

LUMINEX CORP
Form DEF 14A
April 09, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Luminex Corporation

(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:

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o 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:

LUMINEX CORPORATION
12212 Technology Boulevard
Austin, Texas 78727
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 21, 2009

Luminex Corporation (the Company) will hold its 2009 annual meeting of stockholders (the Meeting) on Thursday, May 21, 2009, at 10:00 a.m., local time, at the Hilton Austin Airport Hotel, 9515 New Airport Drive, Austin, Texas 78719. At the Meeting, stockholders will act on the following matters:

- (1) election of four persons nominated by the board of directors to serve for three-year terms as Class III Directors (designated as Proposal 1 in the accompanying proxy statement);
- (2) approval of the Luminex Corporation Amended and Restated 2006 Equity Incentive Plan (designated as Proposal 2 in the accompanying proxy statement);
- (3) ratification of the appointment by the Company's Audit Committee of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2009 (designated as Proposal 3 in the accompanying proxy statement); and
- (4) such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The board of directors has fixed the close of business on March 31, 2009 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Meeting or any adjournment or postponement thereof. A complete list of such stockholders will be available for examination at our offices in Austin, Texas, during normal business hours for a period of ten days prior to the Meeting.

This year, we are pleased to be using the new U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice instead of a paper copy of our proxy statement and our annual report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of those stockholders can receive a paper copy of our proxy materials, including the proxy statement, our 2008 Annual Report and a form of proxy card or voting instruction card. All stockholders who do not receive a notice will receive a paper copy of the proxy materials by mail.

Your attention is directed to the proxy statement for a more complete statement regarding the matters to be acted upon at the Meeting. Our annual report to stockholders is being mailed or made available to our stockholders along with our proxy solicitation materials, but it is not part of the proxy solicitation materials. All stockholders are cordially invited to attend the Meeting. **Whether or not you plan to attend the annual meeting, we hope you will vote as soon as possible. You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of a proxy or voting instruction card by mail, you may submit your proxy or voting instruction card for the annual meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided.**

By Order of the Board of Directors,

David S. Reiter
*Vice President, General
Counsel and Corporate Secretary*

Austin, Texas
April 9, 2009

LUMINEX CORPORATION
12212 Technology Boulevard
Austin, Texas 78727
PROXY STATEMENT
For Annual Meeting of Stockholders
To Be Held May 21, 2009

This proxy statement is being furnished to the stockholders of Luminex Corporation (the Company, Luminex, we or us) in connection with the solicitation by the board of directors of proxies for use at the 2009 annual meeting of stockholders (the Meeting) to be held at the time and place and for the purposes set forth in the accompanying notice, and at any and all adjournments or postponements thereof. This proxy statement and the accompanying proxy card are being distributed and made available on or about April 9, 2009.

Important Notice Regarding the Availability of Proxy materials for the Stockholder Meeting To Be Held on May 21, 2009: This proxy statement and our annual report to stockholders are available at <http://phx.corporate-ir.net/phoenix.zhtml?c=79403&p=proxy>.

Voting Procedures; General Information

Proposals 1, 2 and 3 will be presented by management at the Meeting. With regard to Proposal 1, the form of proxy permits votes for or withholding of votes as to all nominees for director or for withholding votes for any specific nominee, and permits votes for, against, or abstention with regard to Proposals 2 and 3. If the form of proxy is properly executed, returned, and not revoked, it will be voted in accordance with the specifications, if any, made by the stockholder and, if specifications are not made, will be voted **FOR** the nominees named in this proxy statement to the Company's board of directors, **FOR** the approval of the Luminex Corporation Amended and Restated 2006 Equity Incentive Plan, and **FOR** the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2009.

If your shares are held by your broker or other nominee, often referred to as in street name, you will receive a form from your broker seeking instructions as to how your shares should be voted. If you are a registered stockholder and received a notice of availability of our proxy materials over the Internet, you may vote by telephone or electronically through the Internet by following the instructions included in the notice. If you are a registered stockholder and received paper proxy materials through the mail, you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held in street name, you should contact your broker or nominee to determine whether you will be able to vote by telephone or electronically. If your shares are held in street name and you do not issue instructions to your broker, your broker, under the rules of The NASDAQ Stock Market LLC, may vote your shares in its discretion on routine matters, but may not vote your shares on non-routine matters. The election of directors and the ratification of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2009 (Proposals 1 and 3) are both deemed routine matters. Therefore, your broker has discretionary authority to vote your shares on such matters absent specific instructions from you. However, Proposal 2 is a non-routine matter. If your broker turns in a proxy card expressly stating that the broker is not voting on a non-routine matter (Proposal 2) as a result of your failure to provide specific instructions, such action is referred to as a broker nonvote.

It is not expected that any matter not referred to herein will be presented for action at the Meeting. If any other matters are properly brought before the Meeting, including, without limitation, a motion to adjourn the Meeting to another time and/or place for the purpose of, among other things, permitting dissemination of information regarding material developments relating to any of the Proposals, or soliciting additional proxies in favor of the approval of any of the Proposals, the persons named on the accompanying proxy card will vote the shares represented by such proxy upon such matters in their discretion. Should the Meeting be reconvened, all proxies will be voted in the same manner as such proxies would have been voted when the Meeting was originally convened, except for the proxies effectively revoked or withdrawn prior to the time proxies are voted at such reconvened meeting.

Any stockholder giving a proxy may revoke it at any time before it is voted by communicating such revocation in writing to our Corporate Secretary at the address indicated above, by executing and delivering a later-dated proxy or by voting in person at the Meeting.

Quorum; Required Votes and Recommendations

Our only outstanding voting security is our common stock. Holders of record of common stock at the close of business on March 31, 2009, the record date for the Meeting, are entitled to notice of and to vote at the Meeting. On the record date for the Meeting, there were 41,461,355 shares of common stock outstanding and entitled to vote at the Meeting. In deciding all matters, a holder of common stock on the record date shall be entitled to cast one vote for each share of common stock then registered in such holder's name or otherwise beneficially owned.

The holders of a majority of the outstanding shares of the Company's common stock as of the record date must be present in person or be represented by proxy to constitute a quorum and act upon the proposed business. Failure of a quorum to be represented at the Meeting will necessitate an adjournment or postponement and will subject the Company to additional expense. Votes withheld from any nominee for director, abstentions and broker nonvotes are counted as present or represented for purposes of determining the presence or absence of a quorum.

Proposal 1 discussed in this Proxy Statement requires the affirmative vote of a plurality of the votes cast at the Meeting. Accordingly, the four nominees receiving the highest number of affirmative votes of the shares present or represented and entitled to vote at the Meeting shall be elected as Class III directors. Proposals 2 and 3 require the affirmative vote of the holders of a majority of the outstanding shares represented at the Meeting and entitled to vote thereon. Votes will be counted by the Company's transfer agent or our Corporate Secretary. Under Delaware law, abstentions are not counted as voting for or against a particular matter. However, abstentions are included in the number of shares present or represented at the Meeting and entitled to vote, and therefore, abstentions will have the same effect as a vote cast against Proposals 2 and 3. Abstentions and withhold votes will have no effect on the outcome of Proposal 1. Additionally, if a broker turns in a proxy card expressly stating that the broker is not voting on a nonroutine matter, such action is referred to as a broker nonvote. Broker nonvotes are counted for the purpose of determining the presence or absence of a quorum, but are not counted for determining the number of votes cast, as a broker nonvote is not considered entitled to vote on a matter. Accordingly, for purposes of Proposals 2 and 3, broker nonvotes have the effect of reducing the number of affirmative votes required to achieve a majority of the shares present and entitled to vote for such matter by reducing the total number of shares from which such majority is calculated. Broker nonvotes will have no effect on the outcome of Proposal 1.

The Board of Directors unanimously recommends that you vote:

FOR the Class III Director nominees named in this proxy statement;

FOR the approval of the Luminex Corporation Amended and Restated 2006 Equity Incentive Plan;
and

FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2009.

CORPORATE GOVERNANCE

We believe that effective corporate governance is critical to our long-term health and ability to create value for our stockholders. Our board of directors believes that we have in place appropriate charters, policies (including a comprehensive Code of Compliance and corporate governance guidelines), procedures and controls that promote and enhance corporate governance, accountability and responsibility with respect to the Company and a culture of honesty and integrity. We will continue to monitor emerging developments and best practices in corporate governance and augment these charters, policies, procedures and controls when required or when our board determines it would benefit the Company and our stockholders. Our corporate governance policies, including our various board committee charters, can be viewed at the Investor Relations section of our website at www.luminexcorp.com. Information contained on our website, other than the electronic version of our proxy statement provided on our website, is not incorporated into this proxy statement by this or any other reference to our website in this proxy statement, and we do not intend for such information on or linked to our website to constitute part of this proxy statement.

Director Independence

Our board of directors consults with the Company's counsel to ensure that the board's independence determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent director, including but not limited to those set forth in pertinent listing standards of The NASDAQ Stock Market LLC as in effect from time to time. To assist in the board's independence determinations, each director completed materials

designed to identify any relationships that could affect the director's independence. In addition, through discussion among the directors a subjective analysis of independence was reviewed. The board has determined that each of the following directors is an independent director consistent with the objective requirements of applicable laws and regulations, and that such persons do not otherwise have any relationship that, in the opinion of the board of directors, would interfere with the exercise of such person's independent judgment in carrying out the responsibilities of a director: Robert J. Cresci; Thomas W. Erickson; Fred C. Goad, Jr.; Jay B. Johnston; Jim D. Kever; Kevin M. McNamara; J. Stark Thompson; and Gerard Vaillant. The board has also determined that director nominee Edward A. Ogunro, Ph.D., if elected at the Meeting, will qualify as an independent director. The board has not established categorical standards or guidelines to make the subjective aspect of these determinations, but considers all relevant facts and circumstances known to the board.

Director Qualifications

The Nominating and Corporate Governance Committee may consider whatever factors it deems appropriate in its assessment of a candidate for board membership; however, candidates nominated to serve as directors will, at a minimum, in the committee's judgment:

- be able to represent the interests of the Company and all of its stockholders and not be disposed by affiliation or interest to favor any individual, group or class of stockholders or other constituency; and
- possess the background and demonstrated ability to contribute to the board's performance of its collective responsibilities, through senior executive management experience, relevant professional or academic distinction, and/or a record of relevant civic and community leadership.

The consideration of a candidate for director will include the Nominating and Corporate Governance Committee's assessment of the individual's background, skills and abilities, and whether such characteristics fulfill the needs of the board of directors at that time. As part of the Nominating and Corporate Governance Committee's consideration of a candidate, the committee also believes that the candidate must:

- be of high ethical character and share the core values of Luminex as reflected in our Code of Compliance;
- have a reputation, both personal and professional, consistent with the image and reputation of Luminex;
- be highly accomplished in the candidate's field;
- be an active or former chief executive officer of a public company or a biotechnology company or an active or former leader of another complex organization;
- otherwise have relevant expertise and experience, and be able to offer advice and guidance to the chief executive officer based on that expertise and experience; and/or
- have the ability to exercise sound business judgment.

Process for Identifying Director Candidates

The Nominating and Corporate Governance Committee may utilize a variety of methods for identifying nominees for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current board members, professional search firms, stockholders or other persons. The Nominating and Corporate Governance Committee considers nominees proposed by the Company's stockholders in accordance with the provisions contained in our bylaws. Pursuant to our bylaws, any stockholder may nominate a person for election to our board of directors, provided that the nomination is received by the Secretary of the Company not less than 30 days nor more than 90 days prior to the first anniversary of the preceding year's Meeting. Each nomination submitted in this manner shall include the name and address of the nominee(s) and all other information with respect to the nominee as required to be disclosed in the proxy statement for the election of directors under applicable rules of the Securities and Exchange Commission (SEC), including the nominee's consent to being named as a nominee and to serving as a director, if elected.

The nominating stockholder shall also provide a completed written questionnaire with respect to each nominee with respect to the background and qualification of each nominee and any other person or entity that each nominee may represent (which questionnaire shall be provided by the Corporate Secretary) and a written representation and agreement (in the form provided by the Corporate Secretary) that each nominee:

- has no undisclosed commitment, agreement or understanding with any person or entity as to how such nominee will act or vote on any issue or question as a director;
- is not a party to any undisclosed commitment, agreement or understanding with any person or entity other than Luminex with respect to compensation, reimbursement or indemnification in connection with service or action as a director;
- will comply with any director stock ownership and trading guidelines of Luminex; and
- in such nominee's individual capacity and on behalf of any person or entity for whom such nominee may be a representative, has complied and will comply with all applicable corporate governance, conflicts, confidentiality and other policies of Luminex.

Additionally, the nominating stockholder must provide:

his or her name and address as it appears in the stock records of Luminex;
the number and type of shares of Luminex capital stock beneficially owned by the stockholder and a description in reasonable detail of any hedging, derivative, swap, profit interests, option or other transactions or series of transactions engaged in, directly or indirectly, by such stockholder, or any agreement, arrangement or understanding (including any short position, or any borrowing or lending of shares) to which such stockholder is a party, in each case, the effect or intent of which is to mitigate loss to, manage the risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder with respect to shares of capital stock of Luminex, or otherwise to reduce the economic risk or benefit of ownership of shares of capital stock of Luminex to such stockholder (including where the value of any agreement, arrangement or understanding to which such stockholder is a party is determined by reference to the price or value of shares of Luminex capital stock), and the agreement of the stockholder to notify Luminex in writing within five business days after the record date for the meeting of any changes to the above information in effect as of the record date for the meeting;
all contracts, arrangements, understandings and relationships with respect to the stockholder's investment in Luminex, including with other stockholders, potential investors in Luminex, transaction counterparties, directors or proposed director nominees and potential transaction advisers such as financial advisers, legal counsel and proxy solicitation firms, and the agreement of the stockholder to notify Luminex in writing within five business days after the record date for the meeting of any changes to the above information in effect as of the record date for the meeting;
any material agreement such stockholder may have with any other person or entity in connection with the nomination, and the agreement of the stockholder to notify Luminex in writing within five business days after the record date for the meeting of any changes to the above information in effect as of the record date for the meeting; and
a representation as to whether such stockholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of Luminex's outstanding shares required to approve the nomination and/or otherwise to solicit proxies from stockholders in support of the nomination, and as to whether the stockholder intends to appear in person or by proxy at the meeting to propose such nomination.

Our bylaws also provide that certain of the above information also be provided with respect to certain other persons associated with the nominating stockholder. The foregoing is a summary of the requirements for stockholders to nominate persons for election to our board of directors, which requirements are set out fully in our bylaws and the foregoing description is qualified by reference to the full text of our bylaws.

Evaluation of Director Candidates

The chair of the Nominating and Corporate Governance Committee will preliminarily assess a candidate's qualifications and suitability, working with management support and seeking board input, and report such assessment to the Nominating and Corporate Governance Committee members. When feasible, the chair of the Nominating and Corporate Governance Committee will interview candidates whom the chair believes are likely to meet the criteria for board membership as part of the preliminary assessment process. The report may be made to the Nominating and Corporate Governance Committee at a meeting of the committee or informally to each committee member between meetings.

If it is the consensus of the Nominating and Corporate Governance Committee that a candidate is likely to meet the criteria for board membership, the chair of the committee will advise the candidate of the committee's preliminary interest. If the candidate expresses sufficient interest, the committee will arrange interviews of the candidate with one or more members of the committee, and request such additional information from the candidate as the committee deems appropriate. The Nominating and Corporate Governance Committee will consider the candidate's qualifications, background, skills and abilities, and whether such characteristics fulfill the needs of the board at that time, and confer and reach a collective assessment as to the qualifications and suitability of the candidate for board membership.

If the Nominating and Corporate Governance Committee determines that the candidate is suitable and meets the criteria for board membership, the candidate will be invited to meet with the senior management of the Company and other members of the board of directors, both to allow the candidate to obtain further information about the Company and to give management and the other directors a basis for input to the Nominating and Corporate Governance Committee regarding the candidate. On the basis of its assessment, and taking into consideration input from other board members and senior management, the Nominating and Corporate Governance Committee will formally consider whether to recommend the candidate's nomination for election to the board of directors.

Code of Compliance

We have a Code of Compliance that applies to all of the employees, officers and directors of the Company and its subsidiaries. The purpose of our Code of Compliance is to provide written standards that are reasonably designed to deter wrongdoing and to promote honest and ethical conduct; full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with the SEC and other public communications by the Company; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of violations of the Code of Compliance; and accountability for adherence to the Code of Compliance. Our Code of Compliance also includes a formal policy regarding the approval of related party transactions, which is administered by our Audit Committee. This policy is described more fully below under Certain Relationships and Related Party Transactions. Each director, officer and employee is required to read and certify that he or she has read, understands and will comply with the Code of Compliance.

Under the Sarbanes-Oxley Act of 2002 and the SEC's related rules, the Company is required to disclose whether it has adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The NASDAQ Stock Market LLC rules also require the Company to adopt a code of conduct applicable to the Company's directors, officers and employees that meets the SEC's definition of code of ethics. Our Code of Compliance meets the SEC's definition of code of ethics. The Company's employees, including our Chief Executive Officer and senior financial officers, are bound by our Code of Compliance.

A copy of our Code of Compliance can be obtained from the Investor Relations section of our website at www.luminexcorp.com. We intend to disclose amendments to, or waivers from, the Code of Compliance (to the extent applicable to our directors, Chief Executive Officer, principal financial officer, principal accounting officer or persons performing similar functions) on our website.

Communications with Members of the Board

Our board of directors has established procedures for the Company's stockholders to communicate with members of the board of directors. Stockholders may communicate with any of the Company's directors, including the chairperson of any of the committees of the board of directors or the presiding director, if any, by writing to a director, care of Corporate Secretary, Luminex Corporation, 12212 Technology Boulevard, Austin, Texas 78727. Appropriate communications will be forwarded to such director(s) by the Corporate Secretary. The Corporate Secretary maintains a log of such communications and transmits such communications to identified director addressee(s) as soon as practical, unless there are safety or security concerns that mitigate against further transmission of the communication, as determined by our Corporate Secretary in consultation with advice from counsel, when necessary. The board of directors or individual directors so addressed are advised of any communication withheld for safety or security reasons as soon as practicable. If multiple communications are received on a similar topic, the Corporate Secretary may, in his discretion, forward only representative correspondence.

Communications Regarding Accounting Matters

Communications expressing concerns or complaints relating to accounting matters, internal disclosure controls or controls over financial reporting, or auditing matters are handled in accordance with procedures established by the Audit Committee, including, without limitation, a dedicated hot line and email address. Under those procedures, concerns having to do with accounting matters, internal disclosure controls or controls over financial reporting, or auditing matters are presented by the Company's compliance officer to the Audit Committee for consideration and, if appropriate, corrective action.

Board Member Attendance at Annual Meeting of Stockholders

The Company strongly encourages each member of the board of directors to attend each annual meeting of stockholders. Accordingly, we expect most, if not all, of the Company's directors to be in attendance at the Meeting. All of our directors attended the 2008 annual meeting of stockholders.

Meetings and Committees of the Board of Directors

The board of directors and its committees meet periodically during the year as deemed appropriate. During 2008, the board of directors met ten times. No director attended fewer than 75% of all the 2008 meetings of the board of directors and its committees on which each such director served.

The board of directors is generally responsible for establishing our broad corporate policies and reviewing and assessing our corporate objectives and strategies, and other major transactions and capital commitments. The board of directors currently has five standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Executive Committee and the Development and Strategy Committee. Each of our committees, other than the Executive Committee and Development and Strategy Committee, operates under a charter adopted by our board of directors. It is the policy of the board and each committee to periodically review its performance and the effectiveness of its charter and policies, as applicable. If elected at the Meeting, it is anticipated that Mr. Ogunro will serve on the Strategy and Development Committee of the board of directors.

Audit Committee

The Audit Committee, which met five times in 2008, currently consists of Mr. McNamara, who serves as Chairman, Mr. Cresci, and Mr. Thompson. The board of directors has determined that each member of the Audit Committee meets the independence requirements of the applicable rules of the The NASDAQ Stock Market LLC and the SEC and has a basic understanding of finance and accounting and is able to read and understand fundamental financial statements. The board of directors has further determined that Mr. McNamara is an audit committee financial expert as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC. The Audit Committee's primary duties and responsibilities are to oversee the Company's accounting and financial reporting processes and audits of the Company's financial statements; oversee the integrity of the Company's systems of internal controls regarding finance, accounting and legal compliance, including the oversight of the Company's internal audit function; oversee the qualifications, independence and performance of the Company's independent registered public accounting firm; pre-approve all audit and permitted non-audit services to be performed by such firm; provide an avenue of free and open communication among the independent registered public accountants, management, internal audit and the board of directors; and to approve related party transactions. It is the function of the Audit Committee to help ensure the Company's financial statements accurately reflect the Company's financial position and results of operations. In addition, the Audit Committee, following its review of the audited financial statements, is charged with recommending the audited financial statements to the board of directors for inclusion in the Company's annual reports. Additional information regarding the purpose and functions of the Audit Committee is set forth in the Report of the Audit Committee provided below.

Compensation Committee

The Compensation Committee, which met eleven times in 2008, currently consists of Jay B. Johnston, who serves as Chairman, Mr. Goad, Mr. Kever, and Mr. Vaillant. The board of directors has determined that each member of the Compensation Committee is a non-employee director as defined in Rule 16b-3 of the rules promulgated under the Securities Exchange Act of 1934, an outside director for the purposes of the Internal Revenue Code of 1986, as amended (the Code), and an independent director as defined by the applicable rules of The NASDAQ Stock Market LLC. The Compensation Committee's function is to establish and apply our compensation policies and philosophies to assure that the executive officers, directors and other officers and key employees are compensated in a manner consistent with the compensation policies and objectives adopted by the Compensation Committee, competitive practice and the requirements of the appropriate regulatory bodies. The Compensation Committee also administers our equity incentive plans. Additionally, the Compensation Committee is charged with recommending the Compensation Discussion and Analysis to the board of directors for inclusion in the Company's proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K. Additional information regarding the functions performed by the Compensation Committee and the process undertaken by the Compensation Committee in the determination of

executive compensation is included under Executive and Director Compensation Compensation Discussion and Analysis.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, which met five times in 2008, currently consists of Mr. Cresci, who serves as Chairman, Mr. Thompson and Mr. Vaillant. The board of directors has determined that each member of the Nominating and Corporate Governance Committee is independent as defined by the applicable rules of the The NASDAQ Stock Market LLC. The Nominating and Corporate Governance Committee provides assistance to the board of directors in identifying and recommending individuals qualified to serve as directors of the Company, reviews the composition of the board of directors, periodically evaluates the performance of the board of directors and its committees, and reviews and recommends corporate governance policies for the Company. In addition, the Nominating and Corporate Governance Committee recommends our various committee memberships based upon, among other considerations, a director's available time commitment, background and/or skill set it deems appropriate to adequately perform the responsibilities of the applicable committee.

Executive Committee

The Executive Committee, which met three times in 2008, currently consists of Mr. Erickson, who serves as Chairman, Mr. Balthrop and Mr. Loewenbaum. The Executive Committee is authorized to act on behalf of the board of directors as a whole, to the extent delegated to the committee and otherwise permitted by law. The Executive Committee primarily meets to discuss Company performance and strategy. No formal actions on behalf of the board were taken in 2008 by the Executive Committee.

Strategy and Development Committee

The Strategy and Development Committee was formed by the board of directors in March 2009, and currently consists of Mr. Balthrop, Mr. Vaillant and Mr. Johnston. The Strategy and Development Committee was formed for the purpose of overseeing the Company's technology-related initiatives, including strategic decisions with respect to existing and new platforms and product offerings, research and development, and intellectual property issues. If elected at the Meeting, it is anticipated that Mr. Ogunro will serve as a member of the Strategy and Development Committee.

Executive Sessions of Non-employee Directors

Generally, an executive session of non-employee directors is held in conjunction with each regularly scheduled board meeting and other times as deemed appropriate. The executive sessions are generally led by Mr. Loewenbaum in his capacity as Chairman of the board. At least two meetings per year are also held by solely our independent directors, led by the presiding director. The presiding director is the then chair of the Nominating and Corporate Governance Committee (currently Mr. Cresci), as further described in our corporate governance guidelines.

Scientific Advisory Board

The Scientific Advisory Board (the Advisory Board), which met two times in 2008, was created in 2005 to, among other responsibilities, provide strategic advice regarding our research and development efforts and to evaluate and provide new scientific and technological perspectives relating to the current and future application of our technologies. Our former director, Dr. C. Thomas Caskey, was the initial member of the Advisory Board, which now also includes Dr. Andrea Ferreira-Gonzalez, Dr. Thomas Joos and Dr. Gary Procop. Richard Janeczko also serves on the Advisory Board as a management representative. It is expected that each member of our Advisory Board will be qualified and experienced in the markets and/or industries in which our products are or may be utilized and, with the exception of Mr. Janeczko, are neither employees nor directors of Luminex. Additionally, Luminex may invite members of our board of directors to serve on the Advisory Board in their capacity as members of our board of directors in order to help oversee and direct the Advisory Board and help communicate the Advisory Board's conclusions and recommendations to our board of directors. The Advisory Board operates at the discretion of the board of directors.

Compensation Committee Interlocks and Insider Participation

During 2008, the Compensation Committee of the board of directors consisted of Mr. Johnston, who served as Chairman, Mr. Goad, Mr. Keever and Mr. Vaillant, none of whom has ever been an officer or employee of the Company or its subsidiaries. No interlocking relationship existed during 2008 between any officer, member of our board of directors or the Compensation Committee and any officer, member of the board of directors or compensation committee of any other company.

PROPOSAL 1 ELECTION OF CLASS III DIRECTORS

The number of directors on our board of directors is currently fixed at ten. Our certificate of incorporation divides our board of directors into three classes which serve staggered three-year terms. The terms of the Class I, Class II and Class III directors will expire upon the election and qualification of directors at the annual meeting of stockholders to be held in 2010, 2011 and 2009, respectively.

