Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2011

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: to

Commission File No.: 0-19974

ICU MEDICAL, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**33-0022692**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
951 Calle Amanecer, San Clemente, California	**92673**
(Address of principal executive offices)	(Zip Code)

(949) 366-2183
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	**Outstanding at April 10, 2011**
Common	13,774,276

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

Table of Contents

ICU Medical, Inc.

Index

	Page Number
Part I - Financial Information	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets, at March 31, 2011 and December 31, 2010	3
Condensed Consolidated Statements of Income for the three months ended March 31, 2011 and 2010	4
Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2011 and 2010	5
Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2011 and 2010	6
Notes to Condensed Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3. Quantitative and Qualitative Disclosures About Market Risk	17
Item 4. Controls and Procedures	17
Part II - Other Information	
Item 1. Legal Proceedings	18
Item 1A. Risk Factors	18
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	18
Item 6. Exhibits	19
Signature	19

ICU Medical, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Amounts in thousands, except per share data)

	March 31, 2011 (unaudited)	December 31, 2010 (1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 71,114	$ 78,850
Investment securities	35,713	14,507
Cash, cash equivalents and investment securities	106,827	93,357
Accounts receivable, net of allowance for doubtful accounts of $991 at March 31, 2011 and $742 at December 31, 2010	50,587	55,106
Inventories	51,198	44,056
Prepaid income taxes	—	687
Prepaid expenses and other current assets	9,401	9,574
Deferred income taxes	4,939	5,053
Total current assets	222,952	207,833
PROPERTY AND EQUIPMENT, net	85,863	83,545
GOODWILL	1,478	1,478
INTANGIBLE ASSETS, net	14,285	14,806
DEFERRED INCOME TAXES	4,617	4,564
	$ 329,195	$ 312,226
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 13,753	$ 10,879
Accrued liabilities	12,704	14,629
Deferred revenue	77	254
Income taxes payable	1,097	—
Total current liabilities	27,631	25,762
COMMITMENTS AND CONTINGENCIES	—	—
DEFERRED INCOME TAXES	7,987	8,023
INCOME TAX LIABILITY	4,155	4,155
STOCKHOLDERS' EQUITY:		
Convertible preferred stock, $1.00 par value Authorized—500 shares; Issued and outstanding— none	—	—
Common stock, $0.10 par value — Authorized—80,000 shares; Issued 14,855 shares at March 31, 2011 and December 31, 2010, outstanding 13,732 shares at March 31, 2011 and 13,659 shares at December 31, 2010	1,486	1,486
Additional paid-in capital	57,222	56,502
Treasury stock, at cost — 1,123 shares at March 31, 2011 and 1,196 shares at December 31, 2010	(38,954)	(41,428)
Retained earnings	266,863	258,790
Accumulated other comprehensive income (loss) income	2,805	(1,064)
Total stockholders' equity	289,422	274,286
	$ 329,195	$ 312,226

(1) December 31, 2010 balances were derived from audited consolidated financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

ICU Medical, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Amounts in thousands, except per share data)
(unaudited)

	Three months ended March 31,	
	2011	2010
REVENUES:		
Net sales	$ 71,338	$ 64,212
Other	133	151
TOTAL REVENUE	71,471	64,363
COST OF GOODS SOLD	36,845	37,436
Gross profit	34,626	26,927
OPERATING EXPENSES:		
Selling, general and administrative	22,863	19,655
Research and development	2,052	918
Legal settlement	(2,500)	—
Total operating expenses	22,415	20,573
Income from operations	12,211	6,354
OTHER INCOME	403	192
Income before income taxes	12,614	6,546
PROVISION FOR INCOME TAXES	(4,541)	(2,291)
NET INCOME	$ 8,073	$ 4,255
NET INCOME PER SHARE		
Basic	$ 0.59	$ 0.31
Diluted	$ 0.57	$ 0.30
WEIGHTED AVERAGE NUMBER OF SHARES		
Basic	13,692	13,863
Diluted	14,056	14,111

The accompanying notes are an integral part of these condensed consolidated financial statements.

ICU Medical, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands)
(unaudited)

	Three months ended March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 8,073	$ 4,255
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,500	4,551
Provision for doubtful accounts	208	52
Stock compensation	978	823
Loss on disposal of property and equipment	—	50
Bond premium amortization	19	587
Cash provided (used) by changes in operating assets and liabilities, net of assets acquired		
Accounts receivable	5,085	(1,793)
Inventories	(6,186)	2,997
Prepaid expenses and other assets	(252)	(1,158)
Accounts payable	2,764	(224)
Accrued liabilities	(2,091)	(1,042)
Deferred revenue	(278)	(1,203)
Prepaid and deferred income taxes	2,347	2,305
Net cash provided by operating activities	15,167	10,200
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(4,942)	(10,375)
Proceeds from sale of asset	—	893
Purchases of investment securities	(24,530)	(6,386)
Proceeds from sale of investment securities	3,304	20,672
Net cash provided (used) by investing activities	(26,168)	4,804
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	1,027	46
Proceeds from employee stock purchase plan	909	747
Tax benefits from exercise of stock options	280	29
Purchase of treasury stock	—	(23,976)
Net cash provided (used) by financing activities	2,216	(23,154)
Effect of exchange rate changes on cash	1,049	(198)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,736)	(8,348)
CASH AND CASH EQUIVALENTS, beginning of period	78,850	51,248
CASH AND CASH EQUIVALENTS, end of period	$ 71,114	$ 42,900

The accompanying notes are an integral part of these condensed consolidated financial statements.

ICU Medical, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Amounts in thousands)
(unaudited)

	Three months ended March 31,	
	2011	2010
Net income	$ 8,073	$ 4,255
Other comprehensive income (loss), net of tax of $176 and $1,110 for the three months ended March 31, 2011 and 2010, respectively:		
Foreign currency translation adjustment	3,869	(1,507)
Comprehensive income	$ 11,942	$ 2,748

The accompanying notes are an integral part of these condensed consolidated financial statements.

ICU Medical, Inc.
Notes to Condensed Consolidated Financial Statements
Three Months Ended March 31, 2011 and 2010
(Amounts in tables in thousands, except per share data)
(unaudited)

Note 1: Basis of Presentation:

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and reflect all adjustments, consisting of only normal recurring adjustments, which are, in the opinion of management, necessary for a fair statement of the consolidated results for the interim periods presented. Results for the interim period are not necessarily indicative of results for the full year. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K of ICU Medical, Inc., a Delaware corporation (the "Company"), filed with the SEC for the year ended December 31, 2010.

Subsequent to the issuance of the Company's first quarter 2010 10-Q, the Company reclassified $0.6 million in bond premium amortization, a noncash item, from investing activities in the consolidated statement of cash flows for the three months ended March 31, 2010 to a noncash item in cash flows from operating activities as an adjustment to reconcile net income to net cash provided by operating activities. The Company considers this an immaterial reclassification and has changed the first quarter of 2010 condensed consolidated statement of cash flows.

The Company operates in one business segment engaged in the development, manufacturing and sale of innovative medical technologies used in vascular therapy, oncology and critical care applications. The Company's devices are sold directly or to distributors and medical product manufacturers throughout the United States and internationally. All subsidiaries are wholly owned and included in the consolidated financial statements. All intercompany balances and transactions have been eliminated.

Note 2: New Accounting Pronouncements:

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update No. 2010-06 for Fair Value Measurements and Disclosures (Topic 820): "Improving Disclosures about Fair Value Measurements". This Update requires new disclosures for transfers in and out of Level 1 and 2 and activity in Level 3. This Update also clarifies existing disclosures for level of disaggregation and about inputs and valuation techniques. The new disclosures are effective for interim and annual periods beginning after December 15, 2009, except for the Level 3 disclosures, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those years. The Company had no Level 3 investments in the fiscal year beginning after December 15, 2010, and was therefore not impacted by this new pronouncement in the quarter ended March 31, 2011.

Note 3: Legal Settlement:

In February 2011, the Company reached a settlement in its litigation against a law firm that formerly represented the Company in patent litigation matters, representing reimbursement of legal fees previously paid to the firm. Under the terms of the settlement, the Company received $2.5 million and this amount is included as a credit in operating expenses on the Condensed Consolidated Statement of Income for the quarter ended March 31, 2011.

Note 4: Exit Activity from Italy Facility:

The Company's new plant in Slovakia will serve our European product distribution. Product assembly previously done in the Company's Italy facility will now be done its our Slovakia plant. As a result of this, the Company had termination costs to certain manufacturing and operations employees from the Italy facility. The product assembly transition from the Company's Italy plant to the Slovakia plant was completed in March 2011. The Italy facility will continue to support sales in Europe. In the quarter ended March 31, 2011, the Company recorded $0.6 million in one-time termination costs, $0.5 million in cost of goods sold and $0.1 million in sales, general and administrative expense. As of March 31, 2011, $0.5 million is accrued for these exit costs.

