

INSULET CORP
Form DEF 14A
April 05, 2010

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

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

INSULET 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)(4) 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:
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- Fee paid previously with preliminary materials.
- 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

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- 1) Amount previously paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
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Dear Stockholder:

April 5, 2010

You are cordially invited to attend the Annual Meeting of Stockholders of Insulet Corporation (the Company) to be held at 8:30 a.m., local time, on Wednesday, May 5, 2010 at the offices of Goodwin Procter LLP, 53 State Street, Boston, MA 02109.

At this Annual Meeting, the agenda includes the election of two (2) Class III directors for three-year terms and the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010. The Board of Directors unanimously recommends that you vote FOR the election of the director nominees and FOR the ratification of the appointment of Ernst & Young LLP.

Details regarding the matters to be acted upon at this Annual Meeting appear in the accompanying Proxy Statement. Please give this material your careful attention.

If you are a stockholder of record, please vote in one of the following three ways whether or not you plan to attend the Annual Meeting: (1) by completing, signing and dating the accompanying proxy card and returning it in the enclosed postage-prepaid envelope, (2) by completing your proxy using the toll-free telephone number listed on the proxy card, or (3) by completing your proxy on the Internet at the address listed on the proxy card. It is important that your shares be voted whether or not you attend the meeting in person. Votes made by phone or on the Internet must be received by 11:59 p.m., local time, on May 4, 2010. If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or completed your proxy by phone or on the Internet. Your prompt cooperation will be greatly appreciated.

Very truly yours,

DUANE DESISTO

President and Chief Executive Officer

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**INSULET CORPORATION
9 Oak Park Drive
Bedford, Massachusetts 01730**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 5, 2010**

To the Stockholders of Insulet Corporation:

The Annual Meeting of Stockholders of Insulet Corporation, a Delaware corporation (the Company), will be held at 8:30 a.m., local time, on Wednesday, May 5, 2010, at the offices of Goodwin Procter LLP, 53 State Street, Boston, MA 02109, for the following purposes:

1. to elect two (2) Class III directors nominated by the Board of Directors, each to serve for a three-year term and until his successor has been duly elected and qualified or until his earlier resignation or removal;
2. to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010; and
3. to consider and vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Proposal 1 relates solely to the election of two (2) Class III directors nominated by the Board of Directors and does not include any other matters relating to the election of directors, including without limitation, the election of directors nominated by any stockholder of the Company.

Only stockholders of record at the close of business on March 22, 2010 are entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof. In the event there are not sufficient shares to be voted in favor of any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

All stockholders are cordially invited to attend the Annual Meeting in person. However, to assure your representation at the Annual Meeting, you are urged to vote in one of the following three ways whether or not you plan to attend the Annual Meeting: (1) by completing, signing and dating the accompanying proxy card and returning it in the postage-prepaid envelope enclosed for that purpose, (2) by completing your proxy using the toll-free telephone number listed on the proxy card, or (3) by completing your proxy on the Internet at the address listed on the proxy card. Votes made by phone or on the Internet must be received by 11:59 p.m., local time, on May 4, 2010. If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or completed your proxy by phone or on the Internet.

By Order of the Board of Directors,

R. ANTHONY DIEHL
General Counsel and Secretary

Bedford, Massachusetts
April 5, 2010

YOUR VOTE IS IMPORTANT.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE, COMPLETE YOUR PROXY USING THE TOLL-FREE TELEPHONE NUMBER LISTED ON THE ENCLOSED PROXY CARD OR COMPLETE YOUR PROXY ON THE INTERNET AT THE ADDRESS LISTED ON THE PROXY CARD IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.

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**INSULET CORPORATION
9 Oak Park Drive
Bedford, Massachusetts 01730**

PROXY STATEMENT

For the 2010 Annual Meeting of Stockholders

**to be held on May 5, 2010 at 8:30 a.m.
at the offices of Goodwin Procter LLP, 53 State Street, Boston, MA 02109**

April 5, 2010

Proxies in the form enclosed with this Proxy Statement are solicited by the Board of Directors of Insulet Corporation, a Delaware corporation (the Company), for use at the Annual Meeting of Stockholders to be held at 8:30 a.m., local time, on Wednesday, May 5, 2010 at the offices of Goodwin Procter LLP, 53 State Street, Boston, MA 02109, or at any adjournments or postponements thereof (the Annual Meeting). An Annual Report to Stockholders, containing financial statements for the fiscal year ended December 31, 2009, is being mailed together with this Proxy Statement to all stockholders entitled to vote at the Annual Meeting. The Annual Report, however, is not a part of the proxy solicitation material.

**Important Notice Regarding the Availability of Proxy Materials for
the Stockholder Meeting to be Held on May 5, 2010**

This Proxy Statement and the Annual Report to Stockholders are available at <http://www.insulet.com/proxy>.

As more fully described in this Proxy Statement, the purposes of the Annual Meeting are to:

- (i) elect two (2) Class III directors nominated by the Board of Directors, each to serve for a three-year term and until his successor has been duly elected and qualified or until his earlier resignation or removal;
- (ii) ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010; and
- (iii) consider and vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Proposal 1 relates solely to the election of two (2) Class III directors nominated by the Board of Directors and does not include any other matters relating to the election of directors, including without limitation, the election of directors nominated by any stockholder of the Company.

Only stockholders of record at the close of business on March 22, 2010 (the Record Date) are entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof. As of that date, 37,934,316 shares of common stock, par value \$0.001 per share, of the Company were issued and outstanding, and there were 30 stockholders of record. The holders of the Company's common stock are entitled to one vote per share on any proposal presented at the Annual Meeting. You may vote in one of the following three ways whether or not you plan to attend the Annual Meeting: (1) by completing, signing and dating the accompanying proxy card and returning it in the postage-prepaid envelope enclosed for that purpose, (2) by completing your proxy using the toll-free telephone number listed on the proxy card, or (3) by completing your proxy on the Internet at the address listed on the proxy card. Votes made by phone or on the Internet must be received by 11:59 p.m., local time, on May 4, 2010. If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or

completed your proxy by phone or on the Internet.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (a) filing with the Secretary of the Company, before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy, (b) duly completing a later-dated proxy relating to the same shares and delivering it to the Secretary of the Company

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before the taking of the vote at the Annual Meeting, or (c) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice of revocation or subsequent proxy should be sent so as to be delivered to Insulet Corporation, 9 Oak Park Drive, Bedford, Massachusetts 01730, Attention: Secretary, before the taking of the vote at the Annual Meeting.

The representation in person or by proxy of at least a majority of the outstanding shares of the Company's common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business. Votes withheld from any nominee, abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the Annual Meeting. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

For Proposal 1, the election of Class III directors, the nominees receiving the highest number of affirmative votes of the shares present or represented by proxy and entitled to vote on such matter at the Annual Meeting shall be elected as directors. For Proposal 2, the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010, an affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on each such matter is required for approval. Abstentions are included in the number of shares present or represented and voting on each matter. Broker non-votes are not considered voted for the particular matter and have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

The persons named as attorneys-in-fact in the proxies, Duane DeSisto and R. Anthony Diehl, were selected by the Board of Directors and are officers of the Company. All properly executed proxies returned in time to be counted at the Annual Meeting will be voted by such persons at the Annual Meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications. If no such specifications are indicated, such proxies will be voted **FOR** the election of the director nominees and **FOR** the ratification of the appointment of Ernst & Young LLP.

Aside from the election of directors and ratification of the appointment of Ernst & Young LLP, the Board of Directors knows of no other matters to be presented at the Annual Meeting. If any other matter should be presented at the Annual Meeting upon which a vote properly may be taken, shares represented by all proxies received by the Board of Directors will be voted with respect thereto in accordance with the judgment of the persons named as attorneys-in-fact in the proxies.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Company's Board of Directors currently consists of seven members. The Company's certificate of incorporation divides the Board of Directors into three classes. One class is elected each year for a term of three years. The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Duane DeSisto and Steven Sobieski and recommends that each be elected to the Board of Directors as a Class III director, each to hold office until the Annual Meeting of Stockholders to be held in the year 2013 and until his successor has been duly elected and qualified or until the earlier of his death, resignation or removal. Mr. DeSisto and Mr. Sobieski are currently Class III directors whose terms expire at this Annual Meeting.

The Board of Directors is also composed of: (i) three Class I directors (Regina Sommer, Joseph Zakrzewski and Sally Crawford), whose terms expire upon the election and qualification of directors at the Annual Meeting of Stockholders to be held in 2011; and (ii) two Class II directors (Ross Jaffe, M.D. and Charles Liamos), whose terms expire upon the election and qualification of directors at the Annual Meeting of Stockholders to be held in 2012.

