* would include fees for services rendered for tax compliance, tax advice, and tax planning. There were no tax fees incurred with Ernst & Young in 2011 and 2010.

*All Other Fees* would include fees for all other services rendered to us that do not constitute Audit Fees, Audit-Related Fees, or Tax Fees. For 2011 and 2010, such fees related to a license associated with an accounting research tool.

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

The Audit Committee of the Board of Directors is required to pre-approve all audit and non-audit services provided by the Company's independent registered public accounting firm in order to assure that the provision of such services does not impair the auditor's independence. The Audit Committee has established a policy regarding pre-approval of permissible audit, audit-related, and other services provided by the independent auditors, which services are periodically reviewed and revised by the Audit Committee. Unless a type of service has received general pre-approval under the policy, the service will require specific approval by the Audit Committee. The policy also includes pre-approved fee levels for specified services and any proposed service exceeding the established fee level must be specifically approved by the Audit Committee. All audit and permitted non-audit services and all fees associated with such services performed by our independent registered public accounting firm in fiscal 2011 and 2010 were approved by the Audit Committee consistent with the policy described above.



**AUDIT COMMITTEE REPORT**

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

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

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

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

In conjunction with its activities during fiscal 2011, the Audit Committee reviewed and discussed our interim results, audited financial statements, and the annual integrated audit of our financial statements and internal control over financial reporting with the Company's independent registered public accounting firm with and without management present, and with management. The members of the Audit Committee discussed the quarterly review procedures and annual audit procedures performed by the independent registered public accounting firm in connection with the quarterly unaudited and annual audited financial statements and discussed and agreed upon procedures related to the audit of internal control over financial reporting with management of the Company and its independent registered public accounting firm. The members of the Audit Committee also discussed with the Company's independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended. In addition, the Audit Committee received from the Company's independent registered public accounting firm the written disclosures and the letter required by the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence. Based on the foregoing reviews and discussions, the Audit Committee recommended to the Board that the fiscal 2011 annual audited financial statements be included in the Company's Annual Report on Form 10-K for fiscal 2011 for filing with the SEC.

*Audit Committee*  
Richard C. Pfenniger, Jr., Chairman  
Robert A. Baron  
John A. Paganelli

## OTHER INFORMATION

### Deadlines for Stockholder Proposals and Nominations for the 2013 Annual Meeting

Pursuant to Rule 14a-8 under the Exchange Act, our stockholders may present proper proposals for inclusion in our proxy statement and form of proxy and for consideration at the next annual meeting by submitting their proposals to us in a timely manner. Any stockholder of the Company who wishes to present a proposal for inclusion in the proxy statement and form of proxy for action at the 2013 annual meeting of stockholders (the 2013 Annual Meeting ) must comply with our Amended and Restated Bylaws and the rules and regulations of the SEC, each as then in effect. Such proposals must be mailed to us at our offices at 4400 Biscayne Blvd., Miami, Florida 33137, attention: Secretary. Under the rules of the SEC, any stockholder proposal intended to be presented at the 2013 Annual Meeting must be received no later than December 28, 2012 in order to be considered for inclusion in our proxy statement and form of proxy relating to such meeting. Under our Amended and Restated Bylaws, a stockholder must follow certain procedures to nominate persons for election as directors or to introduce an item of business at an annual meeting of stockholders. In order to be timely, we must receive notice of your intention to introduce a nomination or propose an item of business at our 2013 Annual Meeting between March 16, 2013 and April 15, 2013.

If a stockholder notifies us of an intent to present a proposal at the 2013 Annual Meeting at any time after March 13, 2013 (and for any reason the proposal is voted on at that meeting), it will be considered untimely and our proxy holders will have the right to exercise discretionary voting authority with respect to the proposal, if presented at the meeting, without including information regarding the proposal in our proxy materials.

### Expenses of Solicitation

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

### Other Business

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

### Householding

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are stockholders of our company will be householding our proxy materials. A single proxy statement may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once a stockholder has received notice from its broker that it will be householding communications to such stockholder's address, householding will continue until such stockholder is notified otherwise or until such stockholder notifies its broker or us that it no longer wishes to participate in householding. If, at any time, a stockholder no longer wishes to participate in householding and would prefer to receive a separate copy of the 2012 proxy statement and 2011 annual report and/or wishes to receive separate copies of these documents in the future such stockholder may (1) notify its broker or (2) direct its written or oral request to: OPKO Health, Inc., Corporate Secretary, 4400 Biscayne Blvd., Miami, Florida 33137, (305) 575-4100. Upon written or oral request, we will deliver promptly a separate copy of the 2012 proxy statement and 2011 annual report to any stockholder at a shared address to which a single copy of any of these documents was delivered.

Appendix A

OPKO HEALTH, INC.

2007 EQUITY INCENTIVE PLAN

1. DEFINITIONS

The following terms shall have the following meanings unless the context indicates otherwise:

- 1.1. *Affiliate* and *Associate* shall have the respective meanings given to such terms under Rule 12b-2 under the Exchange Act.
- 1.2. *Award* shall mean either a Stock Option, an SAR, a Stock Award, a Stock Unit, a Performance Share, a Performance Unit, or a Cash Award.
- 1.3. *Award Agreement* shall mean a written agreement between the Company and the Participant that establishes the terms, conditions, restrictions and/or limitations applicable to an Award in addition to those established by the Plan and by the Committee's exercise of its administrative powers.
- 1.4. *Beneficial Owner* shall have the meaning given to such term under Rule 13d-3 under the Exchange Act.
- 1.5. *Board* shall mean the Board of Directors of the Company.
- 1.6. *Cash Award* shall mean the grant by the Committee to a Participant of an award of cash as described in Section 11 below.
- 1.7. *Cause* shall mean (i) willful malfeasance or willful misconduct by the Employee in connection with his/her employment, (ii) continuing failure to perform such duties as are requested by the Company and/or its subsidiaries, (iii) failure by the Employee to observe material policies of the Company and/or its subsidiaries applicable to the Employee, (iv) material breach of any agreement with or duty owed to the Company and/or its subsidiaries applicable to the Employee, or (v) the commission by the Employee of (x) any felony or (y) any misdemeanor involving moral turpitude.
- 1.8. *Change in Control of the Company* or *Change in Control* shall mean the occurrence of any of the following events:
  - (a) any Person, as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act, or any successor section thereto, (other than (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) any Subsidiaries of the Company, (iv) any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company), or (v) the Frost Group, LLC or any of its Affiliates becomes, either alone or together with such Person's Affiliates and Associates, the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then-outstanding securities.
  - (b) during any period of twenty-four months, individuals who at the beginning of such period constitute the Board, and any new directors whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;
  - (c) the effective date or date of consummation of any transaction or series of transactions (other than a transaction to which only the Company and one or more of its subsidiaries are parties) under which the Company is merged or consolidated with any other company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) 50% or more of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(d) the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

1.9. **Code** shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.10. **Committee** shall mean the Board's Compensation Committee or any other committee of the Board appointed to administer this Plan.

1.11. **Common Stock** shall mean the common stock of the Company.

1.12. **Company** shall mean OPKO Health, Inc., a Delaware Corporation.