Note 5: Fair Value Measurement:

The Company's investment securities, which are carried at fair value and are considered available-for-sale, consist principally of certificates of deposit and tax-exempt state and municipal government debt. The Company has $2.8 million of its investment securities as Level 1 assets, which are certificates of deposit with quoted prices in active markets. The Company has $32.9 million of its investment securities as Level 2 assets, which are pre-refunded and non-pre-refunded municipal securities and have observable inputs.

The following table provides the assets and liabilities carried at fair value measured on a recurring basis.

	Fair value measurements at March 31, 2011 using			
	Total carrying value at March 31, 2011	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Available for sale securities	$ 35,713	$ 2,820	$ 32,893	$ —
	$ 35,713	$ 2,820	$ 32,893	$ —

The Company had no Level 3 investments for the quarter ended March 31, 2011.

	Fair value measurements at March 31, 2010 using			
	Total carrying value at March 31, 2010	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Available for sale securities	$ 41,114	$ 8,855	$ 32,259	$ —
Trading securities	900	—	—	900
	$ 42,014	$ 8,855	$ 32,259	$ 900

The following tables summarize the change in the fair values for Level 3 items for the quarter ended March 31, 2010:

Level 3 changes in fair value (pre-tax):

	Quarter ended March 31, 2010
Beginning balance	$ 900
Transfer into Level 3	—
Sales	—
Unrealized holding loss, included in other comprehensive income	—
Ending balance	$ 900

Note 6: Inventories:

Inventories consisted of the following:

	March 31, 2011	December 31, 2010
Raw material	$ 25,377	$ 22,805
Work in process	3,733	3,806
Finished goods	22,088	17,445
Total	$ 51,198	$ 44,056

Note 7: Property and Equipment:

Property and equipment consisted of the following:

	March 31, 2011	December 31, 2010
Machinery and equipment	$ 63,978	$ 62,680
Land, building and building improvements	61,156	57,810
Molds	22,802	22,521
Computer equipment and software	15,585	14,613
Furniture and fixtures	2,215	2,107
Construction in progress	10,008	9,866
Total property and equipment, cost	175,744	169,597
Accumulated depreciation	(89,881)	(86,052)
Net property and equipment	$ 85,863	$ 83,545

Note 8: Net Income Per Share:

Net income per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share is computed by dividing net income by the weighted average number of common shares outstanding plus dilutive securities. Dilutive securities are outstanding common stock options (excluding stock options with an exercise price in excess of the average market value for the period), less the number of shares that could have been purchased with the proceeds from the exercise of the options, using the treasury stock method. Options that are anti-dilutive because their exercise price exceeded the average market price of the common stock for the period approximated 135,000 and 472,000 for the three months ended March 31, 2011 and 2010, respectively.

The following table presents the calculation of net earnings per common share ("EPS") — basic and diluted.

	Three months ended March 31,	
	2011	2010
Net income	$ 8,073	$ 4,255
Weighted average number of common shares outstanding (for basic calculation)	13,692	13,863
Dilutive securities	364	248
Weighted average common and common equivalent shares outstanding (for diluted calculation)	14,056	14,111
EPS — basic	$ 0.59	$ 0.31
EPS — diluted	$ 0.57	$ 0.30

Note 9: Major Customer:

The Company had revenues equal to 10% or more of total revenues from one customer, Hospira, Inc. Such revenues were 41% of total revenue for both of the three months ended March 31, 2011 and 2010. As of March 31, 2011 and December 31, 2010, the Company had accounts receivable from Hospira of 37% and 43%, of consolidated accounts receivable, respectively.

Note 10: Income Taxes:

Income taxes were accrued at an estimated annual effective tax rate of 36% in the three months ended March 31, 2011 compared to 35% in the three months ended March 31, 2010. The effective tax rate differs from that computed at the federal statutory rate of 35% principally because of the effect of foreign and state income taxes, tax credits and deductions for domestic production activities.

Note 11: Commitments and Contingencies:

The Company is from time to time involved in various legal proceedings, most of which are routine litigation, in the normal course of business. In the opinion of management, the resolution of the legal proceedings in which the Company is involved will not likely have a material adverse impact on the Company's financial position or results of operations.

In the normal course of business, the Company has agreed to indemnify officers and directors of the Company to the maximum extent permitted under Delaware law and to indemnify customers as to certain intellectual property matters related to sales of the Company's products. There is no maximum limit on the indemnification that may be required under these agreements. The Company has never incurred, nor does it presently expect to incur, any liability for indemnification.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

We are a leader in the development, manufacture and sale of innovative medical technologies used in vascular therapy, oncology and critical care applications. Our products improve patient outcomes by helping prevent bloodstream infections, protect healthcare workers and patients from exposure to infectious diseases or hazardous drugs and monitor the hemodynamic status of critical care patients. Our complete product line includes custom I.V. systems, closed delivery systems for hazardous drugs, needleless I.V. connectors, catheters and cardiac monitoring systems.

Business Overview

In the late 1990s, we commenced a transition from a product-centered company to an innovative, fast, efficient, low-cost manufacturer of custom infusion sets, using processes that we believe can be readily applied to a variety of disposable medical devices. This strategy has enabled us to capture revenue on the entire I.V. delivery system, and not just a component of the system. We have furthered this effort to include all of our proprietary devices beyond the CLAVE, a one-piece, needleless I.V. connection device.

One of our strategies has been to acquire new product lines. For example, in August 2009, we purchased the commercial rights and physical assets of Hospira's critical care product line, which resulted in our control over all aspects of this critical care product line, including production, sales, marketing, customer contracting and distribution. We had previously manufactured for sale, exclusively to Hospira, its critical care products. Pursuant to the prior arrangements, Hospira retained commercial responsibility for the products that we manufactured, including sales to end customers, marketing, pricing, distribution, customer contracts, customer service and billing and we had little ability to directly influence Hospira's sales and marketing efforts, and our sales under this arrangement were subject to fluctuations over which we had little control. The purchase of Hospira's critical care line has resulted in an increase in direct sales and sales to independent distributors but a decrease in sales to Hospira. There is no assurance that we will be successful in finding future acquisition opportunities.

Another strategy for reducing our dependence on our current proprietary products has been to introduce new products. We have introduced a new line of oncology products including the Spiros male lure connector device, the Genie vial access device and ancillary products specifically designed for chemotherapy. We can provide no assurance that we will be able to successfully manufacture, market and sell these new products.

We are also expanding our business through increased sales to medical product manufacturers, independent distributors and through direct sales to the end users of our product. These expansions include our 2008 agreement with Premier, our recently awarded full-line critical care products agreement with Premier, our being named the single-source supplier of critical care products to Premier's ASCEND program, the extension of the term of our agreement with MedAssets, our recent entry into an agreement with Novation covering all of our critical care products and the growth of our internal sales and marketing group. Each of Premier, Med Assets and Novation is a U.S. healthcare purchasing network. Custom products, which include custom infusion, custom oncology and custom critical care products, accounted for approximately $24.1 million or 34% of total revenue for the first quarter of 2011 and $100.6 million or 35% of total revenue in 2010. CLAVE sales were $25.0 million or 35% of total revenue for the first quarter of 2011 and $98.4 million or 35% of revenue in 2010. Standard critical care sales were $12.7 million or 18% of total revenue in the first quarter of 2011 and $50.4 million or 18% of sales in 2010. We potentially face substantial increases in competition in our CLAVE business. Therefore, we are focusing on increasing product development, acquisition, sales and marketing efforts to custom products and other products that lend themselves to customization and new products in the U.S. and international markets.

Our largest customer is Hospira. Our relationship with Hospira has been and will continue to be important for our growth. We currently manufacture custom infusion sets for sale by Hospira and jointly promote the products under the name SetSource. Additionally, as discussed above, prior to our acquisition of its critical care line, we previously manufactured Hospira's critical care products. For the first quarter of 2011 and the years ended December 31, 2010 and 2009, our revenues from worldwide sales to Hospira were 41%, 44% and 53%, respectively, of total revenues. We expect revenues from sales of CLAVE products, custom infusion sets and new products to Hospira to remain a significant percentage of our revenues. Hospira has a significant share of the I.V. set market in the U.S. and provides us access to that market, and we expect that Hospira will be important to our growth for CLAVE, custom infusion sets, and our other products worldwide.

We believe that achievement of our growth objectives worldwide will require increased efforts by us in sales and marketing and product development; however, there is no assurance that we will be successful in implementing our growth strategy. The custom products market is small, when compared to the larger market of standard products, and we could encounter customer resistance to custom products. Further, we could encounter increased competition as other companies see opportunity in this market. Product development or acquisition efforts may not succeed, and even if we do develop or acquire additional products, there is no assurance that we will achieve profitable sales of such products. An adverse change in our relationship with Hospira, or a deterioration of Hospira's position in the market, could have an adverse effect on us. Increased expenditures for sales and marketing and product acquisition and development may not yield desired results when expected, or at all. While we have taken steps to control these risks, there are certain risks that may be outside of our control, and there is no assurance that steps we have taken will succeed.