The Board of Directors knows of no reason why any of the nominees would be unable or unwilling to serve, but if any nominee should for any reason be unable or unwilling to serve, the proxies will be voted for the election of such other person for the office of director as the Board of Directors may recommend in the place of such nominee. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the nominees named below.

Vote Required For Approval

A quorum being present, the nominees receiving the highest number of affirmative votes of the shares present or represented by proxy and entitled to vote on such matter at the Annual Meeting shall be elected as directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR* THE ELECTION OF THE NOMINEES LISTED BELOW.

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The following table sets forth certain information concerning the nominees to be elected at the Annual Meeting and our continuing directors based on information provided to the Company by each nominee and director.

	Director Since
Class III nominees for election at 2010 Annual Meeting	
nominated to serve a term that expires in 2013	
Duane DeSisto	2003
Steven Sobieski	2006
Class I continuing directors	
term expires in 2011	
Regina Sommer	2008
Joseph Zakrzewski	2008
Sally Crawford	2008
Class II continuing directors	
term expires in 2012	
Ross Jaffe, M.D.	2001
Charles Liamos	2005

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The following table sets forth certain information as of March 22, 2010 concerning the directors and executive officers. The biographies of each of the director nominees and continuing directors below contains information regarding the individual's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board of Directors to determine that the person should serve as a director for the Company.

Name	Age	Position
Duane DeSisto	55	President, Chief Executive Officer and Director
Brian Roberts	39	Chief Financial Officer
Luis Malavé	47	Chief Operating Officer
Peter Devlin	42	Chief Commercial Officer
Carsten Boess	43	Vice President of International
Ruthann DePietro	50	Vice President of Quality and Regulatory Affairs
R. Anthony Diehl	41	General Counsel
Sally Crawford(2)(3)	56	Director
Ross Jaffe, M.D.(2)(3)	51	Director
Charles Liamos(1)	50	Director
Steven Sobieski(1)	53	Director
Regina Sommer(1)(3)	52	Director
Joseph Zakrzewski(2)	47	Director

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Corporate Governance Committee.

Duane DeSisto. Mr. DeSisto has served as our President, Chief Executive Officer and a director since 2003. From 2002 to 2003, he served as our President, Chief Financial Officer and acting Chief Executive Officer. From 2001 to 2002, he served as our Chief Financial Officer and Treasurer. From 1999 to 2001, Mr. DeSisto served in various positions at PaperExchange.com, Inc., a business solutions provider for the pulp and paper industry, including as president, chief executive officer and chief financial officer. From 1995 to 1999, Mr. DeSisto served as the chief financial officer of FGX International Holdings Limited (formerly AAI-Foster Grant, Inc.), an accessories wholesaler, where he had overall responsibility for the accounting, information technology and human resource departments. From 1986 to 1995, Mr. DeSisto served as the chief financial officer of ZOLL Medical Corporation, a medical device company specializing in noninvasive resuscitation devices and related software solutions. Mr. DeSisto earned a Bachelor of Science from Providence College and a Master of Business Administration from Bryant College. As our President and Chief Executive Officer, Mr. DeSisto provides a critical contribution to the Board of Directors

reflecting his detailed knowledge of our company, our employees, our products, our customers, our prospects and the strategic marketplace.

Brian Roberts. Mr. Roberts has served as our Chief Financial Officer since March 2009. From 2007 to March 2009, Mr. Roberts served as the chief financial officer of Jingle Networks, the operator of the leading ad-supported directory assistance service. From 2005 to 2007, Mr. Roberts served as the chief financial officer of Digitas, Inc., a leading digital marketing and media services firm. Mr. Roberts also served as senior vice president, chief accounting officer and corporate controller of Digitas from 2001 to 2005. Prior to 2001, Mr. Roberts held senior finance positions at Idiom Technologies, Inc., the Monitor Group and Ernst & Young

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LLP. Mr. Roberts earned a Bachelor of Science in accounting and finance from Boston College and is a Certified Public Accountant.

Luis Malavé. Mr. Malavé has served as our Chief Operating Officer since 2007. He also served as our Senior Vice President of Research, Development and Engineering from 2003 to 2006 and our Vice President of Research and Development from 2002 to 2003. From 1986 to 2002, he served in various positions at Medtronic MiniMed, Inc., a company specializing in insulin infusion systems for intensive insulin management, including as the director of engineering and external products. Mr. Malavé earned a Bachelor of Science from the University of Minnesota, a Masters in software engineering from the University of St. Thomas in St. Paul and a Master of Business Administration from the University of Maryland.

Peter Devlin. Mr. Devlin has served as our Chief Commercial Officer since August 2009. From 1998 to 2009, Mr. Devlin served in various positions with Abbott Diabetes Care, most recently as divisional vice president of global strategic marketing. From 1996 to 1998, he served as marketing manager of i-STAT Corporation, a point-of-care blood analysis systems company which was acquired by Abbott. Mr. Devlin also held a variety of product management and engineering roles with C.R. Bard, Inc. from 1988 to 1996. Mr. Devlin earned a Bachelor of Science in mechanical engineering from the University of Massachusetts.

Carsten Boess. Mr. Boess has served as our Vice President of International since March 2009. From 2006 to March 2009, Mr. Boess served as our Chief Financial Officer. From 2005 to 2006, he served as the executive vice president of finance on the management team for Serono, Inc., a biotech company focusing on reproductive health, metabolic endocrinology and neurology. From 2004 to 2005, he served as the chief financial officer for Alexion Pharmaceuticals, Inc., a biotechnology company that develops antibody therapeutics. Mr. Boess began his career at insulin-maker Novo Nordisk A/S in 1991 as corporate controller and subsequently took on various assignments including manager of investor relations and finance for Novo Nordisk of North America, Inc., senior director of finance and information technology for the North American operations of Novozymes A/S and finally as vice president of finance for the international operations of Novo Nordisk A/S. Mr. Boess earned Bachelor and Masters degrees in economics and finance from the University of Odense, Denmark.

Ruthann DePietro. Ms. DePietro has served as our Vice President of Quality and Regulatory Affairs since 2006. From 2000 to 2005, she served as the vice president in charge of quality and regulatory matters for ONUX Medical, Inc., a medical device company focusing on innovative surgical devices for minimally invasive and open procedures. Ms. DePietro has also worked at Bard Vascular Systems, Bard Interventional and USCI, each of which are divisions of C.R. Bard, Inc., as well as Adam Spence Corporation and Mallinckrodt Cardiology, in each case in positions relating to quality assurance. Ms. DePietro earned a Bachelor of Science from the University of Rochester and a Master of Business Administration from Northeastern University.

R. Anthony Diehl, Esq. Mr. Diehl has served as our General Counsel since 2003. From 2001 to 2003, he was Of Counsel at Bourque & Associates, P.A. where his practice covered all areas of intellectual property law including patent, trademark and copyright prosecution, counseling and litigation. Mr. Diehl earned a Bachelor of Arts from Cornell University and a Juris Doctor from Villanova University School of Law.

Sally Crawford. Ms. Crawford has served on our Board of Directors since 2008. Ms. Crawford served as chief operating officer of Healthsource, Inc., a publicly-held managed care organization from its founding in 1985 until 1997. During her tenure at Healthsource, she led the development of its operating systems and marketing strategies and supported strategic alliances with physicians, hospitals, insurers and other healthcare companies. Since 1997, Ms. Crawford has been a healthcare consultant. Ms. Crawford serves on the boards of directors of Hologic, Inc., EXACT Sciences, Inc., CombinatoRx, Inc., and Universal American. Ms. Crawford earned a Bachelor of Arts from Smith College and a Master of Science from Boston University. Ms. Crawford brings experience as a board and

committee member of public companies, a detailed understanding of the healthcare industry and managed care, which is directly relevant to our business, and the practical knowledge gained in her role as chief operating officer of a publicly-held managed care organization. Ms. Crawford serves as the lead independent director and is the Chairperson of the Compensation Committee.

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Ross Jaffe, M.D. Dr. Jaffe has served on our Board of Directors since 2001. Dr. Jaffe is a managing director of Versant Ventures, a healthcare-focused venture capital firm that he co-founded in 1999. In addition, he currently serves on the boards of directors of several privately held companies, including Calypso Medical Technologies, Inc., AlterG, Inc., Impedance Cardiology Systems, Inc., Vital Therapies, Inc. and Portaero, Inc. Dr. Jaffe is also a partner at Brentwood Venture Capital, a private venture capital firm that he has worked with since 1990. Dr. Jaffe is a board-certified internist, having completed his residency training in Internal Medicine/Primary Care at the University of California, San Francisco, where he remained a part-time attending physician until 1995. Before and during medical school, he was an analyst for Lewin and Associates, a healthcare consulting firm, and a research associate at Dartmouth Medical School. Dr. Jaffe earned a Bachelor of Arts from Dartmouth College, a Medical Degree from John Hopkins University and a Master of Business Administration from Stanford University. Dr. Jaffe brings to the Board significant experience as a venture capitalist involved with numerous medical device companies and his prior experience as a practicing physician. His clinical insight and industry knowledge provide a valuable perspective to the Board of Directors. Dr. Jaffe brings extensive boardroom experience, including with other medical device companies. Dr. Jaffe is the Chairman of the Nominating and Corporate Governance Committee.

