

Accelerate Diagnostics, Inc  
Form DEF 14A  
April 08, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-2

**Accelerate Diagnostics, Inc.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed below per Exchange Act Rules 14a-6(i)(4) and 0-11.

Edgar Filing: Accelerate Diagnostics, Inc - Form DEF 14A

- 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:
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

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 Form or Schedule and the date of its filing.

1) Amount Previously Paid:

---

2) Form, Schedule or Registration Statement No.:

---

3) Filing Party:

---

4) Date Filed:

---

**ACCELERATE DIAGNOSTICS, INC.**

**3950 South Country Club, Suite 470**

**Tucson, Arizona 85714**

**(520) 365-3100**

April 10, 2015

To the Shareholders of Accelerate Diagnostics, Inc.:

You are cordially invited to attend the Annual Meeting of Shareholders of Accelerate Diagnostics, Inc., a Delaware corporation (the “Company”), which will be held at 8:00 a.m., local time, on Wednesday, May 13, 2015, at the Herbert K. Abrams Public Health Center, 4<sup>th</sup> Floor, 3950 South Country Club Road, Tucson, Arizona 85714 for the following purposes:

1. to elect the following six persons to serve as directors of the Company until the next Annual Meeting of Shareholders and thereafter until their successors have been elected and qualified: Lawrence Mehren, Mark C. Miller, John Patience, Jack Schuler, Matthew W. Strobeck, Ph.D. and Frank J.M. ten Brink;
2. to ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2015; and
3. to transact such other business as may properly come before the meeting or any continuation, postponement or adjournment thereof.

The accompanying Notice and Proxy Statement describe these matters in more detail. Also enclosed with the Notice and Proxy Statement is our Annual Report on Form 10-K for the year ended December 31, 2014 (including the audited financial statements contained therein). We urge you to read this information carefully. In addition to the business to be transacted as described above, management will speak on our recent developments and respond to comments and questions of general interest to shareholders.

It is important that your shares be represented and voted whether or not you plan to attend the meeting in person. Accordingly, the Company’s Board of Directors is soliciting your proxy. You may vote on the Internet, by telephone or

Edgar Filing: Accelerate Diagnostics, Inc - Form DEF 14A

by completing and mailing the enclosed proxy card or the form forwarded by your bank, broker or other holder of record. Voting over the Internet, by telephone or by written proxy will ensure your shares are represented at the meeting. Voting on the Internet or by telephone may not be available to all shareholders. Please review the instructions on the proxy card or the information forwarded by your bank, broker or other holder of record regarding each of these voting options.

On behalf of the Board of Directors, I would like to express our appreciation for your support of the Company.

Sincerely,

*/s/ Lawrence Mehren*

Lawrence Mehren  
President and Chief Executive Officer

**ACCELERATE DIAGNOSTICS, INC.**

**3950 South Country Club, Suite 470**

**Tucson, Arizona 85714**

**(520) 365-3100**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be held on Wednesday, May 13, 2015**

To the Shareholders of Accelerate Diagnostics, Inc.:

Notice is hereby given that the 2015 Annual Meeting (the “Annual Meeting”) of the shareholders (the “Shareholders”) of Accelerate Diagnostics, Inc., a Delaware corporation (the “Company”), will be held at 8:00 a.m., local time, on Wednesday, May 13, 2015, at the Herbert K. Abrams Public Health Center, 4<sup>th</sup> Floor, 3950 South Country Club Road, Tucson, Arizona 85714, and any continuations, postponements or adjournments thereof, for the following purposes:

- to elect the following six persons to serve as directors of the Company until the next Annual Meeting of Shareholders and thereafter until their successors have been elected and qualified: Lawrence Mehren, Mark C. Miller, John Patience, Jack Schuler, Matthew W. Strobeck, Ph.D. and Frank J.M. ten Brink;
2. to ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2015; and
3. to transact such other business as may properly come before the meeting or any continuation, postponement or adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. We are not aware of any other business to be considered at the Annual Meeting.

The Company’s Board of Directors has fixed the close of business on March 19, 2015 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and at any continuation, postponement or adjournment thereof. There were 44,657,329 shares of the Company’s common stock issued and

outstanding as of the record date, each of which entitles the holder thereof to one vote at the Annual Meeting. Your proxy is being solicited by the Board of Directors.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON WEDNESDAY, MAY 13, 2015:**

The Proxy Statement for the Annual Meeting and the Annual Report to Shareholders for the year ended December 31, 2014 are available at <https://materials.proxyvote.com/00430H>.

By Order of the Board of Directors,

*/s/ Lawrence Mehren*

Lawrence Mehren  
President and Chief Executive Officer

Tucson, Arizona

April 10, 2015

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR THAT PURPOSE. YOU ALSO MAY VOTE YOUR SHARES ON THE INTERNET OR BY TELEPHONE BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY CARD.

EVEN IF YOU HAVE PROVIDED US WITH YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE ANNUAL MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.

**TABLE OF CONTENTS**

<u>PROXY STATEMENT</u>	1
<u>INFORMATION ABOUT THE ANNUAL MEETING</u>	1
<u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	5
<u>AUDIT COMMITTEE REPORT</u>	11
<u>EXECUTIVE COMPENSATION</u>	12
<u>COMPENSATION COMMITTEE REPORT</u>	19
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	20
<u>PROPOSAL NO. 1 (ELECTION OF DIRECTORS)</u>	22
<u>PROPOSAL NO. 2 (RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANTS)</u>	23
<u>RELATED PARTY TRANSACTIONS</u>	25
<u>ANNUAL REPORT</u>	26
<u>SHAREHOLDER PROPOSALS</u>	26
<u>IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 13, 2015</u>	26
<u>OTHER MATTERS</u>	26
<u>PROXY CARD</u>	



**ACCELERATE DIAGNOSTICS, INC.**

**3950 South Country Club, Suite 470**

**Tucson, Arizona 85714**

**(520) 365-3100**

**PROXY STATEMENT**

**Dated April 10, 2015**

**ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MAY 13, 2015**

**GENERAL**

This Proxy Statement is being furnished to the shareholders of Accelerate Diagnostics, Inc., a Delaware corporation (the “Company”), as of March 19, 2015 (the “Shareholders”), in connection with the solicitation of proxies by the Board of Directors of the Company (the “Board”) from the Shareholders for use at the Annual Meeting of Shareholders for the year ended December 31, 2014, to be held at 8:00 a.m., local time, on Wednesday, May 13, 2015, at the Herbert K. Abrams Public Health Center, 4<sup>th</sup> Floor, 3950 South Country Club Road, Tucson, Arizona 85714, and any continuations, postponements or adjournments thereof (the “Annual Meeting”). This Proxy Statement and the accompanying Notice and proxy card are first being mailed to Shareholders on or about April 10, 2015.

**INFORMATION ABOUT THE ANNUAL MEETING**

***When and where is the Annual Meeting?***

The Annual Meeting will be held at 8:00 a.m., local time, on Wednesday, May 13, 2015, at the Herbert K. Abrams Public Health Center, 4<sup>th</sup> Floor, 3950 South Country Club Road, Tucson, Arizona 85714.

***What is being considered at the Annual Meeting?***

At the Annual Meeting, our Shareholders will be acting on the following proposals:

- to elect the following six persons to serve as directors of the Company until the next Annual Meeting of Shareholders and thereafter until their successors have been elected and qualified: Lawrence Mehren, Mark C. Miller, John Patience, Jack Schuler, Matthew W. Strobeck, Ph.D. and Frank J.M. ten Brink;
1. Shareholders and thereafter until their successors have been elected and qualified: Lawrence Mehren, Mark C. Miller, John Patience, Jack Schuler, Matthew W. Strobeck, Ph.D. and Frank J.M. ten Brink;
  2. to ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2015; and
  3. to transact such other business as may properly come before the meeting or any continuation, postponement or adjournment thereof.

In addition, our management will report on our progress and respond to your questions.

***Who is entitled to vote at the Annual Meeting?***

You may vote at the Annual Meeting if you owned shares of the Company's common stock ("Common Stock") as of the close of business on the record date for the Annual Meeting, which was March 19, 2015. You are entitled to one vote for each share of Common Stock that you held as of the record date.

***How many shares are eligible to be voted at the Annual Meeting?***

There were 44,657,329 shares of Common Stock issued and outstanding as of the record date (close of business on March 19, 2015), each of which entitles the holder thereof to one vote at the Annual Meeting.