The following table sets forth, for the periods indicated, total revenues by product as a percentage of total revenues:

	Quarter ended March 31,		Fiscal Year Ended	
Product Line	**2011**	**2010**	**2010**	**2009**
CLAVE	35%	36%	35%	37%
Custom products	34%	32%	35%	34%
Standard critical care	18%	19%	18%	18%
Standard oncology products	3%	2%	3%	2%
Other products/other revenue	10%	11%	9%	9%
Total	**100%**	**100%**	**100%**	**100%**

We sell our I.V. administration products to independent distributors, via direct sales and through agreements with Hospira and certain other medical product manufacturers. Most of our independent distributors handle the full line of our I.V. administration products. We also sell our I.V. administration and oncology products to Hospira pursuant to two agreements. Under a 1995 agreement, Hospira purchases CLAVE products, principally bulk, non-sterile connectors, oncology products and the CLC2000. Under a 2001 agreement, we sell custom infusion sets to Hospira under a program referred to as SetSource. Our 1995 and 2001 agreements with Hospira provide Hospira with conditional exclusive and nonexclusive rights to distribute all existing ICU Medical products worldwide with terms that extend to 2014. We sell invasive monitoring and angiography to independent distributors and through direct sales. We also sell certain other products to a number of other medical product manufacturers.

We believe that as healthcare providers continue to either consolidate or join major buying organizations, the success of our products will depend, in part, on our ability, either independently or through strategic relationships such as our Hospira relationship, to secure long-term contracts with large healthcare providers and major buying organizations. As a result of this marketing and distribution strategy we derive most of our revenues from a relatively small number of distributors and manufacturers. The loss of a strategic relationship with a customer or a decline in demand for a manufacturing customer's products could have a material adverse effect on our operating results.

We have an ongoing effort to increase systems capabilities, improve manufacturing efficiency, reduce labor costs, reduce time needed to produce an order, and minimize investment in inventory. These include the use of automated assembly equipment for new and existing products and use of larger molds and molding machines. In 2006, we centralized our proprietary molding in Salt Lake City and expanded our production facility in Mexico, which took over the majority of our manual assembly previously done in Salt Lake City. In January 2011, we completed an additional expansion of our production facility in Mexico. In late 2010, we completed construction of an assembly plant in Slovakia that will serve our European product distribution. Product shipments from this plant commenced in the fourth quarter of 2010. We may establish additional production facilities outside the U.S. There is no assurance that we will achieve success in establishing or expanding new manufacturing facilities outside the U.S.

We distribute products through three distribution channels. Product revenues for each distribution channel as a percentage of total channel product revenue were as follows:

	Quarter ended March 31,		Fiscal Year Ended	
Channel	**2011**	**2010**	**2010**	**2009**
Medical product manufacturers	40%	39%	41%	50%
Domestic distributors/direct	36%	37%	36%	29%
International customers	24%	24%	23%	21%
Total	**100%**	**100%**	**100%**	**100%**

Sales to international customers do not include bulk CLAVE products sold to Hospira in the U.S. but subsequently used in products exported by Hospira. Those sales are included in sales to medical product manufacturers. Other sales to Hospira for destinations outside the U.S. are included in sales to international customers.

With the completion of our purchase of the commercial rights and the physical assets of Hospira's critical care line in August 2009, we began selling critical care products in September 2009 to domestic and international distributors and through direct domestic and international sales instead of to Hospira. As a result, we expect to continue to see a shift in sales from medical product manufacturers to domestic and international distributors and direct sales.

Quarter-to-quarter comparisons: We present summarized income statement data in Part I, Item 1- Financial Statements. The following table shows, for the year ended December 31, 2010 and the quarters ended March 31, 2011 and 2010, the percentages of each income statement caption in relation to total revenues.

	Percentage of Revenues		
	Fiscal Year	Quarter ended March 31,	
	2010	2011	2010
Total revenues	100%	100%	100%
Gross profit	46%	48%	42%
Selling, general and administrative expenses	27%	32%	31%
Research and development expenses	2%	3%	1%
Legal settlement	—%	(4)%	—%
Total operating expenses	29%	31%	32%
Income from operations	17%	17%	10%
Other income	—%	—%	—%
Income before income taxes	17%	17%	10%
Income taxes	6%	6%	3%
Net income	11%	11%	7%

Quarterly results: The healthcare business in the United States is subject to seasonal fluctuations, and activity tends to diminish somewhat in the summer months of June, July and August, when illness is less frequent than in winter months and patients tend to postpone elective procedures. This typically causes seasonal fluctuations in our business. In Europe, the healthcare business generally slows down in the summer months due to vacations resulting in fewer elective surgeries. Also in Europe, hospitals' budgets tend to finish at the end of the year which may cause fewer purchases in the last three months of the year as hospitals await their new budgets in January. In addition, we can experience fluctuations in net sales as a result of variations in the ordering patterns of our largest customers, which may be driven more by production scheduling and their inventory levels, and less by seasonality. Our expenses often do not fluctuate in the same manner as net sales, which may cause fluctuations in operating income that are disproportionate to fluctuations in our revenue.

Quarter Ended March 31, 2011 Compared to the Quarter Ended March 31, 2010

Revenues were $71.5 million in the first quarter of 2011, compared to $64.4 million in the first quarter of 2010.

Distribution channels: Net U.S. sales to Hospira in the first quarter of 2011 were $27.9 million, compared to net sales of $24.0 million in the first quarter of 2010, an increase of 16%. The $3.9 million increase was primarily due to increased custom sales of $2.0 million, increased CLAVE sales of $0.9 million and increased other product sales of $1.0 million. The increases in custom and CLAVE sales were due to higher unit sales from increased market share through Hospira. In the latter part of 2010, Hospira had additional non-recurring orders for CLAVE and custom infusion sets as they prepared for potential new business because of market conditions and switched their IV tubing from DEHP to non-DEHP material. Excluding the additional CLAVE and custom infusion set orders in the latter part of 2010, we expect moderate growth in sales to Hospira in 2011 from 2010, although there is no assurance that these expectations will be realized.

Net sales to domestic distributors/direct in the first quarter of 2011 (including Canada) were $25.9 million compared to $23.5 million in the first quarter of 2010, an increase of 10%. The increased sales were primarily from $1.3 million in increased custom infusion set sales, $0.7 million of increase CLAVE sales and $1.1 million in increased TEGO sales, our renal dialysis product, partially offset by lower other product revenue. The increases in custom infusion set, CLAVE and TEGO sales were due to higher unit volume sales. We expect increases in domestic distributor sales in 2011 compared to 2010, principally from growth in custom products, CLAVE, renal and oncology, although there is no assurance that these expectations will be realized.

Net sales to international customers (excluding Canada) were $16.7 million in the first quarter of 2011, compared with $15.7 million in the first quarter of 2010, an increase of 7%. The increased sales were primarily from $1.2 million in increased custom infusion set sales from increased unit volume due to increased market share and demographic growth. We expect modest increases in international customer sales in 2011 compared to 2010, primarily from growth in CLAVE, critical care product sales and custom set sales, although there is no assurance that these expectations will be realized.

Product and other revenue: Net sales of CLAVE products were $25.0 million in the first quarter of 2011 compared to $23.4 million in the first quarter of 2010, an increase of 7%. The increase was primarily from higher U.S. Hospira sales and from higher domestic distributor/direct sales from increased market share and demographic growth. We expect modest increases in CLAVE product sales in 2011 compared to 2010, although there is no assurance that these expectations will be realized.

Net sales of custom products, which include custom infusion, custom oncology products and custom critical care products, were $24.1 million in the first quarter of 2011 compared to $20.4 million in the first quarter of 2010, an increase of 18%. This increase was primarily comprised of increased sales of custom infusion sets from unit growth. The unit growth in custom infusion sets was primarily due to the conversion by certain of our customers from a competitor's standard sets to our custom systems. We expect modest increases in custom product sales in 2011 compared to 2010 because of the additional sales to Hospira in 2010 for product line changes that are not expected to occur in 2011, although there is no assurance that these expectations will be realized.

Standard critical care product sales were $12.7 million in the first quarter of 2011 compared to $12.4 million in the first quarter of 2010, a small increase of 3%. We expect moderate increases in 2011 compared to 2010 in standard critical care sales, although there is no assurance that these expectations will be realized.

Our standard oncology product sales were $2.2 million in the first quarter of 2011 compared to $1.4 million in the first quarter of 2010, an increase of 60%. The increase was from higher sales to Hospira and higher international sales. We expect higher standard oncology sales in 2011 compared to 2010, although there is no assurance that these expectations will be realized.