Charles Liamos. Mr. Liamos has served on our Board of Directors since 2005. Mr. Liamos has been associated with MedVenture Associates since 2006, first as the executive in residence and currently as a partner in MedVenture Associates Management V Co., LLC, which is the general partner of MedVenture Associates V, L.P. and MedVenture Affiliates V, L.P. In addition, he currently serves on the boards of directors of several privately-held companies including Pavad Medical, Inc., Vital Therapies, Inc., Southern Implants, Inc., PolyRemedy, Inc., Sonoma Orthopedic Products, Inc., Sound ID, Inc. and OptiScan Biomedical Corporation. From 2005 to 2006, Mr. Liamos served as the president and chief executive officer of FoviOptics, a medical device company that focused on blood glucose monitoring. Before joining FoviOptics, Mr. Liamos served as the chief operating officer and chief financial officer of TheraSense, Inc. from 2001 to 2004, as its vice president and chief financial officer from 1999 to 2001, and as its director of finance and operations from 1998 to 1999. When Abbott Laboratories acquired TheraSense in 2004, Mr. Liamos was named group vice president of business operations for Abbott Diabetes Care, Inc., and served on the committee that integrated TheraSense into its new parent company. From 1995 to 1998, Mr. Liamos was the director of worldwide sourcing at LifeScan, Inc., a division of Johnson & Johnson. Mr. Liamos earned a Bachelor of Science from the University of Vermont and is a graduate of the General Electric Financial Management Program. Mr. Liamos brings the experience gained at his current position as a partner of a venture capital firm focused on medical technologies, as well as fifteen years of experience in the diabetes industry and his knowledge of the diabetes market. He also qualifies as an audit committee financial expert under the rules of the Securities and Exchange Commission (SEC).

Steven Sobieski. Mr. Sobieski has served on our Board of Directors since 2006. Mr. Sobieski currently serves as senior vice president and chief financial officer of Roka Bioscience, a position he has held since September 2009. Prior to joining Roka Bioscience, he served as chief financial officer and vice president of finance and administration of LifeCell Corporation, a public company focused on developing and marketing reconstructive surgical products from 2000 to 2009. Mr. Sobieski served as vice president of finance and other positions at Osteotech, Inc., a public company focused on orthopedic products from 1991 to 2000. From 1981 through 1991, he was with Coopers & Lybrand, a public accounting firm. Mr. Sobieski earned a Bachelor of Science in business administration from Monmouth University and a Master of Business Administration from Rutgers University. He is a Certified Public Accountant. Mr. Sobieski has more than sixteen years of experience in medical technology financial management and brings extensive financial and industry expertise with other companies in comparable stages of growth. Mr. Sobieski qualifies as an audit committee financial expert under the rules of the SEC and is the Chairman of the Audit Committee.

Regina Sommer. Ms. Sommer has served on our Board of Directors since 2008. From 2002 through 2005, she served as the vice president and chief financial officer of Netegrity, Inc., which was acquired by Computer Associates in

November 2004. From 1999 to 2001, she served as the vice president and chief financial officer of Revenio, Inc. From 1995 to 1999, she served as senior vice president and chief financial officer of Open Market, Inc., and from 1989 to 1994, she served as the vice president of finance at The Olsten

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Corporation. She also worked at PricewaterhouseCoopers LLP from 1980 to 1989. Ms. Sommer serves on the boards of directors of ING Direct, Soundbite Communications and Wright Express Corporation. Ms. Sommer earned a Bachelor of Arts from the College of the Holy Cross. She is a Certified Public Accountant. Ms. Sommer brings more than twenty-five years of experience in technology, professional services and public accounting, as well experience managing business operations through periods of rapid growth. She also qualifies as an audit committee financial expert under the rules of the SEC.

Joseph Zakrzewski. Mr. Zakrzewski has served on our Board of Directors since 2008. Mr. Zakrzewski currently serves as chairman of the board, president and chief executive officer of Xcellerex Inc., a privately-held company focusing on commercializing its proprietary, next-generation manufacturing technology for biotherapeutics and vaccines. From 2005 to 2007, Mr. Zakrzewski served as the chief operating officer of Reliant Pharmaceuticals. From 1988 to 2005, Mr. Zakrzewski served in a variety of positions at Eli Lilly and Company, including as vice president, corporate business development from 2003 to 2005. He serves on the boards of directors of Xcellerex, Inc., Rapid Micro Biosystems, Inc., Amarin Corp., Promedior, Inc. and Zelos Therapeutics, Inc. Mr. Zakrzewski earned a Bachelor of Science in chemical engineering and a Masters in biochemical engineering from Drexel University, as well as a Master of Business Administration from Indiana University. Mr. Zakrzewski brings extensive boardroom experience, his operational experience as a chief executive officer and chief financial officer as well as his prior experience in the pharmaceutical industry.

Executive Officers

Executive officers of the Company are elected by the Board of Directors on an annual basis and serve until their successors have been duly elected and qualified.

Board of Directors

The business and affairs of the Company are managed under the direction of its Board of Directors. The Company's Board of Directors currently consists of seven members. The Company's certificate of incorporation divides the Board of Directors into three classes. One class is elected each year for a term of three years. The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each committee has a charter that has been approved by the Board of Directors. Each committee is required to review the appropriateness of its charter at least annually. Additional details concerning the role and structure of the Board of Directors are contained in the Board's Corporate Governance Guidelines which can be found in the Corporate Governance section of the Company's website at <http://www.insulet.com>.

The members of our Board of Directors possess a wealth of executive leadership experience derived from their service as executives in many settings, including as chief executive officers or chief financial officers of comparable corporations. They also all bring extensive board experience. The process undertaken by the Nominating and Corporate Governance Committee in recommending qualified director nominees is described below under Policies Governing Director Nominations. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, the Board of Directors and the Nominating Committee believe that it is essential that the members of the Board of Directors represent diverse viewpoints.

Independence of Members of the Board of Directors

The Board of Directors and the Nominating and Corporate Governance Committee have determined that our director nominee, Steven Sobieski, and each of our non-management directors (Ms. Crawford, Dr. Jaffe, Mr. Liamos, Ms. Sommer and Mr. Zakrzewski) are independent within the meaning of the director independence standards of both The Nasdaq Stock Market, Inc. (Nasdaq) and the SEC, including Rule 10A-3(b)(1) under the Securities Exchange Act

of 1934, as amended (the Exchange Act).

Board Leadership Structure

The Board has designated Ms. Crawford to serve as the Company s lead independent director. As lead director, Ms. Crawford performs many of the same functions and duties as a Chairman of the Board. Pursuant

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to the Company's Corporate Governance Guidelines, the lead director is responsible for coordinating with the chief executive officer in the creation of the agenda for each meeting, ensuring that topics at each meeting are effectively covered, chairing executive sessions of the Board of Directors and acting as the principal liaison between the independent directors and management. The Board of Directors believes that having a lead director ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board of Directors.

The Company does not currently have a designated Chairman of the Board and does not have a policy as to whether the same person should serve as both the chief executive officer and the Chairman of the Board. The Board believes that it should have the flexibility to make these determinations at any given point in time in the way that it believes provides the most appropriate leadership for the Company at that time. Given the Company's size and focus on a single market and product, the Company believes that this leadership structure has been effective thus far and does not feel it is necessary to appoint a Chairman of the Board. The Company recognizes that depending on the circumstances, different board leadership structures may be appropriate; however, the Company believes its current board leadership structure remains the optimal board leadership structure for the Company.

Executive Sessions of Independent Directors

Non-management members of the Board of Directors meet without the employee director of the Company following most regularly scheduled in-person meetings of the Board of Directors. These executive sessions include only those directors who meet the independence requirements promulgated by Nasdaq, and Ms. Crawford, as lead director, has been responsible for chairing these executive sessions.

Meeting Attendance

The Board of Directors met eleven times during the fiscal year ended December 31, 2009, and took action by unanimous written consent three times. Each of the directors attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings of all committees of the Board of Directors on which he or she served during fiscal 2009.