Currently, our board of directors is composed of three Class I directors (consisting of Robert J. Cresci, Thomas W. Erickson and Gerard Vaillant), three Class II directors (consisting of Fred C. Goad, Jr., Jim D. Keever and Jay B. Johnston) and four Class III directors (consisting of Patrick J. Balthrop, Sr., G. Walter Loewenbaum II, J. Stark Thompson, and Kevin M. McNamara). Mr. Thompson is not standing for re-election to the board of directors and his services as a director, and as a member of our Audit and Nominating and Corporate Governance Committees, will cease on the date of the Meeting. As described below, Edward A. Ogunro, Ph.D. has been nominated to serve as a Class III director.

At the Meeting, the stockholders will elect four Class III directors nominated by the board of directors. Each of these directors is to serve a three-year term until the 2012 annual meeting of stockholders and until a successor is elected and qualified or until the director's earlier resignation or removal. The board of directors and its Nominating and Corporate Governance Committee, pursuant to and consistent with the nomination procedures described above under Corporate Governance, have nominated Messrs. Balthrop, Loewenbaum, and McNamara for re-election, and Edward A. Ogunro, Ph.D. for election, as Class III directors. It is the intention of the persons named in the proxy to vote the proxies for the election of the aforementioned nominees. Proxies may not be voted for persons other than those, or for more persons than, named in the proxy. If any nominee should be unwilling or become unavailable to serve as a director for any reason, the persons named as proxies reserve full discretion to vote for such other person or persons as may be properly nominated by the board of directors. The board of directors has no reason to believe that any of the nominees will be unable or unwilling to serve as a director if elected.

Certain information about the Class III nominees for the board of directors, and those directors whose terms do not expire at the Meeting, is furnished below.

Class III Director Nominees

Patrick J. Balthrop, Sr., age 52. Mr. Balthrop joined Luminex in May 2004 as President and Chief Executive Officer and has served as a member of the board of directors since September 2004. He served as president of Fisher Healthcare, a Fisher Scientific International company, a manufacturer and supplier of products and services principally to the scientific and laboratory markets from 2002 to May 2004. Prior to Fisher Scientific International, Mr. Balthrop served in a number of leadership positions for over 20 years with Abbott Laboratories, a global, broad-based health care company (Abbott), primarily in Abbott's Diagnostics Division. Mr. Balthrop's most recent positions at Abbott were as head of worldwide commercial diagnostics operations and as head of Abbott Vascular. Mr. Balthrop holds an M.B.A. from the Kellogg Graduate School of Management of Northwestern University, and a B.S. in Biology from Spring Hill College.

G. Walter Loewenbaum II, age 64. Mr. Loewenbaum has served as a member of the board of directors since May 1995 and as Chairman of the board of directors since September 2002. He served as Vice Chairman of the board of directors from April 1998 until January 2000. Mr. Loewenbaum currently serves as Chairman and chief executive officer of Mumboe Corp. (f/k/a Finetooth Corp.), a provider of contract management solutions, a position that he has held since February 2002. Additionally, from July 1999 through 2003, he served as a member of LeCorgne Loewenbaum & Co., LLC, an investment banking firm. From April 1990 until June 1999, he served as the president, chairman and chief executive officer of Loewenbaum & Company, Inc. (f/k/a Southcoast Capital), an investment banking company. Mr. Loewenbaum also has served as chairman of the board of directors of 3D Systems Corporation

(3D Systems), a provider of 3-D printing, rapid prototyping and manufacturing solutions, since September 1999, and was previously chairman of the board of directors of Envoy Corporation (Envoy), a provider of electronic transaction processing services for the healthcare industry. He holds a B.A. from the University of North Carolina.

Kevin M. McNamara, age 53. Mr. McNamara has served as a member of the board of directors since May 2003. In addition, he provided financial and strategic consulting services to the Company from October 2001 through December 2002. Mr. McNamara has served as executive vice president, chief financial officer and treasurer of HealthSpring, Inc., a managed care company, since April 2005. Mr. McNamara also served as non-executive chairman from April 2005 through January 2006 of MedAvant Healthcare Solutions (f/k/a ProxyMed, Inc.), a provider of automated healthcare business and cost containment solutions for financial, administrative and clinical transactions in the healthcare payments marketplace, and served as interim chief executive officer of ProxyMed, Inc. from December 2004 through June 2005. Mr. McNamara previously served as chief financial officer of HCCA International, Inc., a healthcare management and recruitment company from October 2002 to April 2005, and currently serves on the board of directors of HCCA. Mr. McNamara serves on the board of directors of Tyson Foods, Inc., a food production company (Tyson). Mr. McNamara is a Certified Public Accountant (inactive) and holds a B.S. in Accounting from Virginia Commonwealth University and a M.B.A. from the University of Richmond.

Edward A. Ogunro, Ph.D., age 56. Dr. Ogunro served as senior vice president, R&D and medical affairs and chief scientific officer at Hospira Inc., a global specialty pharmaceutical and medication delivery company, from April 2004 until December 2007. Prior to Abbott's spin-off of Hospira in 2004, Dr. Ogunro served in a number of leadership positions for over 20 years with Abbott, primarily in Abbott's Diagnostics Division, and most recently served as corporate vice president, R&D, medical and regulatory affairs in Abbott's Hospital Products Division. He held numerous other positions with Abbott, including program director for AxSym, one of the most successful analyzers in the diagnostic industry, and divisional vice president for Abbott's Immunodiagnostics and Chemistry R&D Organization. Dr. Ogunro serves on the board of directors of Applied NeuroSolutions, Inc., a company focused on the development of an integrated portfolio of products for the treatment and diagnosis of Alzheimer's disease. Previously, Dr. Ogunro pursued postdoctoral studies and served as an assistant professor at Northwestern University Medical School in Chicago from 1977 to 1982. Mr. Ogunro holds a B.S. in Physiology and Biochemistry from Reading University and a Ph.D. in Biochemistry from London University.

Class I Directors (Terms Expire in 2010)

Robert J. Cresci, age 65. Mr. Cresci has served as a member of the board of directors since December 1996. He has been a Managing Director of Pecks Management Partners Ltd., an investment management firm, since September 1990. Mr. Cresci currently serves on the boards of directors of j2 Global Communications, Inc., a provider of outsourced, value-added messaging and communications services, ContinuCare Corporation, a provider of outpatient primary care physician services, and Sepracor Inc., a research-based pharmaceutical company. Mr. Cresci holds an undergraduate degree from the United States Military Academy at West Point and holds a M.B.A. in Finance from the Columbia University Graduate School of Business.

Thomas W. Erickson, age 58. Mr. Erickson has served as a member of the board of directors since May 2004. Mr. Erickson served as our Interim President and Chief Executive Officer from September 2002 until our hiring of Mr. Balthrop in May 2004. He is currently chairman of the board of PATHCare, Inc., an operator of long term care facilities, and is a Senior Advisor to New Mountain Capital, LLC, a private equity firm. Previously, he served as chairman of the board of national Medical Health Card Systems, Inc., a pharmacy benefits manager, chairman of the board of TransHealthcare, Inc., a health care services company, chairman and interim president and chief executive officer of LifeCare Holdings, Inc., an operator of long-term acute care hospitals, and interim president and chief executive officer of Omega Healthcare Investors, Inc., a healthcare focused real estate investment trust. Mr. Erickson was also co-founder, president and chief executive officer of CareSelect Group, Inc., a physician practice management company. Earlier in his career, he held several management positions at American Hospital Supply Corporation. Mr. Erickson holds a Bachelors degree from University of Iowa and an M.B.A. from Southern Methodist University.

Gerard Vaillant, age 67. Mr. Vaillant has served as a member of the board of directors since February 2005. Mr. Vaillant held a number of positions within Johnson & Johnson, a manufacturer of health care products, from 1981 through 2004. Most recently, Mr. Vaillant served as company group chairman of Johnson & Johnson until he retired. He also served as chairman for Ortho-Clinical Diagnostics, Inc., a provider of total solutions for screening, diagnosing, monitoring and confirming diseases, Veridex LLC, a provider of high-value oncology products, and Therakos, Inc., a provider of innovative cellular therapy products, and as a member of several other operating

committees within Johnson & Johnson during that period. In addition, from 1992-1995, he was the worldwide president of LifeScan, a company dedicated to improving the quality of life for people with diabetes by developing, manufacturing and marketing a wide range of blood glucose monitoring systems and software. He currently serves on the board of directors of Sensors for Medicine and Science, Inc., a developer of sensor technologies, Tecan AG, a provider of laboratory instruments and solutions in biopharmaceuticals, forensics, and clinical diagnostics, and OncoMethylome Sciences, a molecular diagnostics company. He holds a Masters Degree & Superior Certificate in Biochemistry & Industrial Chemistry from Paris University of Sciences and a Degree in Marketing from Ecole Supérieure de Commerce de Paris.

Class II Director (Terms Expire in 2011)

Fred C. Goad, Jr., age 68. Mr. Goad has served as a member of the board of directors since September 1997. Since August 2001, he has been a member in Voyent Partners, L.L.C. (Voyent), a private investment company. Mr. Goad served as co-chief executive officer of the transaction services division of WebMD Corporation (WebMD), a provider of healthcare transaction, information and technology services, from June 2000 through March 2001. From March 1999 through May 2000, Mr. Goad served as senior advisor to the office of the president of the transaction services division of Quintiles Transnational Corporation (Quintiles), a contract research company providing a wide range of clinical research services for biotech and pharmaceutical clients. Mr. Goad served as co-chief executive officer and chairman of Envoy from June 1996 until Envoy was acquired by Quintiles in March 1999. From 1985 to June 1996, Mr. Goad served as president and chief executive officer of Envoy. Mr. Goad serves on the board of directors of Emageon Inc., a provider of information technology systems for hospitals, healthcare networks and imaging facilities, and several private companies. Mr. Goad holds a B.S. in business from the University of Virginia.

Jim D. Kever, age 56. Mr. Kever has served as a member of the board of directors since December 1996. He has been a member in Voyent since August 2001. Mr. Kever served as co-chief executive officer of the transaction services division of WebMD from June 2000 to March 2001. From March 1999 through May 2000, Mr. Kever served as chief executive officer of the transaction services division of Quintiles. From August 1995 through March 1999, Mr. Kever was the president and co-chief executive officer of Envoy. Mr. Kever serves on the boards of directors of 3D Systems, Tyson, and ACI Worldwide, Inc, a leading provider of electronic payments software and services. Mr. Kever holds a B.S. in business and administration from the University of Arkansas and a J.D. from the Vanderbilt University School of Law.

Jay B. Johnston, age 66. Mr. Johnston has served as a member of the board of directors since February 2005. Mr. Johnston currently serves as chairman of QuesTek Innovations, LLC, a privately-held company that designs and markets high tech materials, a position he has held since August 2001. From 1975-1999, he held numerous positions at Abbott, most recently as corporate vice president for diagnostic assays and systems. He held numerous other positions with Abbott, including president of Dainabot Co. Ltd. and vice president Asia Pacific. Mr. Johnston has experience in general management, product development, technology management, strategic marketing and business development. He holds an M.B.A. in General Management from the Amos Tuck School of Business Administration and a B.A. degree in Public Administration from Dartmouth College.

Required Vote; Recommendation of the Board

Election of Class III directors will be determined by a plurality of the votes cast at the Meeting.

The board of directors unanimously recommends that stockholders vote **FOR** the election of its nominees for Class III directors.

PROPOSAL 2 APPROVAL OF THE LUMINEX CORPORATION AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN

Our Board of Directors has adopted and recommends that you approve the Luminex Corporation Amended and Restated 2006 Equity Incentive Plan (the *Equity Incentive Plan*). The Luminex Corporation 2006 Equity Incentive Plan (the *Original Plan*) was initially approved by the Company on May 25, 2006 by a majority of our stockholders present in person or by proxy and entitled to vote at our 2006 annual meeting of stockholders. The amendments, among other things:

- increase the number of shares available for issuance under the Original Plan by 3,325,000 shares (see *Shares Available for Awards under the Plan* below);

- provide that each share issued pursuant to a restricted share or a restricted share unit award will reduce the share reserve for issuance under the Equity Incentive Plan by 1.48 shares, and that the expiration, termination, cash settlement or otherwise forfeiting or cancelling of restricted share or restricted share unit awards will increase such share reserve by 1.48 shares for each share subject to the expired, terminated, cash settled or otherwise forfeited or cancelled restricted share or restricted share unit awards (see *Shares Available for Awards under the Plan* below);

- modify the permissible performance goals associated with performance awards under the Equity Incentive Plan (see *Performance Awards* below); and

- modify the change in control provision to provide the Compensation Committee of the Board of Directors greater flexibility in administering the Equity Incentive Plan in the event of a change of control (see *Change in Control* below).

The amendments to the Equity Incentive Plan also include conforming amendments required by changes in law, including Section 409A of the Internal Revenue Code of 1986 (the *Code*), and miscellaneous clarifications to plan language. NASDAQ Stock Market Rules require us to obtain stockholder approval of material amendments to equity compensation plans, such as the increase in shares available for issuance under the Original Plan.

The primary purpose of the Equity Incentive Plan is to promote the interests of the Company and its stockholders by, among other things, (i) attracting and retaining key officers, employees and directors of, and consultants to, the Company and its subsidiaries and affiliates, (ii) motivating those individuals by means of performance-related incentives to achieve long-range performance goals, (iii) enabling such individuals to participate in the long-term growth and financial success of the Company, (iv) encouraging ownership of stock in the Company by such individuals, and (v) linking their compensation to the long-term interests of the Company and its stockholders. Increasing the number of shares available for issuance under the Equity Incentive Plan will enable the Company to continue to attract, retain and motivate key officers, employees and directors.

As of March 31, 2009:

- 983,731 shares were available for grant in the aggregate from all of our pre-existing equity incentive plans; awards were outstanding representing 1,200,352 shares that are *full-value* awards (i.e., restricted shares, RSUs or other full-value awards as contemplated by the Equity Incentive Plan);
- options representing 2,714,500 shares were outstanding;
- the weighted-average exercise price (WAEP) for outstanding options was \$11.88; and
- the weighted-average remaining term (WART) for outstanding options was 3.98 years.

The following is a brief summary of the principal features of the Equity Incentive Plan, which is qualified in its entirety by reference to the Equity Incentive Plan itself, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

Shares Available for Awards under the Plan. Under the Equity Incentive Plan, awards may be made in common stock of the Company. Subject to adjustment as provided by the terms of the Equity Incentive Plan, the maximum number of shares of common stock with respect to which awards may be granted under the Equity Incentive Plan is the sum of (i) 3,325,000 and (ii) the number of shares available for grant under the Original Plan as of the end of the day May 21, 2009 (assuming approval of this Proposal on the date of the Annual Meeting). Except as adjusted in accordance with the terms of the Equity Incentive Plan, no more than 1,000,000 shares of common stock authorized under the Equity Incentive Plan may be awarded as incentive stock options.

Each share issued pursuant to an option shall reduce the share reserve by one share. Each share subject to a redeemed portion of a stock appreciation right (SAR) shall reduce the share reserve by one share. Each share issued pursuant to a restricted stock award or a restricted stock unit award shall reduce the share reserve by 1.48 shares. If any award granted under the Equity Incentive Plan, the Original Plan or the Company's 2000 Long-Term Incentive Plan (the 2000 Plan) expires, terminates, is settled in cash (in whole or in part) or is otherwise forfeited or canceled for any reason before it has vested or been exercised in full, the shares subject to such award shall, to the extent of such expiration, cash settlement, forfeiture, or termination, again be available for awards under the Equity Incentive Plan and the share reserve will be increased. Any shares that again become available for grant shall be added back as (i) one share if such shares were subject to options or SARs granted under the Equity Incentive Plan or under the 2000 Plan, and (ii) 1.48 shares if such shares were subject to restricted share or restricted share unit awards granted under the Equity Incentive Plan, the Original Plan or under the 2000 Plan. Notwithstanding the foregoing, if an option or SAR is exercised, in whole or in part, by tender of shares or if the Company's tax withholding obligation is satisfied by withholding shares, the number of shares deemed to have been issued under the Equity Incentive Plan shall be the number of shares that were subject to the option or SAR or portion thereof, and not the net number of shares actually issued and any SARs to be settled in shares shall be counted in full against the number of shares available for issuance under the Equity Incentive Plan, regardless of the number of shares issued upon the settlement of the SAR.

Shares issued by the Company as substitute awards granted solely in connection with the assumption of outstanding awards previously granted by a company acquired by the Company, or with which the Company combines (Substitute Awards), do not reduce the number of shares available for awards under the Equity Incentive Plan.

In addition, the Equity Incentive Plan imposes individual limitations on the amount of certain awards in order to comply with Sections 162(m), 422 and 409A of the Code. Under these limitations, no single participant may receive options or SARs in any calendar year that, taken together, relate to more than 300,000 shares of common stock, subject to adjustment in certain circumstances.

With certain limitations and exceptions, awards made under the Equity Incentive Plan will be equitably and proportionately adjusted by the Compensation Committee of the Board of Directors (the Committee), as deemed appropriate by the Committee, to prevent dilution or enlargement of benefits or potential benefits intended to be made available under the Equity Incentive Plan in the event of any stock dividend, reorganization, recapitalization, stock split, combination, merger, consolidation, change in laws, regulations or accounting principles or other relevant unusual or nonrecurring event affecting the Company.

Eligibility and Administration. Current and prospective officers and employees, and directors of, and consultants to, the Company or its subsidiaries or affiliates are eligible to be granted awards under the Equity Incentive Plan. As of March 31, 2009, approximately 385 individuals were eligible to participate in the Equity Incentive Plan. However, the Company has not at the present time determined who will receive the shares of common stock that will be authorized for issuance under the Equity Incentive Plan or how they will be allocated. The Committee will administer the Equity Incentive Plan, except with respect to awards to non-employee directors, for which the Equity Incentive Plan will be administered by the Board. The Committee will be composed of not less than two non-employee directors, each of whom will be a Non-Employee Director for purposes of Section 16 of the Exchange Act and Rule 16b-3 thereunder, an outside director within the meaning of Section 162(m) and the regulations promulgated under the Code and will be an independent director as defined by the listing standards of The Nasdaq Stock Market. Subject to the terms of the

Equity Incentive Plan, the Committee is authorized to select participants, determine eligibility for participation and decide all questions concerning eligibility for and the amount of awards under the Equity Incentive Plan, determine the type and number of awards to be granted, determine and later amend (subject to certain limitations) the terms and conditions of any award, interpret and specify the rules and regulations relating to the Equity Incentive Plan, and make all other determinations which may be necessary or desirable for the administration of the Equity Incentive Plan.

In addition, the Equity Incentive Plan authorizes the Committee to grant awards as an alternative to, or as the form of payment for grants or rights earned or payable under, other bonus or compensation plans, arrangements or policies of the Company, grant substitute awards on such terms and conditions as the Committee may prescribe, subject to compliance with the incentive stock option rules under Section 422 of the Code and the nonqualified deferred compensation rules under Section 409A of the Code, make all determinations under the Equity Incentive Plan concerning any participant's separation from service with the Company, including whether such separation occurs by reason of cause, good reason, disability, retirement, or in connection with a change in control and whether a leave constitutes a separation from service.

Stock Options and Stock Appreciation Rights. The Committee is authorized to grant stock options, including both incentive stock options, which can result in potentially favorable tax treatment to the participant, and non-qualified stock options. The grant of an option or SAR occurs when the Committee by resolution, written consent, or other appropriate action determines to grant such option or SAR for a particular number of shares to a particular participant at a particular option price or grant price, or such later date as the committee shall specify in such resolution, written consent or other appropriate action. The Committee may specify the terms of such grants subject to the terms of the Equity Incentive Plan. The Committee is also authorized to grant SARs, either with or without a related option. The exercise price per share subject to an option and the grant price of an SAR is determined by the Committee at the time granted, but may not be less than the fair market value of a share of common stock on the date of the grant, except in the case of Substitute Awards. In the case of Substitute Awards or awards granted in connection with an adjustment in the form of options or SARs, such grants shall have an option price (or grant price) per share that is intended to maintain the economic value of the award that was replaced or adjusted as determined by the Committee. The maximum term of each option or SAR, the times at which each option or SAR will be exercisable, and the provisions requiring forfeiture of unexercised options at or following separation from service generally are fixed by the Committee, except that no option or SAR relating to an option may have a term exceeding ten years. Incentive stock options that are granted to holders of more than ten percent of the Company's voting securities are subject to certain additional restrictions, including a five-year maximum term and a minimum exercise price of 110% of fair market value.

A stock option or SAR may be exercised in whole or in part at any time, with respect to whole shares only, within the period permitted thereunder for the exercise thereof. Stock options and SARs shall be exercised by written notice of intent to exercise the stock option or SAR and, with respect to options, payment in full to the Company of the amount of the option price for the number of shares with respect to which the option is then being exercised. An award agreement may provide that the period of time over which an option, other than an incentive stock option, or SAR may be exercised shall be automatically extended if on the scheduled expiration of such award, the participant's exercise of such award would violate applicable securities law; provided, however, that during the extended exercise period the option or SAR may only be exercised to the extent such award was exercisable in accordance with its terms immediately prior to such scheduled expiration date; provided further, however, that such extended exercise period shall end not later than 30 days after the exercise of such option or SAR first would no longer violate such laws. Payment of the option price shall be made in (i) cash or cash equivalents, or, (ii) at the discretion of the Committee, by transfer, either actually or by attestation, to the Company of unencumbered shares previously acquired by the participant, valued at the fair market value of such shares on the date of exercise (or next succeeding trading date, if the date of exercise is not a trading date), together with any applicable withholding taxes, such transfer to be upon such terms and conditions as determined by the Committee, (iii) by a combination of (i) or (ii), or (iv) by any other method approved or accepted by the Committee in its sole discretion, including, if the Committee so determines, (x) a cashless (broker-assisted) exercise that complies with applicable laws or (y) withholding shares (net-exercise) otherwise deliverable to the participant pursuant to the option having an aggregate fair market value at the time of exercise equal to the total option price. Until the optionee has been issued the shares subject to such exercise, he or she shall possess no rights as a stockholder with respect to such shares. The Company reserves, at any and all times in the Company's sole discretion, the right to establish, decline to approve or terminate any program or procedures for the exercise of options by means of a method set forth in subsection (iv) above, including with respect to one or more participants specified by the Company notwithstanding that such program or procedures may be available to other

participants.

Except as otherwise provided in the applicable award agreement, an option or SAR ceases to become exercisable upon a separation from service of the holder thereof. The Committee may determine in its discretion that an option or SAR may be exercised following any such separation from service, whether or not exercisable at the time of such separation; provided, however, that in no event may an option or SAR be exercised after the expiration date of such award specified in the applicable award agreement, except as otherwise provided in the Equity Incentive Plan.

Restricted Shares and Restricted Share Units. The Committee is authorized to grant restricted shares of common stock and restricted share units. Restricted shares are shares of common stock subject to transfer restrictions as well as forfeiture upon certain separations from service prior to the end of a restricted period or other conditions specified by the Committee in the award agreement. A participant granted restricted shares of common stock generally has most of the rights of a stockholder of the Company with respect to the restricted shares, including the right to receive dividends and the right to vote such shares. None of the restricted shares may be transferred, encumbered or disposed of during the restricted period or until after fulfillment of the restrictive conditions.

Each restricted share unit has a value equal to the fair market value of a share of common stock on the date of grant. The Committee determines, in its sole discretion, the restrictions applicable to the restricted share units. A participant will be credited with dividend equivalents on any vested restricted share units at the time of any payment of dividends to stockholders on shares of common stock. Except as determined otherwise by the Committee, restricted share units may not be transferred, encumbered or disposed of, and such units shall terminate, without further obligation on the part of the Company, unless the participant remains in continuous employment (or other service-providing capacity) of the Company for the restricted period and any other restrictive conditions relating to the restricted share units are met. Restricted share units are subject to similar transfer restrictions as restricted shares, except that no shares are actually awarded to a participant who is granted restricted share units on the date of grant, and such participant shall have no rights of a stockholder with respect to such restricted share units until the restrictions set forth in the applicable award agreement have lapsed.

Performance Awards. A performance award consists of a right that is denominated in cash or shares of common stock, valued in accordance with the achievement of certain performance goals during certain performance periods as established by the Committee, and payable at such time and in such form as the Committee shall determine.

Performance awards may be paid in a lump sum or in installments following the close of a performance period or on a deferred basis, as determined by the Committee. Separation from service prior to the end of any performance period, other than for reasons of death or total disability, will result in the forfeiture of the performance award. A participant's rights to any performance award may not be transferred, encumbered or disposed of in any manner, except by will or the laws of descent and distribution or as the Committee may otherwise determine.

Performance awards are subject to certain specific terms and conditions under the Equity Incentive Plan. Unless otherwise expressly stated in the relevant award agreement, each award granted to a Covered Officer under the Equity Incentive Plan is intended to be performance-based compensation within the meaning of Section 162(m) of the Code. Performance goals for Covered Officers will be limited to one or more of the following financial performance measures relating to the Company or any of its subsidiaries, operating units, business segments or divisions:

(a) earnings before interest, taxes, depreciation, amortization and/or stock compensation; (b) operating (or gross) income or profit; (c) operating efficiencies; (d) return on equity, assets, capital, capital employed or investment; (e) after tax operating income; (f) net income; (g) earnings or book value per share; (h) financial ratios; (i) cash flow(s); (j) total sales or revenues or sales or revenues per employee; (k) production (separate work units or SWUs); (l) stock price or total stockholder return; (m) dividends; (n) debt or cost reduction; or (o) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions, joint ventures or collaborations or divestitures; or (p) any combination thereof. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or any subsidiary, operating unit or division of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, stockholders' stock and/or shares outstanding, or to assets or net assets. The Committee may appropriately adjust any evaluation of performance under criteria set forth in the Equity Incentive Plan to exclude any of the following events that occurs during a performance period: (i) asset impairments or write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year, and (vi) the effect of adverse federal, governmental or

regulatory action, or delays in federal, governmental or regulatory action; provided that the Committee commits to make any such adjustments no longer than 90 days following the commencement of each performance period (or such other time as may be required or permitted by Section 162(m) of the Code). Notwithstanding the foregoing, the Committee may in its discretion, waive any performance goals and/or other terms and conditions relating to a performance award.