1.13. **Disability** shall mean the inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which constitutes a permanent and total disability, as defined in Section 22(e) (3) of the Code (or any successor section thereto) and has applied for and been granted Long Term Disability under the Company's Long Term Disability Plan. The determination whether a Participant has suffered a Disability shall be made by the Committee, in its sole discretion, based upon such evidence as it deems necessary and appropriate, and shall be conclusive and binding on the Participant. A Participant shall not be considered disabled unless he or she furnishes such medical or other evidence of the existence of the Disability as the Committee, in its sole discretion, may require.

1.14. **Dividend Equivalent Right** shall mean the right to receive an amount equal to the amount of any dividend paid with respect to a share of Common Stock multiplied by the number of shares of Common Stock underlying or with respect to a Stock Option, a SAR, a Stock Unit or a Performance Unit, and which shall be payable in cash, in Common Stock, in the form of Stock Units or Performance Units, or a combination of any or all of the foregoing.

1.15. **Effective Date** shall mean the date on which the Board adopts the Plan.

1.16. **Employee** shall mean an employee of the Company or any Subsidiary as described in Treasury Regulation Section 1.421-7(h).

1.17. **Exchange Act** shall mean the Securities Exchange Act of 1934, as amended from time to time, including applicable regulations thereunder.

1.18. **Fair Market Value** shall, unless otherwise required by any applicable provision of the Code or any Treasury Regulations, mean:

(a) if a security is listed or trading on a national securities exchange or other market system, the closing price of such security on the date of calculation (or on the last preceding trading date if such security was not traded on such date), or

(b) if such security is not listed or trading on a national securities exchange or other market system, as determined in good faith by the Board or the Committee.

1.19. **Family Members** shall mean a Participant's spouse, parents, children, and siblings, whether by blood, marriage or adoption.

1.20. **Independent Contractor** shall mean a Person (other than a Person who is an Employee or a Nonemployee Director) or an entity that renders services to the Company or any Subsidiary.

1.21. **ISO** shall mean an incentive stock option as such term is used in Code Section 422.

1.22. **Nonemployee Director** shall mean a member of the Board or the board of directors of a Subsidiary who is not an Employee.

- 1.23. **Nonqualified Stock Option** shall mean a Stock Option that is not an ISO.
- 1.24. **Participant** shall mean any Employee, Nonemployee Director or Independent Contractor to whom an Award has been granted by the Committee under the Plan.
- 1.25. **Performance-Based Award** shall mean an Award subject to the achievement of certain performance goal or goals as described in Section 12 below.
- 1.26. **Performance Share** shall mean the grant by the Committee to a Participant of an Award as described in Section 10.1 below.
- 1.27. **Performance Unit** shall mean the grant by the Committee to a Participant of an Award as described in Section 10.2 below.
- 1.28. **Person** shall mean any person, entity or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act).
- 1.29. **Plan** shall mean the OPKO Health, Inc. 2007 Equity Incentive Plan, as it may be amended from time to time.
- 1.30. **Retirement** shall mean the termination of the employment, other than for Cause or due to death or Disability, of a Participant who; (i) has reached the age of 65; (ii) has reached the age of 62 and has completed 5 years of service with the Company; or (iii) has reached the age of 60 and has completed 10 years of service with the Company.
- 1.31. **SAR** shall mean the grant by the Committee to a Participant of a stock appreciation right as described in Section 8 below.
- 1.32. **Stock Award** shall mean the grant by the Committee to a Participant of an Award of Common Stock as described in Section 9.1 below.
- 1.33. **Stock Option** shall mean the grant by the Committee to a Participant of an option to purchase Common Stock as described in Section 7 below.
- 1.34. **Stock Unit** shall mean the grant by the Committee to a Participant of an Award as described in Section 9.2 below.
- 1.35. **Subsidiary** shall mean a corporation of which the Company is the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock or any other business entity in which the Company is the Beneficial Owner, directly or indirectly, of more than 50% or any other business venture designated by the Committee in which the Company has a significant interest, as determined in the discretion of the Committee.
- 1.36. **Treasury Regulations** shall mean the regulations promulgated under the Code by the United States Department of the Treasury, as amended from time to time.
- 1.37. **Vest** shall mean:
- (a) with respect to Stock Options and SARs, when the Stock Option or SAR (or a portion of such Stock Option or SAR) first becomes exercisable and remains exercisable subject to the terms and conditions of such Stock Option or SAR; or
  - (b) with respect to Awards other than Stock Options and SARs, when the Participant has:
    - (i) an unrestricted right to receive the compensation (whether payable in Common Stock, cash or a combination of both) attributable to such Award (or a portion of such Award) or to otherwise enjoy the benefits underlying such Award; and

(ii) a right to transfer an Award subject to no Company-imposed restrictions or limitations other than restrictions and/or limitations imposed by Section 14 below

1.38. **Vesting Date** shall mean the date or dates on which an Award Vests.

1.39. **Voting Stock** shall mean the capital stock of any class or classes having general voting power under ordinary circumstances, in the absence of contingencies, to elect the directors of a corporation.

## 2. PURPOSE AND TERM OF PLAN

2.1. **Purpose.** The purpose of the Plan is to motivate certain Employees, Nonemployee Directors and Independent Contractors to put forth maximum efforts toward the growth, profitability, and success of the Company and Subsidiaries by providing incentives to such Employees, Nonemployee Directors and Independent Contractors either through cash payments and/or through the ownership and performance of the Common Stock. In addition, the Plan is intended to provide incentives which will help the Company attract and retain highly qualified individuals as Employees and Nonemployee Directors and to assist in aligning the interests of such Employees and Nonemployee Directors with those of its shareholders.

2.2. **Term.** The Plan shall be effective as of the Effective Date; provided, however, that the Plan shall be approved by the shareholders of the Company at an annual meeting or any special meeting of shareholders of the Company within 12 months before or after the Effective Date, and such approval by the shareholders of the Company shall be a condition to the right of each Participant to receive Awards hereunder. Any Award granted under the Plan prior to the approval by the shareholders of the Company shall be effective as of the date of grant (unless the Committee specifies otherwise at the time of grant), but no such Award may Vest, be paid out, or otherwise be disposed of prior to such shareholder approval. If the shareholders of the Company fail to approve the Plan in accordance with this Section 2.2, any Award granted under the Plan shall be automatically cancelled without payment of any consideration to the recipient of such Award. The Plan shall remain in effect for ten years or until earlier terminated by the Board and no Award may be granted under the Plan on a date that is more than ten years from the Effective Date; provided, however, that in the event of Plan termination or expiration, the provisions of the Plan shall remain in effect as to any Awards which remain outstanding until all such Awards have been satisfied or are terminated under the terms of this Plan or under the applicable Award Agreement.

## 3. ELIGIBILITY AND PARTICIPATION

3.1. **Eligibility.** All Employees, all Nonemployee Directors and all Independent Contractors shall be eligible to participate in the Plan and to receive Awards. An individual's status as a member of the Committee will not affect his eligibility to participate in the Plan.

3.2. **Participation.** Participants shall consist of such Employees, Nonemployee Directors and Independent Contractors as the Committee in its sole discretion designates to receive Awards under the Plan. Subject to Section 7.1, an Award may also be granted to an Employee, in connection with hiring, retention or otherwise prior to the date the Employee first performs services for the Company or any Subsidiary, provided that such Awards shall not become Vested prior to the date the Employee first performs such services. Designation of a Participant in any year shall not require the Committee to designate such Person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the Participant in any other year. The Committee shall consider such factors as it deems pertinent in selecting Participants and in determining the type and amount of their respective Awards.