The Company's policy is that all directors are encouraged to attend the Company's Annual Meeting of Stockholders. This is our third Annual Meeting of Stockholders since the Company consummated its initial public offering on May 15, 2007. Six members of the Board of Directors (other than Steven Sobieski) attended the Annual Meeting of Stockholders held in 2009.

Risk Oversight

The Board of Directors is responsible for overseeing the Company's risk assessment and management function, considering the Company's major financial risk exposures and evaluating the steps that the Company's management has taken to monitor and control such exposures. For example, the Board of Directors receives regular reports from senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and reputational risks. The Company believes that the leadership structure of the Board of Directors supports effective oversight of risk assessment and management.

Audit Committee

The Audit Committee of the Board of Directors currently consists of Steven Sobieski, who is the Chairman of the Audit Committee, Charles Liamos and Regina Sommer. The Board of Directors has determined that each member of the Audit Committee meets the independence requirements promulgated by Nasdaq and the SEC, including

Rule 10A-3(b)(1) under the Exchange Act. In addition, the Board of Directors has determined that each member of the Audit Committee is financially literate and qualifies as an audit committee financial expert under the rules of the SEC. Stockholders should understand that this designation is a disclosure requirement of the SEC related to the experience and understanding of the Audit Committee members with respect to certain accounting and auditing matters. The designation does not impose upon them

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any duties, obligations or liabilities that are greater than those generally imposed on members of the Audit Committee and the Board of Directors, and designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any member of the Audit Committee or the Board of Directors.

The purposes of the Audit Committee are to, among other functions, oversee our accounting and financial reporting processes and the audits of our financial statements, and take, or recommend that our Board of Directors take, appropriate action to oversee the qualifications, independence and performance of our independent auditors. The Audit Committee is also responsible for preparing the Audit Committee Report for inclusion in this and subsequent proxy statements in accordance with applicable rules and regulations.

The Audit Committee met six times during the year ended December 31, 2009. The Audit Committee operates under a written charter adopted by the Board of Directors and reviewed by the Audit Committee on an annual basis, a copy of which is included as Appendix A to this Proxy Statement and is also available at the Corporate Governance section of the Company's website at <http://www.insulet.com>.

Compensation Committee

The Compensation Committee currently consists of Sally Crawford, who is the Chairperson of the Compensation Committee, Ross Jaffe, M.D. and Joseph Zakrzewski. The Board of Directors has determined that each member of the Compensation Committee meets the independence requirements promulgated by Nasdaq. The purposes of the Compensation Committee are to, among other functions, discharge our Board of Directors' responsibilities relating to compensation of our directors and executives, oversee our overall compensation programs and prepare the Compensation Committee Report required to be included in this Proxy Statement. See the section entitled "Executive and Director Compensation" for a more detailed description of the policies and procedures of the Compensation Committee.

The Compensation Committee met five times during the year ended December 31, 2009, and took action by unanimous written consent four times. The Compensation Committee operates under a written charter adopted by the Board of Directors and reviewed by the Compensation Committee on an annual basis, a current copy of which is available at the Corporate Governance section of the Company's website at <http://www.insulet.com>.

Compensation Committee Interlocks and Insider Participation

During 2009, Ms. Crawford, Dr. Jaffe and Mr. Zakrzewski served as members of the Compensation Committee. Gary Eichhorn served as a member of the Compensation Committee until April 29, 2009. No member of the Compensation Committee was an employee or former employee of the Company or any of its subsidiaries, or had any relationship with the Company requiring disclosure herein.

During 2009, no executive officer of the Company served as: (i) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on the Compensation Committee of the Company; (ii) a director of another entity, one of whose executive officers served on the Compensation Committee of the Company; or (iii) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director of the Company.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors currently consists of Ross Jaffe, M.D., who is the Chairman of the Nominating and Corporate Governance Committee, Sally Crawford and Regina Sommer. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee meets the independence requirements promulgated by Nasdaq. The purposes of the Nominating and Corporate Governance Committee are to, among other functions, identify

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individuals qualified to become board members, recommend that our Board of Directors selects the director nominees for election at each annual meeting of stockholders and periodically review and recommend to our Board of Directors any changes to our corporate governance guidelines.

The Nominating and Corporate Governance Committee met four times during the year ended December 31, 2009. The Nominating and Corporate Governance Committee operates under a written charter adopted by the Board of Directors and reviewed by the Nominating and Corporate Governance Committee on an annual basis, a current copy of which is available at the Corporate Governance section of the Company's website at <http://www.insulet.com>.

As described below in the section entitled "Policies Governing Director Nominations," the Nominating and Corporate Governance Committee will consider nominees recommended by stockholders.

For more corporate governance information, you are invited to access the Corporate Governance section of the Company's website available at <http://www.insulet.com>.

Policies Governing Director Nominations

Director Qualifications

The Nominating and Corporate Governance Committee of the Board of Directors is responsible for reviewing with the Board of Directors from time to time the appropriate qualities, skills and characteristics desired of members of the Board of Directors in the context of the needs of the business and current make-up of the Board of Directors. The Nominating and Corporate Governance Committee must be satisfied that each committee-recommended nominee shall have high personal and professional integrity, demonstrated exceptional ability and judgment, a broad experience base or an area of particular expertise or experience that is important to the long-term success of the Company, a background that is complementary to that of existing directors so as to provide management and the Board with a diversity and freshness of views, a level of self-confidence and articulateness to participate effectively and cooperatively in Board discussions, the willingness and ability to devote the necessary time and effort to perform the duties and responsibilities of Board membership, and the experience and ability to bring informed, thoughtful and well-considered opinions for the benefit of all stockholders to the Board and management. In addition to these minimum qualifications, the Nominating and Corporate Governance Committee will recommend that the Board of Directors select persons for nomination to help ensure that a majority of the Board of Directors shall be independent, in accordance with the standards established by Nasdaq, that at least one member of the Audit Committee shall have such experience, education and other qualifications necessary to qualify as an audit committee financial expert, as defined by SEC rules, that the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee each shall be comprised entirely of independent directors, and that each member of the Audit Committee is able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. Finally, in addition to any other standards the Nominating and Corporate Governance Committee may deem appropriate from time to time for the overall structure and composition of the Board of Directors, the Nominating and Corporate Governance Committee may consider whether a nominee has direct experience in the industry or in the markets in which the Company operates.

Process for Identifying and Evaluating Director Nominees

The Board of Directors is responsible for approving nominees to the Board. Generally, the Nominating and Corporate Governance Committee identifies candidates for director nominees in consultation with management, through the use of search firms or other advisors, through the recommendations submitted by members of the Board of Directors, stockholders or through such other methods as the Nominating and Corporate Governance Committee deems to be helpful to identify candidates. Once candidates have been identified, the Nominating and Corporate Governance

Committee confirms that the candidates meet all of the minimum qualifications for director nominees established by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee may gather information about the candidates through interviews, detailed questionnaires, background checks or other means that the Nominating

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and Corporate Governance Committee deems to be helpful in the evaluation process. The Nominating and Corporate Governance Committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the Board of Directors. Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidates for the Board of Directors' approval as director nominees for election to the Board of Directors. The Nominating and Corporate Governance Committee also recommends candidates to the Board of Directors for appointment to the committees of the Board of Directors.

Procedures for Recommendation of Director Nominees by Stockholders

The Nominating and Corporate Governance Committee will consider director nominee candidates who are recommended by stockholders of the Company. Stockholders, in submitting recommendations to the Nominating and Corporate Governance Committee for director nominee candidates, must follow the following procedures:

The Nominating and Corporate Governance Committee must receive any such recommendation for nomination not less than 120 calendar days prior to the first anniversary of the date the Company's Proxy Statement was released to stockholders in connection with the previous year's Annual Meeting of Stockholders.

All recommendations for nomination must be in writing and include the following:

name and address of record of the stockholder;

representation that the stockholder is a record holder of our securities, or if the stockholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Securities Exchange Act of 1934, as amended;

name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five (5) full fiscal years of the proposed director candidate;

description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria approved by the Nominating and Corporate Governance Committee from time to time and set forth in the Nominating and Corporate Governance Committee charter;

description of all arrangements or understandings between the stockholder and the proposed director candidate;

consent of the proposed director candidate (i) to be named in the proxy statement relating to the Company's annual meeting of stockholders and (ii) to serve as a director if elected at such annual meeting; and

other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to SEC rules.

Nominations must be sent to the attention of the Secretary of the Company by U.S. mail, courier or expedited delivery service to:

Insulet Corporation
9 Oak Park Drive
Bedford, Massachusetts 01730
Attn: Secretary of Insulet Corporation

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The Secretary of the Company will promptly forward any such nominations to the Nominating and Corporate Governance Committee. As a requirement to being considered for nomination to the Company's Board of Directors, a candidate must comply with the following minimum procedural requirements:

candidate must undergo a comprehensive private investigation background check by a qualified company of the Company's choosing; and

candidate must complete a detailed questionnaire regarding his or her experience, background and independence.