To the extent necessary to comply with Section 162(m) of the Code, with respect to grants of performance awards, no later than 90 days following the commencement of each performance period (or such other time as may be required or permitted by Section 162(m) of the Code), the Committee will, in writing, (1) select the performance goal or goals applicable to the performance period, (2) establish the various targets and bonus amounts which may be earned for such performance period, and (3) specify the relationship between performance goals and targets and the amounts to be earned by each Covered Officer for such performance period. Following the completion of each performance period, the Committee will certify in writing whether the applicable performance targets have been achieved and the amounts, if any, payable to Covered Officers for such performance period. In determining the amount earned by a Covered Officer for a given performance period, subject to any applicable award agreement, the Committee shall have the right to reduce (but not increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the performance period. With respect to any Covered Officer, the maximum annual number of shares in respect of which all performance awards may be granted under the Equity Incentive Plan is 300,000 and the maximum annual amount of all performance awards that are settled in cash is \$3,000,000.

For purposes of the share counting provisions of the Equity Incentive Plan, a performance award that is not settled in cash shall be treated as (i) an option award if the amounts payable thereunder will be determined by reference to the appreciation of a share, and (ii) a restricted share award if the amounts payable thereunder will be determined by reference to the full value of a share.

Other Stock-Based Awards. The Committee is authorized to grant any other type of awards that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of common stock. The Committee will determine the terms and conditions of such awards, consistent with the terms of the Equity Incentive Plan. For purposes of the share counting provisions of the Equity Incentive Plan, an other stock-based award that is not settled in cash shall be treated as (i) an option award if the amounts payable thereunder will be determined by reference to the appreciation of a share, and (ii) a restricted share award if the amounts payable thereunder will be determined by reference to the full value of a share.

Non-Employee Director Awards. The Board may provide that all or a portion of a non-employee director's annual retainer and/or retainer fees or other awards or compensation as determined by the Board be payable in non-qualified stock options, restricted shares, restricted share units and/or other stock-based awards, including unrestricted shares, either automatically or at the option of the non-employee directors. The Board will determine the terms and conditions of any such awards, including those that apply upon the termination of a non-employee director's service as a member of the Board. Non-employee directors are also eligible to receive other awards pursuant to the terms of the Equity Incentive Plan, including options and SARs, restricted shares and restricted share units, and other stock-based awards upon such terms as the Committee may determine; provided, however, that with respect to awards made to members of the Committee, the Equity Incentive Plan will be administered by the Board.

Separation from Service. The Committee will determine the terms and conditions that apply to any award upon the separation from service with the Company, its subsidiaries and affiliates, and provide such terms in the applicable award agreement or in its rules or regulations.

Change in Control. Unless otherwise provided by the Committee, or in an award agreement or by a contractual agreement between the Company and an award holder, if, within one year following a Change in Control (as defined in the Equity Incentive Plan), an award holder separates from service with the Company (or its successor) by reason of (a) death; (b) disability; (c) normal retirement or early retirement; (d) for Good Reason (as defined in the Equity Incentive Plan) by the award holder; or (e) involuntary termination by the Company for any reason other than for Cause (as defined in the Equity Incentive Plan), all outstanding Awards of such award holder shall vest, become immediately exercisable and payable and have all restrictions lifted.

Additionally, in the event of a Change in Control, subject to certain conditions provided for in the Equity Incentive Plan: (i) the Committee may take such actions as it deems appropriate to provide for the acceleration of the exercisability, vesting and/or settlement in connection with such Change in Control of each or any outstanding award or portion thereof and shares acquired pursuant thereto upon such conditions (if any), including termination of the award holder's service prior to, upon, or following such Change in Control, to such extent as the Committee shall

determine, (ii) the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the Acquiror), may, without the consent of any award holder, either assume or continue the Company's rights and obligations under each or any award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding award or portion thereof a substantially equivalent award with respect to the Acquiror's stock, as applicable, and (iii) the Committee may, in its discretion and without the consent of any award holder, determine that, upon the occurrence of a Change in Control, each or any award or a portion thereof outstanding immediately prior to the Change in Control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested share (and each unvested share, if so determined by the Committee) subject to such canceled award in (a) cash, (b) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (c) other property which, in any such case, shall be in an amount having a fair market value equal to the fair market value of the consideration to be paid per share in the Change in Control, reduced by the exercise or purchase price per share, if any, under such award (which payment may, for the avoidance of doubt, be \$0, in the event the per share exercise or purchase price of an award is greater than the per share consideration in connection with the Change in Control).

Amendment and Termination. The Board may amend, alter, suspend, discontinue or terminate the Equity Incentive Plan or any portion of the Equity Incentive Plan at any time, except that stockholder approval must be obtained for any such action if such approval is necessary to comply with any tax or regulatory requirement with which the Board deems it desirable or necessary to comply. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate any award, either prospectively or retroactively. The Committee does not have the power, however, to (i) amend the terms of previously granted options to reduce the exercise price per share subject to such option, (ii) amend the terms of previously granted SARs to reduce the grant price of such SARs, (iii) cancel such options and grant substitute options with a lower exercise price per share than the cancelled options, or (iv) cancel such SARs and grant substitute and grant substitute SARs with a lower grant price than the cancelled SARs, in each case without the approval of the Company's stockholders. The Committee also may not materially and adversely affect the rights of any award holder without the award holder's consent.

Other Terms of Awards. The Company may take action, including the withholding of amounts from any award made under the Equity Incentive Plan, to satisfy withholding and other tax obligations. The Committee may provide for additional cash payments to participants to defray any tax arising from the grant, vesting, exercise or payment of any award. Except as permitted by the applicable award agreement, awards granted under the Equity Incentive Plan generally may not be pledged or otherwise encumbered and are not transferable except by will or by the laws of descent and distribution, or as permitted by the Committee in its discretion.

Certain Federal Income Tax Consequences. The following is a brief description of the Federal income tax consequences generally arising with respect to awards under the Equity Incentive Plan.

Tax consequences to the Company and to participants receiving awards will vary with the type of award. Generally, a participant will not recognize income, and the Company is not entitled to take a deduction, upon the grant of an incentive stock option, a nonqualified option, a SAR or a restricted share award. A participant will not have taxable income upon exercising an incentive stock option (except that the alternative minimum tax may apply). Upon exercising an option other than an incentive stock option, the participant must generally recognize ordinary income equal to the difference between the exercise price and fair market value of the freely transferable and non-forfeitable shares of common stock acquired on the date of exercise. Similarly, the exercise of an SAR will result in ordinary income on the value of the stock appreciation right to the individual at the time of exercise.

If a participant sells shares of common stock acquired upon exercise of an incentive stock option before the end of two years from the date of grant and one year from the date of exercise, the participant must generally recognize ordinary income equal to the difference between (i) the fair market value of the shares of common stock at the date of exercise of the incentive stock option (or, if less, the amount realized upon the disposition of the incentive stock option shares of common stock), and (ii) the exercise price. Otherwise, a participant's disposition of shares of common stock acquired upon the exercise of an option (including an incentive stock option for which the incentive stock option holding period is met) or SAR generally will result in short-term or long-term capital gain or loss measured by the difference between the sale price and the participant's tax basis in such shares of common stock (the tax basis generally being the exercise price plus any amount previously recognized as ordinary income in connection with the exercise of the option or SAR).

The Company generally will be entitled to a tax deduction equal to the amount recognized as ordinary income by the participant in connection with an option or SAR. The Company generally is not entitled to a tax deduction relating to amounts that represent a capital gain to a participant. Accordingly, the Company will not be entitled to any tax deduction with respect to an incentive stock option if the participant holds the shares of common stock for the incentive stock option holding periods prior to disposition of the shares.

Upon an award of restricted shares, the participant will recognize ordinary income on the fair market value of the common stock at the time restricted shares vest unless a participant makes an election under Section 83(b) of the Code to be taxed at the time of grant. The participant also is subject to capital gains treatment on the subsequent sale of any common stock acquired through the vesting of a restricted share award. For this purpose, the participant's basis in the common stock is its fair market value at the time the restricted share becomes vested (or is granted, if an election under Section 83(b) is made). Payments made under performance awards are taxable as ordinary income at the time an individual attains the performance goals and the payments are made available to, and are transferable by, the participant.

Section 162(m) of the Code generally disallows a public company's tax deduction for compensation paid in excess of \$1 million in any tax year to its chief executive officer and certain other most highly compensated executives. However, compensation that qualifies as performance-based compensation is excluded from this \$1 million deduction limit and therefore remains fully deductible by the company that pays it. The Company generally intends that, except as otherwise determined by the Committee (i) performance awards and (ii) options granted (a) with an exercise price at least equal to 100% of fair market value of the underlying shares of common stock at the date of grant (b) to employees the Committee expects to be named executive officers at the time a deduction arises in connection with such awards, qualify as performance-based compensation so that these awards will not be subject to the Section 162(m) deduction limitations. The Committee will not necessarily limit executive compensation to amounts deductible under Section 162(m) of the Code, however, if such limitation is not in the best interests of the Company and its stockholders.

Although the Company intends to administer the plan so that awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any award under the plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local or foreign law. The Company shall not be liable to any participant for any tax, interest, or penalties that participant might owe as a result of the grant, holding, vesting, exercise, or payment of any award under the plan.

The foregoing discussion is general in nature and is not intended to be a complete description of the Federal income tax consequences of the Equity Incentive Plan. This discussion does not address the effects of other Federal taxes or taxes imposed under state, local or foreign tax laws. Participants in the Equity Incentive Plan are urged to consult a tax advisor as to the tax consequences of participation.

The Equity Incentive Plan is not intended to be a qualified plan under Section 401(a) of the Code.

Required Vote; Recommendation of the Board

The approval of the Equity Incentive Plan requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Meeting.

The Board of Directors unanimously recommends that stockholders vote **FOR** the Proposal to approve the Equity Incentive Plan.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth, as of December 31, 2008, certain information with respect to shares of the Company's common stock authorized for issuance under the Company's equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (A)	Weighted-Average Exercise Price of Outstanding Options (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (C)
Equity compensation plans approved by security holders	1,705,332	\$ 9.04	822,340
Equity compensation plans not approved by security holders (1)	1,345,800	\$ 13.16	
Total	3,051,132		822,340

(1) Includes shares issuable upon the exercise of options granted under the Tm Bioscience Corporation Share Option Plan assumed by Luminex in connection with the acquisition of Tm Bioscience. These options have a weighted average exercise price of \$23.99. No further grants will be made pursuant to this plan.

Also includes options to purchase 500,000 shares of the Company's common stock issued to Patrick J. Balthrop, Sr. on May 15, 2004, in connection with his hiring and outside of any stockholder approved equity incentive plan. The terms of this option, together with the amendment to the related option agreement, are more fully described in Note 14 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K filed with the SEC on February 26, 2009.

PROPOSAL 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company and to perform other accounting services, if appropriate, for the year ending December 31, 2009. Such appointment will be presented to the stockholders for ratification at the Meeting. A representative of Ernst & Young LLP is expected to be present at the Meeting to respond to questions from stockholders and will be given the opportunity to make a statement if so desired.

Stockholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accountants is not required by the Company's bylaws or otherwise. However, the Audit Committee is submitting the selection of Ernst & Young LLP to the stockholders for ratification. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Fees paid to Ernst & Young LLP for services provided during the years ended December 31, 2008 and 2007 are presented below.

Audit Fees. The aggregate audit fees billed to us by Ernst & Young LLP for professional services rendered for the audit of our annual consolidated financial statements, for the reviews of the consolidated financial statements included in our quarterly reports on Form 10-Q, for the audit of management's report on the effectiveness of our internal control over financial reporting, as required under Section 404 of the Sarbanes-Oxley Act of 2002, and other services that are normally provided by the independent auditor in connection with statutory and regulatory filings totaled \$645,000 for 2008 and \$565,500 for 2007.

Audit-Related Fees. There were no other fees billed to us by Ernst & Young LLP for assurance and related services with regard to the performance of the audit or review of the Company's consolidated financial statements, and for the review of the Company's internal controls over financial reporting and not described above under *Audit Fees*, for 2008 and 2007.

Tax Fees. There were no other fees billed to us by Ernst & Young LLP for professional services rendered for tax compliance, tax advice and tax planning for 2008 and 2007.

All Other Fees. There were no fees billed by Ernst & Young LLP for products or services other than those described above for 2008 and 2007.

The Restated Audit Committee Charter, among other things, requires the Audit Committee to pre-approve all audit and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor. The Audit Committee has adopted a pre-approval policy in order to ensure that the performance of audit and non-audit services by the independent auditor does not impair the auditor's independence. The policy provides for the general pre-approval of specific types of services, gives guidance to management as to the specific type of services that are eligible for pre-approval and provides cost limits for each such service on an annual basis. The policy requires specific pre-approval of all other permitted services. Requests or applications to provide services that require separate approval by the Audit Committee are submitted by the Company's chief financial officer to the Audit Committee and must include a statement as to whether, in the chief financial officer's view, the request or application is consistent with the SEC's rules on auditor independence. The Audit Committee may delegate pre-approval authority to one or more of its members who shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

All audit related services, tax services and other services provided in 2008 and 2007 were pre-approved by the Audit Committee. The Audit Committee concluded that the provision of such services by Ernst & Young LLP was compatible with the maintenance of the firm's independence in the conduct of its auditing functions.

Required Vote; Recommendation of the Board

Approval of this proposal requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the matter.

The board of directors unanimously recommends that stockholders vote **FOR** Proposal 3.

REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

To the Stockholders of Luminex Corporation:

The board of directors maintains an Audit Committee comprised of three independent directors. The board of directors and the Audit Committee believe that the Audit Committee's current member composition satisfies the rules of The NASDAQ Stock Market LLC that govern audit committee composition, including the requirement that audit committee members meet the heightened independence requirements as contemplated by the applicable rules of the The NASDAQ Stock Market LLC. The Audit Committee operates under a written charter, which was adopted by the board of directors (as amended to date, the Restated Audit Committee Charter). A copy of the Restated Audit Committee Charter may be viewed on the Investor Relations section of our website at www.luminexcorp.com. Pursuant to the Restated Audit Committee Charter, the Audit Committee oversees the financial reporting process on behalf of the entire board of directors. The Audit Committee is responsible for the appointment, compensation and oversight of the work of Luminex's independent registered public accountants. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. Our independent registered public accountants are responsible for performing an independent audit of Luminex's financial statements in accordance with standards established by the Public Company Accounting Oversight Board, expressing an opinion on the conformity of our audited financial statements to generally accepted accounting principles and auditing the effectiveness of Luminex's internal control over financial reporting and issuing a report thereon. In fulfilling its oversight responsibilities, the Audit Committee reviews and discusses with management and the independent registered public accountants the audited and interim financial statements included in our reports filed with the SEC in advance of the filings of such reports.

The Audit Committee has reviewed and discussed the audited financial statements with management and the independent registered public accountants. Furthermore, the Audit Committee has discussed with the independent registered public accountants the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from the independent registered public accountants required by applicable requirements of the Public Company Accounting Oversight Board, regarding the independent registered public accountants' communications with the audit committee concerning independence, and has discussed with the independent registered public accountants the independent registered public accountants' independence.

The Audit Committee discussed with the independent registered public accountants the overall scope and plans for their audit. The Audit Committee met with the independent registered public accountants, with and without management present, to discuss the results of their examination, their evaluation of Luminex's internal controls requirements under Section 404 of the Sarbanes-Oxley Act of 2002, and the overall quality of Luminex's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the board of directors (and the board of directors approved) that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC.

**SUBMITTED BY THE AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS**

Kevin M. McNamara (Chairman)
Robert J. Cresci
J. Stark Thompson

EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion And Analysis

Overview of Compensation Process. The Compensation Committee of the board of directors (the Committee) is primarily responsible for establishing the compensation programs for the Company's Chief Executive Officer (the CEO) and all other executive officers. In addition, the Committee reviews and makes recommendations to the full board regarding non-employee director compensation. The Committee administers the Company's 2006 Equity Incentive Plan (the Equity Plan) under which equity-based and other incentive awards may be made to key employees, directors and consultants, together with the Luminex Corporation 2006 Management Stock Purchase Plan (the MSPP). At least annually, the Committee reviews executive compensation and the Company's compensation policies and costs in an attempt to ensure that our compensation programs are consistent with our compensation philosophy and promote the objectives of our organization and stockholder interests. The Committee also typically reviews tally sheets quantifying every aspect, current or contingent, of executive compensation, together with additional compensation summaries and analyses prepared by management and the Committee's compensation consultants, as part of its annual compensation review. The information is used by the Committee primarily to confirm that executives are compensated, as a whole, in a manner generally consistent with the design and objectives of our compensation programs. The Committee also utilizes this information to understand internal pay equity and external market positioning among the Company's executives. This information, however, is only one of numerous factors considered by the Committee consistent with our flexible compensation philosophy described below.

The Committee intends to seek the advice and analyses of compensation consultants as and when it deems appropriate. The Committee engaged Hewitt Associates, LLC (Hewitt) as its compensation consultant for 2008 and has done so for 2009. The Committee periodically examines the appropriateness of our peer group and collects peer group net total compensation data, based to the extent possible upon positions of comparable scope and complexity, in order to assess our executive compensation in relation to our general compensation benchmarks. In 2008, Hewitt prepared peer compensation studies to assist the Committee in this analysis, which focused on the core direct elements of our executive compensation program. Hewitt also assisted the Committee in the design of our executive equity grant policies, as well as our senior executive long-term incentive plan (the LTIP) initiated in 2008.

Finally, given the CEO's insight into internal pay equity issues as well as executive performance versus expectations, skill sets, potential and past and projected responsibilities, the views and recommendations of the CEO are solicited by the Committee with respect to executive compensation. The CEO's recommendations are generally given significant weight. The Committee also solicits the views of other board members with particular insight into relevant matters, who may, upon request, attend Committee meetings in an observer capacity. However, the Committee makes all final decisions regarding executive compensation. The CEO is excused from meetings prior to the Committee's approval of his compensation and discussion of his performance in relation to his compensation decisions. The Committee does not delegate the authority to make equity or other compensatory awards to our executive officers.

Compensation Objectives. The Committee has established the following primary objectives in designing and reviewing compensation for our CEO and the other executive officers:

- Offer competitive and effective total compensation for executives to enable the company to attract, reward and retain skilled executives in a competitive recruiting environment;

- Provide a substantial portion of executive compensation through performance-contingent compensation, where annual incentives are based on achieving designated and pre-approved quantitative and qualitative measures of performance;

- Encourage and share superior and sustained corporate performance based on performance measures that create value for stockholders, reward corporate growth and encourage measured risk-taking in support of our corporate objectives; and

- Align the long-term financial interests of our executives with those interests of our stockholders by creating incentives that deliver value based on long-term performance and stock price appreciation.

We believe these objectives reflect our strong desire to specify and reward executive behavior that is aligned with stockholder interests, effective corporate governance and the successful execution of the Company's business plan and strategies.

Compensation Philosophy. Our compensation programs and objectives are designed around four core philosophies:

1. Each element of compensation should support our compensation objectives and should, when viewed collectively, work together to appropriately support all of these objectives. The Committee believes that each element of our compensation program should be designed to simultaneously fulfill one or more of our compensation objectives described above, and that each element should work together as a whole to appropriately support all of these objectives.

2. Our compensation programs should create a management culture that is performance-driven and has a vested interest in increasing stockholder value and the successful execution of our corporate goals and strategies.

Accordingly, our philosophy emphasizes performance-based incentives for our executive officers, in part by having a substantial portion of each officer's cash compensation contingent upon the successful financial, operating and strategic performance of the Company, as well as upon the successful execution of an executive's individual goals or directives. Equity incentives that vest over several years and/or upon the achievement of performance targets will also play a prominent role in our program.

3. Our compensation decisions should support the Company's anticipated growth and executive development. The Committee anticipates the Company will have significant future growth, in terms of both revenue and the expansion and complexity of our operations. Therefore, our compensation policies must primarily be designed to attract and retain the required talent to support our anticipated growth and increasing operational complexity. Simultaneously, our policies should foster and reward the growth and development, in terms of competency, responsibilities and leadership, of our executive team.

4. Our compensation decisions should be flexible to reflect the unique attributes of the Company and each executive.

The Committee's compensation philosophy for an executive officer allows for flexibility in assessing an overall analysis of the executive's performance for the prior year, projected role and responsibilities, required impact on execution of Company strategy, external pay practices and competitive market conditions, total cash compensation and relative equity positioning internally, recommendations from our CEO and compensation consultants it may engage, and other factors the Committee deems appropriate. Our philosophy also considers an officer's prior experience and professional status, employee retention, vulnerability to recruitment by other companies and the difficulty and costs associated with replacing executive talent. The weighting of these and other relevant factors is determined on a case by case basis for each executive in the context of the relevant facts and circumstances. The Committee believes this flexibility is important in order to make individual compensation decisions that appropriately reflect the unique attributes of our Company, particularly our stage of development, evolving business plan and diverse operational focus (including research, medical device, diagnostic and administrative focuses), and the unique contributions and qualifications of each executive. We believe our ability to offer fair and competitive compensation packages is essential in increasing executive satisfaction and decreasing the distraction that may result from a management team that perceives itself as undercompensated versus its peers, internally or externally. We believe that this approach will result in a more productive management team, focused on achieving or exceeding our business objectives, which should help create value for our stockholders.

Additionally, as part of our annual review of compensation best practices, the Committee determined to add a fifth core element to our compensation philosophy, commencing in 2009:

5. Our compensation programs and policies should consider external perceptions and good governance and should not provide incentives for excessive risk taking for short-term gains. The Committee believes that it is important to undertake a specific review of our compensation programs and policies each year to be sure that they follow good governance practices in the Committee's view, they do not incentivize excessive or inappropriate risk taking in the Committee's view, and to assure they reflect best practices in terms of risk management to the extent deemed appropriate by the Committee.

Program Design

What are the primary compensation elements? The Committee has designed our executives' compensation packages around three primary elements:

- base salary;
- annual variable performance awards payable in cash (with the individual executive having the right to take such awards in restricted stock pursuant to the MSPP); and
- long-term stock-based incentive awards, including, in addition to annual time vested equity awards, RSUs under our LTIP for our most senior executive officers that are subject to both performance- and time-based vesting.

How do we use benchmarks? The Committee has spent significant time on formulating a total compensation philosophy and strategy and uses this as an anchor for decision-making. It has formed and refined the use of a peer group, selecting a base of companies of similar industry and business models and size as indicated by market capitalization, sales, assets and geographic scope. While we do not support rigid adherence to compensatory formulas, there are general pay positioning policies, or benchmarks, we refer to which have been derived, in part, based on the market-based recommendations from Hewitt. Our benchmark for base salary is to be generally competitive with market pay levels, usually defined as the median (50th percentile) salary levels in an appropriate peer group based, to the extent possible, upon comparable positions. The Committee's desire is to provide total short-term cash opportunities near the peer group median (50th percentile) for meeting targeted annual goals, but allow for upside for meeting or exceeding performance goals approved by the Committee. The Committee also targets total potential compensation opportunities (including equity awards) with an upside between the 50th and the 75th percentile of our peer group (and approximating the 75th percentile for LTIP participants), provided the Company and the executive deliver superior performance.

We chose the base salary benchmark primarily to target a market competitive base salary as the norm. Our benchmarks for short-term cash bonus and total compensation opportunities reflect our desire that target performance results in median, market competitive incentives similar to our base salary objective, but, consistent with our goal of driving the achievement of business and financial objectives that help create stockholder value and share price appreciation, rewards above-average performance with above-average cash and total compensation. These benchmarks also reflect that we compete with larger companies for executive talent that may offer base and total target compensation opportunities above the market median.

To help assess whether our executives are being compensated competitively, and how they are compensated in relation to our pay positioning policies, the Committee collects compensation data from our peer group. However, these survey results will be used by the Committee solely as a baseline reference, in part due to the fact that the survey data does not provide full insight as to actual performance, responsibilities, tenure, prior experience and other relevant information needed to accurately assess position comparability and the competitiveness of our compensation packages. Accordingly, certain executives may be compensated below or above the Committee's benchmarks based on various factors consistent with our flexible compensation philosophy. Our process and rationale for determining our peer group for 2008 are described below under Executive Compensation for 2008.

Do we have a target compensation mix? We have also derived, with the assistance of Hewitt, general guidelines with respect to compensation allocation or mix. We generally believe at least 60% of an executive's total compensation opportunity, typically increasing with level of responsibility, should be performance and equity based, with the equity component approximating at least 60% of target total compensation opportunities at the CEO level (split equally between traditional time-based equity grants and LTIP grants), and ranging from approximately 40% to 60% for the other named executive officers. We believe emphasis on equity appropriately focuses our executives on long-term performance and value creation. Additionally, we generally believe 15% to 20% of an executive's total compensation opportunities should be allocated to short-term performance bonus opportunities. This reflects our desire to reward and encourage the achievement of short-term business objectives and performance which should also benefit our stockholders. However, as with our use of benchmarks (and for similar reasons), our targeted compensation mix thresholds are only intended to be reference points.

How does our compensation design support our compensation objectives and philosophies?

Base Salary. The primary goal for base salary is to be market competitive and to compensate an executive's short-term contributions, as well as to provide current financial stability. The minimum base compensation for our executive officers has historically been established by the terms of employment agreements between the Company and the executives negotiated at the time of hire. The Committee's goal when reviewing salary adjustments on an annual basis is to initially target base salaries at or near our benchmark and then adjust this target based on other relevant considerations, including the impact of base salary on short-term performance bonus opportunities.