***How do I vote?***

You can vote in the following ways:

by attending the Annual Meeting and voting in person;

over the Internet or by telephone using the instructions on the enclosed proxy card;

by completing, signing, dating and returning the enclosed proxy card (applicable only to shareholders of record); or

by following the instructions on the voting instruction form (applicable only to beneficial holders of shares of Common Stock held in “street name”).

***What if I return my proxy card but do not include voting instructions?***

Proxies that are signed and returned but do not include voting instructions will be voted in accordance with the Board’s recommendations, which are as follows:

FOR election of the six director nominees; and

FOR ratification of the selection of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2015.

***Will my shares be voted if I do not provide my proxy?***

If you hold your shares directly in your own name, they will not be voted if you do not provide a proxy or attend the Annual Meeting and vote in person.

Your shares may be voted under certain circumstances if they are held in “street name.” Brokerage firms generally have the authority to vote customers’ un-voted shares on certain “routine” matters. With the sole exception of the ratification of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2015, no matters submitted for shareholder approval herein are “routine” matters. When a brokerage firm votes its customers’ un-voted shares, these shares are counted for purposes of establishing a quorum. At our Annual Meeting these shares will be counted as voted by the brokerage firm with respect to ratifying the selection of Ernst & Young LLP as Company’s independent registered public accounting firm for the year ending December 31, 2015.

***How do I vote if I hold shares registered in the name of a broker or bank?***

If, on the record date (March 19, 2015), your shares were not held in your name, but rather were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in “street name” and a Notice of Proxy Materials was forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares held in your account. You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or other agent and bring such proxy to the Annual Meeting. If you want to attend and vote at the Annual Meeting, you must provide proof of beneficial ownership as of the record date, such as your most recent account statement showing ownership as of March 19, 2015, a copy of the voting instruction card provided by your broker or other agent, or other similar evidence of ownership. Whether or not you plan to attend the Annual Meeting, we urge you to provide voting instructions to your broker or other agent in advance of the Annual Meeting to ensure your vote is counted. Your broker or other agent will furnish you with additional information regarding the submission of such voting instructions.

***Can I change my mind after I return my proxy?***

Yes. You may change your vote at any time before your proxy is voted at the Annual Meeting. If you are a shareholder of record, you can do this by giving written notice to the corporate secretary, by submitting another proxy with a later date, or by attending the Annual Meeting and voting in person. If you hold your shares in “street name,” you should consult with your bank, broker or other nominee regarding the procedures for changing your voting instructions.

***How many votes must be present to hold the Annual Meeting?***

Your shares are counted as present at the Annual Meeting if you attend the meeting and vote in person or if you properly return a proxy by mail or the other methods described in these materials. In order for us to conduct business at the Annual Meeting, one-third (33-1/3%) of our outstanding shares of Common Stock as of the record date must be present in person or by proxy at the Annual Meeting. This is referred to as a quorum. In order to ensure that there is a quorum, it may be necessary for certain directors, officers, regular employees and other representatives of the Company to solicit proxies by telephone, facsimile or in person. These persons will receive no extra compensation for their services.

If a quorum is not present, then either the Chairman of the Annual Meeting or the Shareholders may adjourn the meeting until a later time. Abstentions and “broker non-votes” are counted as present or represented for purposes of determining the presence or absence of a quorum. A “broker non-vote” occurs when a broker holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because, in respect of such other proposal, the broker does not have discretionary voting power and has not received voting instructions from the beneficial owner.

***What vote is required to approve each item of business to be considered at the Annual Meeting?***

*Election of Directors.* Election of a director requires the affirmative vote of the holders of a plurality of the shares for which votes are cast at a meeting at which a quorum is present. The six persons receiving the greatest number of votes will be elected as directors. Since only affirmative votes count for this purpose, a properly executed proxy marked “WITHHOLD AUTHORITY” with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. Shareholders may not cumulate votes in the election of directors.

Pursuant to rules approved by the Securities and Exchange Commission (the “SEC”) brokers are not entitled to use their discretion to vote uninstructed proxies in, among other things, uncontested director elections. In other words, if your shares are held by your broker in “street name” and you do not provide your broker with instructions about how your shares should be voted in connection with this proposal, your shares will not be voted and a “broker non-vote” will result. Therefore, if you desire that your shares be voted in connection with the election of the Board, it is imperative that you provide your broker with voting instructions. If your shares are held by your broker in “street name,” you will receive a voting instruction form from your broker or the broker’s agent asking you how your shares should be voted. Please complete the form and return it in the envelope provided by the broker or agent.

*Ratification of Independent Registered Public Accounting Firm.* The ratification of the Audit Committee’s selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015 will be approved if a majority of the votes cast affirmatively or negatively at the Annual Meeting are voted in favor of the proposal, assuming a quorum is present. A properly executed proxy marked “ABSTAIN” with respect to such matter will not be voted or treated as a vote cast, although it will be counted for purposes of determining whether a quorum is present. Accordingly, an abstention will not affect the outcome of this proposal. Brokers are entitled to use their discretion to vote uninstructed proxies with respect to ratification of our independent registered public accounting firm.

***How will voting on any other business be conducted?***

Although we do not know of any business to be conducted at the Annual Meeting other than the proposals described in this Proxy Statement, if any other business comes before the Annual Meeting, your signed proxy card gives authority to the proxy holder(s) to vote on those matters at their discretion.

***Can I dissent or exercise rights of appraisal?***

Under Delaware law, Shareholders are not entitled to dissenters’ rights in connection with any of the proposals to be presented at the Annual Meeting or to demand appraisal of their shares as a result of the approval of any of the proposals.

***Who will bear the costs of this solicitation?***

We will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this Proxy Statement, the proxy card and any additional information furnished to Shareholders. Copies of solicitation

materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of Common Stock beneficially owned by others to forward to the beneficial owners. We may reimburse persons representing beneficial owners of Common Stock for their costs of forwarding solicitation materials to the beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, facsimile or personal solicitation by our directors, officers or other regular employees.



**DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****Directors, Director Nominees and Executive Officers**

The following table sets forth certain information with respect to the current directors, director nominees and executive officers of our Company:

Name	Age	Position
Lawrence Mehren	48	President, Chief Executive Officer and Director
Mark C. Miller	59	Director
John Patience	66	Chairman of the Board of Directorss
Jack Schuler	74	Director
Matthew W. Strobeck, Ph.D.	42	Director
Frank J.M. ten Brink	58	Director
Pete Bantock	49	Chief Commercial Officer
Steve Reichling	36	Chief Financial Officer

**Lawrence Mehren** has served as the Chief Executive Officer and a Director of the Company since June 26, 2012. Mr. Mehren served as Senior Vice President and Chief Financial Officer of Ventana Medical Systems from 2007 until 2008, Senior Vice President of Emerging Businesses from 2008 until 2009 and as Head of Global Business from 2009 until 2011. Previously, he was Managing Director, Partner and head of P&M Corporate Finance's (an investment banking firm based in Detroit, Michigan) life sciences practice. Prior to his tenure at P&M, Mr. Mehren worked in management positions with Gale Group, a division of The Thomson Corporation, as well as Merrill Lynch. Mr. Mehren holds a B.A. in Political Science from the University of Arizona and an M.B.A. from Northwestern University's Kellogg Graduate School of Management.

**Mark C. Miller** has served as a Director of the Company since November 5, 2013. He currently serves as Executive Chairman and director of Stericycle (NASDAQ: SRCL), where he was Chief Executive Officer from 1992 to 2012 and Chairman of the Board of Directors from 2008 to 2012. Prior to joining Stericycle, Mr. Miller served as vice president for the Pacific, Asia and Africa in the international division of Abbott Laboratories, a diversified health care company, which he joined in 1976 and where he held a number of management and marketing positions. Mr. Miller formerly served as a director of Ventana Medical Systems, Inc., a developer and supplier of automated diagnostic systems. He received a B.S. degree in computer science from Purdue University, where he graduated Phi Beta Kappa. Mr. Miller was selected by Morningstar, Inc. as its "2009 CEO of the Year."