Once the Nominating and Corporate Governance Committee receives the nomination of a candidate and the candidate has complied with the minimum procedural requirements above, such candidacy will be evaluated and a recommendation with respect to such candidate will be delivered to the Board of Directors. These procedures for recommending a director nominee to the Nominating and Corporate Governance Committee are subject to the Company's By-Laws which are described in the "Stockholder Proposals" section of this Proxy Statement.

Policy Governing Securityholder Communications with the Board of Directors

The Board of Directors provides to every securityholder the ability to communicate with the Board of Directors as a whole and with individual directors on the Board of Directors through an established process for securityholder communication as follows:

For securityholder communications directed to the Board of Directors as a whole, securityholders may send such communications to the attention of the General Counsel by U.S. mail, courier or expedited delivery service to:

Insulet Corporation
9 Oak Park Drive
Bedford, Massachusetts 01730
Attn: General Counsel

For securityholder communications directed to an individual director in his or her capacity as a member of the Board of Directors, securityholders may send such communications to the attention of the individual director by U.S. mail, courier or expedited delivery service to:

Insulet Corporation
9 Oak Park Drive
Bedford, Massachusetts 01730
Attn: [Name of the director]

The Company will forward any such securityholder communication to the Chairman of the Board of Directors, if one is elected, and, if not, to the lead director as a representative of the Board of Directors, or to the director to whom the communication is addressed on a periodic basis. Such communications will be forwarded by certified U.S. mail, courier, expedited delivery service, or secure electronic transmission.

Evaluation Program of the Board of Directors and its Committees

In order to maintain the Company's governance standards, the Board of Directors is required to undertake annually a formal self-evaluation process. As part of this process, the members of the Board of Directors and each committee

thereof evaluate a number of competencies, including but not limited to its structure, roles, processes, composition, development, dynamics, effectiveness and involvement.

Code of Ethics

The Company has adopted a code of ethics, as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Exchange Act, that applies to all of the Company's directors and employees worldwide, including its principal executive officer, principal financial officer, principal accounting officer or

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controller, or persons performing similar functions. A current copy of the Code of Business Conduct is available at the Investor Relations section of the Company's website at <http://www.insulet.com>. A copy of the Code of Business Conduct may also be obtained, free of charge, from the Company upon a request directed to: Insulet Corporation, 9 Oak Park Drive, Bedford, Massachusetts 01730, Attention: Secretary. The Company intends to disclose any amendment to or waiver of a provision of the Code of Business Conduct that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on its website available at <http://www.insulet.com>.

For more corporate governance information, you are invited to access the Investor Relations section of the Company's website available at <http://www.insulet.com>.

Related Party Transactions

Policies and Procedures With Respect to Related Party Transactions

In accordance with its written charter, the Audit Committee conducts an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and the approval of the Audit Committee is required for all related party transactions. The term "related party transaction" refers to transactions required to be disclosed in our filings with the SEC pursuant to Item 404 of Regulation S-K.

Transactions With Related Persons

There were no related party transactions in fiscal year 2009.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of the Company's common stock as of February 1, 2010: (i) by each person who is known by the Company to beneficially own more than 5% of the outstanding shares of common stock; (ii) by each director of the Company; (iii) by each executive officer of the Company named in the Summary Compensation Table set forth below under "Executive and Director Compensation"; and (iv) by all directors and executive officers of the Company as a group.

The applicable ownership percentage is based upon 37,871,304 shares of the Company's common stock outstanding as of February 1, 2010.

Name and Address(1)	Number of Shares Beneficially Owned	Percentage
Directors and Executive Officers		
Duane DeSisto(2)	579,509	1.5%
Brian Roberts(3)	45,000	*
Luis Malavé(4)	314,850	*
Peter Devlin	0	*
Carsten Boess(5)	228,240	*
Sally Crawford(6)	4,760	*
Ross Jaffe, M.D.(7)	2,129,848	5.6
Charles Liamos(8)	28,940	*
Steven Sobieski(9)	40,940	*
Regina Sommer(10)	10,260	*
Joseph Zakrzewski(11)	9,760	*
All directors and executive officers as a group (13 persons)(12)	3,526,648	9.3
More Than 5% Holders		
Federated Investors, Inc.(13)	4,410,451	11.6
Deerfield Capital, L.P.(14)	3,467,137	9.2
Fred Alger Management, Inc.(15)	3,435,241	9.1
Alger Associates, Inc.(15)	3,435,241	9.1
FMR LLC(16)	3,131,400	8.3
Edward C. Johnson, III(16)	3,131,400	8.3
Gilder, Gagnon, Howe & Co. LLC(17)	2,702,934	7.1
Frontier Capital Management Co., LLC(18)	2,232,702	5.9
Versant Ventures I, L.L.C.(19)	2,127,943	5.6
Versant Venture Capital I, L.P.(20)	1,957,713	5.2

* Represents less than 1% of the outstanding shares of the Company's common stock.

(1) Unless otherwise indicated, the address of each stockholder is c/o Insulet Corporation, 9 Oak Park Drive, Bedford, Massachusetts 01730.

- (2) Includes 574,964 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010.
- (3) Includes 45,000 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010.
- (4) Includes 142,993 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010.

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- (5) Includes 205,000 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010.
- (6) Includes 4,760 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010.
- (7) Includes 1,905 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010; 1,957,713 shares of the Company's common stock beneficially owned by Versant Venture Capital I, L.P.; 38,301 shares of the Company's common stock beneficially owned by Versant Side Fund I, L.P.; 42,557 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-A, L.P.; and 89,372 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-B, L.P. Dr. Jaffe is a managing director of Versant Ventures I, L.L.C., which is the general partner of each of Versant Venture Capital I, L.P., Versant Side Fund I, L.P., Versant Affiliates Fund I-A, L.P. and Versant Affiliates Fund I-B, L.P. Dr. Jaffe disclaims beneficial ownership of the shares held by Versant Venture Capital I, L.P., Versant Side Fund I, L.P., Versant Affiliates Fund I-A, L.P. and Versant Affiliates Fund I-B, L.P., except to the extent of his pecuniary interests. Based on a Form 4 filed by Ross Jaffe, M.D. on March 11, 2010, 144,440 shares of the Company's common stock beneficially owned by Versant Venture Capital I, L.P., 2,826 shares of the Company's common stock beneficially owned by Versant Side Fund I, L.P., 3,140 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-A, L.P. and 6,594 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-B, L.P. were sold pursuant to open market transactions on March 9, 2010, and such amounts are not reflected in the total shares set forth above.
- (8) Includes 20,940 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010 and 8,000 shares of the Company's common stock beneficially owned by Mr. Liamos.
- (9) Includes 20,940 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010 and 20,000 shares of the Company's common stock beneficially owned by Mr. Sobieski.
- (10) Includes 4,760 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010 and 5,500 shares of the Company's common stock beneficially owned by Ms. Sommer.
- (11) Includes 4,760 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010 and 5,000 shares of the Company's common stock beneficially owned by Mr. Zakrzewski.
- (12) Includes an aggregate of 1,158,994 shares of the Company's common stock issuable upon the exercise of options exercisable on or within 60 days after February 1, 2010. See also notes (2) - (11) above.
- (13) Information regarding Federated Investors, Inc. is based solely upon an Amendment No. 3 to Schedule 13G jointly filed by Federated Investors, Inc., Voting Shares Irrevocable Trust, John F. Donahue, Rhodora J. Donahue, and J. Christopher Donahue with the Securities and Exchange Commission on February 11, 2010. Amendment No. 3 to Schedule 13G provides that Federated Investors, Inc. is the parent holding company of Federated Equity Management Company of Pennsylvania and Federated Global Investment Management Corp. (the Investment Advisers), which act as investment advisers to various registered investment companies and separate accounts that own shares of the Company's common stock. The Investment Advisers are wholly owned

subsidiaries of FII Holdings, Inc., which is a wholly owned subsidiary of Federated Investors, Inc. All of the outstanding voting stock of Federated Investors, Inc. is held in the Voting Shares Irrevocable Trust for which John F. Donahue, Rhodora J. Donahue, and J. Christopher Donahue act as trustees. The address of Federated Investors, Inc. is Federated Investors Tower, Pittsburgh, PA 15222-3779.