## 4. ADMINISTRATION

4.1. **Responsibility.** The Committee shall have the responsibility, in its sole discretion, to control, operate, manage and administer the Plan in accordance with its terms; provided, however, that the Board may in any instance perform any of the functions of the Committee hereunder.

4.2. **Award Agreement.** Each Award granted under the Plan shall be evidenced by an Award Agreement which shall be signed by the Company and the Participant; provided, however, that in the event of any conflict between a provision of the Plan and any provision of an Award Agreement, the provision of the Plan shall prevail.

**4.3. Authority of the Committee.** The Committee shall have all the discretionary authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan, including but not limited to the following:

- (a) to determine eligibility for participation in the Plan and to select Participants;
- (b) to determine eligibility for and the type and size of an Award granted under the Plan;
- (c) to make Awards in accordance with the terms of the Plan and to determine the terms and conditions of each Award;
- (d) to supply any omission, correct any defect, or reconcile any inconsistency in the Plan in such manner and to such extent as it shall deem appropriate in its sole discretion to carry the same into effect;
- (e) to issue administrative guidelines as an aid to administer the Plan and make changes in such guidelines as it from time to time deems proper;
- (f) to make rules for carrying out and administering the Plan and make changes in such rules as it from time to time deems proper;
- (g) to the extent permitted under the Plan, grant waivers of Plan terms, conditions, restrictions, and limitations and to vary the terms of Awards
- (h) to take account of tax, securities law and other regulatory requirements of foreign jurisdictions;
- (i) to accelerate the Vesting of any Award when such action or actions would be in the best interest of the Company;
- (j) to grant Awards in replacement of Awards previously granted under this Plan or any other executive compensation plan of the Company; and
- (k) to take any and all other actions it deems necessary or advisable for the proper operation or administration of the Plan.

**4.4. Action by the Committee.** The Committee may act only by a majority of its members. Any determination of the Committee may be made, without a meeting, by a writing or writings signed by all of the members of the Committee. In addition, the Committee may authorize any one or more of its members or, subject to Section 4.5 below, one or more agents to execute and deliver documents on behalf of the Committee.

**4.5. Delegation of Authority.** To the extent permitted by applicable law, the Committee may delegate to one or more of its members, or to one or more officers of the Company, such administrative duties as it may deem advisable; provided, however, that any such delegation shall be in writing and, provided, further, that the Committee may not delegate its authority (a) to make Awards to Participants or (b) under Sections 4.3 (a), (b), (c), (d), (e), (f), (g), (h), (i) or (j) or Section 16 of the Plan. Any action undertaken by any such member or agent in accordance with the Committee's delegation of authority shall have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the Committee shall, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to such members or agents. In addition, the Committee, or any Person to whom it has delegated duties under this Section 4.5, may employ one or more Persons to render advice with respect to any responsibility the Committee or such Person may have under the Plan. The Committee may employ such legal or other counsel, consultants and agents as it may deem desirable for the administration of the Plan. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company, or the Subsidiary whose employees have benefited from the Plan, as determined by the Committee. In the performance of its functions, the Committee shall be entitled to rely upon information, opinions, computations and advice furnished by the Company's officers, any counsel, consultant or agent retained by the Committee, and any other party the Committee deems necessary, and no member of the Committee shall be liable for any action taken or not taken in reliance upon any such advice.

4.6. **Determinations and Interpretations by the Committee.** All determinations and interpretations made by the Committee shall be binding and conclusive on all Participants and their heirs, successors, and legal representatives.

4.7. **Liability.** No member of the Board, no member of the Committee and no Employee shall be liable for any act or failure to act hereunder, except in circumstances involving his or her willful misconduct, or for any act or failure to act hereunder by any other member or Employee or by any agent to whom duties in connection with the administration of the Plan have been delegated.

4.8. **Indemnification.** The Company shall indemnify members of the Board, members of the Committee and any agent of the Committee who is an Employee, against any and all liabilities or expenses to which they may be subjected (including, without limitation, the reasonable fees and expenses of counsel) by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such Person's willful misconduct.

## 5. SHARES SUBJECT TO PLAN

5.1. **Available Shares.** Subject to the provisions of Section 5.2 below, the aggregate number of shares of Common Stock which shall be available for grants or payments of Awards under the Plan during its term shall be 35,000,000 shares (the **Total Plan Shares**). In the event that (i) an Award (or portion thereof) lapses, expires or is otherwise terminated without the issuance of the shares subject to such Award or is settled by the delivery of consideration other than shares, (ii) shares are tendered to pay the exercise price of a Stock Option or other Award or (iii) shares are withheld from any award to satisfy a Participant's tax withholding obligations or, if applicable, to pay the exercise price of a Stock Option or other Award, such shares shall again become available for grants or Awards hereunder. Such shares of Common Stock available for issuance under the Plan may be either authorized but unissued shares, shares of issued stock held in the Company's treasury, or both, at the discretion of the Company. Awards that are payable only in cash are not subject to this Section 5.1.

5.2. **Adjustment to Shares.** The existence of the Plan, the Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. If there is any change in the Common Stock of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, dividend in kind or other like change in capital structure or distribution to shareholders of the Company in the nature of a liquidating distribution or a distribution pursuant to a plan of dissolution, the Committee may, in its discretion, make a proportionate adjustment to each outstanding Award that the Committee considers appropriate so that thereafter each such Award shall be with respect to or exercisable for such securities, cash and/or other property as would have been received in respect of the Common Stock subject to such Award had such Award been paid, distributed or exercised in full immediately prior to such change or distribution. In addition, in the event of any such change or distribution, in order to prevent dilution or enlargement of Participants' rights under the Plan, the Committee shall have the authority to adjust, in an equitable manner as it deems appropriate, the number and kind of shares that may be received in respect of any Award, the number and kind of shares subject to outstanding Awards, the exercise price applicable to outstanding Stock Options, and the Fair Market Value of the Common Stock and other value determinations applicable to outstanding Awards. Appropriate adjustments may also be made by the Committee in the terms of any Awards granted under the Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards on an equitable basis, including modifications of performance goals and changes in the length of performance periods; provided, however, that with respect to Performance-Based Awards, such modifications and/or changes do not disqualify compensation attributable to such Awards as performance-based compensation under Code Section 162(m). In addition, the Committee is authorized to make adjustments to the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company or the financial statements of the Company, or in response to changes in applicable laws, regulations, or accounting principles. The Committee's determination of what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.



5.3. **No Repricing.** Absent shareholder approval, neither the Committee nor the Board shall have the authority, with or without the consent of the affected holders of the Awards, to reprice an Award after the date of its initial grant with a lower exercise price in substitution for the original exercise price. Adjustments in accordance with Section 5.2 above shall not be deemed repricings for purposes of this Section 5.3. This Section 5.3 may not be amended, altered or repealed by the Committee or the Board without the approval of the shareholders of the Company.

## 6. MAXIMUM INDIVIDUAL AWARDS

6.1. **Maximum Aggregate Number of Shares Underlying Stock-Based Awards Granted Under the Plan to Any Single Participant.** The maximum aggregate number of shares of Common Stock underlying all Awards measured in shares of Common Stock (whether payable in Common Stock, cash or a combination of both) that may be granted to any single Participant in respect of any fiscal year of the Company shall be 2,000,000 shares, subject to adjustment as provided in Section 5.2 above.