Short-Term Performance Incentive Opportunity. The Committee believes that a significant portion of an executive's total cash compensation should be linked to Company operating performance and individual contributions to our strategic and growth objectives. Accordingly, our cash-based incentive opportunities will generally be targeted as a percentage of base salary based on specific financial and individual accountability performance goals. Though our benchmark is market median, the minimum target incentive opportunities are generally as set forth in the executive's employment agreement. Individual goals based on an executive's specific responsibilities are typically a significant portion of the bonus opportunities (weighted up to 50% of the total target bonus opportunity). While certain individual goals can be measured objectively, others, such as leadership and teamwork, involve subjective assessment that will ultimately be left to the Committee, based primarily on recommendations of our CEO. Additionally, where an executive's primary responsibility may be in a particular business unit or function (for example, marketing, R&D, Luminex Bioscience Group or Luminex Molecular Diagnostics), the performance goals may be more heavily weighted towards specific financial or other critical business outcomes and achievements in that unit or function. In the case of strategic and other tangible non-financial goals, such as product milestones or FDA clearances for new products, we attempt to target individual goals with respect to which the executive can directly influence the successful execution.

Accordingly, our annual incentive programs are designed to focus our executives on organizational priorities and performance, including accomplishing organizational strategies and financial goals. The potential payouts under the incentive plans are currently based on a sliding scale designed to relate the annual incentive payout to a range. For superior performance, there is a maximum range of payout, with a reduced payout for below target performance and no payout for performance below a minimum level. Accordingly, significant underachievement is not rewarded in the design of our plan, which promotes our goal of executive accountability with respect to their role in the collective success of our organization.

The performance goals are determined near the beginning of each fiscal year. Our CEO typically recommends performance goals to the Committee, which are then reviewed and approved or modified in the Committee's sole discretion. Pursuant to our incentive plans, these goals can be adjusted during the year for litigation or claim judgments or settlements and certain other extraordinary non-recurring items (such as a material acquisition). While we do not presently have any formal policies or practices that provide for the recovery or adjustment of amounts previously paid to a named executive officer in the event the operating results on which the payment was based are restated or otherwise adjusted, in such event we would reserve the right to seek all appropriate remedies available under the law.

Long-Term Stock-Based Incentive Compensation. We believe that stock-based compensation helps to create a culture that encourages our executives to think and act as stockholders. We believe long-term equity incentives also hold executives accountable for decisions that may have a long-term impact and thus focus executives on the implications of their decisions over an extended time frame. At the same time, these awards allow our executives to share in the Company's long-term success when their efforts were a substantial factor in that value creation. Finally, we believe equity incentives are necessary to be competitive in our recruitment and retention efforts.

Time-based Equity Awards. In conjunction with the 2008 equity awards, the Committee determined the desired value to be delivered to an executive pursuant to the time-based equity component of his or her total compensation opportunity, and allocated 75% of that value to restricted shares and 25% to stock options. We believe our use of restricted shares, in addition to limiting dilution, serves our compensation objectives of retention and alignment interests with our stockholders given the five year vesting. Additionally, providing a substantial portion of the equity award as full value restricted shares will add to the perceived value, as a whole, of the annual equity award, given the volatility of our stock and our stage of development can create uncertainty of value with respect to stock options. We believe a significant long-term stake in our equity will also help reduce excessive or inappropriate risk-taking principally motivated by short-term share price appreciation. At the same time, having 25% of the annual equity award in the form of options makes a material portion of the value of each annual award linked solely to long-term share price appreciation to help ensure our executives are appropriately motivated and focused on delivering long-term stockholder value. The use of stock options also contributes to the competitiveness of our compensation packages and promotes entrepreneurial decision making. The Committee believes its policy to utilize a portfolio

approach, or a combination of restricted shares and options, provides it the flexibility to set what it believes to be optimal combinations of retention- and performance-focused equity incentives based on, among other factors, the dilutive effect of our equity program, the Company's stage of development and size and the competitive practices of our peers.

The Committee makes annual equity awards based on a target dollar amount. While this results in an uncertain share usage, it results in a predictable expense for the Company and allows the Committee to tailor the value of the awards more precisely to reflect its compensation philosophies, objectives and design. The Committee determines the target dollar amount for stock-based awards to the executive officers on a discretionary basis and takes into account, among other factors, the recommendations of the CEO and any compensation consultants the Committee may engage, together with our compensation benchmarks, prior equity grants and current equity holdings, and seniority and internal pay equity considerations.

The actual number of restricted shares granted are generally determined by dividing the dollar amount allocated to the restricted share component by the fair market value of the shares on the date of grant. For 2008, the Committee did not apply a discount to the value of these shares to reflect the forfeiture restrictions associated with service-based vesting. The number of shares subject to options granted are generally determined by dividing the dollar amount allocated to the option component by the value of an option share with reference to the fair market value of the shares on the date of grant calculated pursuant to a modified Black-Scholes model specific to the Company. For 2008, this calculation resulted in a option share value of approximately 50% of the fair market value of our common stock on the grant date. The restricted shares currently are generally subject to time vesting over five years in equal annual increments on the anniversary date of such grants, while 2008 stock option grants vest over three years in equal annual increments. Except with respect to Mr. Balthrop (as described below) and in connection with the LTIP commencing in 2008 for certain key executives, we have not utilized performance-based vesting restrictions with respect to equity awards, though the Committee periodically assesses the merits of performance-based vesting. We believe, however, that time-based equity awards appropriately align the interests of our executives with those of our stockholders. Time-based vesting of restricted shares and stock options provide economic benefit only to the extent the employee maintains a long-term business relationship with and commitment to the Company. Additionally, stock price appreciation is required in order to realize value from stock options, and is required to create significant additional value with respect to restricted shares.

LTIP. The primary goals of the design of the LTIP are to offer an additional long-term performance driven incentive to certain of our most senior executives who can most directly influence key performance metrics, as well as serving as a retention vehicle. For LTIP participants, the Committee typically allocates up to 50% of the total targeted value for all equity-based compensation to the target LTIP award amount. The LTIP award, taken together with all compensation opportunities, is intended to offer participating executives total compensation opportunities exceeding the 75th percentile of our peer group as a reward for maximum performance under the LTIP (which performance would reflect, in our view, exceptional performance and value creation). For 2008, the participants in the LTIP were our CEO and COO. For 2009, our CFO is included, and we intend to evaluate the participants on an annual basis. Awards under the LTIP are granted by the Committee in the form of RSUs and are treated as performance awards under the Equity Plan. Grants of RSUs under the LTIP shall initially be unvested and represent the maximum amount of shares that participants may receive under the LTIP, assuming achievement of the maximum level of performance goals established for the grant. The vesting and value of the LTIP awards are dependent on continued service, but also on company performance over a three-year period measured by, for 2008 and 2009, (i) appreciation in our share price and (ii) operating cash flows per share. The Committee believes that by making an LTIP grant every year, with vesting tied to financial and share price performance over a three-year period and continued service over a five-year period (as a result of 50% of the value of the award earned vesting at the end of the three-year performance period and the remaining 50% vesting on the two-year anniversary of the initial vesting date), our participating executives are given a powerful incentive to focus on long-term, sustained improvement in Company performance and stockholder value.

Each year, in establishing the goals for each performance metric, the Committee determines the levels of performance that will represent target performance based, in part, by reference to our long-range business plan at the time the LTIP awards are granted. The Committee also considers and establishes threshold and maximum performance levels for each goal. Each successive year's goals will typically build on the previous year's performance which, in the Committee's judgment, provides an increased level of difficulty as compared to the previous year's goals.

The metrics for determining performance against operating cash flow goals follow generally accepted accounting principles; however, the Committee may consider certain items or events as extraordinary when determining the Company's performance against cash flow goals (and share price goals) and make what it deems to be appropriate adjustments, in each case subject to certain limitations.

The specific design of the 2008 LTIP is more fully described on page 31 below. Additionally, in the event that any settlement of RSUs causes the aggregate payments or benefits to be made or afforded to an LTIP participant under the RSU agreement, together with any other payments or benefits received or to be received by such participant, in connection with a change in control to exceed 110% of the maximum amount permitted under the Code to be received without incurring an excise tax, then we shall pay to such participant an additional amount, in cash, necessary to reimburse such participant on an after-tax basis, for any excise tax payable by such participant, as further described in the form of RSU agreement previously filed with the SEC. The Company is not party to any other 280G gross-up arrangements with its named executive officers, but believed it was appropriate in the case of the LTIP to ensure the award maintained its full motivational value by preserving to the maximum extent deemed reasonable the intended value of the award to each participant, resulting in the modified gross-up structure described above and recommended by Hewitt.

Accelerated Vesting upon Change in Control. Our employment agreements with our named executive officers provide for acceleration of vesting, or lapse of restrictions, in connection with a change in control. We believe this is appropriate in order to avoid being at a competitive disadvantage in our recruiting and retention efforts, as employees often consider equity upside opportunities in a change in control transaction a critical element of compensation. Additionally, accelerated vesting provisions provide security that equity related consideration will be earned in the event the Company is sold or the subject of a hostile takeover. The absence of such an agreement could impact an employee's willingness to work through a merger transaction which could be beneficial to our stockholders. The outstanding restricted shares and stock options of our named executive officers also vest in full upon their death or disability. We have been advised by Hewitt that this is not an uncommon practice among our peer group.

With respect to LTIP awards, if a change in control occurs prior to the end of the performance period, the Committee shall determine the vested units by (i) applying the performance criteria set forth in the LTIP using the effective date of the change in control as the end of the performance period, and by appropriately and proportionately adjusting the performance criteria for such shortened performance period, and (ii) multiplying the number of units so determined by .3333 if the change in control occurs in the first year of the performance period, .6667 if the change in control occurs in the second year of the performance period, and 1 if the change in control occurs in the third year of the performance period. Additionally, upon a change in control, the restricted period for any units awarded following the end of the applicable performance periods shall automatically terminate.

Timing of Equity Grants. Except with respect to new hires or promotions, we generally make annual executive equity compensation awards each year (including LTIP grants, except for the initial 2008 grants as described below) in the first quarter and no earlier than the meeting in which we approve the prior year's annual performance bonuses. This allows us to assess the prior year's total compensation and performance when considering current year grants. It is the Company's current policy that annual grants to existing employees shall be effective on the later of: i) the first trading day of the month that immediately follows the month in which grants are approved; or ii) the first trading day following the end of the blackout period, if one is in effect on the first trading day of the month that immediately follows the month in which grants are approved. In the event of a new hire, promotional or other ad hoc equity award, that equity award shall not be approved except at a meeting of the Committee and it shall be effective on the first trading day of the month that immediately follows the month in which the start date, promotion or other event triggering an ad hoc award occurs. The per share exercise price of an option award shall be the closing price of the Company's common stock on the NASDAQ Global Market on the applicable effective date as specified above. This policy applies to awards to all employees, not just our executive officers. The Committee may make an exception to the general policies above when it determines an exception is in the best interest of the Company based on the recommendation of our CEO. In the event of an exception to these policies, the Committee will seek to avoid making grants when senior management is in possession of favorable material non-public information, to the extent practicable, and will, in any event, consider the potential impact of such non-public information on our share price when determining the amount of the grant, including whether to adjust the number of shares and/or shares subject to an option grant in the event we believe the subsequent announcement of such material non-public information or financial earnings would positively impact our stock price to avoid the appearance of spring-loading or a windfall at the Company's expense.

Executive Compensation for 2008. Our named executive officers for 2008 consisted of Patrick J. Balthrop, CEO and President; Douglas C. Bryant, our former Executive Vice President and Chief Operating Officer; Harriss T. Currie, Vice President, Finance, Chief Financial Officer and Treasurer; Gregory J. Gosch, Vice President, Luminex Bioscience Group; and Russell W. Bradley, Vice President, Business Development and Strategic Planning. Effective February 1, 2009, Mr. Bryant voluntarily terminated his employment with the Company in order to become the CEO of Quidel Corporation.

For 2008, the Committee engaged Hewitt to assist it in reviewing our existing executive compensation strategies and policies. Hewitt was selected, in part, because of its national recognition as a compensation consulting firm. For purposes of Hewitt's compensation survey, peer companies were selected, with the concurrence of the Committee, from within the relevant biotechnology (including research, medical device and diagnostic) industries and a group of larger companies targeted by the Committee and our CEO that were believed to be relevant peers, based in part on past and expected recruitment and retention patterns. The Company peers were selected primarily based on market capitalization and/or revenue (within a range of approximately one-half to two and two-thirds times the Company's market capitalization and/or revenue), as well as similar organizational and operational complexity and stage of development where practicable. The goal of the peer group selection was to find an appropriate peer group where the Company was at the 25% percentile according to market capitalization, reflecting our view of our growth expectations and the likely companies who we do and will compete with for executive talent. The study focused primarily on public companies due to the lack of reliable data with respect to potentially similar private companies. The following peer companies were included in the analysis:

Affymetrix, Inc.	Illumina, Inc.	Neurocrine Biosciences, Inc.
Albany Molecular Research, Inc.	Immucor, Inc.	PAREXEL International Corporation
American Oriental Bioengineering, Inc.	Kendle International Inc.	PharmaNet Development Group, Inc.
Array BioPharma Inc.	L-1 Identity Solutions, Inc.	PRA International
Cepheid	Lexicon Pharmaceuticals, Inc.	Quidel Corporation
Cogent, Inc.	LifeCell Corporation	Regeneron Pharmaceuticals, Inc.
Enzo Biochem, Inc.	Meridian Bioscience, Inc.	Savient Pharmaceuticals, Inc.
ev3 Inc.	Medarex, Inc.	SurModics, Inc.
Exelixis, Inc.	The Medicines Company	Symyx Technologies, Inc.
Gen Probe Incorporated	Myriad Genetics, Inc.	Third Wave Technologies, Inc.
Hologic, Inc.	Nabi Biopharmaceuticals	Verenium Corporation
Idenix Pharmaceuticals, Inc.	Nanogen, Inc.	Zymogenetics, Inc.
Indevus Pharmaceuticals, Inc.	Qiagen N.V.	

The size of the peer group (38 companies) is also reflective of the diverse nature of our industries, industry and sector volatility (mergers and acquisitions) and the potential recruiting and retention concerns of the Committee. The analysis reviewed the most recent publicly available proxy statement data of the peer companies. A proprietary Hewitt executive compensation database was also utilized to validate and supplement peer group data, though significantly more weight was given to the proxy data. Specific executive position matches within the peer group were based, to the extent practicable, on the degree of compatibility of the position's roles and responsibilities. Certain executive officers were consulted in order to establish appropriate position comparables and to ensure Hewitt understands our business strategy and objectives. The survey results were presented on a comparative basis to our then current compensation, on both an actual basis from the proxy tables (i.e., actual medians and percentiles) and based on a regression analysis (i.e., using Luminex's revenues and market capitalization as of November 2007 to reflect company size) that attempted to normalize the results by adjusting for significant differences in the size of our peers and/or the scope of the position comparables. Hewitt was also requested in 2008 to review our outside director compensation policies and to make recommendations regarding compensation policies for our top 30 officers and eventually across our employee population, including the development of sustainable and appropriate future job development and market pricing strategies. These studies were generally congruent and consistent with the Company's compensation philosophy. The Committee considered the information from Hewitt's peer compensation analysis, together with tally sheets and summary compensation tables prepared by management. The Committee assessed this information relative to the policies and objectives described above and the recommendations of our CEO and made the following determinations regarding 2008 named executive officer compensation, as further detailed under the Summary Compensation Table below.

Base Salary. The results of the market analysis performed by Hewitt revealed that base salaries of our named executive officers (other than our CEO) were generally below our benchmark for our peer group. Additionally, the study indicated that base salaries (other than our CEO) together with cash bonus opportunities were in the aggregate below our benchmark. The Committee, however, also considered that total target compensation opportunities were only slightly below our benchmarks on average, primarily as a result of increased value allocated to equity grants in 2007 which were awarded, in part, to compensate for below market equity compensation in prior years. It was, in part on this basis, determined that our cash-based compensation programs, including performance bonus opportunities, for our named executive officers were generally appropriate and consistent with our compensation philosophies, objectives and benchmarks. Primarily on this basis, and upon the recommendation of our CEO, named executive officer base salaries (excluding our CEO) only modestly increased in 2008, ranging from increases of approximately 3% to 7%, with specific adjustments based primarily on internal pay level considerations and 2007 performance reviews.

With respect to our CEO, the revised survey indicated his base salary to approximate our benchmark, while bonus, equity and total compensation opportunities were higher than market median, though below the 75th percentile. Mr. Balthrop's salary was increased in 2008 by 4% to \$450,000 per annum, primarily to more closely align his salary with the market median.

Performance-based Cash Awards. Hewitt's market analysis indicated that performance bonus opportunities for our named executive officers (other than our CEO) were generally slightly below the market median. However, in light of the approximately median total compensation opportunities, the Committee determined that the bonus opportunities were generally appropriate when viewing total compensation opportunities as a whole and generally consistent with our desired compensation mix. Our CEO also indicated his view that the current bonus opportunities were appropriate from an internal pay positioning standpoint. Primarily based on the foregoing, and upon the recommendation of our CEO, named executive officer target bonus amounts, expressed as a percentage of base salary, did not increase for 2008, except for Mr. Bryant whose target bonus was increased from 50% to 70% primarily based on the Committee's desire to bring Mr. Bryant's bonus and total compensation opportunities closer to those of our CEO to reflect his projected roles and responsibilities for 2008. The target bonus for the other named executive officers (other than our CEO and Mr. Bryant) was 50% of each executive's base salary, consistent with 2007 bonus percentages.

As the market survey indicated Mr. Balthrop's target cash bonus amount was above the market median, and in light of the implicit increase in his target amount resulting from the increase in his base salary, the Committee did not adjust Mr. Balthrop's target bonus percentage in 2008, which was 100% of base salary.

Annual Incentive Plan for Named Executive Officers Other than CEO

The Committee approved 2008 performance award opportunities based upon achievement of Company performance goals (Company Goals) as well as personal business objectives (Individual Goals).

For 2008, for named executive officers (other than the CEO), the total target awards under the performance-based cash bonus plan were weighted 50% for the achievement of Company Goals and 50% for the achievement of Individual Goals. The weighting of specific components of the Individual Goals varied for each executive taking into account, among other factors, responsibilities, seniority and other strategic initiatives in which an executive may be involved. The Company Goals were subject to an over/underachievement scale with possible payouts of 0% to 200% of the potential bonus for Company Goals based on financial results in relation to the applicable performance targets, with minimum payouts starting at 50% of the target value for each goal for minimum threshold performance.

Individual Goals were not subject to an over/underachievement scale. Accordingly, total annual cash performance awards could range from 0% to a maximum of 150% of the target bonus (which was 50% of the named executive officer's base salary other than our CEO (100%) and Mr. Bryant (70%)).

The Company Goals and weight afforded to each goal in 2008 are set forth in the table below:

Company Performance Goals

Goal	Percentage Weight (1)
A. Achieve Consolidated Revenue of \$104 million	10
B. Achieve Consolidated Assay Revenue of \$24 million	5

Edgar Filing: LUMINEX CORP - Form DEF 14A

C. Achieve Combined Consumables + Royalties Revenue of \$39 million	5
D. Achieve Consolidated Gross Profit of \$64 million	10
E. Achieve Adjusted Operating Profit of \$6 million	10
F. Achieve Quarterly Adjusted Operating Expense Control (\$14.85 million, \$14.5 million, \$14.5 million and \$14.2 million, in the 1 st , 2 nd , 3 rd and 4 th quarter, respectively)	10
Total	50

(1) Expressed as a percentage of total target bonus amount.

The target performance goals were primarily determined by reference to our business plan.

The Individual Goals varied by executive (and according to areas of responsibility) and were based on specified management initiatives and projects for 2008 (including business and product development milestones, partnership and strategic goals and leadership objectives), with each objective given a specified weight typically 5% to 20% for projects, and 10% to 15% (out of the total target award opportunity) for leadership and team contributions. The project goals were graded 100% for on time completion, 75% for completed late, 50% for partially complete and 0% for failure to produce even partial completion, in each case in the subjective judgment of the Committee based, in part, upon the recommendation of the CEO. The maximum number of points a named executive officer was eligible to receive for completion of his Individual Goals was 50.

At a Committee meeting in February 2009, our CEO reviewed in detail both the Company's financial and operating performance relative to the Company Goals for 2008, as well as the performance of the individual named executive officers relative to the applicable Individual Goals. Actual performance under the bonus plan for named executive officers (other than our CEO) was determined and certified by our management to be as follows:

Name	Company Goals	Individual Goals	Total
Mr. Bradley	70.49/50	48.75/50	119.24
Mr. Bryant	70.49/50	42.375/50	112.87
Mr. Currie	70.49/50	49.15/50	119.64
Mr. Gosch	70.49/50	45/50	115.49

Based on these results, and consistent with the requirements of the bonus plan, the Committee approved a cash bonus amount in 2008 for each named executive officer (other than our CEO) ranging from approximately 58% to 60% of their base salary, except for Mr. Bryant, who received a cash bonus amount equal to 79% of his base salary.

Annual Incentive Plan for CEO

For 2008, the CEO incentive plan was based upon achievement of certain financial, project and R&D targets. The project and R&D objectives were based on specified management initiatives, with each objective given a specific weight. The total target awards under the CEO incentive plan were weighted 45% for the achievement of the Company performance goals, 30% for the achievement of Mr. Balthrop's project objectives and 25% for the achievement of the R&D objectives. These target performance goals and objectives were primarily determined with reference to our business plan and strategic goals and initiatives recommended by our CEO.

Mr. Balthrop's 2008 incentive plan included an overachievement feature with possible payouts between 0% and 150% with respect to Company financial objectives based on financial results between specified threshold minimum and maximum performance levels of the applicable performance targets, calculated on a linear basis. The project and R&D goals that are not financial were graded 100% for on time completion, 75% for completed late, 50% for partially completed and 0% for failure to produce partial completion. For 2008, Mr. Balthrop's total award opportunity under the CEO incentive plan ranged from zero to a maximum of 132.5% of his target bonus amount. The actual target bonus established by the Committee was 100% of Mr. Balthrop's base salary as described above.

At the Committee meeting approving incentive payouts for 2008 for our other executive officers, the Committee also reviewed our CEO's performance generally and relative to his plan for 2008. After consideration of this recommendation without the CEO present, and the Committee's overall view of the CEO's performance and contributions in 2008, the Committee determined to award Mr. Balthrop approximately 89% of his target incentive for 2008, which was consistent with the requirements of his 2008 plan. The following table breaks down Mr. Balthrop's incentive plan goals per goal, which were overachieved on the Company performance metrics (62.1 points out of a targeted 52.5 points), but underachieved on the project and R&D goals (26.5 points out of a targeted 47.5 points).

Goal	Weight
Achieve Total Revenue per 2008 Plan of \$104.0M*	15
Achieve Gross Profit per 2008 Plan of \$64.0M*	15
Achieve EBITDASC** per 2008 Plan of \$10.5M*	15

Achieve LMD Revenue per 2008 Plan of \$19.7M	7.5
Project and R&D Goals, including customer contracts, product ships and launch, and project milestones (including clinical and regulatory)***	47.5
Total	100

* Subject to overachievement. If actual results were over maximum performance level then bonus is increased by 150% and on a linear basis in between.

** Earnings before interest, taxes, depreciation and amortization, and after stock compensation.

*** Compensation Committee had discretion to award up to 150% of target for certain objectives.

Long-Term Stock-Based Incentive Compensation. The market survey generally indicated that our executives were historically compensated above the market median in terms of equity compensation. Based on various factors, including the CEO's recommendations (emphasizing internal equity considerations, the amount of the 2007 equity grants, our targeted compensation mix and the CEO's view of an executive's performance and potential contributions), the Committee determined it was appropriate to establish for 2008 a uniform targeted value of equity awards of \$250,000 for our named executive officers (other than our CEO and COO), and other than Mr. Gosch (who received a value of \$350,000 in recognition of his new responsibilities for 2008 as the head of our LBG division). For our CEO and COO, the Committee determined it was appropriate to significantly increase their equity and total compensation opportunities by increasing both the total targeted amounts, as well as through participation in the newly created LTIP. As indicated above, a primary goal of implementing the LTIP program was to provide a significantly performance-based incentive structure that allows the participating executive an opportunity for total compensation at or exceeding the 75th percentile as a reward for exceptional long-term performance and value creation. The Committee also adopted the LTIP in recognition of the Committee's view as to the participants performance and anticipated future contributions, and for its potential retention value. The target amount for total equity compensation was determined to be \$1,650,000 for Mr. Balthrop and \$1,150,000 for Mr. Bryant, reflecting increases of 85% and 109%, respectively, from 2007 equity amounts. For Mr. Balthrop approximately \$850,000 of this target amount was allocated to time-based restricted stock and options on the same basis as for our other executives, and approximately \$800,000 was allocated to the target LTIP awards. For Mr. Bryant, approximately \$550,000 of this target amount was allocated to time-based restricted stock and options on the same basis as for our other executives, and approximately \$600,000 was allocated to the target LTIP awards. The restricted shares granted in 2008 are generally subject to time vesting over five years, and the options over three years, in equal annual increments on the anniversary date of such grants. See above under Program Design Long-Term Stock-Based Incentive Compensation.

The Committee believes the increased stock based compensation opportunities, including the LTIP program established in 2008, will further motivate these executives to increase the long-term value of the Company. On December 4, 2008, the Committee recommended and adopted, and the Board ratified, the LTIP and the initial targets and awards thereunder to our CEO and COO. This adoption was the culmination of a process commenced early in 2008 by the Committee with the assistance of Hewitt. The process involved significant deliberation of alternatives and several meetings. The Committee's intent was to include the LTIP as part of the 2008 compensation program for our CEO and COO. Because of extended deliberations and the fact that the LTIP was not recommended until December 4, 2008, the performance period was determined to be only two years from the grant date. The initial LTIP award and the related targets were determined from the date of grant. The targets, however, were set at a level taking into account performance from the beginning of 2008 (therefore effectively reflecting performance over a three year period).