- (14) Information regarding Deerfield Capital, L.P. is based solely upon an Amendment No. 1 to Schedule 13G filed by Deerfield Capital, L.P. with the Securities and Exchange Commission on February 12, 2010. Amendment No. 1 to Schedule 13G provides that shared voting and dispositive power of 3,467,137 shares (includes warrants to purchase 3,360,000 shares of common stock) held by Deerfield Capital, L.P., 342,112 shares (includes warrants to purchase 234,975 shares of common stock) held by Deerfield

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Partners, L.P., 538,310 shares (includes warrants to purchase 390,000 shares of common stock) held by Deerfield Management Company, L.P., 538,310 shares (includes warrants to purchase 390,000 shares of common stock) held by Deerfield International Limited, 1,196,888 shares (comprised of warrants to purchase shares of common stock) held by Deerfield Private Design Fund, L.P., 1,928,137 shares (comprised of warrants to purchase shares of common stock) held by Deerfield Private Design International, L.P. and 4,005,447 shares (includes warrants to purchase 3,750,000 shares of common stock) held by James E. Flynn. Mr. Flynn is a general partner of the Deerfield entities and disclaims beneficial ownership in shares held by the various Deerfield entities except to the extent of his pecuniary interest therein.

- (15) Information regarding Fred Alger Management, Inc. and Alger Associates, Inc. is based solely upon an Amendment No. 1 to Schedule 13G jointly filed by Fred Alger Management, Inc. and Alger Associates, Inc. with the Securities and Exchange Commission on January 28, 2010. Amendment No. 1 to Schedule 13G provides that Fred Alger Management, Inc. and Alger Associates, Inc. have sole voting and dispositive power with respect to 3,435,241 shares. The address for Fred Alger Management, Inc. and Alger Associates, Inc. is 111 Fifth Avenue, New York, NY 10003.
- (16) Information regarding FMR LLC and Edward C. Johnson III is based solely upon an Amendment No. 2 to Schedule 13G jointly filed by FMR LLC, Edward C. Johnson, III and Fidelity Management & Research Company (Fidelity) with the Securities and Exchange Commission on February 16, 2010. Amendment No. 2 to Schedule 13G provides that Fidelity, a wholly owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 3,131,400 shares of the Company s common stock as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. Edward C. Johnson, III and FMR LLC, through its control of Fidelity and the funds each has sole power to dispose of the 3,131,400 shares owned by the funds. Members of the family of Edward C. Johnson, III, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Edward C. Johnson III family group and all other Series B shareholders have entered into a shareholders voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson, III has the sole power to vote or direct the voting of the shares owned directly by the Fidelity funds, which power resides with the funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the funds Boards of Trustees. The address of FMR LLC and Edward C. Johnson III is 82 Devonshire Street, Boston, Massachusetts 02109.
- (17) Information regarding Gilder, Gagnon, Howe & Co. LLC is based solely upon an Amendment No. 1 to Schedule 13G filed by Gilder, Gagnon, Howe & Co. LLC with the Securities and Exchange Commission on February 16, 2010. Amendment No. 1 to Schedule 13G provides that the 2,702,934 shares consist of 2,517,911 shares held in customer accounts over which the partners and/or employees of Gilder Gagnon have discretionary authority to dispose of or direct the disposition of shares, 122,060 shares held in accounts owned by partners of Gilder Gagnon and their families and 62,963 shares held in Gilder Gagnon s profit sharing plan account. The filing indicates that Gilder Gagnon has sole voting power over 62,963 shares, sole dispositive power over 62,963 shares, no shared voting power and shared dispositive power over 2,639,971 shares.
- (18) Information regarding Frontier Capital Management Co., LLC is based solely upon an Amendment No. 1 to Schedule 13G filed by Frontier Capital Management Co., LLC with the Securities and Exchange Commission on February 12, 2010. Amendment No. 1 to Schedule 13G provides that Frontier Capital Management Co., LLC

has sole voting and investment power with respect to 2,232,702 shares of the Company's common stock and no shared voting or investment power. The address for Frontier Capital Management Co., LLC is 99 Summer Street, Boston, Massachusetts 02110.

- (19) Includes 1,957,713 shares of the Company's common stock beneficially owned by Versant Venture Capital I, L.P., 38,301 shares of the Company's common stock beneficially owned by Versant Side Fund I,

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L.P., 42,557 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-A, L.P. and 89,372 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-B, L.P. Versant Ventures I, L.L.C. is the general partner of each of Versant Venture Capital I, L.P., Versant Side Fund I, L.P., Versant Affiliates Fund I-A, L.P. and Versant Affiliates Fund I-B, L.P. Versant Ventures I, LLC has the voting and dispositive control of the Insulet shares owned by Versant Venture Capital I, L.P. No one limited partner in Versant Venture Capital I L.P. owns 10% or more of Versant Venture Capital I, L.P. and no natural persons have an ownership interest in Versant Venture Capital I, L.P. The managing directors of Versant Ventures I, LLC are Brian G. Atwood, Samuel D. Colella, Ross Jaffe, M.D., William J. Link, Barbara N. Lubash, Donald B. Milder and Rebecca R. Robertson (collectively the principals). The principals may be deemed to share voting and investment powers over the shares held by the funds. The principals disclaim beneficial ownership of all such shares held by the fund, except to the extent of their proportionate pecuniary interest therein. The address of Versant Ventures I, L.L.C. is 3000 Sand Hill Road, Bldg. 4, Suite 210, Menlo Park, California 94025. Based on a Form 4 filed by Ross Jaffe, M.D. on March 11, 2010, 144,440 shares of the Company's common stock beneficially owned by Versant Venture Capital I, L.P., 2,826 shares of the Company's common stock beneficially owned by Versant Side Fund I, L.P., 3,140 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-A, L.P. and 6,594 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-B, L.P. were sold pursuant to open market transactions on March 9, 2010, and such amounts are not reflected in the total shares set forth above.

- (20) Information regarding Versant Venture Capital I, L.P. is based solely upon a Schedule 13G jointly filed by Versant Venture Capital I, L.P., Versant Side Fund I, L.P., Versant Affiliates Fund I-A, L.P., Versant Affiliates Fund I-B, L.P., Versant Ventures I, LLC, Brian G. Atwood, Samuel D. Colella, Ross A. Jaffe, William J. Link, Donald B. Milder and Rebecca B. Robertson with the Securities and Exchange Commission on February 16, 2010. The Schedule 13G provides that Versant Venture Capital I, L.P. has shared voting and investment power with respect to 1,957,713 shares of the Company's common stock and no sole voting or investment power. The address of Versant Venture Capital I, L.P. is 3000 Sand Hill Road, Bldg. 4, Suite 210, Menlo Park, California 94025. Based on a Form 4 filed by Ross Jaffe, M.D. on March 11, 2010, 144,440 shares of the Company's common stock beneficially owned by Versant Venture Capital I, L.P., 2,826 shares of the Company's common stock beneficially owned by Versant Side Fund I, L.P., 3,140 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-A, L.P. and 6,594 shares of the Company's common stock beneficially owned by Versant Affiliates Fund I-B, L.P. were sold pursuant to open market transactions on March 9, 2010, and such amounts are not reflected in the total shares set forth above.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and holders of more than 10% of the Company's common stock (collectively, Reporting Persons) to file with the SEC initial reports of ownership and reports of changes in ownership of common stock of the Company. Such persons are required by regulations of the SEC to furnish the Company with copies of all such filings. The Company became subject to Section 16(a) reporting obligations on May 14, 2007, upon the SEC declaring the registration statement for our initial public offering effective. Based on its review of the copies of such filings received by it from January 1, 2009 to the present, the Company believes that no Reporting Person filed a late report during the most recent fiscal year.

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EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

We provide what we believe is a competitive total compensation opportunity to our executive management team through a combination of base salary, cash incentive bonuses, long-term equity incentive compensation and broad-based benefits programs. For each individual, the amount of pay that is actually realized will be primarily driven by the performance of the Company and each individual. We believe this construct is a key underpinning of our pay for performance philosophy.

This Compensation Discussion and Analysis explains the following as they relate to 2009:

our compensation objectives;

our executive compensation process; and

our Company policies, practices, and actions with respect to each compensation element.

Included in each of the above will be the rationale for compensation decisions made in 2009 with respect to our Chief Executive Officer, our Chief Financial Officer and the other three most highly-compensated executive officers during 2009 as determined in accordance with applicable SEC rules, which are collectively referred to as the named executive officers.

Objectives of Our Executive Compensation Programs

Our compensation programs for our named executive officers are designed to achieve the following objectives:

attract and retain talented and experienced executives in the highly competitive and dynamic medical device industry;

motivate and reward executives whose knowledge, skills and performance are critical to our success;

align the interests of our executives and stockholders by motivating executives to increase stockholder value and rewarding executives when stockholder value increases;

provide a competitive compensation opportunity in which a significant portion of actual realized pay is determined by Company and individual results and the creation of stockholder value;

ensure fairness among the executive management team by recognizing the contributions each executive makes to our success;

foster a shared commitment among executives by coordinating their Company and individual performance goals; and

motivate our executives to manage our business to meet our short- and long-term objectives, and reward them for meeting these objectives.