6.2. **Maximum Dollar Amount Underlying Cash-Based Awards Granted Under the Plan to Any Single Participant.** The maximum dollar amount that may be paid to any single Participant with respect to all Awards measured in cash (whether payable in Common Stock, cash or a combination of both) in respect of any fiscal year of the Company shall be \$2,000,000.

## 7. STOCK OPTIONS

7.1. **In General.** The Committee may, in its sole discretion, grant Stock Options to Employees, Nonemployee Directors and Independent Contractors on or after the Effective Date, subject, in all cases to Section 2.2 of the Plan. The Committee shall, in its sole discretion, determine the Employees, the Nonemployee Directors and Independent Contractors who will receive Stock Options and the number of shares of Common Stock underlying each Stock Option. Each Stock Option shall be subject to such terms and conditions consistent with the Plan set forth in the applicable Award Agreement and such other terms and conditions consistent with the Plan and the applicable Award Agreement as the Committee may impose from time to time. In addition, each Stock Option shall be subject to the following terms and conditions set forth in Sections 7.2 through 7.8 below.

7.2. **Exercise Price.** The Committee shall specify the exercise price of each Stock Option in the Award Agreement; provided, however, that the exercise price of any Nonqualified Stock Option shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant.

7.3. **Term of Stock Option.** The Committee shall specify the term of each Stock Option in the Award Agreement shall terminate as set forth in Section 14 below or at such earlier times and upon such conditions or circumstances as the Committee shall, in its sole discretion, set forth in the Award Agreement.

7.4. **Vesting Date.** The Committee shall specify the Vesting Date with respect to each Stock Option in the Award Agreement; provided, that the Committee may provide in the applicable Award Agreement that any Stock Option shall Vest in such portions or installments as the Committee may, in its sole discretion, determine. The Committee may grant Stock Options that are Vested, either in whole or in part, on the date of grant. If the Committee fails to specify a Vesting Date in the Award Agreement, 25% of such Stock Option shall become exercisable on each of the first four anniversaries of the date of grant and shall remain exercisable following such anniversary date until the Stock Option expires in accordance with its terms under the Award Agreement or under the terms of the Plan. The Vesting of a Stock Option may be subject to such other terms and conditions as shall be determined by the Committee, including, without limitation, accelerating the Vesting if certain performance goals are achieved.

7.5. **Exercise of Stock Options.** The Stock Option exercise price may be paid in cash or, in the sole discretion of the Committee, by the delivery of shares of Common Stock or other securities of the Company then owned by the Participant, by the withholding of shares of Common Stock for which a Stock Option is exercisable, or by a combination of these methods. In the sole discretion of the Committee, and subject to all applicable laws, rules and

regulations, payment may also be made by delivering a properly executed exercise notice to the Company together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale proceeds to pay the exercise price. To facilitate the foregoing, the Company may enter into agreements for coordinated procedures with one or more brokerage firms. The Committee may prescribe any other method of paying the exercise price that it determines to be consistent with applicable law and the purpose of the Plan, including, without limitation, in lieu of the exercise of a Stock Option by delivery of shares of Common Stock then owned by a Participant, providing the Company with a notarized statement attesting to the number of shares owned by the Participant, where upon verification by the Company, the Company would issue to the Participant only the number of incremental shares to which the Participant is entitled upon exercise of the Stock Option. In determining which methods a Participant may utilize to pay the exercise price, the Committee may consider such factors as it determines are appropriate; provided, however, that any method approved by the Committee shall comply with applicable securities laws. When payment of the exercise price for a Stock Option consists of shares of the Company's capital stock or other securities of the Company, such securities will not be accepted as payment unless the Participant has held such shares for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes.

**7.6. Additional Terms and Conditions.** The Committee may, by way of the Award Agreements or otherwise, establish such other terms, conditions, restrictions and/or limitations, if any, of any Stock Option, as they may determine in their sole discretion; provided, they are not inconsistent with the Plan, including, without limitation, any requirement that the Participant not engage in competition with the Company or any Subsidiary.

**7.7. Conversion Stock Options.** The Committee may, in its sole discretion and upon such terms and conditions as it deems appropriate, grant a Stock Option to any holder of an option (hereinafter referred to as an "Original Option") to purchase shares of the stock of any corporation:

- (a) the stock or all or substantially all of the assets of which were acquired, directly or indirectly, by the Company or any Subsidiary, or
- (b) which was merged with and into the Company or a Subsidiary, so that the Original Option is converted into a Stock Option (hereinafter referred to as a "Conversion Stock Option"); provided, however, that such Conversion Stock Option as of the date of its grant (the "**Conversion Stock Option Grant Date**") shall have substantially the same economic value as the Original Option as of the Conversion Stock Option Grant Date.

## 8. STOCK APPRECIATION RIGHTS

**8.1. In General.** The Committee may, in its sole discretion, grant SARs to Employees, Nonemployee Directors, and/or Independent Contractors. An SAR is a right to receive a payment in cash, Common Stock or a combination of both, in an amount equal to the excess of (x) the Fair Market Value of the Common Stock, or other specified valuation, of a specified number of shares of Common Stock on the date the SAR is exercised over (y) the Fair Market Value of the Common Stock, or other specified valuation (which shall be no less than the Fair Market Value of the Common Stock), of such shares of Common Stock on the date the SAR is granted, all as determined by the Committee. If a SAR is granted retroactively in tandem with or in substitution for a Stock Option, the designated Fair Market Value of the Common Stock in the Award Agreement shall be the Fair Market Value of the Common Stock on the date such Stock Option was granted, the SAR shall cover the same number of shares of Common Stock as covered by the Stock Option (or such lesser number of shares as the Committee may determine) and the SAR shall be exercisable only at such time or times and to the extent the related Stock Option shall be exercisable, and shall have the same term and exercise price as the related Stock Option. Upon exercise of a Stock Appreciation Right granted in tandem with a Stock Option, the related Stock Option shall be cancelled automatically to the extent of the number of shares covered by such exercise; conversely, if the related Stock Option is exercised as to some or all of the shares covered by the tandem grant, the tandem Stock Appreciation Right shall be cancelled automatically to the extent of the number of shares covered by the Stock Option exercised. Each SAR shall be subject to such terms and conditions, including, but not limited to, a provision that automatically converts a SAR into a Stock Option on a conversion date specified at the time of grant, as the Committee shall impose from time to time in its sole discretion and subject to the terms of the Plan.