TEGO sales, our renal dialysis product, were $2.0 million in the first quarter of 2011 compared to $0.8 million in the first quarter of 2010, an increase of 152%. This increase was primarily due to an increase in unit sales in domestic and international distributors and direct sales. We expect TEGO sales to have significant increases in 2011 compared to 2010 due to a new agreement with a major dialysis provider in the U. S, although there is no assurance that these expectations will be realized.

Other revenue consists of license, royalty and revenue share income and was approximately $0.1 million in the first quarter of 2011 and $0.2 million in the first quarter of 2010. We may receive other license fees or royalties in the future for the use of our technology. There is no assurance as to amounts or timing of any future payments, or whether such payments will be received.

Gross margins for the first quarters of 2011 and 2010 were 48% and 42%, respectively. The increase was primarily from favorable product mix and manufacturing efficiencies.

We estimate our gross margin in 2011 will approximate 47% to 47.5%; however, there is no assurance that these expectations will be realized.

Selling, general and administrative expenses ("SG&A") were $22.9 million and 32% of revenues in the first quarter of 2011, compared with $19.7 million and 31% of revenues in the first quarter of 2010. The increase was primarily from a one-time expense for the Long Term Retention Plan ("LTRP") of $2.0 million and increased sales and marketing compensation and benefits of $0.7 million. In January 2011, our Compensation Committee determined to pay out the 2005 LTRP grants and to not make any future payments for the 2006 and 2007 awards, thus effectively cancelling the plan. As a result, we recognized $2.0 million of non-recurring expense to SG&A in the first quarter of 2011. The increase in sales and marketing compensation and benefits is primarily a result of the expansion of our sales and marketing workforce and salary increases. We expect SG&A in 2011 to be approximately 28.0-28.5% of revenue. There is no assurance that these expectations will be realized.

Research and development expenses ("R&D") were $2.1 million and 3% of revenue in the first quarter of 2011 compared to $0.9 million and 1% of revenue in the first quarter of 2010. The increase was primarily from $0.3 million of LTRP payout expense and $0.6 million of higher project related R&D expenses. We expect R&D in 2011 to be approximately 2.0% of revenue, although there is no assurance that these expectations will be realized.

Legal settlement income of $2.5 million was received in the first quarter of 2011 and recorded in operating expenses. The payment to us was the result of a settlement of litigation against a law firm that formerly represented us in patent litigation.

Other income was $0.4 million in the first quarter of 2011 compared to $0.2 million in the first quarter of 2010.

Income taxes were accrued at an estimated annual effective tax rate of 36% in the first quarter of 2011 compared to 35% in the first quarter of 2010. The 2011 tax rate differed from the statutory corporate rate of 35% principally because of the effect of foreign and state income taxes, tax credits and deductions for domestic production activities. We expect our effective tax rate to be approximately 36% in 2011.

Liquidity and Capital Resources

During the first quarter of 2011, our cash, cash equivalents and investment securities increased by $13.5 million from $93.3 million at December 31, 2010 to $106.8 million at March 31, 2011.

***Operating Activities**:* Our cash provided by operating activities tends to increase over time because of our positive operating results. However, it is subject to fluctuations, principally from the impact of integrating new locations, changes in net income, accounts receivable, inventories and the timing of tax payments.

During the first quarter of 2011, our cash provided by operations was $15.2 million, which was mainly comprised of net income of $8.1 million, depreciation and amortization of $4.5 million and stock compensation expense of $1.0 million, offset by changes in our operating assets and liabilities.

Investing Activities: During the first quarter of 2011, cash used in investing activities was $26.2 million. This was comprised of net investment purchases of $21.3 million and purchases of property and equipment of $4.9 million which were primarily for machinery, equipment and mold additions in our United States and Slovakia plants.

While we can provide no assurances, we estimate that our capital expenditures in 2011 will approximate $16.0 million to $19.0 million, which is primarily for investments in molds, machinery and equipment in our manufacturing operations in the United States and investments in information technology that benefit world-wide operations. We expect to use our cash and investments to fund our capital purchases. Estimates of capital expenditures may differ substantially from actual capital expenditures.

Financing Activities: During the first quarter of 2011, our cash provided by financing activities was $2.2 million. This was from stock option exercises and shares purchased from the employee stock purchase plan resulting in 72,904 shares issued to employees and directors. The tax benefits from the exercise of stock options was $0.3 million in the first quarter of 2011 which fluctuates based principally on when employees choose to exercise their vested stock options.

We have a substantial cash and investment security position generated from profitable operations and stock sales, principally from the exercise of employee stock options. We maintain this position to fund our growth, meet increasing working capital requirements, fund capital expenditures, and to take advantage of acquisition opportunities that may arise. Our primary investment goal is principal preservation, as further described below in Part I, Item3. Quantitative and Qualitative Disclosures about Market Risk.

We believe that our existing cash, cash equivalents and investment securities along with funds expected to be generated from future operations will provide us with sufficient funds to finance our current operations for the next twelve months. In the event that we experience illiquidity in our investment securities, downturns or cyclical fluctuations in our business that are more severe or longer than anticipated or if we fail to achieve anticipated revenue and expense levels, we may need to obtain or seek alternative sources of capital or financing, and we can provide no assurances that the terms of such capital or financing will be available to us on favorable terms, if at all.

Off Balance Sheet Arrangements

In the normal course of business, we have agreed to indemnify our officers and directors to the maximum extent permitted under Delaware law and to indemnify customers as to certain intellectual property matters related to sales of our products. There is no maximum limit on the indemnification that may be required under these agreements. Although we can provide no assurances, we have not previously incurred, nor do we expect to incur, any material liabilities associated with this indemnification.

Pursuant to our asset purchase agreement with Hospira, we have agreed to indemnify Hospira and its affiliates from certain liabilities arising out of (i) inaccuracies of our representations and breaches of our warranties; (ii) defaults of our covenants or obligations; (iii) certain assumed obligations and (iv) use of the acquired assets after the date of closing. Most of Hospira's rights to indemnification have terminated, except for liabilities arising out of certain provisions of the asset purchase agreement and liabilities for which notice was previously provided. Notwithstanding the foregoing, we are not obligated to indemnify Hospira for any liabilities for which Hospira is obligated to indemnify us or our affiliates under the Manufacturing, Commercialization and Development Agreement with Hospira, Inc. dated May 1, 2005. Although we can provide no assurances, we do not expect to incur material liability arising out of the indemnification provision of the asset purchase agreement.

Contractual Obligations

We have contractual obligations, at March 31, 2011, of approximately the amount set forth in the table below. This amount excludes purchase orders for goods and services for current delivery. The majority of our purchase orders are blanket purchase orders that represent an estimated forecast of goods and services. We do not have a commitment liability on the blanket purchase orders. Since we do not have the ability to separate out blanket purchase orders from non-blanket purchase orders for goods and services for current delivery, amounts related to such purchase orders are excluded from the table below. We have excluded from the table below pursuant to ASC 740-10-25 (formerly FIN 48), an interpretation of ASC 740-10 (formerly SFAS 109), a noncurrent income tax liability of $4.2 million due to the high degree of uncertainty regarding the timing of future cash outflows associated with the liabilities.

	(in thousands)			
Contractual Obligations	**Total**	**2011**	**2012**	**2013**
Operating leases	$ 127	$ 127	$ —	$ —
Warehouse service agreements	1,739	658	877	204
Capital purchase obligations	3,625	3,625	—	—
	$ 5,491	$ 4,410	$ 877	$ 204

Critical Accounting Policies

In our Annual Report on Form 10-K for the year ended December 31, 2010, we identified the critical accounting policies which affect our more significant estimates and assumptions used in preparing our consolidated financial statements. We have not changed these policies from those previously disclosed in our Annual Report.

New Accounting Pronouncements

See Note 2 to Part I, Item 1. Financial Statements.