**John Patience** has served as a Director of the Company since June 26, 2012. Mr. Patience is also a founding partner of Crabtree Partners, a private equity investment firm. Mr. Patience served as a director of Ventana Medical Systems, Inc. from 1989 and as Vice Chairman from 1999 until Ventana's acquisition by Roche in 2008. Mr. Patience has been a director of Stericycle, Inc. (NASDAQ: SRCL) since 1989. Mr. Patience was previously a partner of a venture capital investment firm that provided both Ventana and Stericycle with early stage funding. Mr. Patience was also previously a partner in the consulting firm of McKinsey & Co., Inc., specializing in health care. Mr. Patience holds a B.A. in Liberal Arts and an L.L.B. from the University of Sydney, Australia, and an M.B.A. from the University of Pennsylvania's Wharton School of Business.

**Jack Schuler** has served as a Director of the Company since June 26, 2012. Mr. Schuler is a founding partner of Crabtree Partners, a private equity investment firm. Mr. Schuler served as a director of Ventana Medical Systems, Inc. from 1991 and as Chairman of the Board from 1995 until Ventana's acquisition by Roche in 2008. Mr. Schuler has been a director of Stericycle, Inc. (NASDAQ: SRCL) since March 1990, formerly serving as Chairman of the Board, and continues to serve as Lead Director for Stericycle. Prior to joining Stericycle, Inc., Mr. Schuler held various executive positions at Abbott Laboratories from December 1972 through August 1989, most recently serving as President and Chief Operating Officer. He is currently a director of Quidel Corporation (NASDAQ: QDEL) and Hansen Medical, Inc. (NASDAQ: HNSN). Mr. Schuler holds a B.S. in Mechanical Engineering from Tufts University and an M.B.A. from Stanford University.

**Matthew W. Strobeck, Ph.D.** has served as a Director of the Company since July 7, 2012. Dr. Strobeck is currently the Managing Partner of Birchview Capital. Dr. Strobeck was a Partner and Member of the Management Committee and Advisory Board of Westfield Capital Management from 2008 until 2011, having served as a member of the investment team, specializing in healthcare and life sciences, from May 2003 to June 2008. Dr. Strobeck received his B.S. from St. Lawrence University, a Ph.D. from the University of Cincinnati, a S.M. from the Harvard University/MIT Health Sciences Technology Program, and a S.M. from the MIT Sloan School of Management.

**Frank J.M. ten Brink** has served as a Director of the Company since March 6, 2013. Mr. ten Brink currently serves as Senior Vice President of Mergers and Acquisitions at Stericycle, Inc. (NASDAQ: SRCL) where he also served as Executive Vice President, Chief Financial Officer and Chief Administrative Officer from June 1997 to August 2014. He has over 16 years of finance experience in high growth environments, mergers and acquisitions. Prior to joining Stericycle, he was Senior Vice President and Chief Financial Officer with Telular Corporation. Between 1991 and 1995, he was Vice President and Chief Financial Officer of Hexacomb Corporation. Mr. ten Brink studied International Business at the Netherlands School of Business and received an M.B.A. degree in Finance from the University of Oregon.

**Pete Bantock** has served as the Company's Chief Commercial Officer since July 1, 2013. Prior to joining the Company, Mr. Bantock was Senior Vice President and General Manager of Ventana Medical Systems' North American Commercial Operations. Previously, he was the General Manager of Spring Bioscience, a subsidiary of Ventana/Roche. Prior to his role for Spring Bioscience, Mr. Bantock held various sales and marketing positions at Ventana Medical Systems, including Director of Marketing and Head of Corporate Accounts. Mr. Bantock began his career in diagnostics at Abbott Laboratories, where he was manager of the South African commercial operations for the Diagnostics Division. Mr. Bantock received a B.A. Degree and a Higher Diploma of Education from Rhodes University, South Africa.

**Steve Reichling** has served as the Company's Chief Financial Officer since September 10, 2012. Prior to joining the Company, Mr. Reichling served as general manager of Spring Bioscience Corp., a R&D and research products subsidiary of Roche Tissue Diagnostics. From January 2003 to December 2009, Mr. Reichling held various finance, accounting and operations leadership roles at Roche Tissue Diagnostics and Ventana Medical Systems, Inc., including director of finance and operations, manager of business development finance, and head of Internal Audit and Sarbanes

Oxley Compliance. From October 2002 to January 2003, Mr. Reichling was an auditor at Ernst & Young LLP. Mr. Reichling received his B.A. in accounting and entrepreneurship from the University of Arizona and is a Certified Public Accountant.

There are no agreements or understandings for any of our executive officers or director to resign at the request of another person and no officer or director is acting on behalf of nor will any of them act at the direction of any other person.

Directors are elected until their successors are duly elected and qualified.

### **Director Independence**

The Board has affirmatively determined that Messrs. Miller, Patience, Schuler, Strobeck and ten Brink (constituting a majority of the full Board) are “independent directors” under NASDAQ Listing Rule 5605(a)(2) and the related rules of the SEC. The Company’s independent directors conduct executive sessions at regularly scheduled meetings as required by NASDAQ Listing Rule 5605(b)(2).

### **Family Relationships**

There are no family relationships among any of our directors and executive officers.

### **Board Leadership Structure**

The Board does not have an express policy regarding the separation of the roles of Chief Executive Officer and Board Chairman, as the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board. Currently, Lawrence Mehren serves as the Company’s Chief Executive Officer and John Patience serves as the Chairman of the Board. The Board believes that its current leadership structure best serves the objectives of the Board’s oversight of management; the ability of the Board to carry out its roles and responsibilities on behalf of the shareholders; and the Company’s overall corporate governance. The Board also believes that the current separation of the Chairman and CEO roles allows the CEO to focus his time and energy on operating and managing the Company and leverage the experience and perspectives of the Chairman.

### **Board Oversight of Risk Management**

The full Board has responsibility for general oversight of risks facing the Company. The Board is informed by senior management on areas of risk facing the Company and periodically conducts discussions regarding risk assessment and risk management. The Board believes that evaluating how the executive team manages the various risks confronting the Company is one of its most important areas of oversight. The Audit Committee reviews and assesses the Company’s processes to manage financial reporting risk and to manage investment, tax, and other financial risks. Finally, management periodically reports to the Board or relevant committee, which provides guidance on risk assessment and mitigation.

## **Section 16(A) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Directors, executive officers and greater than 10% shareholders also are required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of such forms furnished to the Company or written representations that no Form 5s were required, the Company believes that all Section 16(a) filing requirements were timely met during the year ended December 31, 2014.

## **Code of Ethics**

The Company has adopted a code of ethics for its principal executive officer and senior financial officers and a code of ethics and standards of conduct that is applicable to all directors, officers and employees, a copy of which is available online at <http://ir.axdx.com>. Shareholders may also request a free copy of these documents from: ACCELERATE DIAGNOSTICS, INC., 3950 South Country Club, Suite 470, Tucson, Arizona 85714, Attn: Corporate Secretary.

## **Board Committees and Meeting Attendance**

The Board maintains a standing Audit Committee comprised of Mr. ten Brink (Chairman), Mr. Schuler and Dr. Strobeck. Each member of the Audit Committee satisfies the independence standards specified in Rule 5605(a)(2) of the NASDAQ Listing Rules and the related rules of the SEC and has been determined by the Board to be “financially literate” with accounting or related financial management experience. The Board has also determined that Mr. ten Brink is an “audit committee financial expert” as defined under SEC rules and regulations, and qualifies as a financially sophisticated audit committee member as required under Rule 5605(c)(2)(A) of the NASDAQ Listing Rules. The Audit Committee has a written charter, a copy of which is available online at <http://ir.axdx.com>. The Audit Committee met four times during the year ended December 31, 2014.

The Audit Committee is responsible primarily for overseeing the qualifications, independence and performance of our independent registered public accounting firm; the services performed by our independent registered public accounting firm; evaluating the Company’s accounting policies and system of internal controls; and reviewing significant financial transactions. In carrying out this purpose, the Audit Committee maintains and facilitates free and open communication between the Board, the independent registered public accounting firm, and our management.

The Board maintains a standing Compensation Committee comprised of Messrs. Miller, Patience, Schuler, Strobeck and ten Brink. Each member of the Compensation Committee satisfies the independence standards specified in Rule 5605(a)(2) of the NASDAQ Listing Rules and the related rules of the SEC. The Compensation Committee has a written charter, a copy of which is available online at <http://ir.axdx.com>. The Compensation Committee is primarily responsible for reviewing the compensation arrangements for the Company’s executive officers, including the CEO; administering the Company’s equity compensation plans; and reviewing the compensation of the Board. The Compensation Committee met two times during the year ended December 31, 2014.