## 9. STOCK AWARDS AND STOCK UNITS

9.1. **Stock Awards.** The Committee may, in its sole discretion, grant Stock Awards to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Stock Award shall consist of shares of Common Stock which shall be subject to such terms and conditions as the Committee in its sole discretion determines appropriate, including, without limitation, restrictions on the sale or other disposition of such shares, the Vesting Date with respect to such shares, and the right of the Company to reacquire such shares for no consideration upon termination of the Participant's employment within specified periods. With respect to the shares of Common Stock subject to a Stock Award, the Participant shall have all of the rights of a holder of shares of Common Stock, including the right to receive dividends and to vote the shares, unless the Committee determines otherwise on the date of grant. The Committee may require the Participant to deliver a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such Stock Award. As a condition to any Stock Award, the Participant may be required to deliver to the Company a share power, endorsed in blank, relating to the Shares covered by such Award. Any share certificate issued in connection with a Stock Award may be held in the custody of the Company and will bear the following legend and/or any other legend required by this Plan, the applicable Award Agreement or applicable law:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE OPKO HEALTH, INC. 2007 EQUITY INCENTIVE PLAN AND AN AGREEMENT ENTERED INTO BETWEEN THE PARTICIPANT AND OPKO HEALTH, INC. (WHICH TERMS AND CONDITIONS MAY INCLUDE, WITHOUT LIMITATION, CERTAIN TRANSFER RESTRICTIONS AND FORFEITURE CONDITIONS). COPIES OF THAT PLAN AND AGREEMENT ARE ON FILE IN THE PRINCIPAL OFFICES OF EXEGENICS INC. AND WILL BE MADE AVAILABLE TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE UPON REQUEST TO THE SECRETARY OF OPKO HEALTH, INC.

9.2. **Stock Units.** The Committee may, in its sole discretion, grant Stock Units to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Stock Unit is a hypothetical share of Common Stock represented by a notional account established and maintained (or caused to be established or maintained) by the Company for such Participant who receives a grant of Stock Units. Stock Units shall be subject to such terms and conditions as the Committee, in its sole discretion, determines appropriate including, without limitation, determinations of the Vesting Date with respect to such Stock Units and the criteria for the Vesting of such Stock Units. A Stock Unit granted by the Committee shall provide for payment in shares of Common Stock at such time or times as the Award Agreement shall specify. The Committee shall determine whether a Participant who has been granted a Stock Unit shall also be entitled to a Dividend Equivalent Right.

9.3. **Payout of Stock Units.** Subject to a Participant's election to defer in accordance with Section 17.3 below, upon the Vesting of a Stock Unit, the shares of Common Stock representing the Stock Unit shall be distributed to the Participant, unless the Committee, in its sole discretion, provides for the payment of the Stock Unit in cash (or partly in cash and partly in shares of Common Stock) equal to the value of the shares of Common Stock which would otherwise be distributed to the Participant.

## 10. PERFORMANCE SHARES AND PERFORMANCE UNITS

10.1. **Performance Shares.** The Committee may, in its sole discretion, grant Performance Shares to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Performance Share shall consist of a share or shares of Common Stock which shall be subject to such terms and conditions as the Committee, in its sole discretion, determines appropriate, including, without limitation, determining the performance goal or goals which, depending on the extent to which such goals are met, will determine the number and/or value of the Performance Shares that will be paid out or distributed to the Participant who has been granted Performance Shares. Performance goals may be based on, without limitation, Company-wide, divisional and/or individual performance, as the Committee, in its sole discretion, may determine, and may be based on the performance measures listed in Section 12.3 below. With respect to the Performance Shares, the Participant shall have none of the rights of a holder of shares of Common Stock, including the right to receive dividends and to vote the shares, unless and until such Performance Shares shall have been Vested and distributed to the Participant.

**10.2. Performance Units.** The Committee may, in its sole discretion, grant Performance Units to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Performance Unit is a hypothetical share or shares of Common Stock represented by a notional account which shall be established and maintained (or caused to be established or maintained) by the Company for such Participant who receives a grant of Performance Units. Performance Units shall be subject to such terms and conditions as the Committee, in its sole discretion, determines appropriate, including, without limitation, determining the performance goal or goals which, depending on the extent to which such goals are met, will determine the number and/or value of the Performance Units that will be accrued with respect to the Participant who has been granted Performance Units. Performance goals may be based on, without limitation, Company-wide, divisional and/or individual performance, as the Committee, in its sole discretion, may determine, and may be based on the performance measures listed in Section 12.3 below.

**10.3. Payout of Performance Shares or Performance Units.** Subject to a Participant's election to defer in accordance with Section 17.3 below, upon the Vesting of a Performance Share or a Performance Unit, the shares of Common Stock representing the Performance Share or the Performance Unit shall be distributed to the Participant, unless the Committee, in its sole discretion, provides for the payment of the Performance Share or a Performance Unit in cash (or partly in cash and partly in shares of Common Stock) equal to the value of the shares of Common Stock which would otherwise be distributed to the Participant.

## **11. CASH AWARDS**

**11.1. In General.** The Committee may, in its sole discretion, grant Cash Awards to Employees, Nonemployee Directors, and/or Independent Contractors as additional compensation or in lieu of other compensation for services to the Company. A Cash Award shall be subject to such terms and conditions as the Committee, in its sole discretion, determines appropriate, including, without limitation, determining the Vesting Date with respect to such Cash Award, the criteria for the Vesting of such Cash Award, and the right of the Company to require the Participant to repay the Cash Award (with or without interest) upon termination of the Participant's employment within specified periods.

## **12. PERFORMANCE-BASED AWARDS**

**12.1. In General.** The Committee, in its sole discretion, may designate Awards granted under the Plan as Performance-Based Awards (as defined below) if it determines that such compensation might not be tax deductible by the Company due to the deduction limitation imposed by Code Section 162(m). Accordingly, an Award granted under the Plan may be granted in such a manner that the compensation attributable to such Award is intended by the Committee to qualify as qualified performance-based compensation (as such term is used in Code Section 162(m) and the Treasury Regulations thereunder) and thus be exempt from the deduction limitation imposed by Code Section 162(m) ( "Performance-Based Awards" ).

**12.2. Qualification of Performance-Based Awards.** Awards shall only qualify as Performance-Based Awards under the Plan if:

- (a) at the time of grant the Committee is comprised solely of two or more outside directors (as such term is used in Code Section 162(m) and the Treasury Regulations thereunder);
- (b) with respect to either the granting or Vesting of an Award (other than (i) a Nonqualified Stock Option or (ii) a SAR, which are granted with an exercise price at or above the Fair Market Value of the Common Stock on the date of grant), such Award is subject to the achievement of a performance goal or goals based on one or more of the performance measures specified in Section 12.3 below;
- (c) the Committee establishes in writing (i) the objective performance-based goals applicable to a given performance period and (ii) the individual employees or class of employees to which such performance-based goals apply no later than 90 days after the commencement of such performance period (but in no event after 25 percent of such performance period has elapsed);

(d) no compensation attributable to a Performance-Based Award will be paid to or otherwise received by a Participant until the Committee certifies in writing that the performance goal or goals (and any other material terms) applicable to such performance period have been satisfied; and

(e) after the establishment of a performance goal, the Committee shall not revise such performance goal (unless such revision will not disqualify compensation attributable to the Award as performance-based compensation under Code Section 162(m)) or increase the amount of compensation payable with respect to such Award upon the attainment of such performance goal.

**12.3. Performance Measures.** The Committee shall use the following performance measures (either individually or in any combination) to set performance goals with respect to Awards intended to qualify as Performance-Based Awards: net sales; pretax income before allocation of corporate overhead and bonus; budget; cash flow; earnings per share; net income; financial goals; return on shareholders' equity; return on assets; attainment of strategic and operational initiatives; appreciation in and/or maintenance of the price of the Common Stock or any other publicly-traded securities of the Company; market share; gross profits; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; economic value-added models; comparisons with various stock market indices; and/or reductions in costs.