Forward Looking Statements

Various portions of this Quarterly Report on Form 10-Q, including this Management's Discussion and Analysis, describe trends in our business and finances that we perceive and state some of our expectations and beliefs about our future. These statements about the future are "forward looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and we identify them by using words such as "believe," "expect," "estimate," "plan," "will," "continue," "could," "may," and by similar expressions and statements about aims, goals and plans. The forward looking statements are based on the best information currently available to us and assumptions that we believe are reasonable, but we do not intend the statements to be representations as to future results. They include, without limitation, statements about:

- future growth; future operating results and various elements of operating results, including future expenditures on sales and marketing and product development; future sales and unit volumes of products; expected increases in sales; deferred revenue; future license, royalty and revenue share income; production costs; gross margins; litigation expense; SG&A and R&D expenses; future costs of expanding our business; income; losses; cash flow; capital expenditures; source and sufficiency of funds for capital purchases and operations; tax rates; changes in working capital items such as receivables and inventory; selling prices; and income taxes;

- factors affecting operating results, such as shipments to specific customers; reduced dependence on current proprietary products; expansion in international markets, selling prices; future increases or decreases in sales of certain products and in certain markets and distribution channels; increases in systems capabilities; introduction and sales of new products; planned increases in marketing; inventory requirements; manufacturing efficiencies and cost savings; unit manufacturing costs; establishment of production facilities outside the U.S.; planned new orders for automated assembly machines for new products; adequacy of production capacity; results of R&D; relocation of manufacturing facilities and personnel; planned growth of our sales and marketing group; our expectation that sales will shift from medical product manufacturers to domestic and international distributors and direct sales; effect of expansion of manufacturing facilities on production efficiencies and resolution of production inefficiencies; the effect of costs to customers and delivery times; business seasonality and fluctuations in quarterly results; customer ordering patterns and the effects of new accounting pronouncements; and

- expansion of our custom products business; expected increases in revenues from our custom infusion sets, custom critical care and custom oncology products and the importance of these products in the future; potential customer resistance to custom products; our focus on increasing product development, acquisition, sales and marketing efforts to custom products and similar products; new or extended contracts with manufacturers and buying organizations; dependence on a small number of customers; future sales to and revenues from Hospira and the importance of Hospira to our growth; effect of the acquisition of Hospira's critical care product line, including its effect on future revenues from Hospira and our positioning with respect to new product introductions and market share; growth of our CLAVE products in future years; the outcome of our strategic initiatives; outcome of litigation; competitive and market factors, including continuing development of competing products by other manufacturers; consolidation of the healthcare provider market; our dependence on securing long-term contracts with large healthcare providers and major buying organizations; working capital requirements; liquidity and realizable value of our investment securities; future investment alternatives; our expectations regarding liquidity and capital resources over the next twelve months; acquisitions of other businesses or product lines, indemnification liabilities and contractual liabilities.

Forward-looking statements involve certain risks and uncertainties, which may cause actual results to differ materially from those discussed in each such statement. First, one should consider the factors and risks described in the statements themselves or otherwise discussed herein. Those factors are uncertain, and if one or more of them turn out differently than we currently expect, our operating results may differ materially from our current expectations.

Second, investors should read the forward looking statements in conjunction with the Risk Factors discussed in Part I, Item 1A of our Annual Report on Form 10-K with the SEC for the year ended December 31, 2010 and our other reports and registration statements filed with the SEC. Also, actual future operating results are subject to other important factors and risks that we cannot predict or control, including without limitation, the following:

- general economic and business conditions, both in the U.S. and internationally;
- unexpected changes in our arrangements with Hospira or our other large customers;
- outcome of litigation;
- fluctuations in foreign exchange rates and other risks of doing business internationally;
- increases in labor costs or competition for skilled workers;
- increases in costs or availability of the raw materials need to manufacture our products;
- the effect of price and safety considerations on the healthcare industry;
- competitive factors, such as product innovation, new technologies, marketing and distribution strength and price erosion;
- the successful development and marketing of new products;
- unanticipated market shifts and trends;
- the impact of legislation affecting government reimbursement of healthcare costs;
- changes by our major customers and independent distributors in their strategies that might affect their efforts to market our products;
- the effects of additional governmental regulations;
- unanticipated production problems; and
- the availability of patent protection and the cost of enforcing and of defending patent claims.

The forward-looking statements in this report are subject to additional risks and uncertainties, including those detailed from time to time in our other filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof and, except as required by law, we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We had a portfolio of federal-tax exempt state and municipal government debt securities and certificates of deposit of $35.7 million as of March 31, 2011. The securities are all "investment grade", comprised of $31.7 million of pre-refunded municipal securities, $1.2 million of non-pre-refunded municipal securities and $2.8 million of certificates of deposit. The pre-refunded municipal securities are fully escrowed by U.S. government Treasury bills with low market risk.

Our future earnings are subject to potential increase or decrease because of changes in short-term interest rates. Generally, each one-percentage point change in the discount rate will cause our overall yield to change by two-thirds to three-quarters of a percentage point, depending upon the relative mix of federal-tax-exempt securities in our portfolio and market conditions specific to the securities in which we invest. Two-thirds to three-quarters of a percentage point change in our earnings on investment securities would create a change of approximately $0.3 million to investment income based on the investment securities balance at March 31, 2011.

Foreign currency exchange risk for financial instruments on our balance sheet, which consist of cash, accounts receivable, insurance receivable and accounts payable, is not significant to our financial statements. Sales from the U.S. and Mexico to foreign distributors are all denominated in U.S. dollars. We have manufacturing, sales and distribution facilities in several countries and we conduct business transactions denominated in various foreign currencies, principally the Euro and Mexican Peso. A 10% change in the conversion of the Mexican Peso to the U.S. dollar from the average exchange rate we experienced in 2010 and our manufacturing spending from 2010 would impact our cost of goods sold by approximately $2.0 million. Cash and receivables in those countries have been insignificant and are generally offset by accounts payable in the same foreign currency, except for our European operations, where our net Euro asset position at March 31, 2011 and 2010 were approximately €13.3 million and €8.5 million, respectively. A 10% change in the conversion of the Euro to the U.S. dollar for our cash, accounts receivable, insurance receivable and accounts payable from the March 31, 2011 spot rate would impact our consolidated amounts on these balance sheet items by approximately $1.9 million or less than 2% of these net assets. We expect that in the future, with the growth of our European distribution operation, that net Euro denominated instruments will continue to increase. We currently do not hedge our foreign currency exposures.

Our exposure to commodity price changes relates primarily to certain manufacturing operations that use resin. We manage our exposure to changes in those prices through our procurement and supply chain management practices and the effect of price changes has not been material to date. Based on our average price for resin in fiscal year 2010 and 2009, a 10% increase to the price of resin would result in approximately a $0.7 million change and $0.6 million change in material cost, respectively.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our principal executive officer and principal financial officer have concluded, based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), as of the end of the period covered by this Report, that our disclosure controls and procedures are effective to ensure that the information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and that such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

There was no change in our internal control over financial reporting during the quarter ended March 31, 2011 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We have not been required to pay any penalty to the IRS for failing to make disclosures required with respect to certain transactions that have been identified by the IRS as abusive or that have a significant tax avoidance purpose.

In an action filed July 27, 2007 entitled ICU Medical, Inc. v. RyMed Technologies, Inc. in the United States District Court for the District of Delaware, we alleged that RyMed Technologies, Inc. ("RyMed") infringes certain of ICU's patents through the manufacture and sale of certain products, including its InVision-Plus valves. We sought monetary damages and injunctive relief. As noted in Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2010, trial commenced on December 13, 2010, and on December 17, 2010, the jury returned a verdict in our favor on two patents. The parties are engaged in post-trial briefings and motion practice, and have requested a re-trial on certain matters. We intend to continue to vigorously pursue these matters.

We are from time to time involved in various other legal proceedings, either as a defendant or plaintiff, most of which are routine litigation in the normal course of business. We believe that the resolution of the legal proceedings in which we are involved will not have a material adverse effect on our financial position or results of operations.

Item 1A. Risk Factors

In evaluating an investment in our common stock, investors should consider carefully, among other things, the risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2010, as well as the information contained in this Quarterly Report and our other reports and registration statements filed with the SEC. There have been no material changes in the risk factors as previously disclosed under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K with the SEC for the year ended December 31, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In July 2008, our Board of Directors authorized a program to purchase $40.0 million of our common stock. In October 2009, our Board of Directors increased the amount that may be purchased under this plan by $15.0 million, bringing the total authorized amount that may be purchased under the plan to $55.0 million. As of March 31, 2011, all but $54,000 of the $55.0 million authorized had been used. This plan has no expiration date.

In July 2010, our Board of Directors approved a new common stock purchase plan to purchase $40.0 million of our common stock. This plan has no expiration date.

The following is a summary of our stock repurchasing activity during the first quarter of 2011:

Period	Shared purchased	Average price paid per share	Shares purchased as part of a publicly announced program	Approximate dollar value that may yet be purchased under the program
01/01/2011 — 01/31/2011	—	$ —	—	$ 40,054,000
02/01/2011 — 02/28/2011	—	—	—	40,054,000
03/01/2011 — 03/31/2011	—	—	—	40,054,000
First quarter of 2011 total	—	$ —	—	40,054,000

Table of Contents

Item 6. Exhibits

Exhibit 10.1*	2008 Performance-Based Incentive Plan, as amended.
Exhibit 10.2*	Employment agreement between Registrant and George A. Lopez, M.D., effective January 1, 2011, dated March 30, 2011..
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or other arrangement.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ICU Medical, Inc.

(Registrant)

/s/ Scott E. Lamb Date: April 22, 2011
Scott E. Lamb
Chief Financial Officer
(Principal Financial Officer)

Table of Contents

Exhibit Index

Exhibit 10.1	2008 Performance-Based Incentive Plan, as amended.
Exhibit 10.2	Employment agreement between Registrant and George A. Lopez, M.D., effective January 1, 2011, dated March 30, 2011..
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 10.1

ICU MEDICAL, INC.