During the year ended December 31, 2014, the Board held four meetings and took action by written consent on two occasions. Each member of the Board attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board (held during the period for which such person has been a director) and (ii) the total number of meetings held by all committees of the Board on which such person served (during the periods that such person served).

The Company does not have a written policy requiring directors to attend the Annual Meeting, but attendance is encouraged. In 2014, one of the directors attended our Annual Meeting of Shareholders. We presently anticipate that one director will attend the Annual Meeting, either in person or telephonically, this year.

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

No member of the Compensation Committee was at any time during the past fiscal year an officer or employee of the Company, was formerly an officer of the Company or any of its subsidiaries, or had any employment relationship with the Company or any of its subsidiaries. No executive officer of the Company has served as a director or member of the Compensation Committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director of or member of the Compensation Committee of the Company.



## Director Nominations

The independent members of the Board have nominated Messrs. Mehren, Miller, Patience, Schuler, Strobeck and ten Brink, each of whom is a current member of the Board, for re-election at the Annual Meeting.

The Board seeks to ensure that it is composed of members whose particular experience, qualifications, attributes and skills, when taken together, will allow the Board to satisfy its oversight obligations effectively. The Board does not currently have a separate Nominating Committee because the Board does not yet believe such a committee is necessary. However, as the Company continues to grow, the Board may consider establishing a separate Nominating Committee. Currently, the independent members of the Board are responsible for identifying and appointing appropriate persons to add to the Board when necessary. In selecting Board candidates, it is the independent directors' goal to identify persons who it believes have appropriate expertise and experience to contribute to the oversight of a company of the Company's nature while also reviewing other appropriate factors.

## Qualifications of Director Nominees

The Board believes that each of the persons nominated for election at the Annual Meeting have the experience, qualifications, attributes and skills that, when taken as a whole, will enable the Board to satisfy its oversight responsibilities effectively. With regard to the nominees (each of whom is currently a member of our Board), the following factors were among those considered in determining that each nominee would make valuable contributions to the Board:

*Lawrence Mehren:* In addition to his experience as the Company's President and Chief Executive Officer and a member of our Board of Directors, Mr. Mehren has significant prior experience in the medical diagnostics industry. Mr. Mehren served in several capacities at Ventana Medical Systems including Senior Vice President and Chief Financial Officer, Senior Vice President of Emerging Business and Head of Global Business. He also served as Managing Director, Partner and head of P&M Corporate Finance's (an investment banking firm based in Detroit, Michigan) life sciences practice.

*Mark C. Miller:* Mr. Miller has significant experience serving as a director and executive officer for other public companies, including Stericycle, Inc. (NASDAQ: SRCL), where he has served as Executive Chairman since January 2013 and as a director since May 1992.

*John Patience:* In addition to his experience as Chairman of our Board of Directors, Mr. Patience also has a significant amount of experience in serving as a director for other public companies in the medical diagnostics industry. Mr. Patience served as a director of Ventana Medical Systems, Inc. from 1989 and as Vice Chairman from

1999 until Ventana's acquisition by Roche in 2008. Mr. Patience has been a director of Stericycle, Inc. (NASDAQ: SRCL) since 1989.

*Jack Schuler:* In addition to his experience as a member of our Board of Directors and a member of our Audit Committee, Mr. Schuler has a significant amount of experience in serving as a director for other public companies in the medical diagnostics industry. Mr. Schuler served as a director of Ventana Medical Systems, Inc. from 1991 and as Chairman of the Board from 1995 until Ventana's acquisition by Roche in 2008. Mr. Schuler has been a director of Stericycle, Inc. (NASDAQ: SRCL) since March 1990, formerly serving as Chairman of the Board, and continues to serve as Lead Director for Stericycle.

*Frank J.M. ten Brink:* In addition to his experience as a member of our Board of Directors and Chairman of our Audit Committee, Mr. ten Brink has significant experience as a financial executive of a public companies including most recently his role as Chief Financial Officer of Stericycle, Inc. (NASDAQ: SRCL) from 1997 to 2014.

*Matthew W. Strobeck, Ph.D.:* In addition to his experience as a member of our Board of Directors and a member of our Audit Committee, Dr. Strobeck also has experience in serving as a director for other private and public companies.

### **Board Communications with Shareholders**

To date, the Board of Directors has not adopted a formal procedure by which shareholders may recommend nominees to the Board. However, any shareholder who desires to submit a nomination of a person to stand for election of directors at the next annual or special meeting of the shareholders at which directors are to be elected must submit a notification of the shareholder's intention to make a nomination ("Notification") to the Company by the date mentioned in the most recent proxy statement under the heading "Shareholder Proposals" and in that notification must provide the following additional information to the Company:

name, address, telephone number and other methods by which the Company can contact the shareholder submitting (i) the Notification and the total number of shares beneficially owned by the shareholder (as the term "beneficial ownership" is defined in SEC Rule 13d-3);

if the shareholder owns shares of the Company's voting stock other than on the records of the Company, the (ii) shareholder must provide evidence that he or she owns such shares (which evidence may include a current statement from a brokerage house or other appropriate documentation);

information from the shareholder regarding any intentions that he or she may have to attempt to make a change of control or to influence the direction of the Company, and other information regarding the shareholder any other (iii) persons associated with the shareholder that would be required under Items 4 and 5 of SEC Schedule 14A were the shareholder or other persons associated with the shareholder making a solicitation subject to SEC Rule 14a-12(c);

(iv) name, address, telephone number and other contact information of the proposed nominee; and

(v) all information required by Item 7 of SEC Schedule 14A with respect to the proposed nominee, shall be in a form reasonably acceptable to the Company.

## AUDIT COMMITTEE REPORT

The Audit Committee oversees the financial reporting process of our company on behalf of our Board. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014 with management, including a discussion of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with Ernst & Young, LLP (“Ernst & Young”), our independent registered public accounting firm that was responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles and an opinion on our internal controls over financial reporting, its judgments about our accounting principles and the other matters required to be discussed with the Audit Committee under generally accepted auditing standards, including PCAOB Auditing Standard No. 16 (Communications with Audit Committees). The Audit Committee has received from Ernst & Young the written disclosure and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the Audit Committee concerning independence, and the Audit Committee has discussed with Ernst & Young their independence. The Audit Committee has considered the effect of non-audit fees on the independence of Ernst & Young and has concluded that such non-audit services are compatible with the independence of Ernst & Young.

The Audit Committee discussed with Ernst & Young the overall scope and plans for its audits. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its audits and quarterly reviews, its observations regarding our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements for the year ended December 31, 2014 be included in the Annual Report on Form 10-K for the year ended December 31, 2014 for filing with the Securities and Exchange Commission.

This report has been furnished by the members of the Audit Committee.

THE Audit Committee  
Frank J.M. ten Brink, Chairman  
Jack Schuler

Matthew W. Strobeck, Ph.D.

11

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis (“CD&A”) is to provide material information about the Company’s compensation philosophy, objectives and other relevant policies and to explain and put into context the material elements of the disclosure that follows in this Proxy Statement with respect to the compensation of our named executive officers (“NEOs”). For the year that ended on December 31, 2014, our NEOs were:

Lawrence Mehren, President and Chief Executive Officer

Steve Reichling, Chief Financial Officer

Pete Bantock, Chief Commercial Officer

### **The Compensation Committee**

On an ongoing basis, the Compensation Committee reviews the performance and compensation of our President and Chief Executive Officer and the Company’s other executive officers. Additionally, the Compensation Committee reviews compensation of outside directors for service on the Board and for service on committees of the Board. A subcommittee comprised of all members of the Compensation Committee except for Mr. Schuler administers the Company’s 2012 Omnibus Equity Incentive Plan, as amended.

### **Role of Executives in Determining Executive Compensation**

Our President and Chief Executive Officer provides input to the Compensation Committee regarding the performance of the other NEOs and offers recommendations regarding their compensation packages in light of such performance. The Compensation Committee is ultimately responsible, however, for determining the compensation of the NEOs, including our President and Chief Executive Officer.