### **13. CHANGE IN CONTROL**

**13.1. Accelerated Vesting.** Notwithstanding any other provision of this Plan to the contrary, and without limiting the powers of the Committee under Section 4.3 of the Plan, if there is a Change in Control of the Company, the Vesting Date and/or payout of each outstanding Award shall be accelerated so that each such Award shall, immediately prior to the effective date of the Change in Control, become fully vested with respect to the total number of shares of Common stock subject to such Award. Upon the consummation of any Change of Control, all outstanding Awards under the Plan shall, to the extent not previously exercised, either be assumed by any successor corporation or parent thereof or be replaced with a comparable Award with respect to shares of common stock of such successor corporation or parent thereof.

**13.2. Cashout.** The Committee, in its sole discretion, may determine that, upon the occurrence of a Change in Control of the Company, all or a portion of certain outstanding Awards shall terminate within a specified number of days after notice to the holders, and each such holder shall receive an amount equal to the value of such Award on the date of the Change in Control, and with respect to each share of Common Stock subject to a Stock Option or SAR, an amount equal to the excess of the Fair Market Value of such shares of Common Stock immediately prior to the occurrence of such Change in Control (or such other greater amount as the Committee may determine in its sole and absolute discretion to be equitable to prevent dilution or enlargement of Participants' rights under the Plan) over the exercise price per share of such Stock Option or SAR. Such amount shall be payable in cash, in one or more kinds of property (including the property, if any, payable in the transaction) or in a combination thereof, as the Committee, in its sole discretion, shall determine.

**13.3. Assumption or Substitution of Awards.** Notwithstanding anything contained in the Plan to the contrary, the Committee may, in its sole discretion, provide that an Award may be assumed by any entity which acquires control of the Company or may be substituted by a similar award under such entity's compensation plans.

### **14. TERMINATION OF EMPLOYMENT IF PARTICIPANT IS AN EMPLOYEE**

**14.1. Termination of Employment Due to Death.** Subject to the terms of the Plan, any written agreement between the Participant and the Company, and the applicable Award Agreement, if a Participant's employment is terminated due to death:

(a) all non-Vested portions of Awards held by the Participant on the date of the Participant's death shall immediately be forfeited by such Participant as of such date; and

(b) all Vested portions of Stock Options and SARs held by the Participant on the date of the Participant's death shall remain exercisable until the earlier of:

(i) the end of the 12-month period following the date of the Participant's death, or

(ii) the date the Stock Option or SAR would otherwise expire.

**14.2. Termination of Employment for Cause.** Subject to the terms of the Plan, any written agreement between the Participant and the Company, and the applicable Award Agreement, if a Participant's employment is terminated by the Company for Cause, all Awards held by a Participant on the date of the termination of his or her employment for Cause, whether Vested or non-Vested, shall immediately be forfeited by such Participant as of such date. If a Participant's employment is terminated for Cause during the six months following any exercise, payment or delivery pursuant to an Award, such exercise, payment or delivery may be rescinded within two years thereafter. In the event of any such rescission, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required, and the Company shall be entitled to set-off against the amount of any such gain any amount owed to the Participant by the Company.

**14.3. Termination of Employment Due to Retirement or Disability.** Subject to the terms of the Plan, any written agreement between the Participant and the Company, and the applicable Award Agreement, if a Participant's employment is terminated due to Retirement or Disability of the Participant:

(a) all non-Vested portions of Awards held by the Participant on the date of the Participant's Retirement or the date of the termination of his or her employment, as the case may be, shall immediately be forfeited by such Participant as of such date; and

(b) all Vested portions of Stock Options and SARs held by the Participant on the date of the Participant's Retirement or the date of the termination of his or her employment, as the case may be, shall remain exercisable until the earlier of:

(i) the end of the 36-month period following the date of the Participant's Retirement or the date of the termination of his or her employment, as the case may be, or

(ii) the date the Stock Option or SAR would otherwise expire.

**14.4. Other Terminations of Employment.** Subject to the terms of the Plan, any written agreement between the Participant and the Company, and the applicable Award Agreement, if a Participant's employment is terminated for any reason other than for Cause, retirement or due to death or Disability:

(a) all non-Vested portions of Awards held by the Participant on the date of the termination of his or her employment shall immediately be forfeited by such Participant as of such date; and all Vested portions of Stock Options and/or SARs held by the Participant on the date of the termination of his or her employment shall remain exercisable until the earlier of;

(i) the end of the 12-month period following the date of the termination of the Participant's employment, or

(ii) the date the Stock Option or SAR would otherwise expire.

**14.5. Change in Status.** Notwithstanding anything to the contrary set forth in the Plan, if any Employee ceases for any reason to be an Employee but continues to perform services for the Company (whether as a Nonemployee Director, consultant, agent, Independent Contractor or otherwise), such Participant shall retain his or her Awards upon the original terms and conditions thereof; provided, however, that if such Participant thereafter ceases to perform services for the Company then the provisions of this Section 14.4 shall no longer apply and such Award shall thereafter be subject to the provisions of Section 14.1, 14.2 or 14.3, as applicable.

**14.6. Committee Discretion.** Notwithstanding anything contained in the Plan to the contrary, and without limiting the powers of the Committee under Section 4.3 of the Plan, the Committee may, in its sole discretion, provide that:

(a) any or all non-Vested portions of Stock Options and/or SARs held by the Participant on the date of the Participant's death and/or the date of the termination of his or her employment shall immediately become exercisable as of such date and shall remain exercisable until a date that occurs on or prior to the date the Stock Option or SAR is scheduled to expire;

(b) any or all Vested portions of Nonqualified Stock Options and/or SARs held by the Participant on the date of the Participant's death and/or the date of the termination of his or her employment shall remain exercisable until a date that occurs on or prior to the date the Stock Option or SAR is scheduled to expire; and/or

(c) any or all non-Vested portions of Stock Awards, Stock Units, Performance Shares, Performance Units, and/or Cash Awards held by the Participant on the date of the Participant's death and/or the date of the termination of his or her employment shall immediately Vest or shall become Vested on a date that occurs on or prior to the date the Award is scheduled to vest.