2008 PERFORMANCE-BASED INCENTIVE PLAN

1. **Purpose of this Plan**

The purpose of this ICU Medical, Inc. 2008 Performance-Based Incentive Plan is to enhance stockholder value of by providing economic incentives designed to motivate, retain, and attract Executives to the Company.

2. **Definitions and Rules of Interpretation**

2.1 **Definitions.** This Plan uses the following defined terms:

(a) ***"Applicable Law"*** means any and all laws of whatever jurisdiction, within or without the United States, and the rules of any stock exchange or quotation system on which Shares are listed or quoted, applicable to the taking or refraining from taking of any action under this Plan, including the administration of this Plan and the establishment or grant of Bonus Awards.

(b) **"*Approval Date*"** means the date on which this Plan is approved by the Company's stockholders.

(c) ***"Board"*** means the board of directors of the Company.

(d) ***"Bonus Award"*** means a cash payment under this Plan to a Participant to be paid upon the achievement of Performance Targets applicable to such Bonus Award.

(e) ***"Code"*** means the Internal Revenue Code of 1986.

(f) ***"Committee"*** means the Compensation Committee of the Board.

(g) ***"Company"*** means ICU Medical, Inc., a Delaware corporation.

(h) ***"Exchange Act"*** means the Securities Exchange Act of 1934, as amended.

(i) ***"Executive"*** means an individual who is a "covered employee" under Section 162(m) of the Code because of the individual's relationship with the Company or a Subsidiary, and any other key employee of the Company or a Subsidiary the Committee may designate for participation.

(j) ***"Participant"*** means any Executive selected by the Committee for whom a Bonus Award is established.

(k) ***"Performance Targets"*** means targets established by the Committee for performance of the Company based on one or more of the following criteria: (i) sales or net sales; (ii) gross profit or margin; (iii) expenses, including cost of goods sold, operating expenses, marketing and administrative expense, research and development, restructuring or other special or unusual items, interest, tax expense, or other measures of savings; (iv) operating earnings, operating profit margins, earnings before interest, taxes, depreciation, or amortization, net earnings, earnings per share (basic or diluted) or other measure of earnings; (v) cash flow, including cash flow from operations, investing, or financing activities, before or after dividends, investments, or capital expenditures; (vi) balance sheet performance, including debt, long or short term, inventory, accounts payable or receivable, working capital, or shareholders' equity; (vii) return measures, including return on invested capital, sales, assets, or equity; (viii) stock price performance or shareholder return; (ix) economic value created or added; (x) days' sales outstanding; (xi) inventory turns; (xii) revenue per employee; (xiii) EBITDA; and (xiv) implementation or completion of critical projects involving acquisitions, divestitures, process improvements, product or production quality, attainment of other strategic objectives relating to market penetration, geographic expansion, product development, regulatory or quality performance, innovation or research goals. In each case, performance may be measured (A) on an aggregate or net basis; (B) before or after tax or cumulative effect of accounting changes;

(C) relative to other approved measures, on an aggregate or percentage basis, over time, or as compared to performance by other companies or groups of other companies; or (D) by product, product line, business unit or segment, or geographic unit. The Performance Targets may include a threshold level of performance below which no payment will be made, levels of performance at which specified payments will be made and a maximum level of performance above which no additional payment will be made.

(l) ***"Plan"*** means this ICU Medical, Inc. 2008 Performance-Based Incentive Plan.

(m) ***"Subsidiary"*** means, as to any person, an entity, such as a corporation, partnership, firm, limited liability company, association, business organization, enterprise or other entity, in which such person holds directly or indirectly (through one or more other Subsidiaries) securities or other interests conferring the power to elect a majority of the board of directors or similar governing body, or otherwise conferring the power to direct the business and policies of such entity.

(n) ***"Termination"*** means that the Participant has ceased to be, with or without any cause or reason, an employee of the Company or a Subsidiary. However, unless so determined by the Committee or otherwise provided in this Plan, "Termination" shall not include a change in employment from employment by the Company to employment by a Subsidiary or *vice versa*, or from employment by a Subsidiary to employment by another Subsidiary. An event that causes a Subsidiary to cease being a Subsidiary shall be treated as the "Termination" of that Subsidiary's employees.

2.2 **Rules of Interpretation.** Any reference to a "Section," without more, is to a Section of this Plan. Captions and titles are used for convenience in this Plan and shall not, by themselves, determine the meaning of this Plan. Except when otherwise indicated by the context, the singular includes the plural and *vice versa*. Any reference to a statute is also a reference to the applicable rules and regulations adopted under that statute. Any reference to a statute, rule or regulation, or to a section of a statute, rule or regulation, is a reference to that statute, rule, regulation, or section as amended from time to time, both before and after the effective date of this Plan and including any successor provisions.

3. **Administration**

3.1 **General**

(a) This Plan will be administered by the Committee.

(b) The Committee shall consist of at least two members of the Board who are "outside directors" as defined in Section 162(m) of the Code.

3.2 **Authority of the Committee.** Subject to the other provisions of this Plan, the Committee shall have the authority:

(a) to select the Participants to receive Bonus Awards;

(b) to establish Bonus Awards including, subject to the limitations of this Plan, the amount of such Bonus Awards;

(c) to determine the Performance Targets for each Bonus Award;

(d) to determine whether Performance Targets established for a Bonus Award have been achieved, the level of Performance Targets achieved and the amount of the Bonus Award payable, if any;

(e) to authorize payment of the amount of a Bonus Award that the Committee has determined to be payable;

(f) to not authorize payment or reduce, but not increase, the amount payable pursuant to a Bonus Award based on subjective or qualitative measures;

(g) to interpret this Plan and any agreement or document related to this Plan;

(h) to correct any defect, remedy any omission, or reconcile any inconsistency in this Plan, any agreement or any other document related to this Plan;

(i) to adopt, amend, and revoke rules and regulations under this Plan; and

(j) to make all other determinations the Committee deems necessary or advisable for the administration of this Plan.

3.3 **Scope of Discretion.** On all matters for which this Plan confers the authority, right or power on the Committee to make decisions, the Committee may make those decisions in its sole and absolute discretion. Those decisions will be final, binding and conclusive.

3.4 **Information to be Furnished to the Committee.** The Company shall furnish the Committee such data and information as may be required for it to discharge its duties. The records of the Company as to an individual's employment or provision of services, termination of employment or cessation of the provision of services, leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of this Plan.

3.5 **Liability and Indemnification of the Committee.** No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of this Plan unless attributable to his own fraud or willful misconduct; nor shall the Company or any Subsidiary be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Company or a Subsidiary. The Committee, the individual members thereof, and persons acting as the authorized delegates of the Committee under this Plan, shall be indemnified by the Company against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

4. **Operation of this Plan**

4.1 **Performance-Based Compensation.** Bonus Awards made under this Plan are intended to constitute "performance-based compensation" within the meaning of Section 162(m) of the Code and shall be conditioned on the achievement of one or more Performance Targets as determined by the Committee.

4.2 **Establishment of Bonus Awards; Limitation.** For any performance period determined by the Committee it may select the Participant or Participants for whom Bonus Awards may be established, determine the amount of the Bonus Awards and the portions of the Bonus Awards that will be payable upon achievement of various levels of the applicable Performance Targets. The maximum amount payable pursuant to Bonus Awards to any Participant with respect to any twelve month performance period shall be $2,000,000 (pro rated for performance periods that are greater or lesser than twelve months).

4.3 **Establishment of Performance Targets.** For each performance period for which a Bonus Award is established, the Committee shall establish the Performance Targets applicable to such Bonus Award in writing not later than 90 days after the beginning of the performance period (but in no event after 25% of the performance period has elapsed), and while the outcome as to the Performance Targets is substantially uncertain. The Performance Targets established by the Committee shall be objective (as that term is described in regulations under Section 162(m) of the Code).

4.4 **Determination of Achievement of Performance Targets.** Within 75 days of the end of each performance period, the Committee shall: (a) assess the extent to which the Company has achieved the Performance Targets for such performance period based, as applicable, on the Company's publicly reported results; (b) determine each Participant's Bonus Award based upon the terms described in Section 4.2; and (c) authorize payment of the amount of the Bonus Award so determined. Where applicable, achievement of the Performance Targets shall be determined in accordance with generally accepted accounting principles and shall be subject to certification by the Committee; provided that the Committee shall have the authority to exclude, to the extent such exclusion is consistent with IRC Section 162(m), the impact of acquisitions, dispositions, restructurings, discontinued operations, extraordinary items, and other unusual, special, or non-recurring events and the cumulative effects of tax or accounting principles as identified in financial results filed with or furnished to the Securities and Exchange Commission. A Participant may not receive a payment of a Bonus Award until the Committee has determined that the applicable Performance Targets have been achieved.

4.5 **Withholding.** All Bonus Awards and other payments under this Plan are subject to withholding of all applicable federal, state and local taxes.