For 2008, each participant was assigned a target award amount expressed in dollars (the Target Amount). The potential payout amounts are based on Threshold, Target and Maximum levels of payout based on the aggregate weighted achievement of the corresponding performance targets for the LTIP participants and were as follows:

Participant	Target Dollar Amount	Threshold	Target	Maximum
CEO	\$ 800,000	60%	100%	275%
		(22,378 shares)	(37,296 shares)	(102,564 shares)
COO	\$ 600,000	60%	100%	275%
		(16,783 shares)	(27,972 shares)	(76,923 shares)

The potential payout amounts are expressed above both as a percentage of the applicable Target Amount and the number of shares eligible to be vested (determined by dividing the specified amount of the Threshold, Target or Maximum Amount by the closing price of the Company's common stock as reported by the Nasdaq Stock Market on the grant date), in each case at the applicable weighted aggregate performance level. Payouts between Threshold and Maximum for Participants shall be calculated by the Committee in its sole discretion using straight-line interpolation. Accordingly, for 2008, Mr. Balthrop was granted an unvested RSU under the LTIP for 102,564 shares of our common stock, and Mr. Bryant was granted an unvested RSU under the LTIP for 76,923 shares of our common stock. Mr. Bryant's award was cancelled in connection with his voluntary termination effective February 1, 2009. Partial or complete vesting of the RSUs for Mr. Balthrop shall be dependent upon his continued employment and the achievement of the specific performance goals described below, extending from the date of grant through December 31, 2010. The Committee, in its sole discretion, shall determine whether and to what extent performance goals have been achieved under outstanding awards on or before March 15, 2011 (the Determination Date). In the event that Mr. Balthrop achieves less than the maximum level of the performance goals, the total number of shares represented by his RSU shall be reduced to reflect where actual interpolated performance lies in the range of performance goals and weighted aggregate corresponding payout opportunities established for the grant, including up to 37,296 shares for Mr. Balthrop if target performance is achieved, 22,378 shares in the event that minimum threshold goals are achieved, and zero shares in the event that minimum threshold goals are not achieved. Calculation of shares between threshold and maximum performance shall be determined based on straight-line interpolation. Vesting of the RSU (after giving effect to the adjustment above) shall occur as follows: 50% on the Determination Date and 50% on December 31, 2012. The Committee reserves the right to make certain adjustments to awards under the LTIP from time to time, in its sole discretion, to accommodate for certain unusual or nonrecurring events, or to avoid unwarranted penalties or windfalls for participants.

Performance goals under the grants are based on the following components, with the following weights given to each: 50% on the trading price of our common stock at the end of the performance period (the Trading Price Goal) and 50% on our operating cash flows per diluted share at the end of the performance period (the Operating Cash Flow Goal), each as described more fully below and in the LTIP.

Partial or complete achievement of the Trading Price Goal is dependent upon the average closing price of our common stock for the twenty consecutive trading days ending December 31, 2010, inclusive, subject to certain adjustments as described in the LTIP. Each of Mr. Balthrop and Mr. Bryant was assigned a range of trading price targets as follows: a minimum threshold of \$24.79 per share, a target of \$28.17 per share, and a maximum goal of \$44.73 per share.

Partial or complete achievement of the Operating Cash Flow Goal is dependent upon the average quarterly total operating cash flows per diluted share (as defined in the LTIP) for the four quarters ended December 31, 2010 (Average CFPS), as further described in the LTIP. Total operating cash flows means Luminex's GAAP net cash provided by operating activities as shown on its financial statements for the 12 month period ended December 31, 2010, as further described in the LTIP. Each of Mr. Balthrop and Mr. Bryant was assigned a range of Average CFPS targets as follows: a minimum threshold of \$0.101 per share, a target of \$0.111 per share, and a maximum goal of \$0.157 per share.

These goals should not be viewed as predictions or estimates of future performance, and the actual achievement of these targets are subject to numerous known and unknown risks and uncertainties including, without limitation, those described under forward looking statements, risk factors or similar headings in our quarterly and annual reports filed with the SEC.

When considering the design of the LTIP for 2008 grants, the Committee determined that share price appreciation and operating cash flows per share were the most appropriate performance metrics for the following reasons:

Share price appreciation is likely the most readily quantifiable metric to confirm an increase in total value and investment return from a stockholder perspective over the performance period; and

Cash flow per share measures the true value of our business. Our ability to translate earnings to cash indicates the health of our business and allows our company to invest for the future of the business as well as returning value to shareowners.

The foregoing summary of the 2008 LTIP is qualified in its entirety by reference to the complete texts of the 2008 LTIP and form of RSU award agreement previously filed by the Company with the SEC.

Executive Compensation for 2009. The Committee again engaged Hewitt to serve as the Committee's compensation consultant for 2009. Hewitt, among other matters, was asked to update its detailed peer group compensation analyses, including a further refinement of the chosen peer group with the assistance of the Committee.

Hewitt's updated survey indicated that base salaries for our named executive officers (other than our CEO), as well as our total cash compensation opportunities, were generally below the market median. However, primarily as a result of equity compensation levels in 2008 and our emphasis on restricted share grants, the equity component and total compensation (including equity) were above our benchmarks. With respect to our CEO, the revised survey indicated his base salary to be below our benchmark, while bonus, equity and total compensation opportunities were higher than market median, though below the 75th percentile.

Based on a review process substantially similar to that conducted in 2008, and in consideration of similar data points and summaries (including updated tally sheets, additional internal pay comparisons and information and the results of the updated and revised peer group compensation survey prepared by Hewitt), as well as the recommendations of our CEO, the Committee made the following determinations regarding 2009 named executive officer compensation.

It was determined that our executive base salaries (excluding our CEO) should be increased to reflect both merit adjustments and market-based adjustments, with merit-based adjustments at approximately 3% and market adjustments ranging from 18% to 20%, designed to bring our executive salaries more in line with the market median based on Hewitt's survey results. The CEO recommended these increases in large part for retention purposes, but also based on performance and anticipated responsibilities for 2009 and the increasing complexity of the Company's operations. With respect to our CEO, the Committee increased his salary to \$495,000 per annum from \$450,000, or approximately 9%, for similar reasons.

In light of the salary increases, the Committee determined it was reasonable and consistent with our compensation philosophies to maintain the target performance bonus opportunities (expressed as a percentage of base salary) the same for 2009, as compared with 2008. Accordingly, the bonus programs will be substantially the same in 2009 for our named executive officers (including for our CEO), subject to modifications to applicable performance objectives and corresponding weighting under our cash-based bonus plans to reflect updates to responsibilities and our business plan and strategic and other initiatives for 2009. Accordingly, as in 2008, target bonus amounts, expressed as a percentage of base salary, were confirmed to be 50% for each executive officer, except for our CEO (100%, consistent with 2008 and as required by his employment agreement).

The 2009 targeted value of equity awards for our named executive officers (other than our CEO) were based on various factors reflecting the Committee's application of our flexible compensation philosophy. In particular, the CEO's recommendations were the most significant factor and were based on his assessment of performance, potential, internal pay positioning and market competitiveness based on our compensation survey. The value of these grants, split 75/25 between RSAs and options, are follows: Mr. Bradley \$250,000; Mr. Currie \$300,000; and Mr. Gosch - \$250,000. Additionally, the Committee determined to expand the LTIP program to include Mr. Currie for 2009, with a target grant value of \$300,000. This was largely based on the recommendation of our CEO in recognition of Mr. Currie's performance reviews, importance to the Company and for retention purposes.

Mr. Balthrop's target equity award remained substantially the same in 2009, at \$800,000 for time-based equity (split 75/25 between RSAs and options) and \$800,000 under the LTIP (which plan is designed with a similar structure as in 2008).

Change in Control; Termination Benefits. We believe that reasonable and appropriate severance and change in control benefits are necessary in order to be competitive in our executive recruiting and retention efforts. We also believe that a change in control arrangement will provide an executive security that will likely reduce the reluctance of an executive to pursue a change in control transaction that could be in the best interests of our stockholders. Finally, while we have not conducted a study to confirm this, we believe formalized severance and change in control arrangements are common benefits offered by employers competing for similar executive talent. While the Committee will receive this information as part of its review of annual tallies of total executive compensation (including contingent compensation), we do not typically consider the value of potential severance and change in control payments when assessing annual compensation as these payouts are contingent and have a primary purpose unrelated to ordinary compensation matters and objectives. The Committee generally assesses these potential payouts only in

view of their reasonableness during negotiations with a new hire, and periodically in light of competitive market conditions or in respect of internal equity considerations as described below.

Therefore, upon their joining the Company, we entered into employment agreements with our named executive officers. These agreements generally provide for severance payments (including premiums for certain continuing health and insurance benefits) where the executive is terminated without cause (including the Company's failure to renew the employment agreement) or as a result of incapacity or death, or if the executive resigns for good reason. Although the definitions may vary slightly across these agreements, good reason generally means certain demotions in responsibilities or title, decreases in compensation, the Company's continued material breach of the employment agreement and/or relocation requirements, while cause typically means a material fraud by the executive upon the Company or the executive's continued material breach of the employment agreement (or, for Mr. Balthrop, failure to perform the duties outlined in his employment agreement, conduct likely to cause injury to the Company, conviction of a felony or a criminal act involving moral turpitude, violation of a Company policy or a breach of his employment agreement).

Severance generally consists of an amount equal to the executive's base salary at the highest rate in effect for the six month period prior to termination (or, for Mr. Balthrop the amount of base salary that would have been paid over the remainder of the then-current term if greater) and the prior year's bonus amount, less any payment or payments received during the 12 month period from the time of termination under any long-term disability plan if the executive was terminated by reason of incapacity. In addition, health or other employee benefits (other than bonus and incentive compensation benefits) for the executive (and the executive's family) generally continue for a period of twelve months following an executive's termination to the extent permitted by the applicable plans and law. If the termination occurs other than for cause or voluntary termination, Mr. Balthrop is entitled to additional severance in an amount equal to the pro rated portion of the current-year bonus to the extent the performance measures are achieved.

The severance payments are paid in semi-monthly installments for a period of twelve months following the date of termination. If the executive is terminated without cause, the severance payments are generally made upfront at the time of termination (or within six months as described below) in a lump payment in order to make a clean separation from, and avoid continued entanglement with, the employee. Additionally, certain of the employment agreements, including Mr. Balthrop's, were amended in 2006 to provide that in the event the payment of any severance amounts payable pursuant to the employment agreements within six months of the date of the applicable executive's termination of employment would cause such executive to incur any additional tax under Section 409A of the Code, then payment of such amounts shall be delayed until the date that is six months following such executive's termination date.

In addition, as described above, upon a change of control, all unvested options or other restricted shares, and upon a termination without cause or as a result of death or disability, all unvested restricted shares held by the executive will immediately become vested and exercisable, as applicable, pursuant to these agreements.

Each named executive officer has agreed to limitations on his ability to disclose confidential information relating to us and acknowledges that all discoveries, inventions and other work product relating to his employment belong to us.

Also, during the one year period following an executive's termination of employment, each executive has agreed not to compete, directly or indirectly, with the core business of the Company. Furthermore, during the non-compete period, each executive has agreed not to solicit our employees or consultants.

The foregoing summaries are qualified in their entirety by reference to the complete texts of the employment agreements previously filed by the Company with the SEC.

Historically, while each agreement has been the result of an arms-length negotiation, we have tried to utilize a similar form of agreement where possible (apart from minimum salary and cash bonus targets). Accordingly, Messrs. Bradley, Currie and Gosch have a similar form. Mr. Balthrop's agreement varies to some extent from the forms above and again reflects an arms-length negotiation following a lengthy CEO search, and we believe the terms are appropriate in light of Mr. Balthrop's background, skill set, the difficulty in replacing Mr. Balthrop and the competitive nature of his recruitment process.

Retirement Plans. We match contributions by our named executive officers to our 401(k) plan up to the maximum amount permitted under the Code.

MSPP. In 2006, the Committee approved, and the stockholders adopted, the MSPP to encourage stock ownership and further align the long-term economic interests of our senior officers and our stockholders. Another goal of the MSPP is to enable us to utilize the cash saved in lieu of paying a portion of annual performance bonuses for research and development and other productive corporate purposes. The MSPP allows select executives to elect to receive, in lieu of a specified portion of his or her annual performance bonus, a number of restricted shares equal to the amount of such specified portion of the annual bonus divided by a dollar amount equal to 80% of the fair market value of a share on the date on which such restricted shares are granted. Any participant who makes such an election will be entitled to a grant of restricted shares generally by March 15 of each calendar year following the year for which the election is in effect. The restricted period for restricted shares granted under the MSPP is generally three years from the date of grant. The Committee may, in its discretion, accelerate the lapse of such restrictions upon a participant's retirement or a change in control.

No shares have been purchased to date under the MSPP.

Perquisites and Other Benefits. The Company does not generally provide perquisites that are not, in the Committee's view, integrally and directly related to the named executive officers' duties. While we have no formal relocation policy for new hires, we will on occasion agree to reimbursement of certain relocation and related costs as part of a negotiation for an executive based on the particular facts and circumstances of the negotiation. Senior management also participates in our other broad-based benefit programs available to our salaried employees including health, dental and life insurance programs. The Company generally does not provide tax gross-up perquisites to its named executive officers, except to LTIP participants as described on page 27 above. Except as otherwise discussed herein, other welfare and employee-benefit programs are generally the same for all eligible Company employees, including our executive officers, with some variation as required by law with respect to our international employees. While the Committee believes the existing benefits to be reasonable, the Committee intends to periodically reassess our perquisite and benefits programs to help ensure that these programs are appropriately competitive with market medians and effective as a recruiting and retention tool.

Stock Ownership/Retention Guidelines. The board expects each officer and director to demonstrate a long-term commitment to the Company and to the Company's stockholders by acquiring and holding a meaningful investment in the Company's common stock. We believe requiring directors and officers to hold a significant long-term stake in our equity accomplishes the following principle goals: (i) further aligning long-term economic interests of our executives and our stockholders by encouraging our management to think and act like long-term investors; and (ii) helping to reduce excessive or inappropriate risk-taking motivated principally by short-term share price appreciation. Therefore, the board has established specific ownership and retention guidelines for the Company's officers and directors, summarized below.

Over time each officer and director is expected to build his or her ownership of the Company's common stock. The targeted ownership levels are expected to be achieved over five years from June 13, 2005, the effective date of the program, or from the time they are named an officer or a director, as applicable, and maintained thereafter. The targeted ownership levels are as follows: CEO: five (5) times annual salary; executive officers: two and one half (2¹/₂) times annual salary; non-employee directors: \$100,000 market value. Each officer and director who has not yet achieved the targeted ownership levels is expected to retain certain shares of common stock acquired upon exercise of stock options or from restricted share grants pursuant to the Company's equity plans as follows: (1) a minimum of one-half the net number of shares acquired upon option exercises; and (2) in the case of restricted shares, after each vesting date of the award, at least one half of the net vested shares. The board of directors is authorized to make temporary exemptions to the foregoing ownership guidelines in its discretion where compliance would impose a severe economic hardship or otherwise prevent the officer or director from complying with a court order.

Accounting and Tax Matters. In part because of our lack of supplemental or top hat retirement or deferred compensation plans (apart from the MSPP) typical of larger companies, we do not presently consider the tax or accounting consequences to be a material factor in the design of our executive compensation packages, except as to the applicability of Section 162(m) of the Code and to the extent of the Section 280 gross-up protection described on page 27 above with respect to LTIP participants. The compensation paid to our officers for 2008 did not exceed the \$1 million limit per officer for qualifying executive compensation for deductibility under Section 162(m) of the Code. Our Equity Plan is structured so that any compensation deemed paid to an officer when he or she exercises an outstanding option under the Equity Plan with an exercise price equal to the fair market value of the option shares on the grant date will qualify as performance-based compensation which will not be subject to the \$1 million limitation. Restricted share grants, for which the vesting restrictions are solely time-based (including our CEOs performance-based restricted share grant in light of the recent modification to include a cliff vesting feature at the end of the five year performance period as described above), may not qualify as performance-based compensation and could be subject to the \$1 million limitation. The Balthrop Option (see Narrative to Summary Compensation Table below) was not issued pursuant to a stockholder approved plan and, if exercised while Mr. Balthrop is a covered employee, will not qualify as performance-based compensation and will therefore be subject to the \$1 million limitation. We have also attempted to structure the LTIP and our cash performance bonus program for 2009 to qualify for deductibility under Section 162(m) of the Code for future years, primarily in light of the current and projected compensation expense for our CEO and our growth expectations. It is important to note, however, that the Company is carrying forward significant net operating losses based on historical operations in a net loss position. Although it will consider the tax implications of its compensation decisions, the Committee believes its primary focus should be to attract, retain, and motivate executives and to align the executives' interests with those of the Company's stakeholders. Accordingly, because the amount and mix of individual compensation are based on competitive considerations as well as Company and individual performance, executive officer compensation that is not performance-based may exceed \$1 million in a given year.

The Committee operates its compensation programs with the good faith intention of complying with Section 409A of the Code. Effective January 1, 2006, the Company began accounting for stock-based payments with respect to its long-term equity incentive award programs in accordance with the requirements of SFAS 123R.

Compensation Committee Report

The Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed it with management and, based on such review and discussion, recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K.

Submitted by the Compensation Committee of the board of directors,

Jay B. Johnston (Chairman)
Fred C. Goad, Jr.
Jim D. Kever
Gerard Vaillant

Summary Compensation Table

The following table sets forth certain summary information for the years ending December 31, 2008, 2007 and 2006, with respect to the compensation awarded to, earned by, or paid to our named executive officers. Compensation information for each executive officer below has only been provided for years during which such executive officers qualified as named executive officers as defined by SEC rules.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Non-Equity Incentive			All Other Compensation (\$)	Total (\$)
				Stock Awards (\$)	Option Awards (\$)	Plan Compensation (\$)		
				(1)	(2)	(3)	(4)	
Patrick J. Balthrop, Sr. President & Chief Executive Officer	2008	445,500	75,851(5)	918,359	501,344	394,691	8,073	2,343,818
	2007	408,000	92,496(5)	765,955	958,351	432,000	7,062	2,663,864
	2006	400,000	192,496(6)	569,586	893,472	337,000	7,292	2,399,846
Harriss T. Currie Vice President, Finance, Chief Financial Officer and Treasurer	2008	239,199		143,371	48,123	143,089	5,000	578,782
	2007	230,754		116,761	182,531	111,204	4,800	646,050
	2006	228,800		71,029	253,634	141,376	5,000	699,839
Douglas C. Bryant Executive Vice President and Chief Operating Officer (7)	2008	325,600		203,120	109,290	257,253		895,263
Gregory J. Gosch Vice President, Luminex Bioscience Group	2008	219,364		134,731	124,411	126,672	6,000	567,547
	2007	204,160		93,135	124,130	106,710	6,000	534,135
Russell W. Bradley Vice President, Business Development and Strategic Planning	2008	215,710		165,329	31,803	128,606	7,750	546,480

(1) The amounts shown in this column represent the dollar amounts recognized for financial

statement reporting in the applicable year and thus include amounts from awards granted in and prior to such years. Assumptions used in the calculation of these amounts are described in Note 14 to the Company's audited financial statements for the fiscal year ended December 31, 2008, included in the Company's Annual Report on Form 10-K that was filed with the SEC on February 26, 2009. All grants of restricted stock were made in 2006 under the Company's 2000 Long-Term Incentive Plan (the 2000 Plan) and in 2007 and 2008 under the Company's 2006 Equity Incentive Plan (the 2006 Plan), and are subject to individual award agreements, the forms of which were previously filed with the SEC. During

2008, there were no forfeitures of restricted stock awards related to service-based vesting conditions for the named executive officers.

- (2) The amounts shown in this column represent the dollar amounts recognized for financial statement reporting purposes in accordance with SFAS 123R (calculated, per the SEC rules, without consideration of the impact of estimated forfeitures related to service-based vesting conditions) and thus include amounts from awards granted in and prior to 2006, 2007 and 2008, respectively. Assumptions used in the calculation of these amounts are described in Note 14 to the Company's audited financial statements for the fiscal year

ended
December 31,
2008, included
in the
Company's
Annual Report
on Form 10-K
that was filed
with the SEC on
February 26,
2009. All grants
of options to
purchase the
Company's
common stock
were made
under the 2006
Plan, the 2000
Plan or
predecessor
plans and are
subject to
individual
award
agreements, the
forms of which
were previously
filed with the
SEC, except that
the Balthrop
Option (see
below under
Narrative to
Summary
Compensation
Table and
Grants of
Plan-Based
Awards in 2008
Table) was not
issued pursuant
to a stockholder
approved plan.
During 2008,
there were no
forfeitures of
option awards
related to
service-based
vesting
conditions for

the named
executive
officers.

- (3) The amounts shown in this column reflect annual cash-based incentive bonuses earned by each of the named executive officers pursuant to the Company's 2006, 2007 and 2008 management incentive plans, respectively, which are discussed in further detail under Compensation Discussion and Analysis Executive Compensation for 2008. The potential payouts under the 2008 plan at the time the plan was established in 2008 are provided below under Grants of Plan-Based Awards in 2008.
- (4) This column includes matching payments under our 401(k) Plan and the Registered Retirement Savings Plan in Canada.
- (5) This amount includes the 2008 and 2007 installments, respectively, of the payments to Mr. Balthrop in connection with the repricing of his

sign-on option
grant in 2005.

- (6) Reflects a subjective, discretionary bonus for 2006 of \$100,000 awarded to Mr. Balthrop in 2007 relating to 2006 performance. This amount also includes the 2006 installments of the payments to Mr. Balthrop in connection with the repricing of his sign-on option grant in 2005.
- (7) Mr. Bryant resigned from Luminex effective February 1, 2009.

Grants Of Plan-Based Awards in 2008

The following table summarizes grants of plan-based awards made to our named executive officers in 2008.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Possible Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Option Awards (#)	Exercise Price (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(3)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Patrick J. Balthrop, Sr.	05/13/2008							30,797			637,400
	05/13/2008								17,110	20.70	211,200
	12/04/2008				22,378	37,296	102,564				2,199,900
	N/A	216,000	432,000	561,600							
Darriss T. Currie	05/13/2008							9,058			187,500
	05/13/2008								5,032	20.70	62,100
	N/A	58,916	117,832	176,748							
Douglas C. Bryant	05/13/2008							19,928			412,500
	05/13/2008								11,071	20.70	136,700
	12/04/2008				16,783	27,972	76,923				1,650,000
	N/A	80,000	160,000	240,000							
Gregory J. Gosch	05/13/2008							11,775			243,700
	05/13/2008								6,542	20.70	80,700
	N/A	54,031	108,061	162,093							
Russell W. Bradley	05/13/2008							9,058			187,500
	05/13/2008								5,032	20.70	62,100
	N/A	53,000	106,000	159,000							

(1) The amounts shown in these columns reflect the threshold, target and maximum amounts (assuming threshold, target and maximum performance across all performance

objectives were achieved) that each of the named executive officers (other than our CEO) could have earned for the fiscal year ended December 31, 2008 pursuant to the Company's 2008 management incentive plans.

The terms of our named executive officer bonus plans are discussed in further detail in Compensation Discussion and Analysis Executive Compensation for 2008. The amounts actually awarded to each of the named executive officers are reflected in the Summary Compensation Table above.

- (2) The amounts shown in these columns reflect the threshold, target and maximum number of shares underlying restricted stock units (assuming threshold, target and maximum performance across all performance objectives were achieved) that our CEO and COO could earn pursuant to the Company's LTIP. The terms of the

2008 LTIP grants are discussed in further detail in Compensation Discussion and Analysis Long-Term Stock-Based Incentive Compensation. Mr. Bryant forfeited his LTIP grant upon his resignation on February 1, 2009.

- (3) The amounts shown in this column reflect the grant date fair value of the respective stock and option awards determined pursuant to FAS 123R.

Narrative to Summary Compensation Table and Grants of Plan-Based Awards in 2008 Table

The following discussion is intended to be read as a supplement to the Summary Compensation Table and the Grants of Plan-Based Awards in 2008 table (including the notes to such tables), and to the disclosure under Compensation Discussion and Analysis, and the following discussion should be read in conjunction with such other disclosures.

Compensation Mix

As reflected in the Summary Compensation Table and Grants of Plan-Based Awards in 2008 table, the primary components of the Company's 2008 compensation program for our named executive officers were cash compensation, consisting of a mix of base salary and cash incentive plan compensation, and equity incentive compensation, consisting of a mix of stock options and restricted stock with time-based vesting. Generally, and excluding the Company's CEO, bonus compensation for 2008 was 18% to 24% of the total of these elements, while the value of 2008 equity awards, valued at fair market value on the date of grant, for 2008 represented 39% to 49% of the total compensation opportunities for 2008. As for the CEO, Mr. Balthrop's bonus compensation for 2008 was 23% of the total of these elements (not including the LTIP award) and his equity award, valued at fair market value on the date of grant, for 2008 was 50% of the total compensation elements (not including the LTIP award). For Messrs. Balthrop and Bryant, bonus compensation for 2008 was 16% and 15%, respectively, of these elements, including their respective awards under the LTIP (assuming Target payouts), while the value of 2008 equity awards, including their respective awards under the LTIP (assuming Target payouts), valued at fair market value on the date of grant, for 2008 represented approximately 66% of these elements. For a detailed discussion of each of these components, including the LTIP, and explanation of how the level of each of these elements of compensation is generally determined in relation to an executive's total compensation, see Compensation Discussion and Analysis Program Design. For information regarding the annual incentive and LTIP awards to our named executive officers for our 2008 fiscal year, please see Compensation Discussion and Analysis Annual Incentive Plan for Named Executive Officers Other than CEO, Compensation Discussion and Analysis Long-Term Stock-Based Incentive Compensation.