(d) Cancellation and Rescission of Awards Due to Detrimental Activity. Unless the Award Agreement specifies otherwise, and regardless of whether the Participant's employment or engagement with the Company is terminated (whether for Cause or otherwise), the Committee may cancel, rescind, or otherwise withhold any Awards held by a Participant, whether Vested or non-Vested, and any such Awards shall immediately be forfeited by such Participant at any time that the Participant is not in compliance with all applicable provisions of the Award Agreement and the Plan, or if the Participant engages in any Detrimental Activity. For purposes of this Section 14.6, Detrimental Activity shall include: (i) the rendering of services, directly or indirectly, to or for the benefit of any organization or engaging directly or indirectly in any business which is competitive with the Company, or which organization or business, or the rendering of services to or for the benefit of such organization, is prejudicial to or in conflict with the interests of the Company; (ii) the disclosure to anyone outside the Company, or the use in other than the Company's business, without prior written authorization from the Company, of any confidential information, as defined in the Company's Employee Handbook, acquired by the Participant either during or after employment with the Company; (iii) the failure or refusal to disclose promptly and to assign exclusively to the Company, all right title and interest in any invention or idea, patentable or not, made or conceived by the Participant during employment with the Company, relating in any manner to the actual or anticipated business, research or development work of the Company or the failure or refusal to do anything reasonably necessary to enable the Company to secure a patent where appropriate in the United States and in other countries; (iv) a violation of any rule, policy, procedure or guideline of the Company, including but not limited to the Company's Code of Conduct; (v) any attempt, directly or indirectly, to induce any employee of the Company to be employed or render services other than for the Company, or any attempt directly or indirectly to solicit the trade or business of any current or prospective customer, supplier, or partner of the Company, other than in connection with the Company's business; (vi) the Participant being convicted of, or entering a guilty plea with respect to a crime, whether or not connected with the Company; (vii) any other conduct or act determined to be injurious, detrimental or prejudicial to any interest of the Company or (viii) any agreement, whether or not in writing, to do any of the foregoing. Upon exercise, payment or delivery pursuant to an Award, the Participant may be required to certify, in a manner acceptable to the Committee, that he or she is in compliance with all of the terms and conditions of the Plan and is not and has not engaged in any Detrimental Activity. In the event a Participant fails to comply with the provisions of this Section 14.6 after the grant of the Award and prior to, or during the six months after any exercise, payment or delivery pursuant to an Award, such exercise, payment or delivery may be rescinded within two years thereafter. In the event of any such rescission, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required, and the Company shall be entitled to set-off against the amount of any such gain any amount owed to the Participant by the Company.

## 15. TAXES

15.1. **Withholding Taxes.** With respect to Employees, the Company, or the applicable Subsidiary, may require a Participant whose Stock Award, Stock Unit, Performance Share or Performance Unit granted hereunder has Vested, or who exercises a Stock Option or SAR granted hereunder to reimburse the Company or the Subsidiary which employs such Participant for any taxes required by any governmental regulatory authority to be withheld or otherwise deducted and paid by such corporation or entity in respect of the issuance or disposition of such shares or the payment of any amounts. In lieu thereof, the Company or the Subsidiary which employs such Participant, shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Company or the Subsidiary, as applicable, to the Participant upon such terms and conditions as the Committee shall in its sole discretion prescribe. The Company or the Subsidiary that employs such Participant may, in its discretion, hold the

stock certificate to which such Participant is entitled upon the Vesting of a Stock Award, Stock Unit, Performance Share or Performance Unit or the exercise of a Stock Option or SAR as security for the payment of such withholding tax liability, until cash sufficient to pay that liability has been accumulated by or paid to the Company or such Subsidiary.

**15.2. Use of Common Stock to Satisfy Withholding Obligation.** With respect to Employees, at any time that the Company, Subsidiary or other entity that employs such Participant becomes subject to a withholding obligation under applicable law with respect to the vesting of a Stock Award, Stock Unit, Performance Share or Performance Unit or the exercise of a Nonqualified Stock Option (the Tax Date), except as set forth below, a holder of such Award may, subject to the approval of the Committee, elect to satisfy, in whole or in part, the holder's related personal tax liabilities (an Election) by (i) directing the Company, Subsidiary or other entity that employs such Participant to withhold from shares issuable in the related vesting or exercise either a specified number of shares or shares of Common Stock having a specified value (in each case equal to the related minimum statutory personal withholding tax liabilities with respect to the applicable taxing jurisdiction in order to comply with the requirements for a fixed plan under Accounting Principals Board Opinion No. 25), (ii) tendering shares of Common Stock or other securities of the Company previously issued pursuant to the exercise of a Stock Option or other shares of the Common Stock owned by the holder, or (iii) combining any or all of the foregoing Elections in any fashion. The foregoing notwithstanding, however, when previously issued shares of Common Stock or other securities of the Company are tendered pursuant to an Election, such tender of shares will not be accepted unless the Participant has held such shares for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes. An Election shall be irrevocable. The withheld shares and other shares of Common Stock or other securities tendered in payment shall be valued at their Fair Market Value on the Tax Date. The Committee may in its sole discretion disapprove of any Election, suspend or terminate the right to make Elections or provide that the right to make Elections shall not apply to particular shares or exercises. The Committee may impose any additional conditions or restrictions on the right to make an Election as it shall deem appropriate, including conditions or restrictions with respect to Section 16 of the Exchange Act.

**15.3. No Guarantee of Tax Consequences.** No Person connected with the Plan in any capacity, including, but not limited to, the Company and any Subsidiary and their respective directors, officers, agents and employees makes any representation, commitment, or guarantee that any tax treatment, including, but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to amounts deferred under the Plan, or paid to or for the benefit of a Participant under the Plan, or that such tax treatment will apply to or be available to a Participant on account of participation in the Plan.

## 16. AMENDMENT AND TERMINATION

**16.1. Termination of Plan.** The Board or the Committee may suspend or terminate the Plan at any time with or without prior notice; provided, however, that no action authorized by this Section 16.1 shall reduce the amount of any outstanding Award or adversely change the terms and conditions thereof without the Participant's consent.

**16.2. Amendment of Plan.** Provided that no amendment may adversely affect the rights of any Participant under any outstanding Award without the Participant's consent; and, provided further, that no such amendment shall be effective without shareholder approval if such approval is required to comply with any applicable law or the rules of any national securities exchange or other market system on which the Company's securities are then listed or traded; and, provided further, that the Board or the Committee may not, without shareholder approval, increase the maximum number of shares issuable under the Plan, the Board or the Committee may amend the Plan at any time with or without prior notice. Notwithstanding any provision herein to the contrary, the Board or the Committee shall have broad authority to amend the Plan or any Award to take into account changes in applicable tax laws, securities laws, accounting rules and other applicable state and federal laws.

**16.3. Amendment or Cancellation of Award Agreements.** Without limitation to the rights of the Committee under Sections 4.3 and 14.6 of the Plan, the Committee may amend or modify any Award Agreement at any time by mutual agreement between the Committee and the Participant or such other Persons as may then have an interest therein. In addition, by mutual agreement between the Committee and a Participant or such other Persons as may then have an interest therein, Awards may be granted to an Employee, Nonemployee Director or Independent Contractor in substitution and exchange for, and in cancellation of, any Awards previously granted to such Employee, Nonemployee Director or Independent Contractor under the Plan, or any award previously granted to



such Employee, Nonemployee Director or Independent Contractor under any other present or future plan of the Company or any present or future plan of an entity which (i) is purchased by the Company, (ii) purchases the Company, or (iii) merges into or with the Company.

## 17. MISCELLANEOUS

**17.1. Other Provisions.** Awards granted under the Plan may also be subject to such other provisions (whether or not applicable to the Award granted to any other Participant) as the Committee determines in its sole discretion on the date of grant to be appropriate, including, without limitation, for the installment purchase of Common Stock under Stock Options, to assist the Participant in financing the acquisition of Common Stock, for the forfeiture of, or restrictions on resale or other disposition of, Common Stock acquired under any Stock Option, for the acceleration of Vesting of Awards in the event of a Change in Control of the Company, for the payment of the value of Awards to Participants in the event of a Change in Control of the Company, or to comply with federal and state securities laws, or understandings or conditions as to the Participant's employment in addition to those specifically provided for under the Plan.