4.6 **Termination.** If the Termination of a Participant for whom a Bonus Award has been established under Section 4.2 occurs before the last day of the performance period applicable to the Bonus Award, such Bonus Award shall not be paid regardless of whether the Performance Targets have been achieved.

5. **Amendment or Termination of this Plan or Bonus Awards**

5.1 **Amendment and Termination.** The Board may at any time amend, suspend or terminate this Plan.

5.2 **Stockholder Approval.** The Company shall obtain the approval of the Company's stockholders for any amendment to this Plan if stockholder approval is necessary or desirable to comply with any Applicable Law, including Section 162(m) of the Code. The Board may also, but need not, require that the Company's stockholders approve any other amendments to this Plan.

5.3 **Effect.** No amendment, suspension or termination of this Plan, and no modification of any Bonus Award even in the absence of an amendment, suspension or termination of this Plan, shall impair any existing contractual rights of any Particpant unless the affected Participant consents to the amendment, suspension, termination or modification. No such consent shall be required, however, if the Board determines, in its sole and absolute discretion, that the amendment, suspension, termination or modification is required or advisable for this Plan or the Bonus Award to satisfy the requirements to constitute performance-based compensation under Section 162(m) of the Code. Termination of this Plan shall not affect the Committee's ability to exercise the powers granted to it under this Plan with respect to Bonus Awards granted before the termination even though such Bonus Awards would be paid after the termination.

6. **Reserved Rights**

6.1 **Nonexclusivity of this Plan.** This Plan shall not limit the power of the Company or any Subsidiary to adopt other incentive arrangements including, for example, the grant or issuance of stock options, stock or other equity-based rights under other plans or independently of any plan.

6.2 **Unfunded Plan.** This Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants, any such accounts will be used merely as a convenience. The Company shall not be required to segregate any assets on account of this Plan or the establishment of Bonus Awards. The Company and the Administrator shall not be deemed to be a trustee of cash to be awarded under this Plan. No obligations of the Company to any Participant under this Plan shall be deemed to be secured by any pledge or other encumbrance on any assets of the Company. The Company shall not be required to give any security or bond for the performance of any such obligations.

6.3 **No Employment Agreement.** This Plan does not constitute a contract of employment or continued service, and selection as a Participant will not give any person the right to be retained in the employ or service of the Company or a Subsidiary, nor any right or claim to any benefit under this Plan, unless such right or claim has specifically accrued under the terms of this Plan.

7. **Transferability and Beneficiaries**

7.1 **Bonus Awards not Transferable.** Bonus Awards under this Plan are not transferable except: (a) as designated by the Participant by will or by the laws of descent and distribution; (b) as provided in Section 7.2; or (c), to the extent provided by the Committee, pursuant to a qualified domestic relations order (within the meaning of the Code and applicable rules thereunder).

7.2 **Beneficiaries.** A Participant may file a written designation of one or more beneficiaries who are to receive the Participant's rights under the Participant's Bonus Award after the Participant's death, to the extent that such Bonus Award is otherwise payable in accordance with the terms of this Plan after the Participant's death. A Participant may change such a designation at any time by written notice.

8. **Miscellaneous**

8.1 **Effective Date and Approval Date.** This Plan will be effective as of the date it is adopted by the Board; provided, however, that Bonus Awards established or granted under this Plan before the Approval Date will be contingent on approval of this Plan by the Company's stockholders.

8.2 **Governing Law.** This Plan, the Bonus Awards and any other agreements entered into under this Plan, and all actions taken under this Plan or in connection with Bonus Awards, shall be governed by the substantive laws, but not the choice of law rules, of the State of California.

Originally adopted by the Board on: March 11, 2008

Approved by the stockholders on: May 16, 2008

Effective date of this Plan: March 11, 2008

Amended by the Board on: March 29, 2011

ICU Medical, Inc.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and entered into as of this first day of January 2011, by and between ICU Medical, Inc., a Delaware corporation ("Employer"), and George A. Lopez ("Employee").

RECITALS

A. Employer is engaged in the business of developing and manufacturing safe medical connectors.

B. Employer desires to employ Employee, and Employee desires to be employed, on the terms and conditions set forth in this Agreement.

C. Prior to or contemporaneously with the date of this Agreement, Employee and the Company have entered into an Indemnification Agreement and a Confidentiality and Inventions Agreement.

AGREEMENT

Accordingly, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. TERMS OF AGREEMENT

1.1 Initial Term The initial term of this agreement shall begin on January 1, 2011 and shall continue until December 31, 2011 unless it is terminated earlier pursuant to Section 5.

1.2 Renewal Terms Notwithstanding Section 1.1, this Agreement shall be extended and continue in effect, subject to Section 5, until the earlier of (i) the execution by Employer and Employee of an amendment extending this Agreement or a new employment agreement or (ii) March 31, 2012 if, but only if, at December 31, 2011 each of the following is true:

a. This Agreement has not been terminated pursuant to Section 5 and Employer has not notified Employee of a termination pursuant to Section 5;

b. Neither Employer nor Employee has notified the other of its or his intention not to extend or renew this Agreement; and

c. The parties have not yet executed an amendment extending this Agreement or a new employment agreement.

Neither this Agreement nor the employment of Employee will in any event continue beyond March 31, 2012 unless Employer and Employee execute an amendment extending this Agreement or a new employment agreement by such date.

2. EMPLOYMENT

2.1 Employment of Employee. Employer hereby hires Employee as President and Chief Executive Officer. Employee hereby accepts such employment on the terms and conditions of this Agreement.

2.2 Position and Duties. Employee shall serve, as President and Chief Executive Officer of Employer and shall have the general powers and duties of management usually vested in that office in a corporation and such other powers and duties as may be prescribed by the Board of Directors or the Bylaws of Employer. In this position, Employee will report directly to, and be subject to the supervision of the Board of Directors.

2.3 Standard of Performance. Employee agrees that he will at all times faithfully and industriously and to the best of his/her ability, experience and talents perform all of the duties that may be required of and from him/her pursuant to the terms of this Agreement. Such duties shall be performed at such place or places as the interests, needs, business and opportunities of Employer shall require or render advisable.

2.4 Exclusive Service. Employee shall devote all of his business energies and abilities and all of his productive time to the performance of his duties under this Agreement (reasonable absences during holidays and vacations excepted), and shall not, without the prior written consent of Employer, render to others any service of any kind (whether or not for compensation) that, in the opinion of Employer, would materially interfere with the performance of his/her duties under this Agreement.

Employee shall not, without the prior written consent of Employer, maintain any affiliation with, whether as an agent, consultant, employee, officer, director, trustee or otherwise, nor shall s/he directly or indirectly render any services of an advisory nature or otherwise to, or participate or engage in, any other business activity that conflict with Employee's obligations to the Company.

3. COMPENSATION

3.1 Compensation. During the term of this Agreement, Employer shall pay the amounts and provide the benefits described in this Section 3, and Employee agrees to accept such amounts and benefits in full payment for Employee's services under this Agreement.

3.2 **Base Salary.** Employer shall pay to Employee a base salary of $ 670,000 annually in equal installments payable no less frequently than semi-monthly.

3.3 **Incentive Bonus Compensation.** (see ADDENDUM TO EMPLOYMENT AGREEMENT JANUARY-DECEMBER 2011).

3.4 **Fringe Benefits.** Subject to Section 3.6 and upon satisfaction of the applicable eligibility requirements, Employee shall be entitled to all fringe benefits which Employer may make generally available from time to time for its executive employees. Such benefits shall include without limitation those available, if any, under any group insurance, profit sharing, pension or retirement plans or sick leave policy.

3.5 **Vacation and Holiday.** Employee shall be entitled to vacations and holidays. Employee is entitled to additional vacation time entirely at the sole discretion of employee.

3.6 **Deduction from Compensation.** Employer shall deduct and withhold from all compensation payable to Employee all amounts required to be deducted or withheld pursuant to any present or future law, ordinance, regulation, order, writ, judgment, or decree requiring such deduction and withholding.

3.7 **Disability Severance Benefits.** Should Employee's employment hereunder be terminated by reason of his/her total and permanent disability, which renders the Employee unable to perform the essential functions of his/her job, with or without reasonable accommodation, Employer shall pay Employee, within 30 days of termination, a lump sum severance payment equal to 50% of the base salary in Section 3.2, and regularly accrued salary for any pay periods worked by the employee, but not paid. Total and permanent disability means Employee is unable to perform his/her duties with or without reasonable accommodation for a consecutive period of six months due to bodily injury or sickness, including mental or nervous disorder, as determined by a physician selected by Employer and acceptable to the Employee or his/her legal representative, and while disabled s/he does not engage in any employment for wage or profit.

Employer's obligation to pay disability severance benefits shall be reduced by any payments for which s/he and his/her dependents are eligible under the Federal Social Security Act, and any payment to which s/he is eligible under the Worker's Compensation Law, Unemployment Insurance Code or other similar legislation, or under any other plan or insurance maintained and paid for by Employer providing benefits for loss of time from disability or unemployment.