### **Compensation Philosophy and Objectives**

The Compensation Committee and the Board believe that the Company's compensation programs for its executive officers should reflect the Company's performance and the value created for its shareholders. In addition, we believe the compensation programs should support the goals and values of the Company and should reward individual contributions to the Company's success. Specifically, the Company's executive compensation program is intended to, among other things:

- attract and retain the highest caliber executive officers;
- drive achievement of business strategies and goals;
- motivate performance in an entrepreneurial, incentive-driven culture;
- closely align the interests of executive officers with the interests of the Company's shareholders;
- promote and maintain high ethical standards and business practices; and
- reward results and the creation of shareholder value.

## Factors Considered in Determining Compensation; Elements of Compensation

The Compensation Committee makes executive compensation decisions on the basis of total compensation, rather than on individual components of compensation. We attempt to create an integrated total compensation program structured to balance both short and long-term financial and strategic goals. Our compensation should be competitive enough to attract and retain highly skilled individuals. In this regard, we utilize a combination of between two to four of the following types of compensation to compensate our executive officers:

- base salary;

- performance bonuses;

- equity compensation, usually consisting of stock options.

The Compensation Committee periodically reviews each executive officer's base salary and makes appropriate recommendations to the Board. Salaries are based on the following factors:

- the Company's performance for the prior fiscal years and subjective evaluation of each executive's contribution to that performance;

- the performance of the particular executive in relation to established goals or strategic plans;

- competitive levels of compensation for executive positions based on information drawn from compensation surveys and other relevant information; and

- our obligations under the applicable executive officer's employment agreement or offer letter (if any).

Performance bonuses and equity compensation are awarded based upon the recommendation of the Compensation Committee. Incentive and/or non-qualified stock options are generally granted under the Company's stockholder-approved equity incentive plan(s), as well, with the exercise price of such options set at 100% of the closing price of the Company's common stock on the day before the date of grant. These grants are made with a view to linking executives' compensation to the long-term financial success of the Company and its shareholders.



### **Use of Benchmarking and Compensation Peer Groups**

The Compensation Committee did not utilize any benchmarking measure(s) in 2014 and traditionally has not tied compensation directly to a specific profitability measurement, market value of the Company's common stock or benchmark related to any established peer or industry group. Salary increases are based on the terms of the NEOs' employment agreements, if applicable, and correlated with the Board's and the Compensation Committee's assessment of each NEO's performance. The Company also generally seeks to increase or decrease compensation, as appropriate, based upon changes in an executive officer's functional responsibilities within the Company. Historically, the Compensation Committee has not used outside consultants in determining the compensation of the NEOs, and no such consultants were engaged during 2014.

### **Other Compensation Policies and Considerations; Tax Issues and Risk Management**

The intention of the Company has been to compensate the NEOs in a manner that maximizes the Company's ability to deduct such compensation expenses for federal income tax purposes. However, the Compensation Committee has the discretion to provide compensation that is not "performance-based" under Section 162(m) of the Code it determines that such compensation is in the best interests of the Company and its stockholders. For the year that ended on December 31, 2014, the Company expects to deduct all compensation expenses paid to the NEOs with the exception of incentive stock options (ISOs). Stock options, which are non-cash compensation, are granted to NEO's as part of their total compensation. In some instances, these options are awarded as ISO's up to the maximum allowed by the IRS. ISO compensation expenses are generally not tax deductible by the Company.

On an annual basis, the Compensation Committee evaluates the Company's compensation policies and practices for its employees, including the NEOs, to assess whether such policies and practices create risks that are reasonably likely to have a material adverse effect on the Company. Based on its evaluation, the Compensation Committee has determined that the Company's compensation policies and practices do not create such risks.

### Summary Compensation Table

The following table sets forth information concerning all cash and non-cash compensation awarded to, earned by or paid to our NEOs for services rendered in all capacities during the noted periods. The transition period from August 1, 2012 to December 31, 2012 is indicated below by "2012T" and the fiscal year that ended on July 31, 2012 is indicated below by "2012", and the fiscal years ended December 31, 2013 and December 31, 2014 are indicated below by "2013" and "2014," respectively.

Name and Principal Position	Year	Salary	Options	All Other	Total
		(\$)	Awards	Compensation	(\$)
Lawrence Mehren, President and Chief Executive Officer	2014	300,000	593,783 (1)	-----	893,783
	2013	300,000	-----	5,298	(2) 305,298
	2012T	124,392	-----	-----	124,392
	2012	28,767	1,123,279 (1)	-----	1,152,046
Steve Reichling, Chief Financial Officer	2014	186,154	184,074 (1)	-----	370,228
	2013	170,000	-----	3,002	(2) 173,002
	2012T	52,164	365,236 (1)	-----	417,400
Pete Bantock, Chief Commercial Officer	2014	237,500	131,053 (1)	-----	368,553
	2013	115,096	1,254,481 (1)	-----	1,369,577

(1) The amount reflects the aggregate grant date fair value of awards during each year calculated in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 11 to the financial statements set forth in the Company's Annual Report on Form 10-K, which was filed with the SEC on February 26, 2015 (the "Form 10-K").

(2) The amount reflects a one-time pay-out of accrued vacation upon the dissolution of the Company's vacation policy.

**Grants of Plan-Based Awards**

The following table sets forth information concerning the awards that were made to our NEOs pursuant to the Company's 2012 Omnibus Equity Incentive Plan, as amended, during the year that ended on December 31, 2014.

Name	Grant Date	All Other Option Awards; Number of Securities Underlying Options (1)  (#)	Exercise or Base Price of Options Awards  (\$/share)	Grant Date Fair Value of Stock and Option Awards  (2) (\$)
Lawrence Mehren	2/26/2014	52,132	14.92	593,783
Steve Reichling	2/26/2014	16,161	14.92	184,074
Pete Bantock	2/26/2014	11,506	14.92	131,053

(1) Option awards vested on February 26, 2015, the first anniversary of the date of grant.

The amounts reflect the aggregate grant date fair value of awards calculated in accordance with FASB ASC Topic (2)718. Assumptions used in the calculation of these amounts are included in Note 11 to the financial statements set forth in the Form 10-K.

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

The following table sets forth information concerning outstanding option awards held by the NEOs at December 31, 2014:

**Option Awards****Number of Securities underlying unexercised options (#)**

Name	Grant Date	Exercisable	Unexercisable	Option Exercise	Option Expiration <u>Date</u>
------	------------	-------------	---------------	--------------------	-------------------------------

				<b>Price</b>		
Lawrence Mehren	4/20/2012	1,444,000	756,000	(1) \$ 1.04	4/20/2022	
	2/26/2014	-----	52,132	(2) 14.92	2/26/2024	
Steve Reichling	9/10/2012	90,000	110,000	(3) 2.98	9/10/2022	
	2/26/2014	-----	16,161	(2) 14.92	2/26/2024	
Pete Bantock	9/4/2013	-----	200,000	(4) 9.83	9/4/2023	
	2/26/2014	-----	11,506	(2) 14.92	2/26/2024	

580,000 shares vested immediately upon the date of grant (April 20, 2012); 825,000 shares vest as follows: 40% (330,000 shares) vested on the second anniversary of the date of grant, and the remaining 60% (495,000 shares) vest in 36 equal monthly installments (13,750 shares per month) over the subsequent 36 months; and 795,000 shares vest as follows (provided that both criteria must be satisfied): (i) 40% (318,000 shares) vest on the second anniversary of the date of grant, and the remaining 60% (477,000 shares) will vest in 36 equal monthly installments (13,250 shares per month) over the subsequent 36 months, and (ii) 50% (397,500 shares) vested when at least 50% of the warrants initially issued to Abeja were exercised by the holder(s) thereof, and the remaining 50% (397,500 shares) vested when at least 90% of such warrants were exercised by the holder(s) thereof.

(2) Option award vested on February 26, 2015, the first anniversary of the date of grant.

(3) 40% vested on September 10, 2014; the balance vests monthly in 36 equal installments beginning on October 10, 2014 and ending on September 10, 2017.

(4) 40% vests on September 4, 2015; the balance vests monthly in 36 equal installments beginning on October 4, 2015 and ending on September 4, 2018.

### **Option Exercises**

During the year ended December 31, 2014, none of our NEOs exercised any stock options.

### **Pension Benefits and Nonqualified Deferred Compensation Plans**

The Company does not maintain any pension, nonqualified deferred compensation or similar plans.