Option Repricing

Mr. Balthrop was hired as the Company's chief executive officer and president on May 15, 2004. In connection therewith, Mr. Balthrop was granted a non-qualified stock option to purchase 500,000 shares of common of the Company (the Balthrop Option). The Balthrop Option is subject to time-based vesting, provided Mr. Balthrop continues in the employment of the Company, with 125,000 shares vested as of May 15, 2005, and the remaining shares vesting in equal increments over the following 36 months. The Balthrop Option was initially granted at an exercise price of \$9.36 per share. As previously reported, at a meeting of the Committee on February 10, 2005, the Committee approved resolutions to increase the exercise price of the Balthrop Option from \$9.36 per share to \$10.10 per share (the closing market price on the date immediately preceding the original grant date). This modification was made in order to eliminate the potential application of certain adverse tax implications in light of tax law changes created as a result of the American Jobs Creation Act of 2004. In connection therewith, the Compensation Committee of our board of directors approved a cash bonus payable to Mr. Balthrop to be paid consistent with the vesting period of the Balthrop Option, subject to Mr. Balthrop's continued employment, equal to \$370,000. According to the vesting schedule and assuming no acceleration event contemplated by the Balthrop Option, one quarter of the cash bonus was paid as of May 15, 2005 (the first vesting date and under the Balthrop Option) and the balance of such payments are being made in equal monthly installments over the 36 months thereafter and are reflected in the Bonus column of the Summary Compensation Table.

Employment Agreements

We have entered into employment agreements with each of our named executive officers, each previously filed with the SEC. The employment agreements provide for certain salary, annual bonus opportunities and other benefits, including potential severance entitlements. The employment agreements with Messrs. Balthrop, Currie, Bryant, Gosch, and Bradley are generally automatically renewable on an annual basis unless either party provides the other written notice of its intent not to renew the agreement at least 60 (in the case of Messrs. Currie, Bryant and Bradley), or 180 (for Mr. Balthrop), days prior to the end of the then-current term of their agreements. These agreements are described in more detail under Compensation Discussion and Analysis Change in Control; Termination Benefits. The potential payouts under these agreements in connection with the termination of these executives is provided under

Potential Payments Upon Termination or Change in Control.

Outstanding Equity Awards at 2008 Fiscal Year-End

The following table summarizes the number of outstanding equity awards held by each of our named executive officers as of December 31, 2008. The market value of shares was calculated using the year-end closing price of \$21.36 as reported on the NASDAQ Global Market.

Name	Option Awards					Stock Awards		Equity Incentive Plan	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Grant Date	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Awards: Number of Unearned Shares That Have Not Vested (#)	Awards: Market Value of Unearned Shares That Have Not Vested (\$)
Patrick J. Balthrop, Sr.	500,000	(3)	10.10	05/15/2004	05/15/2014				
	9,844	19,690	14.39	03/25/2007	03/25/2017				
		17,110	20.70	05/13/2008	05/13/2018	19,200	410,112		
					35,441	757,020			
					30,797	657,824			
							102,564	(4)	2,190,767
							200,000	(5)	4,272,000
Harriss T. Currie	10,000		17.00	03/15/2000	03/15/2010				
	4,000		13.05	04/25/2001	04/25/2011				
	20,000		6.52	05/23/2002	05/23/2012				
	75,000		4.68	03/17/2003	03/17/2013				
	85,000		8.41	10/13/2003	10/13/2013				
	15,000		8.22	03/25/2004	03/25/2014				
	3,474	6,949	14.39	03/25/2007	03/25/2017				
	5,032	20.70	05/13/2008	05/13/2018					
					7,742	165,369			
					8,864	189,335			
					12,508	267,171			
					9,058	193,479			
Douglas C. Bryant	10,833	21,667	12.43	07/16/2007	07/16/2017				
		11,071	20.70	05/13/2008	05/13/2018				
					38,800	828,768			
					19,930	425,662			
							76,924	(4)	1,643,097

Gregory J. Gosch	75,000		7.05	10/25/2004	10/25/2014		
	3,474	6,949	14.39	03/25/2007	03/25/2017		
		6,542	20.70	05/13/2008	05/13/2018		
						7,742	165,369
						6,095	130,189
						12,508	267,171
						11,775	251,514
Russell W. Bradley	2,171	4,343	14.39	03/25/2007	03/25/2017		
		5,032	20.70	05/13/2008	05/13/2018		
						16,000	341,760
						7,503	160,264
						7,818	166,992
						9,058	193,479

(1) Except as provided in footnote (3), all options vest in equal 1/3rd increments on each anniversary of the grant date over the first three years of the option term.

(2) The restrictions applicable to these awards lapse with respect to 1/5th of the total shares subject to the grant each year on each anniversary of the grant date, beginning on the anniversary of the grant date.

(3) The Balthrop Option was subject to time-based vesting, with an

initial 125,000 shares vested as of May 15, 2005, and the remaining shares vesting in equal monthly increments over the following 36 months.

- (4) Represents restricted stock units granted under the LTIP, subject to various performance related vesting criteria over a period of two years as follows: (i) one half of the grant is conditioned upon Luminex's average common stock trading price for the last twenty consecutive trading days of 2010; and, (ii) one half of the grant is conditioned upon the achievement of certain operating cash flow goals for the year ended December 31, 2010. Vesting of the grant (after giving effect to the aforementioned performance conditions) will occur 50% upon

the date on which the determination is made as to the satisfaction of performance criteria and the remaining 50% of the RSUs earned on the determination date will vest on December 31, 2012.

Mr. Bryant forfeited his LTIP grant upon his resignation on February 1, 2009.

- (5) Mr. Balthrop was granted a restricted stock award for 200,000 shares of the Company's common stock under the 2000 Plan in connection with his hiring in 2004. The restricted stock is subject to various performance related vesting criteria over a period of five years as follows: (i) 1/3rd of the grant vests based upon the Company's common stock trading price, (ii) 1/3rd of the grant vests based upon the achievement of certain revenue targets, and (iii) 1/3rd of the grant vests based upon the achievement of certain earnings before interest, taxes, depreciation, and amortization measures. The Compensation Committee determined at a

meeting in March 2007 that it would be in the best interests of the Company to amend the restricted stock agreement to provide for the automatic vesting of all unvested restricted shares immediately prior to the fifth anniversary of the date of the restricted stock agreement, to the extent any or all of the performance measures have not been previously achieved.

Option Exercises And Stock Vested in 2008

The following table sets forth information regarding the exercise of stock options and the vesting of restricted stock awards during the fiscal year ended December 31, 2008 for each of the named executive officers.

	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized on
Name	Acquired on Exercise	on Exercise	Acquired on Vesting	Realized on Vesting
	(#)	(\$)	(#)	(\$)
Patrick J. Balthrop, Sr.			15,260	297,994
Harriss T. Currie			11,202	219,100
Douglas C. Bryant			9,700	199,820
Gregory J. Gosch			9,029	176,655
Russell W. Bradley			12,454	250,981

(1) The value realized upon the vesting of restricted shares shown in the

table is
calculated based
upon the closing
price of our
common stock
on the
NASDAQ
Global Market
on the vesting
date.

Potential Payments Upon Termination or Change in Control

The following tables show for each of our named executive officers the estimated amount of potential payments, as well as estimated value of continuing benefits, assuming the executive's employment terminated or a change in control occurred, in either case effective December 31, 2008 and based on compensation and benefit levels in effect on December 31, 2008. Due to the numerous factors involved in estimating these amounts, the actual benefits and amounts payable can only be determined at the time of an executive's termination from the Company.

Patrick J. Balthrop, Sr.

Executive Benefits and Payments Upon Separation	Involuntary Termination Without Cause or Voluntary Termination or Retirement		Termination Without Cause or Termination For Cause or Change in Control		Change in Control (\$)	Disability (\$)	Death (\$)
	(\$)	(\$)	(\$)	(\$)			
Cash Severance (1)		450,000		450,000		450,000	450,000
Non-equity Incentive Compensation (Bonus) (1)		882,000		882,000		882,000	882,000
Accelerated Vesting of Options (2)					148,532	148,532	148,532
Accelerated Vesting of Restricted Stock (2)					6,827,138	8,287,723	8,287,723
Continuation of Insurance Benefits (3)		12,856		12,856		12,856	12,856
Excise Tax Gross-Up							
Total		1,344,856		1,344,856	6,975,670	9,768,255	9,768,255

(1) The cash severance entitlement is described under Compensation Discussion and Analysis Change in Control; Termination Benefits.

(2) Accelerated vesting of stock options and restricted stock is triggered upon a change of

control (whether or not the executive's employment is terminated), with respect to stock options and restricted stock (other than restricted stock units granted under the LTIP), or the death or disability of the executive, with respect to restricted stock (including restricted stock units granted under the LTIP). With respect to the 102,564 unvested restricted stock units granted under the LTIP, if a change of control occurs prior to the end of the performance period, performance criteria (as adjusted appropriately and proportionately for such shorter period) will be measured as of the effective date of the change of control, with the number of restricted stock units reduced, depending upon the year in which the

change of control occurs. For purposes of the above table, the number of restricted stock units granted to Mr. Balthrop under the LTIP has been reduced by a factor of 0.6667 assuming a change of control occurred on December 31, 2008. The above table assumes that Mr. Balthrop would be deemed to have achieved all adjusted performance criteria under the LTIP as of the effective date of the change of control. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2008 (\$21.36 per share as reported on the NASDAQ Global Market) and the respective exercise prices of in-the-money unvested stock options. The closing market price on

December 31, 2008 is also used to calculate accelerated vesting of restricted stock and restricted stock unit amounts.

- (3) Reflects the present value of the medical premiums the executive would be entitled to for a period of 12 months following the termination date. Amounts are based upon the types of insurance coverage the Company carried for such executive as of December 31, 2008 and the premiums in effect on such date.

Harriss T. Currie

Executive Benefits and Payments Upon Separation	Voluntary Termination		Involuntary Termination Without Cause or Termination in Connection For Good Cause Change in Control		Change in Control		Disability	Death (\$)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		
Cash Severance (1)			242,734		242,734		242,734	242,734
Non-equity Incentive Compensation (Bonus) (1)			111,204		111,204		111,204	111,204
Accelerated Vesting of Options (2)						51,756	51,756	51,756
Accelerated Vesting of Restricted Stock (2)						815,354	815,354	815,354
Continuation of Insurance Benefits (3)			12,856		12,856		12,856	12,856
Excise Tax Gross-Up								
Total			366,794		366,794	867,110	1,233,904	1,233,904

(1) The cash severance entitlement is described under Compensation Discussion and Analysis Change in Control; Termination Benefits.

(2) Accelerated vesting of stock options and restricted stock is triggered upon a change of control (whether or not the executive's employment is terminated), with

respect to stock options and restricted stock, or the death or disability of the executive, with respect to restricted stock. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2008 (\$21.36 per share as reported on the NASDAQ Global Market) and the respective exercise prices of in-the-money unvested stock options. The closing market price on December 31, 2008 is also used to calculate accelerated vesting of restricted stock amounts.

- (3) Reflects the present value of the medical premiums the executive would be entitled to for a period of 12 months following the termination date. Amounts are based upon the types of

insurance
coverage the
Company
carried for such
executive as of
December 31,
2008 and the
premiums in
effect on such
date.

Gregory J. Gosch

Executive Benefits and Payments Upon Separation	Voluntary Termination		Involuntary Termination Without Cause or Termination in Connection For Good Cause		Change in Control		Disability	Death
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		
Cash Severance (1)			222,606	222,606			222,606	222,606
Non-equity Incentive Compensation (Bonus) (1)			106,710	106,710			106,710	106,710
Accelerated Vesting of Options (2)						52,752	52,752	52,752
Accelerated Vesting of Restricted Stock (2)						814,243	814,243	814,243
Continuation of Insurance Benefits (3)			12,856	12,856			12,856	12,856
Excise Tax Gross-Up								
Total			342,172	342,172		866,995	1,209,167	1,209,167

(1) The cash severance entitlement is described under Compensation Discussion and Analysis Change in Control; Termination Benefits.

(2) Accelerated vesting of stock options and restricted stock is triggered upon a change of control (whether or not the executive's employment is terminated), with

respect to stock options and restricted stock, or the death or disability of the executive, with respect to restricted stock. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2008 (\$21.36 per share as reported on the NASDAQ Global Market) and the respective exercise prices of in-the-money unvested stock options. The closing market price on December 31, 2008 is also used to calculate accelerated vesting of restricted stock amounts.

- (3) Reflects the present value of the medical premiums the executive would be entitled to for a period of 12 months following the termination date. Amounts are based upon the types of

insurance
coverage the
Company
carried for such
executive as of
December 31,
2008 and the
premiums in
effect on such
date.

Russell W. Bradley

Executive Benefits and Payments Upon Separation	Voluntary Termination		Involuntary Termination Without Cause or Termination in Connection For Good Cause Change in Control		Change in Control		Disability	Death
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		
Cash Severance (1)			219,420	219,420			219,420	219,420
Non-equity Incentive Compensation (Bonus) (1)			106,000	106,000			106,000	106,000
Accelerated Vesting of Options (2)						33,592	33,592	33,592
Accelerated Vesting of Restricted Stock (2)						862,495	862,495	862,495
Continuation of Insurance Benefits (3)			12,856	12,856			12,856	12,856
Excise Tax Gross-Up								
Total			338,276	338,276	896,087	1,234,363	1,234,363	

(1) The cash severance entitlement is described under Compensation Discussion and Analysis Change in Control; Termination Benefits.

(2) Accelerated vesting of stock options and restricted stock is triggered upon a change of control (whether or not the executive's employment is terminated), with

respect to stock options and restricted stock, or the death or disability of the executive, with respect to restricted stock. Accelerated vesting of stock option amounts are calculated as the difference between the closing market price of our common stock on December 31, 2008 (\$21.36 per share as reported on the NASDAQ Global Market) and the respective exercise prices of in-the-money unvested stock options. The closing market price on December 31, 2008 is also used to calculate accelerated vesting of restricted stock amounts.

- (3) Reflects the present value of the medical premiums the executive would be entitled to for a period of 12 months following the termination date. Amounts are based upon the types of

insurance
coverage the
Company
carried for such
executive as of
December 31,
2008 and the
premiums in
effect on such
date.

Douglas C. Bryant

Mr. Bryant resigned from the Company February 1, 2009 and did not receive any termination payments, accelerated vesting of outstanding equity awards or post-termination benefits in connection therewith.

Director Compensation for 2008

The following table summarizes the compensation paid with respect to the fiscal year ended December 31, 2008 to each of the Company's non-employee directors:

Name	Fees Earned or Paid in	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
	Cash (\$)	(1)	(2)	(3)	
G. Walter Loewenbaum II	133,000	189,194			322,194
Robert J. Cresci	60,000	87,265			147,265
Thomas W. Erickson	15,500	119,648			135,148
Fred C. Goad, Jr.	16,000	94,929			110,929
Jay B. Johnston	18,500	111,723			130,223
Jim D. Kever	16,000	94,929			110,929
Kevin M. McNamara	18,500	129,104			147,604
J. Stark Thompson	52,500	79,935			132,435
Gerard Vaillant	52,500	68,053			120,553

(1) The amounts shown in this column represent the dollar amounts recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 and thus include amounts from awards granted in and prior to 2008. Assumptions used in the calculation of these amounts are described in Note 14 to the Company's audited financial statements for

the fiscal year ended December 31, 2008, included in the Company's Annual Report on Form 10-K filed February 26, 2009. All grants of restricted shares were made under the 2006 Plan and are subject to individual award agreements, the forms of which were previously filed with the SEC. The grant date fair value of the aggregate restricted stock awards granted to our non-employee directors in 2008 was:

Loewenbaum	\$179,980,
Cresci	\$77,993,
Erickson	\$130,996,
Goad	\$109,985,
Johnston	\$130,996,
Kever	\$109,985,
McNamara	\$139,989,
Thompson	\$65,995,
Vaillant	\$65,995.

As of December 31, 2008, the aggregate number of unvested

restricted shares
outstanding for
each of the
Company's
non-employee
directors was as
follows:

Loewenbaum
8,866, Cresci
3,842, Erickson
6,453, Goad
5,418, Johnston
6,453, Kever
5,418,
McNamara
6,896,
Thompson
3,251, and
Vaillant 3,251.

- (2) All prior option awards vested before 2008. As of December 31, 2008, the aggregate number of shares subject to option awards outstanding for each of the Company's non-employee directors was as follows:
- Loewenbaum
100,000, Cresci
45,200,
Erickson
262,500, Goad
10,000,
Johnston
15,000, Kever
45,200,
McNamara
80,000,
Thompson 0,
and Vaillant
15,000. The
intrinsic value
of these awards,

as of
December 31,
2008, were
\$1,245,940,
\$509,696,
\$3,846,175, \$0,
\$208,000,
\$509,696,
\$905,400, \$0,
and \$208,200,
respectively,
calculated based
on the
difference
between the
market value of
our common
stock at year
end (as reported
on the
NASDAQ
Global Market)
and the
applicable
weighted
average exercise
price of these
options.

Narrative to Director Compensation Table

Following the completion of its review of the appropriateness of our non-employee director compensation policy in light of our objectives described below, the compensation policy for our non-employee directors for 2008 was recommended by our Compensation Committee and approved by our board of directors. This policy was designed to fairly pay our directors for work required for a company of our size, scope and complexity, be competitive within an appropriate peer group, and incorporate an equity component to help align our directors' interests with the long-term interests of our stockholders. We also have adopted stock ownership guidelines for our directors to further promote this alignment of interests, which can be found in our corporate governance guidelines. The Compensation Committee also utilized the assistance of the compensation consultant for 2008, Hewitt, in designing and reviewing our 2008 non-employee director compensation policy, in particular with respect to the collection of peer group director compensation data and the design of the compensation deferral program instituted in 2008.

The Director Compensation Table reflects the following compensation policy for our non-employee directors for 2008 (the Policy), and the individual choices made by each non-employee director with respect to compensation for their services during 2008 based on the Policy:

	Annual Retainer
Annual Cash Retainer for Board and Committee Meetings	\$ 44,000
Additional Annual Retainers	
Chairman of the Board of Directors	\$ 72,000
Executive Committee Chair	\$ 14,000
Compensation Committee Chair	\$ 14,000
Audit Committee Chair	\$ 20,000
Nominating and Corporate Governance Committee Chair	\$ 8,000

Annual retainers for non-employee directors and board and committee chairs are payable quarterly in arrears.

Non-employee directors have the option of accepting all or any part of the foregoing cash retainer payments in the form of restricted stock. Restricted stock received in lieu of cash retainers is granted at the annual meeting and vests quarterly on the quarterly cash payment dates, subject to continued services by directors as a director or chairperson, as applicable. Non-employee directors may also elect to defer receipt of such restricted stock in lieu of cash payments and the annual stock retainer as described below.

Non-employee directors do not receive additional compensation for attendance at board meetings. Each non-employee board member receives \$1,000 per meeting for attendance at committee meetings (to the extent not held in conjunction with a full board meeting), including formal telephonic meetings and Executive Committee meetings.

Non-employee directors do not have the option of accepting all or any part of cash meeting payments in the form of restricted stock or deferring such fees as described below.

Non-employee directors also are eligible to receive restricted share awards in the amounts below. The restricted shares are issued pursuant and subject to the terms of the Company's 2006 Plan and the form of award agreement previously filed with the SEC and vest one year from the date of grant. Annual grants of restricted stock are made on the date of the annual meeting of stockholders.

	Fair Market Value of Restricted Stock Award on Date of Grant
Each Continuing Board Member	\$ 66,000
Additional Grants	
Chairman of the Board of Directors	\$ 114,000
Executive Committee Chair	\$ 21,000
Compensation Committee Chair	\$ 21,000

Edgar Filing: LUMINEX CORP - Form DEF 14A

Audit Committee Chair	\$	30,000
Nominating and Corporate Governance Committee Chair	\$	12,000

Non-employee directors may annually make an election to defer (i) the annual restricted stock award and (ii) all or a portion of the annual cash retainers by electing to receive restricted stock units settled at a future date, generally retirement from the board of directors or other termination of service. Such restricted stock units vest one year from the date of grant.

In addition, non-employee directors are reimbursed for reasonable expenses incurred to attend board and committee meetings and other Company-related business meetings if a board member's presence is requested, as well as director education programs.

Our director who is also an employee (Mr. Balthrop) received no additional compensation for his services as a director for 2008.

For 2009, the Compensation Committee has recommended, and the board of directors has approved substantially similar compensation opportunities for our non-employee directors, subject to a 4% increase in the annual cash and equity retainers.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to us regarding the ownership of the common stock of the Company as of the record date (except as otherwise indicated below) by (i) each director and director nominee, (ii) each named executive officer, (iii) all directors and executive officers as a group and (iv) each person known to us to own beneficially 5% or more of our outstanding common stock.

The information set forth below includes shares of common stock directly and indirectly owned and shares of common stock underlying currently exercisable options, as well as those options which will become exercisable within 60 days of March 27, 2009. Except as otherwise indicated, the named persons below have sole voting and dispositive power with respect to beneficially owned shares.

Beneficial Owner	Number of Shares Owned (1)	Common Stock Beneficially Owned Total as a Percentage of Shares Outstanding
<i>Directors and Named Executive Officers (2)</i>		
G. Walter Loewenbaum II (3)	1,684,399	4.0%
Robert J. Cresci (4)	232,396	*
Thomas W. Erickson	298,157	*
Fred C. Goad, Jr. (5)	296,555	*
Jay Johnston (6)	74,883	*
Jim D. Kever (7)	170,911	*
Kevin M. McNamara	101,904	*
J. Stark Thompson	18,289	*
Gerard Vaillant	54,878	*
Patrick J. Balthrop, Sr.	882,490	2.1%
Harriss T. Currie	284,213	*
Russell W. Bradley	72,016	*
Gregory J. Gosch	126,439	*
All directors and executive officers as a group (16 persons)	4,560,820	10.6%
<i>Other 5% Stockholders</i>		
St. Denis J. Villere & Company, LLC (8) 210 Baronne Street, Suite 808 New Orleans, LA 70112	4,119,340	9.9%
Sectoral Asset Management Inc. (9) 2120-1000 Sherbrooke St. West Montreal PQ H3A 3G4 Canada	3,174,443	7.7%
Pictet & CIE Europe SA (10) 1 Boulevard Royal Luxembourg	2,822,392	6.8%
Barclays Global Investors, N.A. (11) 45 Fremont Street San Francisco, CA 94105	2,277,371	5.5%

* Less than 1%.

(1) Includes shares attributable to shares of common stock not outstanding but subject to currently exercisable options (as well as those options which will become exercisable within 60 days of March 27, 2009) as follows:

Mr. Loewenbaum	100,000 shares;
Mr. Cresci	45,200 shares;
Mr. Erickson	262,500 shares;
Mr. Goad	10,000 shares;
Mr. Johnston	15,000 shares;
Mr. Kever	45,200 shares;
Mr. McNamara	80,000 shares;
Mr. Thompson	0 shares;
Mr. Vaillant	15,000 shares;
Mr. Balthrop	525,392 shares;
Mr. Currie	217,625 shares;
Mr. Gosch	81,948 shares;
Mr. Bradley	4,342 shares; and

all directors and executive officers as a group
1,533,738 shares.
Shares of Douglas

C. Bryant, our former Senior Vice President and Chief Operating Officer, have not been included in the above table as he resigned from the Company effective February 1, 2009.

- (2) The applicable address for all directors and named executive officers is c/o Luminex Corporation, 12212 Technology Boulevard, Austin, Texas 78727.
- (3) Does not include 1,041,727 shares held by Mr. Loewenbaum's wife, Lillian Loewenbaum; 4,900 shares held by a trust for the benefit of Lillian Loewenbaum of which Lillian Loewenbaum is the trustee; and 127,472 shares held by a trust for the benefit of Mr. Loewenbaum's descendants which has an independent trustee and over which Mr. Loewenbaum neither has nor shares investment or voting power.
- (4) Mr. Cresci has granted a security interest in 160,650 shares directly owned by him as collateral for a loan.
- (5) Includes 4,810 shares held by a trust of which

Mr. Goad is the trustee. Mr. Goad disclaims beneficial ownership of the shares held by the trust.

(6) Includes 8,000 shares held by JK Investments II, a limited partnership managed by Mr. Johnston and his wife and of which a trust for the benefit of Mr. Johnston's children is the limited partner.

(7) Does not include 51,212 shares held by a trust for the benefit of Mr. Kever's children. Mr. Kever disclaims beneficial ownership of the shares held by the trust.

(8) This information is as of February 28, 2009, and is based solely on a Schedule 13G/A filed by St. Denis J. Villere & Company on March 5, 2009. St. Denis J. Villere & Company is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940 and reports sole voting and

dispositive power
as to 724,123
shares and shared
voting and
dispositive power
as to 3,395,217
shares.

(9) This information is
as of December 31,
2008, and is based
solely on a
Schedule 13G filed
by Sectoral Asset
Management Inc.
on February 13,
2009. Sectoral
Asset Management
Inc. is an
investment advisor
registered under
Section 203 of the
Investment
Advisors Act of
1940 and reports
sole voting power
as to 2,887,317
shares and sole
dispositive power
as to 3,174,443
shares.

(10) This information is
as of December 31,
2008, and is based
solely on a
Schedule 13G filed
by Pictet & CIE
Europe SA on
January 12, 2009
Pictet & CIE
Europe SA is an
investment
company registered
under Section 8 of
the Investment
Company Act of
1940.

(11) This information is
as of December 31,

2008, and is based solely on a Schedule 13G filed by Barclays Global Investors, N.A. on February 5, 2009. Barclays Global Investors, N.A. is a Bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934 and reports sole voting power as to 2,133,305 shares and sole dispositive power as to 2,277,371 shares.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Since the beginning of the last fiscal year, we are aware of no related party transactions between us and any of our directors, nominees for director, executive officers, 5% stockholders or their immediate family members which require disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934.