4. REIMBURSEMENT OF EXPENSES

Employer shall pay to or reimburse Employee for those travel, promotional and similar expenditures incurred by Employee which Employer determines are reasonably necessary for the proper discharge of Employee's duties under this Agreement and for which Employee submits appropriate receipts and indicates the amount, date, location and business character, provided that the nature and general amount of such expenditures is either in accordance with the Company's policies announced from time to time or approved in advance.

5. TERMINATION

5.1 Termination Date. The date on which this Agreement terminates shall be the "Termination Date." After the Termination Date, Employee shall not be employed by Employer, Employer shall promptly pay to Employee any compensation under this Agreement accrued but unpaid as of that date, and Employee shall not be entitled to any compensation from Employer for the performance by Employee after that date of any obligations of Employee to Employer under this Agreement.

5.2 Termination Without Cause. Without cause, Employer may terminate this Agreement at any time for any reason, or no reason (including without limitation the Employee's disability as a result of any physical or mental condition that prevents Employee from performing the essential functions of the job, with or without reasonable accommodation) by giving Employee 60 days written notice. If requested by Employer to do so, Employee shall continue to perform his/her duties under this Agreement during such 60 day period. This Agreement shall automatically and without further action of Employer terminate on the death of Employee.

5.3 Termination For Cause. Employer may terminate this Agreement at any time without prior notice for "cause" or in the event that Employee does not cure a breach of any provision of this Agreement within five days after Employer delivers demand to Employee to cure such breach. For this purpose, "cause" shall include, without limitation, (i) Employee's insubordination, meaning the willful failure to conform to or conduct himself/herself in accordance with the policies and standards of Employer or the refusal to perform the duties assigned pursuant to Section 2 or assigned by the Board of Directors; (ii) the dishonesty of Employee; (iii) Employee's conviction for a felony or for fraud, embezzlement or any other act of moral turpitude; (iv) any willful violation by Employee of laws or regulations applicable to Employer's business; or (v) Employee's gross negligence or willful misconduct in the performance of his/her duties under this Agreement which would adversely affect the business or reputation of Employer. A termination by Employee at any time after the occurrence of an event which would constitute cause for termination by Employer shall be considered a termination by Employer for cause.

5.4 Return of Employer Property. Within five days after the Termination Date, Employee shall return to Employer all products, books, records, forms, specifications, formulae, data processes, designs, papers and writings relating to the business of Employer, including without limitation proprietary or licensed computer programs, customer lists and customer data, and/or copies or duplicates thereof in Employee's possession or under Employee's control. Employee shall not retain any copies or duplicates of such property and all licenses granted to him/her by Employer to use computer programs or software shall be revoked on the Termination Date.

6. NONCOMPETITION

6.1 Noncompetition During Employment. During the term of this Agreement, Employee shall not, without the prior written consent of Employer, directly or indirectly render services of a business, professional, or commercial nature to any person or firm, whether for compensation or otherwise, or engage in any activity directly or indirectly or as an officer, director, employee, consultant, or holder of more than one (1%) percent of the capital

stock of any other corporation. Otherwise, Employee may make personal investments in any other business so long as these investments do not require him/her to participate in the operation of the companies in which s/he invests.

6.2 Non-solicitation. Employee acknowledges that s/he will have access at the highest level to, and the opportunity to acquire knowledge of, valuable, confidential and proprietary information relating to the business of the Company and, accordingly, in order to preserve the value of such information for the Company, Employee covenants and agrees as follows:

(a) Employee shall not, during the term of this Agreement and for a period of one year following the termination of this Agreement for any reason, without the prior written consent of the Company, directly or indirectly solicit any employee or contractor of the Company to terminate his or her employment or contractor status with Company.

(b) The Employee shall not, during the term of this Agreement and thereafter, use Company trade secrets to solicit business from or enter into a business relationship or transaction with any person or entity that has or has had a business relationship with the Company (including, but not limited to, customers) or disrupt, or attempt to disrupt, any relationship, contractual or otherwise, between Company and any such person or entity.

7. OTHER PROVISIONS

7.1 Compliance With Other Agreements. Employee represents and warrants to Employer that the execution, delivery and performance of this Agreement will not conflict with or result in the violation or breach of any term or provision of any order, judgment, injunction, contract, agreement, commitment or other arrangement to which Employee is a party or by which s/he is bound, including without limitation any agreement restricting the sale of products similar to Employer's products in any geographic location or otherwise. Employee acknowledges that Employer is relying on his/her representation and warranty in entering into this Agreement, and agrees to indemnify Employer from and against all claims, demands, causes of actions, damages, costs or expenses (including attorneys' fees) arising from any breach thereof.

7.2 Injunctive Relief. Employee acknowledges that the services to be rendered under this Agreement and the items described in Sections 5.4, 6 and 7 are of a special, unique and extraordinary character, that it would be difficult or impossible to replace such services or to compensate Employer in money damages for a breach of this Agreement. Accordingly, Employee agrees and consents that if s/he violates any of the provisions of this Agreement, Employer, in addition to any other rights and remedies available under this Agreement or otherwise, shall be entitled to temporary and permanent injunctive relief, without the necessity of proving actual damages and without the necessity of posting any bond or other undertaking in connection therewith.

7.3 Attorneys' Fees. The prevailing party in any suit, arbitration or other proceeding brought to enforce any provisions of this Agreement, shall be entitled to recover all costs and expenses of the proceeding and investigation (not limited to court costs), including attorneys' fees at the hourly rates usually charged by that party's attorneys.

7.4 **Nondelegable Duties.** This is a contract for Employee's personal services. The duties of Employee under this Agreement are personal and may not be delegated or transferred in any manner whatsoever, and shall not be subject to involuntary alienation, assignment or transfer by Employee during his/her life.

7.5 **Entire Agreement.** No discussions or comments made by the Employer's agents, personnel, staff, officers or attorneys concerning the subject matter of this Agreement evidence or imply any agreement other than the terms specifically included herein. No provision can be waived or modified by conduct or oral agreement either before or after execution of this Agreement. No representation, understanding, promise or condition shall be enforceable against any party unless it is contained in this Agreement, except as set forth in the Indemnification Agreement and Confidentiality and Inventions Agreement. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, the terms, conditions and provisions of this Agreement shall prevail. This Agreement is the only agreement and understanding between the parties pertaining to the subject matter of this Agreement, and supersedes all prior agreements, summaries of agreements, descriptions of compensation packages, discussions, negotiations, understandings, representations or warranties, whether verbal or written, between the parties pertaining to such subject matter. Notwithstanding the foregoing, the parties intend to be bound by the terms of the Indemnification Agreement and the Confidentiality and Inventions Agreement, the Retention Agreement entered into as of April 18, 2001, and the Long-Term Retention Plan, which govern the relationship of the parties with respect to subject matter of those respective agreements.

7.6 **Governing Law.** The validity, construction and performance of this Agreement shall be governed by the laws, without regard to the laws as to choice or conflict of laws, of the State of California.

7.7 **Severability.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions, and this Agreement shall be construed in all respects as if any invalid or unenforceable provision were omitted.

7.8 **Amendment and Waiver.** This Agreement may be amended, modified or supplemented only by a writing executed by each of the parties. Either party may in writing waive any provision of this Agreement to the extent such provision is for the benefit of the waiving party. No waiver by either party of a breach of any provision of this Agreement shall be construed as a waiver of any subsequent or different breach, and no forbearance by a party to seek a remedy for noncompliance or breach by the other party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.

7.9 **Binding Effect.** The provisions of this Agreement shall bind and inure to the benefit of the parties and their respective successors and permitted assigns.

7.10 **Notice.** Any notices or communications required or permitted by this Agreement shall be deemed sufficiently given if in writing and when delivered personally or 48 hours after deposit with the United State Postal Service as registered or certified mail, postage prepaid and addressed as follows:

(a) If to Employer, to the principal office of Employer in the State of California, marked "Attention: President"; or

(b) If to Employee, to the most recent address for Employee appearing in Employer's records.

7.11 **Headings.** The sections and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

EMPLOYER

ICU MEDICAL, INC.

By /s/ Michael T. Kovalchik, III, MD 3/25/11
Michael T. Kovalchik, III, MD date
Chairman, Compensation Committee

EMPLOYEE

By /s/ George A. Lopez, M.D. 3/30/11
George A. Lopez, M.D. date
President and C.E.O.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, George A. Lopez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ICU Medical, Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2011

/s/ George A. Lopez, M.D.
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott E. Lamb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ICU Medical, Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2011

/s/ Scott E. Lamb
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ICU Medical, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George A. Lopez, Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 22, 2011

/s/ George A. Lopez, M.D.
George A. Lopez, M.D.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ICU Medical, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott E. Lamb, Chief Financial Officer, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 22, 2011

/s/ Scott E. Lamb
Scott E. Lamb