### **Potential Payments Upon Termination or Change-in-Control**

The Company has not entered into any salary continuation, severance or similar agreements or arrangements with any of our NEOs. Except as described below with respect to certain stock option awards granted to Messrs. Mehren and Reichling, we have no contractual or other obligation to provide severance benefits or other payments in the event of a change of control or termination of employment, although our stockholder-approved 2012 Omnibus Equity Incentive Plan (as amended) provides that the Board of Directors (or other applicable body thereof responsible for administering the plan) may, in its discretion, accelerate the vesting of awards granted thereunder in connection with a change of control.

The terms of Mr. Mehren's April 20, 2012 stock option award provide for accelerated vesting in the event of (i) a merger or consolidation of the Company in which its voting securities immediately prior to the merger or consolidation do not represent, or are not converted into securities that represent, a majority of the voting power of all voting securities of the surviving entity immediately after the merger or consolidation; (ii) a sale of substantially all of the assets of the Company, (iii) a liquidation or dissolution of the Company, or (iv) any other transaction in which, the owners of the Company's outstanding voting power prior to such transaction do not own at least a majority of the outstanding voting power of the successor entity immediately upon completion of the transaction. Based on the price

of the Company's common stock, as reported on the NASDAQ Capital Market as of the close of trading on December 31, 2014 (\$19.19 per share), the value to Mr. Mehren of such accelerated vesting would have been \$13,721,400 if one of the events described above had actually occurred on December 31, 2014.

The terms of Mr. Reichling's September 10, 2012 stock option award provide for accelerated vesting in the event the Company or the Company's stockholders enter into an agreement to dispose of all or substantially all of the assets or stock of the Company by means of a sale, reorganization, liquidation or otherwise. Based on the price of the Company's common stock, as reported on the NASDAQ Capital Market as of the close of trading on December 31, 2014 (\$19.19 per share), the value to Mr. Reichling of such accelerated vesting would have been \$1,783,100 if one of the events described above had actually occurred on December 31, 2014.

### **Mehren Offer Letter**

Mr. Mehren was appointed as the Company's President, Chief Executive Officer and Chief Financial Officer on June 26, 2012. In his capacity as Chief Executive Officer of the Company, Mr. Mehren is paid a base salary of \$300,000 per year. On April 20, 2012, Mr. Mehren, in his role as a consultant to the Company, was granted an option to purchase 2,200,000 shares of the Company's common stock at an exercise price equal to \$1.04 per share, which was equal to the closing price of the Company's common stock on the date of grant. The option was issued pursuant to the Company's 2004 Omnibus Stock Option Plan, as amended, and will vest according to the following schedule: 580,000 shares vested immediately upon the date of grant, 825,000 shares will vest as follows: 40% (330,000 shares) will vest on the second anniversary of the date of grant, and the remaining 60% (495,000 shares) will vest in 36 equal monthly installments (13,750 shares per month) over the subsequent 36 months, 795,000 shares will vest as follows (provided that both criteria must be satisfied):

40% (318,000 shares) will vest on the second anniversary of the date of grant, and the remaining 60% (477,000 shares) will vest in 36 equal monthly installments (13,250 shares per month) over the subsequent 36 months.

50% (397,500 shares) will vest when at least 50% of the warrants initially issued to Abeja Ventures, LLC ("Abeja") have been exercised by the holder(s) thereof, and the remaining 50% (397,500 shares) will vest when at least 90% of such warrants have been exercised by the holder(s) thereof.

Notwithstanding the foregoing, if Mr. Mehren's employment is terminated for any reason other than for cause (as defined in the option award agreement), he will be entitled to exercise the then-vested portion of the option for a period of 90 days following his termination of employment (after which time any unexercised options will expire). If Mr. Mehren's employment is terminated for cause, the Company, in its sole discretion, may provide for the immediate cancellation of the option (or any portion thereof). Any unvested portion of the option will accelerate and become immediately vested and exercisable in the event of a change of control with respect to the Company.

### **Reichling Offer Letter**

Mr. Reichling was appointed as the Company's Chief Financial Officer (replacing Mr. Mehren in that role) on July 22, 2012. In his capacity as Chief Financial Officer, Mr. Reichling was paid a base salary of \$170,000 per year which was subsequently increased to \$190,000 per year. Mr. Reichling was also granted an option to purchase 200,000 shares of the Company's common stock at an exercise price equal to \$2.98 per share, which was equal to the closing price of the Company's common stock on the date of grant. The option was issued pursuant to the Company's 2004 Omnibus Stock Option Plan, as amended, and will vest as follows: 40% will vest on the second anniversary of the date of grant, and the remaining 60% will vest in 36 equal monthly installments over the subsequent 36 months. Mr. Reichling was also provided with a \$70,000 budget to be used towards relocation and temporary living arrangements, with the

understanding that he was required to relocate to the Tucson, Arizona area by the completion date of the Company's relocation of its corporate headquarters.

### **Bantock Offer Letter**

Mr. Bantock was appointed as the Company's Chief Commercial Officer on July 1, 2013. In his capacity as Chief Commercial Officer, Mr. Bantock is paid a base salary of \$237,500 per year. Mr. Bantock was also granted an option to purchase 200,000 shares of the Company's common stock at an exercise price equal to \$9.83 per share, which was equal to the closing price of the Company's common stock on the date of grant. The option was issued pursuant to the Company's 2012 Omnibus Equity Incentive Plan and will vest as follows: 40% will vest on the second anniversary of the date of grant, and the remaining 60% will vest in 36 equal monthly installments over the subsequent 36 months.



## Director Compensation

Directors who are also employees of the Company (including Mr. Mehren) do not receive any separate compensation in connection with their Board service, and we do not pay cash fees to any of our directors. Our non-employee directors generally receive an initial stock option award upon joining the Board, which is calculated using a pre-determined formula and vests 20% per year over a five-year period, beginning on the first anniversary of the date of the director's election to the Board. Non-employee directors also receive annual stock option awards, which are calculated using a pre-determined formula and vest in 12 equal monthly installments, beginning one month after the date of grant. We reimburse directors for reasonable expenses related to their Board service.

The following table sets forth the compensation of our directors for serving as our directors for the year ended December 31, 2014:

Name	Option Award (1)	Total  (2)
	(\$)	(\$)
Mark Miller	94,770 (2)	94,770
John Patience	231,137 (3)	231,137
Jack Schuler	231,137 (3)	231,137
Matthew W. Strobeck, Ph.D.	231,137 (3)	231,137
Frank J.M. ten Brink	231,137 (3)	231,137

(1) Amounts reflect the aggregate grant date fair value of the awards calculated in accordance with FASB ASC Topic 718.

(2) Includes annual award of option to purchase 5,890 shares of common stock granted on April 3, 2014 at an exercise price of \$21.31 per share, which vests in 6 equal monthly installments with the first installment vesting on November 4, 2014.

(3) Includes annual award of option to purchase 14,428 shares of common stock granted on April 3, 2014 at an exercise price of \$21.31 per share, which vests in 12 equal monthly installments with the first installment vesting on May 3, 2014.

**Equity Compensation Plan Information**

The table set forth below presents the securities authorized for issuance with respect to compensation plans under which equity securities are authorized for issuance as of December 31, 2014:

Plan Category	Number of securities to be issued upon exercise of outstanding options, <u>warrants</u> and <u>rights</u>	Weighted-average exercise price of outstanding <u>options, warrants</u> and <u>rights</u>	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in <u>column (a)</u> )
Equity compensation plans approved by security holders	5,603,726	\$ 5.21	3,649,037
Equity compensation plans not approved by security holders	-----	-----	-----
<b>Total</b>	5,603,726	\$ 5.21	3,649,037

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

## THE COMPENSATION Committee

Mark C. Miller

John Patience

Jack Schuler

Matthew W. Strobeck, Ph.D.

Frank J.M. ten Brink

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding the beneficial ownership of our common stock as of March 19, 2015 of (i) each named executive officer and each director of the Company (ii) all named executive officers and directors as a group and (iii) each person known to the Company to be the beneficial owner of more than 5% of our common stock. We deem shares of our common stock that may be acquired by an individual or group within 60 days of March 19, 2015, pursuant to the exercise of options or warrants or conversion of convertible securities, to be outstanding for the purpose of computing the percentage ownership of such individual or group, but these shares are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Percentage of ownership is based on 44,657,329 shares of common stock outstanding on March 19, 2015.