We have adopted a written related party transaction policy, administered by our Audit Committee, that requires the Audit Committee (or the chair of the Audit Committee in certain instances with respect to *de minimus* transactions) to review and either ratify, approve or disapprove all Interested Transactions, subject to certain exceptions for specified pre-approved transactions not believed to create a material interest with respect to a Related Party. Interested Transactions are generally defined to include any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

the aggregate amount involved exceeded, or will or may be expected to exceed, \$100,000 in any calendar year;

the Company was, is or will be a participant; and

any Related Party had, has or will have a direct or indirect interest.

For purposes of the policy, a Related Party is any:

person who is or was (since the beginning of the last fiscal year for which the Company has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director;

greater than 5% beneficial owner of the Company's common stock;

immediate family member of any of the foregoing; or

firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner, managing member or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

In determining whether to approve or ratify an Interested Transaction under the policy, the Audit Committee is to consider all relevant information and facts available to it regarding the Interested Transaction and take into account factors such as the Related Party's relationship to the Company and interest (direct or indirect) in the transaction, the terms of the transaction and the benefits to the Company of the transaction. No director is to participate in the approval of an Interested Transaction for which he or she is a Related Party or otherwise has a direct or indirect interest.

In addition, the Audit Committee is to review and assess ongoing Interested Transactions, if any, on at least an annual basis to determine whether any such transactions remain appropriate or should be modified or terminated.

Our related party transaction policy has been incorporated into our Code of Compliance, which can be viewed at the Investor Relations section of our website at www.luminexcorp.com.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, our directors, executive officers and any persons holding more than ten percent of our common stock are required to report their initial ownership of our common stock and any subsequent changes in their ownership to the SEC. Specific due dates have been established by the SEC, and we are required to disclose in this Proxy Statement any failure of such persons to file by those dates. Based solely upon the copies of Section 16(a) reports that we have received from such persons for their transactions in 2008 and written representations to the Company that we have received from such persons that no other reports were required, we believe that there has been compliance with all Section 16(a) filing requirements applicable to such directors, executive officers and ten-percent beneficial owners for 2008, except that Gregory J. Gosch filed a Form 4 late on May 15, 2008 which did not timely disclose one transaction and Jeremy Bridge-Cook filed a Form 4 late on November 13, 2008 which did not timely disclose one transaction.

EXPENSES AND SOLICITATION

We will bear the cost of soliciting proxies. Proxies may be solicited in person or by telephone, facsimile, electronic mail, Internet, or other electronic medium by certain of our directors, officers and regular employees, without additional compensation. The Company requests that brokerage houses and other custodians, nominees and fiduciaries forward solicitation materials to the beneficial owners of shares of the Company's common stock held of record by such persons, and the Company will reimburse such brokers and other fiduciaries for their reasonable out-of-pocket expenses incurred when the solicitation materials are forwarded. In addition, we have retained MacKenzie Partners, Inc., a proxy solicitation firm, for assistance in connection with the annual meeting at a cost of approximately \$6,500 plus reasonable out-of-pocket expenses.

STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING

It is contemplated that our 2010 annual meeting of stockholders will take place in May 2010. Stockholders' proposals will be eligible for consideration for inclusion in the proxy statement for the 2010 annual meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 if such proposals are received by us before the close of business on December 7, 2009. Notices of stockholders' proposals submitted outside the processes of Rule 14a-8 will be considered timely (but not considered for inclusion in our proxy statement), pursuant to the advance notice requirement set forth in our bylaws, if such notices are filed with our Secretary not earlier than February 20, 2010 nor later than April 21, 2010 in the manner specified in the bylaws. For proposals that are not timely filed, we retain discretion to vote proxies that we receive. For proposals that are timely filed, we retain discretion to vote proxies that we receive provided (1) we include in our proxy statement advice on the nature of the proposal and how we intend to exercise our voting discretion and (2) the proponent does not issue a proxy statement. In order to curtail any controversy as to the date on which a proposal was received by us, we suggest that stockholders submit their proposals by certified mail, return receipt requested.

TRANSACTION OF OTHER BUSINESS

At the date of this Proxy Statement, the only business which the board of directors intends to present or knows that others will present at the Meeting is as set forth above. If any other matter or matters are properly brought before the Meeting, or an adjournment or postponement thereof, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their best judgment.

UPON WRITTEN REQUEST OF ANY STOCKHOLDER TO DAVID REITER, CORPORATE SECRETARY, LUMINEX CORPORATION, 12212 TECHNOLOGY BOULEVARD, AUSTIN, TEXAS 78727, THE COMPANY WILL PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2008, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Austin, Texas

April 9, 2009

**LUMINEX CORPORATION
AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN**

TABLE OF CONTENTS

Section 1. Purpose	3
Section 2. Definitions	3
Section 3. Administration	6
Section 4. Shares Available For Awards	7
Section 5. Eligibility	8
Section 6. Stock Options And Stock Appreciation Rights	8
Section 7. Restricted Shares And Restricted Share Units	10
Section 8. Performance Awards	11
Section 9. Other Stock-Based Awards	12
Section 10. Non-Employee Director And Outside Director Awards	12
Section 11. Provisions Applicable To Covered Officers And Performance Awards	12
Section 12. Separation from Service	14
Section 13. Change In Control	14
Section 14. Amendment And Termination	15
Section 15. General Provisions	15
Section 16. Term Of The Plan	17

LUMINEX CORPORATION
AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN

Section 1. Purpose.

This plan shall be known as the Luminex Corporation Amended and Restated 2006 Equity Incentive Plan (the Plan). The purpose of the Plan is to promote the interests of Luminex Corporation (the Company) and its shareholders by (i) attracting and retaining key officers, employees and directors of, and consultants to, the Company and its Subsidiaries and Affiliates; (ii) motivating such individuals by means of performance-related incentives to achieve long-range performance goals; (iii) enabling such individuals to participate in the long-term growth and financial success of the Company; (iv) encouraging ownership of stock in the Company by such individuals; and (v) linking their compensation to the long-term interests of the Company and its shareholders. With respect to any awards granted under the Plan that are intended to comply with the requirements of performance-based compensation under Section 162(m) of the Code, the Plan shall be interpreted in a manner consistent with such requirements.

Section 2. Definitions.

As used in the Plan, the following terms shall have the meanings set forth below:

2.1 Affiliate shall mean (i) any entity that, directly or indirectly, is controlled by the Company, (ii) any entity in which the Company has a significant equity interest, (iii) an affiliate of the Company, as defined in Rule 12b-2 promulgated under Section 12 of the Exchange Act, and (iv) any entity in which the Company has at least twenty percent (20%) of the combined voting power of the entity's outstanding voting securities, in each case as designated by the Board as being a participating employer in the Plan.

2.2 Award shall mean any Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit, Performance Award, or Other Stock-Based Award granted under the Plan, whether singly, in combination or in tandem, to a Participant by the Committee (or the Board) pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Committee (or the Board) may establish.

2.3 Award Agreement shall mean any written agreement, contract or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

2.4 Board shall mean the Board of Directors of the Company.

2.5 Cause shall mean, unless otherwise defined in the applicable Award Agreement, (i) the engaging by the Participant in willful misconduct that is injurious to the Company or its Subsidiaries or Affiliates, or (ii) the embezzlement or misappropriation of funds or property of the Company or its Subsidiaries or Affiliates by the Participant. For purposes of this paragraph, no act, or failure to act, on the Participant's part shall be considered willful unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company. Any determination of Cause for purposes of the Plan or any Award shall be made by the Committee in its sole discretion. Any such determination shall be final and binding on a Participant.

2.6 Change in Control shall mean, unless otherwise provided in the applicable Award Agreement, the happening of one of the following:

- (a) any person or entity, including a group as defined in Section 13(d)(3) of the Exchange Act, other than the Company or a wholly-owned Subsidiary thereof or any employee benefit plan of the Company or any of its Subsidiaries, becomes the beneficial owner of the Company's securities having 35% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or
- (b) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sales of assets or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction; or

(c) during any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's shareholders, of each director of the Company first elected during such period was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of any such period.

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

2.8 Committee shall mean a committee of the Board composed of not less than two Non-Employee Directors, each of whom shall be (i) a non-employee director for purposes of Exchange Act Section 16 and Rule 16b-3 thereunder, (ii) an outside director for purposes of Section 162(m), and (iii) independent within the meaning of the listing standards of the Nasdaq Stock Market.

2.9 Consultant shall mean any consultant to the Company or its Subsidiaries or Affiliates.

2.10 Covered Officer shall mean at any date (i) any individual who, with respect to the previous taxable year of the Company, was a covered employee of the Company within the meaning of Section 162(m); provided, however, that the term Covered Officer shall not include any such individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected not to be such a covered employee with respect to the current taxable year of the Company or the taxable year of the Company in which the applicable Award will be paid or vested, and (ii) any individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be such a covered employee with respect to the current taxable year of the Company or with respect to the taxable year of the Company in which any applicable Award will be paid or vested.

2.11 Director shall mean a member of the Board.

2.12 Disability shall mean, unless otherwise defined in the applicable Award Agreement, a disability that would qualify as a total and permanent disability under the Company's then current long-term disability plan.

2.13 Early Retirement shall mean retirement, for purposes of this Plan, with the express consent of the Company at or before the time of such retirement, from active employment with the Company and any Subsidiary or Affiliate prior to age 65, in accordance with any applicable early retirement policy of the Company then in effect or as may be approved by the Committee.

2.14 Effective Date shall have the meaning provided in Section 16.1 of the Plan.

2.15 Employee shall mean a current or prospective officer or employee of the Company or of any Subsidiary or Affiliate.

2.16 Exchange Act shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.17 Fair Market Value with respect to the Shares, shall mean, for purposes of a grant of an Award as of any date, (i) the reported closing sales price of the Shares on the Nasdaq Stock Market, or any other such market or exchange as is the principal trading market for the Shares, on such date, or in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported or (ii) in the event there is no public market for the Shares on such date, the fair market value as determined, in good faith and by the reasonable application of a reasonable valuation method, by the Committee in its sole discretion, and for purposes of a sale of a Share as of any date, the actual sales price on that date.

2.18 Good Reason shall mean (i) a material reduction in a Participant's position, authority, duties or responsibilities, (ii) any material reduction in a Participant's annual base salary as in effect immediately prior to a Change in Control; (iii) the relocation of the office at which the Participant is to perform the majority of his or her duties following a Change in Control to a location more than 30 miles from the location at which the Participant performed such duties prior to the Change in Control; or (iv) the failure by the Company or its successor to continue to provide the Participant with benefits substantially similar in aggregate value to those enjoyed by the Participant under any of the Company's pension, life insurance, medical, health and accident or disability plans in which Participant was participating immediately prior to a Change in Control, unless the Participant is offered participation in other comparable benefit plans generally available to similarly situated employees of the Company or its successor after the Change in Control.

- 2.19 Grant Price** shall mean the price established at the time of grant of an SAR pursuant to Section 6 used to determine whether there is any payment due upon exercise of the SAR.
- 2.20 Incentive Stock Option** shall mean an option to purchase Shares from the Company that is granted under Section 6 of the Plan and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.
- 2.21 Non-Employee Director** shall mean a member of the Board who is not an officer or employee of the Company or any Subsidiary or Affiliate.
- 2.22 Non-Qualified Stock Option** shall mean an option to purchase Shares from the Company that is granted under Sections 6 or 10 of the Plan and is not intended to be an Incentive Stock Option.
- 2.23 Normal Retirement** shall mean, unless otherwise defined in the applicable Award Agreement, retirement of a Participant from active employment with the Company or any of its Subsidiaries or Affiliates on or after such Participant's 65th birthday.
- 2.24 Option** shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- 2.25 Option Price** shall mean the purchase price payable to purchase one Share upon the exercise of an Option.
- 2.26 Other Stock-Based Award** shall mean any Award granted under Sections 9 or 10 of the Plan. For purposes of the share counting provisions of Section 4.1 hereof, an Other Stock-Based Award that is not settled in cash shall be treated as (i) an Option Award if the amounts payable thereunder will be determined by reference to the appreciation of a Share, and (ii) a Restricted Share Award if the amounts payable thereunder will be determined by reference to the full value of a Share.
- 2.27 Outside Director** shall mean, with respect to the grant of an Award, a member of the Board then serving on the Committee.
- 2.28 Participant** shall mean any Employee, Director, Consultant or other person who receives an Award under the Plan.
- 2.29 Performance Award** shall mean any Award granted under Section 8 of the Plan. For purposes of the share counting provisions of Section 4.1 hereof, a Performance Award that is not settled in cash shall be treated as (i) an Option Award if the amounts payable thereunder will be determined by reference to the appreciation of a Share, and (ii) a Restricted Share Award if the amounts payable thereunder will be determined by reference to the full value of a Share.
- 2.30 Person** shall mean any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.
- 2.31 Restricted Share** shall mean any Share granted under Sections 7 to 10 of the Plan.
- 2.32 Restricted Share Unit** shall mean any unit granted under Sections 7 to 10 of the Plan.
- 2.33 Retirement** shall mean Normal or Early Retirement.
- 2.34 SEC** shall mean the Securities and Exchange Commission or any successor thereto.
- 2.35 Section 16** shall mean Section 16 of the Exchange Act and the rules promulgated thereunder and any successor provision thereto as in effect from time to time.

2.36 Section 162(m) shall mean Section 162(m) of the Code and the regulations promulgated thereunder and any successor provision thereto as in effect from time to time.

2.37 Separation from Service or **Separates from Service** shall have the meaning ascribed to such term pursuant to Section 409A of the Code and the regulations promulgated thereunder.

2.38 Shares shall mean shares of the common stock, \$0.001 par value, of the Company.

2.39 Share Reserve shall have the meaning set forth in Section 4.1 hereof.

2.40 Stock Appreciation Right or **SAR** shall mean a stock appreciation right granted under Sections 6, 8 or 10 of the Plan that entitles the holder to receive, with respect to each Share encompassed by the exercise of such SAR, the amount determined by the Committee and specified in an Award Agreement. In the absence of such a determination, the holder shall be entitled to receive, with respect to each Share encompassed by the exercise of such SAR, the excess of the Fair Market Value of such Share on the date of exercise over the Grant Price.

2.41 Subsidiary shall mean any Person (other than the Company) of which 50% or more of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company.

2.42 Substitute Awards shall mean Awards granted solely in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

2.43 2000 Plan shall have the meaning set forth in Section 4.1 hereof.

Section 3. Administration.

3.1 *Authority of Committee.* The Plan shall be administered by a Committee, which shall be appointed by and serve at the pleasure of the Board; provided, however, with respect to Awards to Outside Directors, all references in the Plan to the Committee shall be deemed to be references to the Board. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority in its discretion to: (i) designate Participants; (ii) determine eligibility for participation in the Plan and decide all questions concerning eligibility for and the amount of Awards under the Plan; (iii) determine the type or types of Awards to be granted to a Participant; (iv) determine the number of Shares to be covered by, or with respect to which payments, rights or other matters are to be calculated in connection with Awards; (v) determine the timing, terms, and conditions of any Award; (vi) accelerate the time at which all or any part of an Award may be settled or exercised; (vii) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (viii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (ix) grant Awards as an alternative to, or as the form of payment for grants or rights earned or payable under, other bonus or compensation plans, arrangements or policies of the Company or a Subsidiary or Affiliate; (x) grant Substitute Awards on such terms and conditions as the Committee may prescribe, subject to compliance with the Incentive Stock Option rules under Section 422 of the Code and the nonqualified deferred compensation rules under Section 409A of the Code, where applicable; (xi) make all determinations under the Plan concerning any Participant's Separation from Service with the Company or a Subsidiary or Affiliate, including whether such separation occurs by reason of Cause, Good Reason, Disability, Retirement, or in connection with a Change in Control and whether a leave constitutes a Separation from Service; (xii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (xiii) except to the extent prohibited by Section 6.2, amend or modify the terms of any Award at or after grant with the consent of the holder of the Award; (xiv) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (xv) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan, subject to the exclusive authority of the Board under Section 14 hereunder to amend or terminate the Plan.

3.2 Committee Discretion Binding. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Subsidiary or Affiliate, any Participant and any holder or beneficiary of any Award. A Participant or other holder of an Award may contest a decision or action by the Committee with respect to such person or Award only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or was unlawful.

3.3 Action by the Committee. The Committee shall select one of its members as its Chairperson and shall hold its meetings at such times and places and in such manner as it may determine. A majority of its members shall constitute a quorum. All determinations of the Committee shall be made by not less than a majority of its members. Any decision or determination reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority vote at a meeting duly called and held. The exercise of an Option or receipt of an Award shall be effective only if an Award Agreement shall have been duly executed and delivered on behalf of the Company following the grant of the Option or other Award. The Committee may appoint a Secretary and may make such rules and regulations for the conduct of its business, as it shall deem advisable.

3.4 Delegation. Subject to the terms of the Plan and applicable law, the Committee may delegate to one or more officers or managers of the Company or of any Subsidiary or Affiliate, or to a Committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to or to cancel, modify or waive rights with respect to, or to alter, discontinue, suspend or terminate Awards held by Participants who are not officers or directors of the Company for purposes of Section 16 or who are otherwise not subject to such Section.

3.5 No Liability. No member of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

Section 4. Shares Available For Awards.

4.1 Shares Available. Subject to the provisions of Section 4.2 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards after the effective date of the amendment and restatement of this Plan is equal to the sum of (i) 3,325,000 Shares and (ii) the number of shares available for grant under the Plan as of the end of the day that is the effective date of the amendment and restatement of this Plan (such aggregate amount being, the Share Reserve). The number of Shares with respect to which Incentive Stock Options may be granted shall be no more than 1,000,000. Each Share issued pursuant to an Option shall reduce the Share Reserve by one (1) share. Each Share subject to a redeemed portion of a SAR shall reduce the Share Reserve by one (1) share. Each Share issued pursuant to a Restricted Stock Award or a Restricted Stock Unit Award shall reduce the Share Reserve by one and forty-eight one-hundredths (1.48) shares. If any Award granted under this Plan (whether before or after the effective date of the amendment and restatement of this Plan) shall expire, terminate, be settled in cash (in whole or in part) or otherwise be forfeited or canceled for any reason before it has vested or been exercised in full, the Shares subject to such Award shall, to the extent of such expiration, cash settlement, forfeiture, or termination, again be available for Awards under the Plan, in accordance with this Section 4.1. If any Award granted under the Company's 2000 Long-Term Incentive Plan (the 2000 Plan) shall expire, terminate, be settled in cash (in whole or in part) or otherwise be forfeited or canceled for any reason before it has vested or been exercised in full, the Shares subject to such Award shall, to the extent of such expiration, cash settlement, forfeiture, or termination, again be available for Awards under the Plan, and the Share Reserve shall be increased, in accordance with this Section 4.1. The Committee may make such other determinations regarding the counting of Shares issued pursuant to this Plan as it deems necessary or advisable, provided that such determinations shall be permitted by law. Notwithstanding the foregoing, if an Option or SAR is exercised, in whole or in part, by tender of Shares or if the Company's tax withholding obligation is satisfied by withholding Shares, the number of Shares deemed to have been issued under the Plan for purposes of the limitation set forth in this Section 4.1 shall be the number of Shares that were subject to the Option or SAR or portion thereof, and not the net number of Shares actually issued and any SARs to be settled in Shares shall be counted in full against the number of Shares available for issuance under the Plan, regardless of the number of shares issued upon the settlement

of the SAR. Any Shares that again become available for grant pursuant to this Section shall be added back as (i) one (1) Share if such Shares were subject to Options or Stock Appreciation Rights granted under the Plan or options or stock appreciation rights granted under the 2000 Plan, and (ii) as one and forty-eight one-hundredths (1.48) Shares if such Shares were subject to Awards other than Options or Stock Appreciation Rights granted under the Plan or awards other than options or stock appreciation rights granted under the 2000 Plan. Notwithstanding the foregoing and subject to adjustment as provided in Section 4.2 hereof, no Participant may receive Options or SARs under the Plan in any calendar year that, taken together, relate to more than 300,000 Shares.

4.2 *Adjustments.* Without limiting the Committee's discretion as provided in Section 13 hereof, in the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property, and other than a normal cash dividend), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares, then the Committee shall, in an equitable and proportionate manner as deemed appropriate by the Committee (and, as applicable, in such manner as is consistent with Sections 162(m), 422 and 409A of the Code and the regulations thereunder) either: (i) adjust any or all of (1) the aggregate number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted under the Plan; (2) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards under the Plan, provided that the number of Shares subject to any Award shall always be a whole number; (3) the grant or exercise price with respect to any Award under the Plan, and (4) the limits on the number of Shares or Awards that may be granted to Participants under the Plan in any calendar year; (ii) provide for an equivalent award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect; or (iii) make provision for a cash payment to the holder of an outstanding Award. Any such adjustments to outstanding Awards shall be effected in a manner that precludes the material enlargement of rights and benefits under such Awards.

4.3 *Substitute Awards.* Any Shares issued by the Company as Substitute Awards in connection with the assumption or substitution of outstanding grants from any acquired corporation shall not reduce the Shares available for Awards under the Plan.

4.4 *Sources of Shares Deliverable Under Awards.* Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of issued Shares which have been reacquired by the Company.

Section 5. Eligibility.

Any Employee, Director or Consultant shall be eligible to be designated a Participant; provided, however, that Outside Directors shall only be eligible to receive Awards granted consistent with Section 10.

Section 6. Stock Options And Stock Appreciation Rights.

6.1 *Grant.* Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Options and SARs shall be granted, the number of Shares subject to each Award, the exercise price and the conditions and limitations applicable to the exercise of each Option and SAR. An Option may be granted with or without a related SAR. An SAR may be granted with or without a related Option. The grant of an Option or SAR shall occur when the Committee by resolution, written consent or other appropriate action determines to grant such Option or SAR for a particular number of Shares to a particular Participant at a particular Option Price or Grant Price, as the case may be, or such later date as the Committee shall specify in such resolution, written consent or other appropriate action. The Committee shall have the authority to grant Incentive Stock Options and to grant Non-Qualified Stock Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with Section 422 of the Code, as from time to time amended, and any regulations implementing such statute. A person who has been granted an Option or SAR under this Plan may be granted additional Options or SARs under the Plan if the Committee shall so determine; provided, however, that to the extent the aggregate Fair Market Value (determined at the time the Incentive Stock Option is granted) of the Shares with respect to which all Incentive Stock Options are exercisable for the first time by an Employee during any calendar year (under all plans described in Section 422(d) of the Code of the Employee's employer corporation and its parent and Subsidiaries) exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options.

6.2 *Price.* The Committee in its sole discretion shall establish the Option Price at the time each Option is granted and the Grant Price at the time each SAR is granted. Except in the case of Substitute Awards, the Option Price of an Option may not be less than the Fair Market Value of a Share on the date of grant of such Option. Except with respect to Substitute Awards, the Grant Price of an SAR may not be less than the Fair Market Value of a Share on the date of grant of such SAR. In the case of Substitute Awards or Awards granted in connection with an adjustment provided for in Section 4.2 hereof in the form of Options or SARs, such grants shall have an Option Price (or Grant Price) per Share that is intended to maintain the economic value of the Award that was replaced or adjusted as determined by the

Committee. Notwithstanding the foregoing and except as permitted by the provisions of Section 4.2 hereof, the Committee shall not have the power to (i) amend the terms of previously granted Options to reduce the Option Price of such Options, (ii) amend the terms of previously granted SARs to reduce the Grant Price of such SARs, (iii) cancel such Options and grant substitute Options with a lower Option Price than the cancelled Options, or (iv) cancel such SARs and grant substitute SARs with a lower Grant Price than the cancelled SARs, in each case without the approval of the Company's shareholders.

6.3 *Term.* Subject to the Committee's authority under Section 3.1 and the provisions of Section 6.6, each Option and SAR and all rights and obligations thereunder shall expire on the date determined by the Committee and specified in the Award Agreement. The Committee shall be under no duty to provide terms of like duration for Options or SARs granted under the Plan. Notwithstanding the foregoing, but subject to Section 6.4(a) hereof, no Option or SAR shall be exercisable after the expiration of ten (10) years from the date such Option or SAR was granted.

6.4 *Exercise.*

(a) Each Option and SAR shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter. The Committee shall have full and complete authority to determine, subject to Section 6.6 herein, whether an Option or SAR will be exercisable in full at any time or from time to time during the term of the Option or SAR, or to provide for the exercise thereof in such installments, upon the occurrence of such events and at such times during the term of the Option or SAR as the Committee may determine. An Award Agreement may provide that the period of time over which an Option, other than an Incentive Stock Option, or SAR may be exercised shall be automatically extended if on the scheduled expiration of such Award, the Participant's exercise of such Award would violate applicable securities law; provided, however, that during the extended exercise period the Option or SAR may only be exercised to the extent such Award was exercisable in accordance with its terms immediately prior to such scheduled expiration date; provided further, however, that such extended exercise period shall end not later than thirty (30) days after the exercise of such Option or SAR first would no longer violate such laws.

(b) The Committee may impose such conditions with respect to the exercise of Options or SARs, including without limitation, any relating to the application of federal, state or foreign securities laws or the Code, as it may deem necessary or advisable. The exercise of any Option granted hereunder shall be effective only at such time as the sale of Shares pursuant to such exercise will not violate any state or federal securities or other laws.

(c) An Option or SAR may be exercised in whole or in part at any time, with respect to whole Shares only, within the period permitted thereunder for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option or SAR, delivered to the Company at its principal office, and payment in full to the Company at the direction of the Committee of the amount of the Option Price for the number of Shares with respect to which the Option is then being exercised.