Our Executive Compensation Process

The Compensation Committee of our Board of Directors is primarily responsible for determining compensation for our executives. The Board of Directors has determined that each member of the Compensation Committee is independent as that term is defined in the applicable Nasdaq rules. In addition, each member of the Compensation Committee is an outside director as defined in Section 162(m) of the Internal Revenue Code and a non-employee director as defined under the Section 16 of the Exchange Act.

Our Compensation Committee has engaged an independent compensation consultant, Towers Watson (formerly Watson Wyatt). Towers Watson's role is to assist the Committee in reviewing the Company's executive compensation programs and practices from a market perspective. Their involvement is generally to provide market assessments on compensation levels and programs, as well as provide opinion and commentary with respect to proposed actions or changes. The Company did not independently engage Towers Watson for

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any services in 2009. We expect to continue to rely on our independent compensation consultant and other more formal market data regarding comparable companies' executive compensation programs and amounts in determining executive compensation.

In connection with its market assessments, Towers Watson, with input from the Compensation Committee, developed a comparison group for 2009. Peer companies were identified based on industry comparability, annual revenue, market value, employee size, total shareholder return and development stage. The 2009 group identified by Towers Watson consisted of the following companies: Abaxis Inc., Abiomed Inc., ATS Medical, DexCom Inc., Cutera, I-Flow, Hansen Medical, Micrus Endovascular Corp., NeuroMetrix, NxStage Medical Inc., Quidel, Somanetics, Stereotaxis Inc. Synovis Life Technologies, and TranS1. Based on this 2009 peer group, we targeted our total compensation for our newly hired executive officers to be between the 50th and 75th percentiles. A comparison of our total equity compensation versus our 2009 peer group shows that for 2009 our total annual equity grants measured below the median percentile.

In making executive compensation decisions, our Compensation Committee reviews, among other things:

the past compensation levels of each of our executives and of our executives as a group;

current compensation for consistency with benchmarks and previous compensation decisions;

alignment with our overall compensation philosophy;

relative compensation levels among our executives;

existing levels of stock and option ownership among our executives, previous grants of stock options to our executives and vesting schedules of previously granted options to ensure executive retention and alignment with stockholder interests;

the basis for management recommendations; and

general trends in executive compensation.

The general process the Compensation Committee undertakes is to review the recommendations of our Chief Executive Officer with respect to our named executive officers, excluding himself, and then make an independent decision. The Compensation Committee bases its performance assessment on a number of subjective and objective factors, including the achievement of pre-established Company and individual performance goals.

Our Executive Compensation Programs

Our executive compensation primarily consists of base salary, cash incentive bonuses, long-term equity incentive compensation and broad-based benefits programs. Overall, we designed our executive compensation programs to achieve the objectives described above. In particular, we place significant emphasis on performance-based incentive compensation that focuses our executives' efforts on delivering short-term and long-term successes for our stockholders without encouraging excessive risk taking.

Within the context of the overall objectives of our compensation programs, we determined the specific amounts of compensation, both targeted and realized, for each of our executives in 2009 based on a number of factors including:

our understanding of the amount of compensation paid by our peer companies to their executives with similar roles and responsibilities;

our executives' performance during 2009 in general and as measured against predetermined performance goals;

the need to avoid excessive risk taking;

the roles and responsibilities of our executives;

the individual experience and skills of, and expected contributions from, our executives;

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the amounts of compensation being paid to our other executives;

our executives' historical compensation at our Company; and

any contractual commitments we have made to our executives regarding compensation.

Each of the primary elements of our executive compensation is discussed in detail below, including a description of the particular element and how it fits into our overall executive compensation and a discussion of the amounts of compensation paid to our named executive officers in 2009 under each of these elements. In the descriptions below, we highlight particular compensation objectives that we have designed and specific elements of our executive compensation program to address; however, it should be noted that we have designed the specific elements of our compensation programs to complement each other and collectively serve all of our executive compensation objectives described above. Accordingly, whether or not specifically mentioned below, we believe that each element of our executive compensation program to a greater or lesser extent serves each of our objectives.

Base Salary

We pay our executives a base salary, which we review and determine annually. We believe that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance. Base salaries are generally established in part based on the executive's experience, skills and expected contributions during the coming year as well as our executive's performance during the prior year.

In 2009, in light of the macroeconomic environment and consistent with our cost-cutting initiatives, we did not increase the base salaries of any of our named executive officers. We took this action notwithstanding our positive assessment of the performance of these executives. As a result, for 2009, Mr. DeSisto's base salary was \$375,000, Mr. Malavé's base salary was \$285,000, Mr. Boess's base salary was \$285,000, Mr. Roberts's base salary was \$280,000 and Mr. Devlin's base salary was \$275,000. Mr. Roberts and Mr. Devlin were hired in March 2009 and August 2009, respectively.

Cash Incentive Bonuses

Consistent with our emphasis on performance-based incentive compensation programs, our executives are eligible to receive cash incentive bonuses primarily based upon their performance as measured against predetermined incentive goals established by us, including financial measures and the achievement of specific strategic objectives. We establish the target amount of our cash incentive bonuses at a level that represents a meaningful portion of our executives' currently paid out cash compensation, and set additional threshold and maximum performance levels below and above these target levels. In establishing these levels, in addition to considering the incentives that we want to provide to our executives, we have also historically considered target bonus levels for comparable positions at our peer competitor companies. For 2009, the Company did not anticipate changing our existing target incentive opportunities, and so we did not perform any competitive assessments for this element of pay. In addition to market referencing, we also typically review our historical practices and any contractual commitments that we have relating to executive bonuses.

The Compensation Committee concluded that our named executive officers' target bonus compensation levels for 2008 met our compensation objectives and, therefore, the Compensation Committee determined to make no changes to the target bonus compensation levels for 2009. As a result, for 2009, Mr. DeSisto's target bonus was 60%, Mr. Devlin's target bonus was 50% and Mr. Roberts, Mr. Malavé's, and Mr. Boess' target bonuses were 45% each.

A specified percentage of the cash incentive bonus was payable based on the achievement of each of the different performance goals, and generally, for each goal, the executive had the ability to earn between 0% and 125% of the target bonus amount. Each of our named executive officers' bonuses were measured and paid on an annual basis.

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Overall, the targets for the performance measures were set at levels that we believed to be achievable with strong performance by our executives. Although we cannot always predict the different events that will impact our business during an upcoming year, we set our performance goals for the target amount of cash incentive bonuses at levels that we believe will be achieved by our executives during years of strong performance. Our maximum and threshold levels for these performance goals are determined in relation to our target levels, are intended to provide for correspondingly greater or lesser incentives in the event that performance is within a specified range above or below the target level, and are correspondingly easier or harder to achieve. We set the performance goals for the maximum amount at a level that we believe will be achieved in some years, but will not be achieved a majority of the time.

Our cash incentive bonuses are designed to motivate and reward our named executive officers for meeting our short-term objectively-determinable Company and individual performance goals. The objective Company goals for each of our named executive officers, consists of a combination of: (1) the Company achieving a specified annual revenue target; (2) the Company achieving a specified annual level of earnings before income tax and depreciation (EBIT); and (3) the Company achieving an annual customer retention rate above a specified threshold. The objective performance goals for our named executive officers are established based on predetermined, executive-specific performance metrics to avoid excessive risk taking and are described in the table below.

In addition, we believe that there are important aspects of executive performance that are not capable of being specifically quantified in a predetermined incentive goal. Thus, for certain executives, a portion of their cash incentive bonuses are based on the achievement of subjective management objectives specifically set for each officer and measured annually. Accordingly, in 2009, we reserved a portion of Mr. DeSisto's cash incentive bonus to be paid at the discretion of our Board of Directors based on his leadership of our Company and a portion of Mr. Boess' cash incentive bonus to be paid based upon his ability to establish an international distribution network.

For 2009, the mix of objective Company goals, objective performance goals and subjective performance goals for each of our named executive officers is set forth in the table below:

	Objective Company Goals	Objective Performance Goals	Subjective Performance Goals
Duane DeSisto(1)	25% Revenue 25% EBIT 10% Retention Rate		40%
Brian Roberts(2)	30% Revenue 20% EBIT 20% Retention Rate	30%	
Luis Malavé(3)	25% Revenue 20% EBIT 25% Retention Rate	30%	
Carsten Boess(4)	20% Revenue 20% EBIT 10% Retention Rate		50%
Peter Devlin	50% Revenue 25% EBIT 25% Retention Rate		

- (1) For 2009, Mr. DeSisto's subjective performance goals were based on the continued development of a strong and cohesive organization able to capitalize on market opportunities in line with our strategic goals.
- (2) For 2009, Mr. Roberts' objective performance goals were based on the achievement of billing, collections and patient conversion ratios.
- (3) For 2009, Mr. Malavé's objective performance goal was based on the achievement of a specified cost of goods sold target.