**17.2. Transferability.** Each Award granted under the Plan to a Participant shall not be transferable otherwise than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations adopted thereunder and Stock Options and SARs shall be exercisable, during the Participant's lifetime, only by the Participant; provided, however, that the Committee may in its sole discretion permit the transfer of an Award to a Participant's Family Members or to one or more trusts established in whole or in part for the benefit of one or more such Family Members. In the event of the death of a Participant, each Stock Option or SAR theretofore granted to him or her shall be exercisable during such period after his or her death as the Committee shall, in its sole discretion, set forth in the Award Agreement on the date of grant and then only by the executor or administrator of the estate of the deceased Participant or the Person or Persons to whom the deceased Participant's rights under the Stock Option or SAR shall pass by will or the laws of descent and distribution.

**17.3. Election to Defer Compensation Attributable to Award.** The Committee may, in its sole discretion, allow a Participant to elect to defer the receipt of any compensation attributable to an Award under guidelines and procedures to be established by the Committee after taking into account the advice of the Company's tax counsel.

**17.4. Listing of Shares and Related Matters.** If at any time the Committee shall determine that the listing, registration or qualification of the shares of Common Stock subject to any Award on any securities exchange or under any applicable law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition of, or in connection with, the granting of an Award or the issuance of shares of Common Stock thereunder, such Award may not be exercised, distributed or paid out, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee. The Committee may require each Participant purchasing or acquiring shares of Common Stock pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company in writing that such Participant is acquiring the shares for investment and not with a view to the distribution thereof. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission or any national securities exchange or other market system on which the Company's securities are listed or traded, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

**17.5. No Right, Title, or Interest in Company Assets.** Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative or any other Person. The Plan is intended to constitute an unfunded plan for incentive compensation. To the extent that any Person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

**17.6. No Right to Continued Employment or Service or to Grants.** The Participant's rights, if any, to continue to serve the Company as a director, officer, employee, independent contractor or otherwise, shall not be enlarged or otherwise affected by his or her designation as a Participant under the Plan, and the Company or the applicable Subsidiary reserves the right to terminate the employment of any Employee or the services of any Independent Contractor or director at any time. The adoption of the Plan shall not be deemed to give any Employee, Nonemployee Director, Independent Contractor or any other individual any right to be selected as a Participant or to be granted an Award.

**17.7. Awards Subject to Foreign Laws.** The Committee may grant Awards to individual Participants who are subject to the tax laws of nations other than the United States, and such Awards may have terms and conditions as determined by the Committee as necessary to comply with applicable foreign laws. The Committee may take any action, which it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity; provided, however, that no such Awards may be granted pursuant to this Section 17.7 and no action may be taken which would result in a violation of the Exchange Act or any other applicable law.

**17.8. Governing Law.** The Plan, all Awards granted hereunder, and all actions taken in connection herewith shall be governed by and construed in accordance with the laws of the State of Florida without reference to principles of conflict of laws, except as superseded by applicable federal law or as otherwise provided in any Award Agreement.

**17.9. Other Benefits.** No Award granted under the Plan shall be considered compensation for purposes of computing benefits under any retirement plan of the Company or any Subsidiary nor affect any benefits or compensation under any other benefit or compensation plan of the Company or any Subsidiary now or subsequently in effect.

**17.10. No Fractional Shares.** No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine in its sole discretion whether cash, Common Stock, Stock Options, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

**17.11. Authority of the Company and Shareholders.** The existence of the Plan, the Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

**17.12. Other Compensation Plans.** The adoption of the Plan shall not affect any other stock option, incentive or other compensation plans in effect for the Company or any Subsidiary, nor shall the plan preclude the Company from establishing any other forms of incentive or other compensation for Employees and Nonemployee Directors of the Company or any Subsidiary.

**PROXY**

**OPKO HEALTH, INC.**

**4400 Biscayne Blvd.**

**Miami, Florida 33137**

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

**ANNUAL MEETING OF STOCKHOLDERS JUNE 14, 2012**

The undersigned hereby appoints Rao Uppaluri, Ph.D. and Steven D. Rubin, and each of them severally, as proxies of the undersigned, each with full power to appoint his substitute, to represent the undersigned at the Annual Meeting of Stockholders of OPKO Health, Inc. (the Company ) to be held at the Company s headquarters at 4400 Biscayne Blvd., Miami, Florida 33137, on June 14, 2012, beginning at 10:00 a.m., local time, and at any adjournments thereof, and to vote thereat all shares of common stock and 8% Series D Cumulative Convertible Preferred Stock of the Company held of record by the undersigned at the close of business on April 16, 2012, in accordance with the instructions set forth on this proxy card and, in their discretion, to vote such shares on any other business as may properly come before the meeting and on matters incident to the conduct of the meeting. Any proxy heretofore given by the undersigned with respect to such stock is hereby revoked.

**PLEASE MARK, DATE AND SIGN THIS PROXY ON THE REVERSE SIDE AND RETURN IT IN THE ENCLOSED ENVELOPE OR VOTE BY INTERNET AS INSTRUCTED**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on June 14, 2012**

The Proxy Statement and 2011 Annual Report are available at [www.opko.com](http://www.opko.com).

**ANNUAL MEETING OF STOCKHOLDERS OF**

**OPKO HEALTH, INC.**

**JUNE 14, 2012**

**PROXY VOTING INSTRUCTIONS**

**INTERNET** - Access [www.voteproxy.com](http://www.voteproxy.com) and follow the on-screen instructions. Have your proxy card available when you access the web page, and use the Company Number and Account Number shown on your proxy card.

**COMPANY NUMBER**

**ACCOUNT NUMBER**

Vote via the internet until 11:59 PM EST the day before the meeting.

**MAIL** - Sign, date, and mail your proxy card in the envelope provided as soon as possible.

**IN PERSON** - You may vote your shares in person by attending the Annual Meeting.

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS:**

The Notice of Meeting, Proxy Statement, 2011 Annual Report, and proxy card are available at [www.opko.com](http://www.opko.com).

i Please detach along perforated line and mail in the envelope provided IF you are not voting via the Internet. i

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR AND FOR APPROVAL OF THE COMPANY S 2007 EQUITY INCENTIVE PLAN FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 162(m).**

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**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE** x

1. Election of ten directors.

**NOMINEES:**

- ..  Phillip Frost, M.D.
- FOR ALL NOMINEES**  Jane H. Hsiao, Ph.D., M.B.A.
- ..  Steven D. Rubin
- WITHHOLD AUTHORITY**  Robert A. Baron
- FOR ALL NOMINEES**  Thomas E. Beier
- ..  Dmitry Kolosov
- FOR ALL EXCEPT**  Richard A. Lerner, M.D.
- (See instructions below)**  John A. Paganelli
- Richard C. Pfenniger, Jr.
- Alice Lin-Tsing Yu, M.D., Ph.D.

**INSTRUCTION:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. "

**The undersigned acknowledges receipt of the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement for the June 14, 2012 meeting.**

Signature of Shareholder

Date:

Signature of Shareholder

Date:

**NOTE:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each stockholder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

2. Approval of Company's 2007 Equity Incentive Plan for purposes of Internal Revenue Code Section 162(m).

FOR  AGAINST  ABSTAIN

3. In their discretion, the proxy holders are authorized to vote upon such other matters as may properly come before the meeting or any postponement or adjournment thereof.

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR AND FOR APPROVAL OF THE COMPANY'S 2007 EQUITY INCENTIVE PLAN FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 162(m).**