(d) Payment of the Option Price shall be made in (i) cash or cash equivalents, or, (ii) at the discretion of the Committee, by transfer, either actually or by attestation, to the Company of unencumbered Shares previously acquired by the Participant, valued at the Fair Market Value of such Shares on the date of exercise (or next succeeding trading date, if the date of exercise is not a trading date), together with any applicable withholding taxes, such transfer to be upon such terms and conditions as determined by the Committee, (iii) by a combination of (i) or (ii), or (iv) by any other method approved or accepted by the Committee in its sole discretion, including, if the Committee so determines, (x) a cashless (broker-assisted) exercise that complies with applicable laws or (y) withholding Shares (net-exercise) otherwise deliverable to the Participant pursuant to the Option having an aggregate Fair Market Value at the time of exercise equal to the total Option Price. Until the optionee has been issued the Shares subject to such exercise, he or she shall possess no rights as a stockholder with respect to such Shares. The Company reserves, at any and all times in the Company's sole discretion, the right to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a method set forth in subsection (iv) above, including with respect to one or more Participants specified by the Company notwithstanding that such program or procedures may be available to other Participants.

(e) At the Committee's discretion, the amount payable as a result of the exercise of an SAR may be settled in cash, Shares or a combination of cash and Shares. A fractional Share shall not be deliverable upon the exercise of a SAR but a cash payment will be made in lieu thereof.

6.5 Separation from Service. Except as otherwise provided in the applicable Award Agreement, an Option or SAR may be exercised only to the extent that it is then exercisable, and if at all times during the period beginning with the date of granting such Award and ending on the date of exercise of such Award the Participant is an Employee, Non-Employee Director or Consultant, and shall terminate immediately upon a Separation from Service by the Participant. An Option or SAR shall cease to become exercisable upon a Separation from Service of the holder thereof. Notwithstanding the foregoing provisions of this Section 6.5 to the contrary, the Committee may determine in its discretion that an Option or SAR may be exercised following any such Separation from Service, whether or not exercisable at the time of such separation; provided, however, that in no event may an Option or SAR be exercised after the expiration date of such Award specified in the applicable Award Agreement, except as provided in Section 6.4(a).

6.6 Ten Percent Stock Rule. Notwithstanding any other provisions in the Plan, if at the time an Option is otherwise to be granted pursuant to the Plan, the optionee or rights holder owns directly or indirectly (within the meaning of Section 424(d) of the Code) Shares of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of Stock of the Company or its parent or Subsidiary or Affiliate corporations (within the meaning of Section 422(b)(6) of the Code), then any Incentive Stock Option to be granted to such optionee or rights holder pursuant to the Plan shall satisfy the requirement of Section 422(c)(5) of the Code, and the Option Price shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Shares of the Company, and such Option by its terms shall not be exercisable after the expiration of five (5) years from the date such Option is granted.

Section 7. Restricted Shares And Restricted Share Units.

7.1 Grant.

(a) Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Restricted Shares and Restricted Share Units shall be granted, the number of Restricted Shares and/or the number of Restricted Share Units to be granted to each Participant, the duration of the period during which, and the conditions under which, the Restricted Shares and Restricted Share Units may be forfeited to the Company, and the other terms and conditions of such Awards. The Restricted Share and Restricted Share Unit Awards shall be evidenced by Award Agreements in such form as the Committee shall from time to time approve, which agreements shall comply with and be subject to the terms and conditions provided hereunder and any additional terms and conditions established by the Committee that are consistent with the terms of the Plan.

(b) Each Restricted Share and Restricted Share Unit Award made under the Plan shall be for such number of Shares as shall be determined by the Committee and set forth in the Award Agreement containing the terms of such Restricted Share or Restricted Share Unit Award. Such agreement shall set forth a period of time during which the grantee must remain in the continuous employment (or other service-providing capacity) of the Company in order for the forfeiture and transfer restrictions to lapse. If the Committee so determines, the restrictions may lapse during such restricted period in installments with respect to specified portions of the Shares covered by the Restricted Share or Restricted Share Unit Award. The Award Agreement may also, in the discretion of the Committee, set forth performance or other conditions that will subject the Shares to forfeiture and transfer restrictions. The Committee may, at its discretion, waive all or any part of the restrictions applicable to any or all outstanding Restricted Share and Restricted Share Unit Awards.

7.2 Delivery of Shares and Transfer Restrictions.

(a) At the time of a Restricted Share Award, a certificate representing the number of Shares awarded thereunder shall be registered in the name of the grantee. Such certificate shall be held by the Company or any custodian appointed by the Company for the account of the grantee subject to the terms and conditions of the Plan, and shall bear such a legend setting forth the restrictions imposed thereon as the Committee, in its discretion, may determine. The foregoing to the contrary notwithstanding, the Committee may, in its discretion, provide that a Participant's ownership of Restricted Shares prior to the lapse of any transfer restrictions or any other applicable restrictions shall, in lieu of such certificates, be evidenced by a book entry (i.e., a computerized or manual entry) in the records of the Company or its designated agent in the name of the Participant who has received such Award, and confirmation and

account statements sent to the Participant with respect to such book-entry Shares may bear the restrictive legend referenced in the preceding sentence. Such records of the Company or such agent shall, absent manifest error, be binding on all Participants who receive Restricted Share Awards evidenced in such manner. The holding of Restricted Shares by the Company or such an escrow holder, or the use of book entries to evidence the ownership of Restricted Shares, in accordance with this Section 7.2(a), shall not affect the rights of Participants as owners of the Restricted Shares awarded to them, nor affect the restrictions applicable to such shares under the Award Agreement or the Plan, including the transfer restrictions.

(b) Unless otherwise provided in the applicable Award Agreement, the grantee shall have all rights of a shareholder with respect to the Restricted Shares, including the right to receive dividends and the right to vote such Shares, subject to the following restrictions: (i) the grantee shall not be entitled to delivery of the stock certificate until the expiration of the restricted period and the fulfillment of any other restrictive conditions set forth in the Award Agreement with respect to such Shares; (ii) none of the Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of during such restricted period or until after the fulfillment of any such other restrictive conditions; and (iii) except as otherwise determined by the Committee at or after grant, all of the Shares shall be forfeited and all rights of the grantee to such Shares shall terminate, without further obligation on the part of the Company, unless the grantee remains in the continuous employment of the Company for the entire restricted period in relation to which such Shares were granted and unless any other restrictive conditions relating to the Restricted Share Award are met. Restricted Share Units shall be subject to similar transfer restrictions as Restricted Share Awards, except that no Shares are actually awarded to a Participant who is granted Restricted Share Units on the date of grant, and such Participant shall have no rights of a stockholder with respect to such Restricted Share Units until the restrictions set forth in the applicable Award Agreement have lapsed.

7.3 Termination of Restrictions. At the end of the restricted period and provided that any other restrictive conditions of the Restricted Share Award are met, or at such earlier time as otherwise determined by the Committee, all restrictions set forth in the Award Agreement relating to the Restricted Share Award or in the Plan shall lapse as to the restricted Shares subject thereto, and a stock certificate for the appropriate number of Shares, free of the restrictions and restricted stock legend, shall be delivered to the Participant or the Participant's beneficiary or estate, as the case may be (or, in the case of book-entry Shares, such restrictions and restricted stock legend shall be removed from the confirmation and account statements delivered to the Participant or the Participant's beneficiary or estate, as the case may be, in book-entry form).

7.4 Payment of Restricted Share Units. Each Restricted Share Unit shall have a value equal to the Fair Market Value of a Share. Restricted Share Units shall be paid in cash, Shares, other securities or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. The applicable Award Agreement shall specify whether a Participant will be entitled to receive dividend equivalent rights in respect of Restricted Share Units at the time of any payment of dividends to shareholders on Shares. If the applicable Award Agreement specifies that a Participant will be entitled to dividend equivalent rights, (i) the amount of any such dividend equivalent right shall equal the amount that would be payable to the Participant as a stockholder in respect of a number of Shares equal to the number of vested Restricted Share Units then credited to the Participant, (ii) any such dividend equivalent right shall be paid in accordance with the Company's payment practices as may be established from time to time and as of the date on which such dividend would have been payable in respect of outstanding Shares, and (iii) the applicable Award Agreement will specify whether dividend equivalents shall be paid in respect of Restricted Share Units that are not yet vested. Except as otherwise determined by the Committee at or after grant, Restricted Share Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of, and all Restricted Share Units and all rights of the grantee to such Restricted Share Units shall terminate, without further obligation on the part of the Company, unless the grantee remains in continuous employment of the Company for the entire restricted period in relation to which such Restricted Share Units were granted and unless any other restrictive conditions relating to the Restricted Share Unit Award are met.

Section 8. Performance Awards.

8.1 *Grant.* The Committee shall have sole and complete authority to determine the Participants who shall receive a Performance Award, which shall consist of a right that is (i) denominated in cash or Shares (including but not limited to Restricted Shares and Restricted Share Units), (ii) valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine.

8.2 *Terms and Conditions.* Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award, and may amend specific provisions of the Performance Award; provided, however, that such amendment may not adversely affect existing Performance Awards made within a performance period commencing prior to implementation of the amendment.

8.3 *Payment of Performance Awards.* Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with the procedures established by the Committee, on a deferred basis. Separation from Service prior to the end of any performance period, other than for reasons of death or Disability, will result in the forfeiture of the Performance Award, and no payments will be made. Notwithstanding the foregoing, the Committee may in its discretion, waive any performance goals and/or other terms and conditions relating to a Performance Award. A Participant's rights to any Performance Award may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of in any manner, except by will or the laws of descent and distribution, and/or except as the Committee may determine at or after grant.

Section 9. Other Stock-Based Awards.

The Committee shall have the authority to determine the Participants who shall receive an Other Stock-Based Award, which shall consist of any right that is (i) not an Award described in Sections 6 and 7 above and (ii) an Award of Shares or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as deemed by the Committee to be consistent with the purposes of the Plan. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Stock-Based Award.

Section 10. Non-Employee Director And Outside Director Awards.

10.1 The Board may provide that all or a portion of a Non-Employee Director's annual retainer, meeting fees and/or other awards or compensation as determined by the Board, be payable (either automatically or at the election of a Non-Employee Director) in the form of Non-Qualified Stock Options, Restricted Shares, Restricted Share Units and/or Other Stock-Based Awards, including unrestricted Shares. The Board shall determine the terms and conditions of any such Awards, including the terms and conditions which shall apply upon a termination of the Non-Employee Director's service as a member of the Board, and shall have full power and authority in its discretion to administer such Awards, subject to the terms of the Plan and applicable law.

10.2 The Board may also grant Awards to Outside Directors pursuant to the terms of the Plan, including any Award described in Sections 6, 7 and 9 above. With respect to such Awards, all references in the Plan to the Committee shall be deemed to be references to the Board.

Section 11. Provisions Applicable To Covered Officers And Performance Awards.

11.1 Notwithstanding anything in the Plan to the contrary, unless the Committee determines that a Performance Award to be granted to a Covered Officer should not qualify as performance-based compensation for purposes of Section 162(m), Performance Awards granted to Covered Officers shall be subject to the terms and provisions of this Section 11.

11.2 The Committee may grant Performance Awards to Covered Officers based solely upon the attainment of performance targets related to one or more performance goals selected by the Committee from among the goals specified below. For the purposes of this Section 11, performance goals shall be limited to one or more of the following Company, Subsidiary, operating unit, business segment or division financial performance measures:

- (a) earnings before any one or more of the following: interest, taxes, depreciation, amortization and/or stock compensation;
- (b) operating (or gross) income or profit;
- (c) operating efficiencies;

- (d) return on equity, assets, capital, capital employed or investment;
- (e) after tax operating income;
- (f) net income;
- (g) earnings or book value per Share;
- (h) financial ratios;
- (i) cash flow(s);
- (j) total sales or revenues or sales or revenues per employee;
- (k) production (separate work units or SWUs);
- (l) stock price or total shareholder return;
- (m) dividends;
- (n) debt or cost reduction;
- (o) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals (including, without limitation, developmental, strategic or manufacturing milestones of products or projects in development, execution of contracts with current or prospective customers and development of business expansion strategies) and goals relating to acquisitions, joint ventures or collaborations or divestitures; or
- (p) any combination thereof.

Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or any Subsidiary, operating unit, business segment or division of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or Shares outstanding, or to assets or net assets. The Committee may appropriately adjust any evaluation of performance under criteria set forth in this Section 11.2 to exclude any of the following events that occurs during a performance period: (i) asset impairments or write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year and (vi) the effect of adverse federal, governmental or regulatory action, or delays in federal, governmental or regulatory action; provided that the Committee commits to make any such adjustments within the 90 day period set forth in Section 11.4.

11.3 With respect to any Covered Officer, the maximum annual number of Shares in respect of which all Performance Awards may be granted under Section 8 of the Plan is 300,000 and the maximum amount of all Performance Awards that are settled in cash and that may be granted under Section 8 of the Plan in any year is \$3,000,000.

11.4 To the extent necessary to comply with Section 162(m), with respect to grants of Performance Awards, no later than 90 days following the commencement of each performance period (or such other time as may be required or permitted by Section 162(m) of the Code), the Committee shall, in writing, (1) select the performance goal or goals applicable to the performance period, (2) establish the various targets and bonus amounts which may be earned for such performance period, and (3) specify the relationship between performance goals and targets and the amounts to be earned by each Covered Officer for such performance period. Following the completion of each performance period, the Committee shall certify in writing whether the applicable performance targets have been achieved and the amounts, if any, payable to Covered Officers for such performance period. In determining the amount earned by a Covered Officer for a given performance period, subject to any applicable Award Agreement, the Committee shall have the right to reduce (but not increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant in its sole discretion to the assessment of individual or corporate performance for the performance period.

11.5 Unless otherwise expressly stated in the relevant Award Agreement, each Award granted to a Covered Officer under the Plan is intended to be performance-based compensation within the meaning of Section 162(m). Accordingly, unless otherwise determined by the Committee, if any provision of the Plan or any Award Agreement relating to such an Award does not comply or is inconsistent with Section 162(m), such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, and no provision shall be deemed to confer upon the Committee discretion to increase the amount of compensation otherwise payable to a Covered Officer in connection with any such Award upon the attainment of the performance criteria established by the Committee.

Section 12. Separation from Service.

The Committee shall have the full power and authority to determine the terms and conditions that shall apply to any Award upon a Separation from Service with the Company, its Subsidiaries and Affiliates, including a separation from the Company with or without Cause, by a Participant voluntarily, or by reason of death, Disability, Early Retirement or Retirement, and may provide such terms and conditions in the Award Agreement or in such rules and regulations as it may prescribe.

Section 13. Change In Control.

Unless otherwise provided by the Committee, or in an Award Agreement or by a contractual agreement between the Company and a Participant, if, within one year following a Change in Control, a Participant Separates from Service with the Company (or its successor) by reason of (a) death; (b) Disability; (c) Normal Retirement or Early Retirement; (d) for Good Reason by the Participant; or (e) involuntary termination by the Company for any reason other than for Cause, all outstanding Awards of such Participant shall vest, become immediately exercisable and payable and have all restrictions lifted. In addition, subject to the requirements and limitations of Section 409A if applicable, the Committee may provide for any one or more of the following at or after grant of any Award hereunder:

(a) *Accelerated Vesting.* The Committee may, in its discretion, provide in any Award Agreement, or, in the event of a Change in Control, may take such actions as it deems appropriate to provide, for the acceleration of the exercisability, vesting and/or settlement in connection with such Change in Control of each or any outstanding Award or portion thereof and Shares acquired pursuant thereto upon such conditions (if any), including termination of the Participant's service prior to, upon, or following such Change in Control, to such extent as the Committee shall determine. In the event of a Change of Control, and without the consent of any Participant, the Committee may, in its discretion, provide that for a period of at least fifteen (15) days prior to the Change in Control, any Options or Stock Appreciation Rights shall be exercisable as to all Shares subject thereto and that upon the occurrence of the Change in Control, such Stock Options or Stock Appreciation Rights shall terminate and be of no further force and effect.

(b) *Assumption, Continuation or Substitution.* In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the Acquiror), may, without the consent of any Participant, either assume or continue the Company's rights and obligations under each or any Award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding Award or portion thereof a substantially equivalent award with respect to the Acquiror's stock, as applicable. For purposes of this Section, if so determined by the Committee, in its discretion, an Award denominated in Shares shall be deemed assumed if, following the Change in Control, the Award (as adjusted, if applicable, pursuant to Section 4.2 hereof) confers the right to receive, subject to the terms and conditions of the Plan and the applicable Award Agreement, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled; provided, however, that if such consideration is not solely common stock of the Acquiror, the Committee may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise or settlement of the Award, for each Share subject to the Award, to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Shares pursuant to the Change in Control. If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Committee may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Committee's good faith estimate of the present value of the probable future payment of such consideration. Any Award or portion thereof which is neither assumed or continued by the Acquiror in connection with the Change in Control

nor exercised or settled as of the time of consummation of the Change in Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control.

(c) *Cash-Out of Awards.* The Committee may, in its discretion and without the consent of any Participant, determine that, upon the occurrence of a Change in Control, each or any Award or a portion thereof outstanding immediately prior to the Change in Control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested Share (and each unvested Share, if so determined by the Committee) subject to such canceled Award in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per Share in the Change in Control, reduced by the exercise or purchase price per share, if any, under such Award (which payment may, for the avoidance of doubt, be \$0, in the event the per share exercise or purchase price of an Award is greater than the per share consideration in connection with the Change in Control). If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Committee may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Committee's good faith estimate of the present value of the probable future payment of such consideration. In the event such determination is made by the Committee, the amount of such payment (reduced by applicable withholding taxes, if any), if any, shall be paid to Participants in respect of the vested portions of their canceled Awards as soon as practicable following the date of the Change in Control and in respect of the unvested portions of their canceled Awards in accordance with the vesting schedules applicable to such Awards.

Section 14. Amendment And Termination.

14.1 *Amendments to the Plan.* The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to comply.

14.2 *Amendments to Awards.* Subject to the restrictions of Section 6.2, the Committee may waive any conditions or rights under, amend any terms of or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary.

14.3 *Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.* The Committee is hereby authorized to make equitable and proportionate adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (and shall make such adjustments for the events described in Section 4.2 hereof) affecting the Company, any Subsidiary or Affiliate, or the financial statements of the Company or any Subsidiary or Affiliate, or of changes in applicable laws, regulations or accounting principles.

Section 15. General Provisions.

15.1 *Limited Transferability of Awards.* Except as otherwise provided in the Plan, an Award Agreement or by the Committee at or after grant, no Award shall be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant, except by will or the laws of descent and distribution. No transfer of an Award by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will and/or such other evidence as the Committee may deem necessary or appropriate to establish the validity of the transfer. No transfer of an Award for value shall be permitted under the Plan.

15.2 *Dividend Equivalents.* In the sole and complete discretion of the Committee, an Award may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis. All dividend or dividend equivalents which are not paid currently may, at the Committee's discretion, accrue interest, be reinvested into additional Shares, or, in the case of dividends or dividend equivalents credited in connection with Performance Awards, be credited as additional Performance Awards and paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award. The total number of Shares available for grant under Section 4 shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional Shares or credited as Performance Awards.

15.3. *Compliance with Section 409A of the Code.* No Award (or modification thereof) shall provide for deferral of compensation that does not comply with Section 409A of the Code unless the Committee, at the time of grant, specifically provides that the Award is not intended to comply with Section 409A of the Code. Notwithstanding any provision of this Plan to the contrary, if one or more of the payments or benefits received or to be received by a Participant pursuant to an Award would cause the Participant to incur any additional tax or interest under Section 409A of the Code, the Committee may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code. Although the Company intends to administer the Plan so that Awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any Award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local or foreign law. The Company shall not be liable to any Participant for any tax, interest, or penalties that Participant might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan.

15.4 *No Rights to Awards.* No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each Participant.

15.5 *Share Certificates.* All certificates for Shares or other securities of the Company or any Subsidiary or Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the SEC or any state securities commission or regulatory authority, any stock exchange or other market upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

15.6 *Tax Withholding.* A Participant may be required to pay to the Company or any Subsidiary or Affiliate and the Company or any Subsidiary or Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan, or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding or other tax-related obligations in respect of an Award, its exercise or any other transaction involving an Award, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee may provide for additional cash payments to holders of Options to defray or offset any tax arising from the grant, vesting, exercise or payment of any Award. Without limiting the generality of the foregoing, the Committee may in its discretion permit a Participant to satisfy or arrange to satisfy, in whole or in part, the tax obligations incident to an Award by: (a) electing to have the Company withhold Shares or other property otherwise deliverable to such Participant pursuant to the Award (provided, however, that the amount of any Shares so withheld shall not exceed the amount necessary to satisfy required federal, state local and foreign withholding obligations using the minimum statutory withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income) and/or (b) tendering to the Company Shares owned by such Participant (or by such Participant and his or her spouse jointly) and purchased or held for the requisite period of time as may be required to avoid the Company's or the Affiliates' or Subsidiaries' incurring an adverse accounting charge, based, in each case, on the Fair Market Value of the Shares on the payment date as determined by the Committee. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

15.7 *Award Agreements.* Each Award hereunder shall be evidenced by an Award Agreement that shall be delivered to the Participant and may specify the terms and conditions of the Award and any rules applicable thereto. In the event of a conflict between the terms of the Plan and any Award Agreement, the terms of the Plan shall prevail. The Committee shall, subject to applicable law, determine the date an Award is deemed to be granted. The Committee or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements or other documents evidencing Awards under this Plan and may, but need not, require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant, including by electronic

signature or other electronic indication of acceptance, and that such Participant agree to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the agreement or other document evidencing such Award.

15.8 *No Limit on Other Compensation Arrangements.* Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options, Restricted Shares, Restricted Share Units, Other Stock-Based Awards or other types of Awards provided for hereunder.

15.9 *No Right to Employment.* The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Subsidiary or Affiliate. Further, the Company or a Subsidiary or Affiliate may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in an Award Agreement.

15.10 *No Rights as Shareholder.* Subject to the provisions of the Plan and the applicable Award Agreement, no Participant or holder or beneficiary of any Award shall have any rights as a shareholder with respect to any Shares to be distributed under the Plan until such person has become a holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Shares hereunder, the applicable Award Agreement shall specify if and to what extent the Participant shall not be entitled to the rights of a shareholder in respect of such Restricted Shares.

15.11 *Governing Law.* The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to conflicts of laws principles.

15.12 *Severability.* If any provision of the Plan or any Award is, or becomes, or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

15.13 *Other Laws.* The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover the same under Exchange Act Section 16(b), and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary.

15.14 *No Trust or Fund Created.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary or Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Subsidiary or Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary or Affiliate.

15.15 *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

15.16 *Headings.* Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 16. Term Of The Plan.

16.1 *Effective Date.* The Plan shall be effective, and will amend and restate the previous plan as set forth herein effective, as of May 21, 2009 provided it has been approved by the Board and by the Company's shareholders.

16.2 *Expiration Date.* No new Awards shall be granted under the Plan after the tenth (10th) anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the tenth (10th) anniversary of the Effective Date.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

M12036

**REVOCABLE PROXY
LUMINEX CORPORATION
12212 Technology Blvd., Austin, Texas 78727**

THIS PROXY IS BEING SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF LUMINEX CORPORATION FOR USE ONLY AT THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 21, 2009 AND AT ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

The undersigned hereby appoints Harriss T. Currie and David S. Relter, or either of them, or any successors in their respective positions, as proxies with full powers of substitution, and hereby authorizes them to represent the undersigned and to vote, as designated on the reverse side, all the shares of common stock of Luminex Corporation (the Company) held of record by the undersigned as of March 31, 2009, at the Annual Meeting of Stockholders (the Annual Meeting) to be held at the Hilton Austin Airport Hotel, 9515 New Airport Drive, Austin, Texas 78719 on Thursday, May 21, 2009, at 10:00 a.m. local time, or at any adjournment or postponement thereof.

The Board of Directors recommends a vote **FOR** the Board's Class III Director nominees, **FOR** the approval of the Luminex Corporation Amended and Restated 2006 Equity Incentive Plan and **FOR** the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2009. **Shares of common stock of the Company will be voted as specified. If not otherwise specified, this proxy will be voted FOR the election of the Board of Directors Class III Director nominees to the Board of Directors, FOR the approval of the Luminex Corporation Amended and Restated 2006 Equity Incentive Plan, FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2009, and on other matters properly presented at the Annual Meeting or any postponement or adjournment thereof, at the discretion of the proxies. You may revoke this proxy at any time prior to the time it is voted at the Annual Meeting in the manner described in the Proxy Statement. This proxy may not be voted for any person who is not a nominee of the Board of Directors of the Company.**

The undersigned hereby acknowledges receipt of a Notice of Annual Meeting of Stockholders of Luminex Corporation to be held on May 21, 2009, a Proxy Statement for the Annual Meeting and the 2008 Annual Report, prior to the signing of this proxy. All of the proposals set forth on the reverse side hereof are more fully described in the Proxy Statement.

Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)
(Continued, and to be dated and signed, on reverse side)

VOTE BY INTERNET www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M12035 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

LUMINEX CORPORATION

For All **Withhold All** **For All Except** To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.

The Board of Directors recommends a vote FOR Proposals 1 through 3.

Vote On Directors

o o o

1. Proposal to elect the following nominees as Class III directors for a three-year term:

Nominees:

- 01) Patrick J. Balthrop, Sr.
- 02) G. Walter Loewenbaum II
- 03) Kevin M. McNamara
- 04) Edward A. Ogunro, Ph.D

Vote On Proposals

For Against Abstain

2. Proposal to approve the Luminex Corporation Amended and Restated 2006 Equity Incentive Plan.

o o o

3. Proposal to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2009.

In their discretion, the proxies are authorized to vote with respect to matters incident to the conduct of the Annual Meeting, or on any other matter that may properly come before the Annual Meeting or any postponement or adjournment thereof.

For address changes and/or comments, please check this box and write them on the back where indicated.

Please indicate if you plan to attend this meeting.

Yes No

Please sign exactly as your name(s) appear(s) on this proxy. When signing in a representative capacity, please give title. When shares are held jointly, each person should sign.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date