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- (4) For 2009, Mr. Boess subjective performance goal consisted of the achievement of establishing an international distribution network.

The achievement level of each of the objective and subjective performance goals for our named executive officers was measured after the end of fiscal 2009. For each target goal the Company uses a sliding performance scale to determine the percentage of each target attained and related payout. At a meeting held on February 4, 2010, the Compensation Committee determined that each of the named executive officers was entitled to receive 100% of the targeted payout for achievement of the revenue goal, 60% of the targeted payout for EBIT, and 95% of the targeted payout for the rate of customer retention. In addition, the Compensation Committee determined that Mr. DeSisto met his subjective performance goal and was therefore entitled to receive 100% of his targeted payout and that Mr. Boess made significant progress towards the achievement of his subjective performance goal and was therefore entitled to receive 70% of his targeted payout. The Compensation Committee also determined that Mr. Roberts and Mr. Malavé each met their objective performance goals and, as a result, Mr. Roberts and Mr. Malavé were entitled to receive 100% of their targeted payout.

As a result, the named executive officers received the following cash incentive bonuses for 2009:

	Cash Incentive Bonus Amount for:			
	Objective Company Goals	Objective Performance Goals	Subjective Performance Goals	Total
Duane DeSisto	\$ 111,375	N/A	\$ 90,000	\$ 201,375
Brian Roberts	\$ 76,860	\$ 37,800	N/A	\$ 114,660
Luis Malavé	\$ 77,912	\$ 38,475	N/A	\$ 116,387
Carsten Boess	\$ 53,223	N/A	\$ 44,888	\$ 98,111
Peter Devlin	\$ 45,762	N/A	N/A	\$ 45,762

Long-Term Equity Incentive Compensation

We grant long-term equity incentive compensation in the form of stock options to executives as part of our total compensation package. Consistent with our emphasis on performance-based incentive compensation programs, these awards represent a significant portion of total executive compensation. We use long-term equity incentive compensation in order to align the interests of our executives and our stockholders by providing our executives with strong incentives to increase stockholder value and a significant reward for doing so. Based on the relatively early stage of our Company's development in 2009 and the incentives we were then trying to provide to our executives, in 2009 we chose to use stock options, which derive value exclusively from increases in stockholder value, as opposed to restricted stock or other forms of equity awards. Our decisions regarding the amount and type of long-term equity incentive compensation and relative weighting of these awards among total executive compensation have also been based on our understanding of market practices of similarly situated companies and our negotiations with our executives in connection with their initial employment or promotion by our Company. For 2010, we modified this position and granted a mix of stock options and restricted stock.

Stock option awards provide our executive officers with the right to purchase shares of our common stock at a fixed exercise price typically for a period of up to ten years, subject to continued employment with our Company. Stock options are earned on the basis of continued service to us and have generally vested over four years, beginning with

one-fourth vesting one year after the date of grant, then pro-rata vesting monthly or quarterly thereafter. Prior to our initial public offering, all stock option awards were made pursuant to our 2000 Stock Option and Incentive Plan. Following the closing of our initial public offering in May 2007, option awards have generally been made pursuant to our 2007 Stock Option and Incentive Plan. In 2009, we made two non-qualified stock option awards in the form of inducement grants to newly appointed executive officers which were granted outside of our 2007 Stock Option and Incentive Plan in compliance with Nasdaq Listing Rule 5635. Each of these stock option awards was a material inducement to attract and employ these executive officers. These inducement stock option awards have similar vesting terms to those stock option awards typically granted under our 2007 Stock Option and Incentive Plan to all of our executive officers. Each of

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these stock option awards will vest over four years, beginning with one-fourth vesting one year after the date of grant, then pro-rata vesting monthly or quarterly thereafter. See Potential Payments Upon Termination or Change-in-Control for a discussion of the change-in-control provisions related to stock options.

The exercise price of each stock option granted under our 2000 Stock Option and Incentive Plan or our 2007 Stock Option and Incentive Plan is equal to the fair market value of our common stock on the grant date. Leading up to our initial public offering, the fair market value of our common stock for purposes of determining the exercise price of stock options was determined by our Board of Directors based on independent appraisals by an outside valuation consultant. Since our initial public offering, all stock options continue to be granted with an exercise price equal to the fair market value of our common stock on the date of grant, but fair market value is defined as the closing market price of a share of our common stock on the date of grant. We do not have any program, plan or practice of setting the exercise price based on a date or price other than the fair market value of our common stock on the grant date.

We have generally granted all of our stock options to executives as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended, subject to the volume limitations contained in the Internal Revenue Code. Generally, for stock options that do not qualify as incentive stock options, we are entitled to a tax deduction in the year in which the stock options are exercised equal to the spread between the exercise price and the fair market value of the stock for which the stock option was exercised. The holders of the stock options are generally taxed on this same amount in the year of exercise. For stock options that qualify as incentive stock options, we do not receive a tax deduction and the holder of the stock option may receive more favorable tax treatment than he or she would for a non-qualified stock option. Historically, we have granted primarily incentive stock options in order to provide these potential tax benefits to our executives, particularly given the limited expected benefits to our Company of the tax deductions as a result of our historical net losses.

We have made grants to our named executive officers on a periodic, but not necessarily annual, basis. In 2009, we considered a number of factors in determining what, if any, stock options to grant to our executives, including:

the number of shares subject to, and exercise price of, outstanding options, both vested and unvested, held by our executives;

the vesting schedule of the unvested stock options held by our executives;

the amount and percentage of our total equity on a diluted basis held by our executives; and

market reference points from our peer group on long-term incentive compensation.

On February 26, 2009, we granted Mr. DeSisto options to purchase 100,000 shares of our common stock, Mr. Malavé options to purchase 55,000 shares of our common stock, and Mr. Boess options to purchase 40,000 shares of our common stock, in each case at an exercise price of \$6.83 per share. Upon their hire, we granted Mr. Roberts options to purchase 180,000 shares of our common stock at an exercise price of \$5.11 per share and Mr. Devlin options to purchase 180,000 shares of our common stock at an exercise price of \$8.30 per share. The options issued to Mr. Roberts and Mr. Devlin were in the form of inducement stock option awards issued outside of our 2007 Stock Option and Incentive Plan in compliance with Nasdaq Listing Rule 5635 in order to attract and obtain their services as executive officers.

Broad-Based Benefits Programs

All full-time employees, including our named executive officers, may participate in our health and welfare benefit programs, including medical and dental care coverage, disability insurance and life insurance, employee stock

purchase plan and our 401(k) plan.

Severance and Change in Control Programs

Our Amended and Restated Executive Severance Plan, which was established on May 8, 2008 and amended and restated on November 14, 2008, provides for certain severance and change of control benefits to

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all of our executive officers. For a detailed description of these potential payments, see the sections below entitled Discussion of Summary Compensation and Grants of Plan Based Awards Tables Amended and Restated Executive Severance Plan and Potential Payments Upon Termination or Change-in-Control.

Conclusion

The Compensation Committee is satisfied that the executive officers of the Company are dedicated to achieving significant improvements in the long-term financial performance of the Company and that the compensation policies and programs implemented and administered have contributed and will continue to contribute towards achieving that goal.

Compensation Committee Report

This report is submitted by the Compensation Committee of the Board of Directors. The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based on its review of the Compensation Discussion and Analysis and its discussions with management, the Compensation Committee recommended to the Board of Directors and the Board of Directors has agreed that the Compensation Discussion and Analysis be included in this Proxy Statement.

No portion of this Compensation Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, through any general statement incorporating by reference in its entirety the proxy statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

Respectfully submitted by the Compensation Committee,

Sally Crawford (Chairman)
Ross Jaffe, M.D.
Joseph Zakrzewski

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Summary of Executive Compensation

The following table sets forth certain information with respect to compensation for the years ended December 31, 2009, 2008 and 2007 earned by or paid to our Chief Executive Officer, our Chief Financial Officer during those periods and our three other most highly-compensated executive officers, as determined in accordance with applicable SEC rules, which are collectively referred to as the named executive officers.

Name and Principal Position	Year	Salary	Non-Equity Incentive			Compensation Total
			Bonus	Option Awards	Plan All Other	
Duane DeSisto	2009	\$ 375,000				