The information as to beneficial ownership was either (i) furnished to us by or on behalf of the persons named or (ii) determined based on a review of the beneficial owners' Schedules 13D/G and Section 16 filings with respect to our common stock. Unless otherwise indicated, the business address of each person listed is c/o Accelerate Diagnostics, Inc., 3950 South Country Club, Suite 470, Tucson, Arizona 85714.

Name of Beneficial Owner	Amount of Beneficial Ownership	Percentage of Class	
Named Executive Officers and Directors			
Lawrence Mehren (1)	3,707,021	7.9	%
Mark Miller (2)	43,049	*	
John Patience (3)	6,199,571	13.9	%
Jack Schuler (4)	10,820,271	24.2	%
Matthew W. Strobeck, Ph.D. (5)	2,126,658	4.8	%
Frank J.M. ten Brink (6)	112,703	*	
Steve Reichling (7)	122,928	*	
Pete Bantock (8)	11,506	*	
All named executive officers and directors as a group (8 persons)	23,143,707	49.0	%
Other 5% shareholders			
Larry N. Feinberg (9)	5,420,970	12.1	%
Oracle Associates, LLC (9)	4,795,061	10.7	%
Oracle Partners, L.P. (9)	4,119,050	9.2	%

\* Represents less than 1% of our issued and outstanding Common Stock

(1) Mr. Mehren is a director of the Company and is the Company's President and Chief Executive Officer. Amount includes 500 shares of common stock held directly by Mr. Mehren and 1,604,132 shares issuable to him upon the

exercise of stock options that are vested or vest within 60 days of the date hereof. Amount also includes 1,576,792 shares and warrants to purchase an additional 525,597 shares held by MAB, LLC. Mr. Mehren disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein.

- (2) Mr. Miller is a director of the Company. Amount includes 43,049 shares of common stock issuable to him upon the exercise of stock options that are vested or vest within 60 days of the date hereof.

(3) Mr. Patience is the Chairman of the Board. Amount includes 4,069,311 shares held by the John Patience Trust dated 7/23/1993 and 2,071,162 shares held by Patience Enterprises LP. Mr. Patience disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein. Amount also includes options to purchase 59,098 shares of common stock that are vested or will vest within 60 days of the date hereof.

(4) Mr. Schuler is a director of the Company. Amount includes 689,355 shares held by Schuler Grandchildren LLC (Mr. Schuler has sole voting and dispositive power with respect to such shares in his capacity as manager of the entity); 689,355 shares held by Schuler GC 2010 Continuation Trust (Mr. Schuler has shared voting and dispositive power with respect to such shares in his capacity as the grantor of the trust); 8,757,741 shares held by the Jack W. Schuler Living Trust (Mr. Schuler has sole voting and dispositive power with respect to such shares in his capacity as trustee of the trust) and 624,722 shares held by the Schuler Family Foundation (Mr. Schuler has sole voting and dispositive power with respect to such shares in his capacity as President of the entity). Mr. Schuler disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein. Amount also includes options to purchase 59,098 shares of common stock that are vested or will vest within 60 days of the date hereof.

(5) Dr. Strobeck is a director of the Company. Amount includes 22,000 shares held by Birchview Fund, LLC (Dr. Strobeck has sole voting and dispositive power with respect to such shares in his capacity as the CEO of such entity). Dr. Strobeck disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein. Amount also includes options to purchase 59,098 shares of common stock that are vested or will vest within 60 days of the date hereof.

(6) Mr. ten Brink is a director of the Company. Amount reflects options to purchase 112,703 shares of common stock that are vested or will vest within 60 days of the date hereof.

(7) Mr. Reichling is the Company's Chief Financial Officer. The amount includes options to purchase 122,828 shares of common stock that are vested or will vest within 60 days of the date hereof.

(8) Mr. Bantock is the Company's Chief Commercial Officer. The amount includes options to purchase 11,506 shares of common stock that are vested or will vest within 60 days of the date hereof.

(9) Based on a Form 4 filed on August 7, 2014 and a Schedule 13G/A (Amendment No. 2) filed on January 30, 2015. Aggregate amount for Mr. Feinberg includes 14,256 shares held by him directly, 536,114 shares held by Oracle Ten Fund Master, L.P. ("Ten Fund"), 63,836 shares held by Oracle Investment Management, Inc. Employees' Retirement Plan (the "Retirement Plan"), 11,703 shares held by The Feinberg Family Foundation (the "Foundation"), 4,119,050 shares held by Oracle Partners, L.P. ("Partners"), and 676,011 shares held by Oracle Institutional Partners, L.P. ("Institutional Partners"). Mr. Feinberg serves as the managing member of Oracle Associates, LLC, the general partner of Partners and Institutional Partners, and accordingly, may be deemed to be the indirect beneficial owner of the shares beneficially owned by Partners and Institutional Partners. Mr. Feinberg is the sole shareholder, director and president of Oracle Investment Management, Inc., which serves as investment manager to Ten Fund and the Retirement Plan, and accordingly, may be deemed to be the beneficial owner of the shares beneficially owned by Ten Fund and the Retirement Plan. Mr. Feinberg is the trustee of the Foundation, and accordingly may be deemed to be the beneficial owner of the shares beneficially owned by the Foundation. Mr. Feinberg disclaims

beneficial ownership of all such shares except to the extent of his pecuniary interest therein. The address of the principal business office of such reporting persons is 200 Greenwich Avenue, 3rd Floor, Greenwich, Connecticut 06830.

## **PROPOSAL NO. 1**

### **ELECTION OF DIRECTORS**

#### **Nominees for Election at the 2015 Annual Meeting of Shareholders**

The Board has nominated Messrs. Mehren, Miller, Patience, Schuler, Strobeck and ten Brink for election as directors to serve until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified. If elected, each of the directors will hold office as a director until our 2016 Annual Meeting of Shareholders.

If you sign your proxy or voting instruction card but do not give instructions with respect to the voting of directors, your shares will be voted for the nominees recommended by our Board. If you wish to give specific instructions with respect to the voting of directors, you may do so by indicating your instructions on your proxy or voting instruction card. The Board expects that the nominees will be available to serve as directors. If any nominee becomes unavailable, however, the proxy holders intend to vote for any nominee designated by the Board, unless the Board chooses to reduce the number of directors serving on the Board. If additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them in such a manner as to assure the election of Messrs. Mehren, Miller, Patience, Schuler, Strobeck and ten Brink.

#### **Vote Required and Board Recommendation**

Election of a director requires the affirmative vote of the holders of a plurality of the shares for which votes are cast at a meeting at which a quorum is present. The six persons receiving the greatest number of votes will be elected as directors. Since only affirmative votes count for this purpose, a properly executed proxy marked "WITHHOLD AUTHORITY" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. Shareholders may not cumulate votes in the election of directors.

**The Board recommends that shareholders vote "FOR" the election of each of Messrs. Mehren, Miller, Patience, Schuler, Strobeck and ten Brink as directors of the Company.**

## **PROPOSAL NO. 2**

### **RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT PUBLIC ACCOUNTANTS**

#### **Audit Committee Appointment – Ernst & Young LLP**

Our Audit Committee, pursuant to authority granted to it by the Board, has selected Ernst & Young LLP as the Company's independent registered public accounting firm to examine our annual consolidated financial statements for the year ending December 31, 2015. The Board is submitting this proposal to the vote of the shareholders in order to ratify the Audit Committee's selection. If shareholders do not ratify the selection of Ernst & Young LLP, the Audit Committee will reconsider its selection of our independent registered public accounting firm for fiscal 2015, although the Audit Committee will be under no obligation to change its selection. Ernst & Young LLP has been our independent registered public accounting firm since July 1, 2013.

#### **Change in Independent Public Accountants**

On July 1, 2013, the Audit Committee dismissed Comiskey & Company, P.C. ("Comiskey") as its independent registered public accounting firm and approved the engagement of Ernst & Young LLP to replace Comiskey as its independent registered public accounting firm for the fiscal year ending December 31, 2013.

The reports issued by Comiskey with respect to the Company's financial statements for (i) the fiscal years ended July 31, 2011 and July 31, 2012, respectively, and (ii) the transition period that began on August 1, 2012 and ended on December 31, 2012, did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's fiscal years ended July 31, 2011 and July 31, 2012, respectively, and the transition period that ended on December 31, 2012 (and the subsequent interim period preceding Comiskey's dismissal), there were no disagreements between the Company and Comiskey on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to the satisfaction of Comiskey, would have caused Comiskey to make reference to the matter.



During the Company's fiscal years ended July 31, 2011 and July 31, 2012, respectively, and the transition period that ended on December 31, 2012 (and the subsequent interim period preceding the Company's engagement of Ernst & Young LLP), neither the Company nor anyone on its behalf consulted Ernst & Young LLP regarding any of the matters or events set forth in Item 304(a)(2) of Regulation S-K.

As required by Item 304(a)(3) of Regulation S-K, the Company furnished a copy of the above disclosures to Comiskey and requested that Comiskey furnish the Company with a letter addressed to the SEC stating whether Comiskey agrees with the above statements. A copy of Comiskey's letter to the SEC, dated July 1, 2013, was filed as Exhibit 16.1 to the Current Report on Form 8-K filed by the Company with the SEC on July 2, 2013.

### **Fees Billed by Ernst & Young, LLP**

#### ***Audit Fees***

Fees and related expenses for the audit by Ernst & Young, LLP of our annual financial statements, its review of the financial statements included in our quarterly reports and other services that were provided in connection with statutory and regulatory filings totaled approximately \$296,500 for the year ended December 31, 2014 and totaled \$169,944 for the year ended December 31, 2013.

***Audit-Related Fees***

During the years ended December 31, 2014 and 2013, Ernst & Young, LLP did not bill us for any audit-related fees.

***Tax Fees***

During the years ended December 31, 2014 and 2013, Ernst & Young, LLP billed us \$16,326 and \$9,400, respectively, for tax-related professional services.

***All Other Fees***

During the years ended December 31, 2014 and 2013, Ernst & Young, LLP billed us \$1,995 and \$9,100, respectively, for other professional services which includes a subscription to accounting-related reference information.

**Policy on Audit Committee Pre-Approval of Fees**

The Audit Committee must pre-approve all services to be performed for us by our independent registered public accounting firm. Pre-approval is granted usually at regularly scheduled meetings of the Audit Committee. If unanticipated items arise between regularly scheduled meetings of the Audit Committee, the Audit Committee has delegated authority to the chairman of the Audit Committee to pre-approve services, in which case the chairman communicates such pre-approval to the full Audit Committee at its next meeting. The Audit Committee also may approve the additional unanticipated services by either convening a special meeting or acting by unanimous written consent. During the years ended December 31, 2014 and 2013, all services billed by Ernst & Young, LLP were pre-approved by the Audit Committee in accordance with this policy.

**Attendance at Annual Meeting**

Representatives of Ernst & Young LLP and Comiskey & Company, P.C. are not expected to be present at the Annual Meeting.

### **Vote Required and Board Recommendation**

The ratification of the Audit Committee's selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015 will be approved if a majority of the votes cast affirmatively or negatively at the Annual Meeting are voted in favor of the proposal, assuming a quorum is present. A properly executed proxy marked "ABSTAIN" with respect to such matter will not be voted or treated as a vote cast, although it will be counted for purposes of determining whether a quorum is present. Accordingly, an abstention will not affect the outcome of this proposal. Brokers are entitled to use their discretion to vote uninstructed proxies with respect to ratification of our independent registered public accounting firm.

**The Board recommends a vote "FOR" ratification of the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015.**

## RELATED PARTY TRANSACTIONS

On April 7, 2014, the Company commenced a rights offering to raise \$45.0 million to fund continued operations, clinical trials, and product commercialization efforts. Under the terms of the rights offering, the Company distributed, at no charge to the holders of its Common Stock as of 5:00 p.m., New York City time, on March 14, 2014, which was established as the record date for the rights offering, 0.063921 non-transferable subscription rights for each share of Common Stock owned on the record date. Each whole subscription right allowed the holder to subscribe to purchase one share of Common Stock at a subscription price of \$16.80 per share, which was lower than the market price of \$17.64 per share on the date of the rights offering commencement and the \$17.54 per share on the date the rights offering period expired. In the aggregate, the Company intended to issue 2,678,571 shares of Common Stock in connection with the rights offering. The purpose of the rights offering was to raise equity capital in a cost-effective manner and provide all of the Company's existing stockholders the opportunity to participate on a pro rata basis.

In connection with the rights offering, the Company received standby purchase commitments from the Jack W. Schuler Living Trust (the "Schuler Trust") and the Schuler Family Foundation (the "Schuler Foundation"). The standby purchasers agreed to purchase any and all shares of Common Stock that were not subscribed for by stockholders in connection with the rights offering. On May 1, 2014, the Company entered into an Assignment and Assumption Agreement with the standby purchasers, Oracle Institutional Partners, L.P. and Oracle Partners, L.P., pursuant to which each standby purchaser assigned and transferred its respective rights, responsibilities, liabilities and obligations under the Standby Purchase Agreement to purchase 297,619 shares of Common Stock not subscribed for by the Company's stockholders in connection with the rights offering to (i) Oracle Institutional Partners, L.P., with respect to 119,047 shares of such Common Stock, and (ii) Oracle Partners, L.P., with respect to the remaining 178,572 shares of such Common Stock.

The rights offering period expired at 5:00 p.m., New York City time, on April 28, 2014, and the transactions contemplated by the rights offering and the Standby Purchase Agreement described above (including the Company's issuance of an aggregate of 2,678,571 shares of its Common Stock to the rights offering participants and standby purchasers) were completed on May 19, 2014. The Company received gross proceeds of \$45.0 million before costs associated with the transactions which totaled \$125,000.

The trustee of the Schuler Trust and the President of the Schuler Foundation is Jack Schuler, who is a director of the Company. A total of 863,072 shares of Common Stock were issued to the Schuler Trust and Schuler Foundation pursuant to the Standby Purchase Agreement. No fees or other consideration will be paid by the Company to the standby purchasers in exchange for their respective commitments to purchase any and all unsubscribed shares of Common Stock pursuant to the Standby Purchase Agreement or the Assignment Agreement.

For information regarding transactions between us and our Named Executive Officers, see "Executive Compensation" above. For a discussion of certain relationships pertaining to our directors that were analyzed in connection with the

Board's independence determinations see "Management Proposals — Proposal No. 1: Election of Directors" above.

## ANNUAL REPORT

A copy of our combined Annual Report to Shareholders and Annual Report on Form 10-K for the year ended December 31, 2014 will be mailed to the shareholders of record as of March 19, 2015 together with the mailing of this Proxy Statement. An additional copy may be obtained from <https://materials.proxyvote.com/00430H>, or will be furnished, without charge, to beneficial shareholders or shareholders of record as of the record date upon request in writing to Accelerate Diagnostics, Inc., 3950 South Country Club, Suite 470, Tucson, Arizona 85714 or by telephone to (520) 365-3100.

## SHAREHOLDER PROPOSALS

If any shareholder of the Company intends to present a proposal for consideration at the 2016 Annual Meeting of Shareholders and desires to have such proposal included in the Proxy Statement and form of proxy distributed by the Board with respect to such meeting, such proposal must be received at the Company's offices, 3950 South Country Club, Suite 470, Tucson, Arizona 85714, Attention: Corporate Secretary, not later than December 11, 2015. Proposals received after such date, including with respect to the nomination of directors, will not be considered timely.

For each matter that you wish to bring before the meeting, provide the following information:

- a brief description of the business and the reason for bringing it to the meeting;
- your name and record address;
- the number of shares of Company stock which you own; and
- any material interest (such as financial or personal interest) that you have in the matter.

## IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 13, 2015

This Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2014 are available via the Internet at <https://materials.proxyvote.com/00430H>.

**OTHER MATTERS**

We know of no other matters to be submitted for consideration by the shareholders at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as the Board may recommend. It is important that your shares be represented at the meeting, regardless of the number of shares which you hold. You are therefore urged to execute and return, at your earliest convenience, the accompanying proxy card in the postage-prepaid envelope enclosed. You may also submit your proxy over the Internet or by telephone. For specific instructions, please refer to the information provided with your proxy card.

By order of the Board of Directors,

*/s/ Lawrence Mehren*

Lawrence Mehren  
President and Chief Executive Officer

**PROXY CARD**



