

PERKINELMER INC  
Form DEF 14A  
March 17, 2006  
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN A PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only**

(as permitted by Rule 14a-6(e)(2))

- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**PerkinElmer, Inc.**

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

**Not applicable.**

*(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)*

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(1) Amount previously paid:

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(3) Filing Party:

(4) Date Filed:

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March 17, 2006

Dear Shareholder:

We cordially invite you to attend the 2006 annual meeting of shareholders of PerkinElmer, Inc. to be held on Tuesday, April 25, 2006, at 10:30 a.m. at the company's corporate offices at 45 William Street, Wellesley, Massachusetts.

The enclosed notice of annual meeting and proxy statement contain information about matters to be considered at the annual meeting, and a map with directions to the meeting is on the back cover of the proxy statement. Only shareholders and their proxies are invited to attend the annual meeting.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the meeting, I hope you will review carefully the attached proxy materials and vote as soon as possible. We urge you to complete, sign and return the enclosed proxy card or to vote over the Internet or by telephone, so that your shares will be represented and voted at the annual meeting.

Thank you for your continued support of PerkinElmer.

Sincerely,

Gregory L. Summe  
*Chairman, Chief Executive Officer and President*

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**Notice of Annual Meeting**

**and**

**Proxy Statement 2006**

**PerkinElmer, Inc.**

**Corporate Offices**

**45 William Street**

**Wellesley, Massachusetts 02481**

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**NOTICE OF ANNUAL MEETING**

To the Shareholders of PerkinElmer, Inc.:

The annual meeting of the shareholders of PerkinElmer, Inc. will be held at the company's corporate offices, located at 45 William Street, Wellesley, Massachusetts 02481, on Tuesday, April 25, 2006, at 10:30 a.m., to consider and act upon the following:

1. A proposal to elect ten nominees for director for terms of one year each;
2. A proposal to ratify the selection of Deloitte & Touche LLP as PerkinElmer's independent auditors for the current fiscal year;
3. A shareholder proposal described in the accompanying proxy statement, if presented at the meeting by its proponents; and
4. Such other matters as may properly come before the meeting or any adjournment or postponement thereof.

Our board of directors has no knowledge of any other business to be transacted at the meeting.

Our board of directors has fixed the close of business on February 27, 2006 as the record date for the determination of shareholders entitled to receive this notice and to vote at the meeting.

All shareholders are cordially invited to attend the meeting.

By Order of the Board of Directors,

GREGORY L. SUMME  
*Chief Executive Officer and President*

March 17, 2006

Admission to the meeting will require an admission ticket and picture identification. If you are a shareholder of record, an admission ticket is attached to the proxy card sent with this notice of annual meeting. If you hold stock in street name through a nominee, a bank or a brokerage account, you are required to bring proof of your beneficial ownership of our common stock on the record date, as well as picture identification, to the meeting. If you arrive without the appropriate proof of ownership, you will not be admitted to the meeting unless we can verify that you were a PerkinElmer shareholder as of the record date for the meeting. Cameras, cell phones, recording equipment and other electronic devices will not be permitted at the meeting.

**RETURN ENCLOSED PROXY CARD**

Whether or not you expect to attend this meeting, please complete, date, and sign the enclosed proxy card and mail it promptly in the enclosed envelope. No postage is required if mailed in the United States. Prompt response is important and your cooperation will be appreciated. If the envelope is lost, return the card to Mellon Investor Services, Proxy Processing, P.O. Box 3810, South Hackensack, NJ 07606-9210.



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**PROXY STATEMENT**

**General**

PerkinElmer, Inc. has prepared this proxy statement to provide our shareholders with information pertaining to the matters to be voted on at our annual meeting of shareholders to be held on Tuesday, April 25, 2006 at 10:30 a.m., at the company's corporate offices, located at 45 William Street, Wellesley, Massachusetts, and at any adjournment of that meeting. The date of this proxy statement is March 17, 2006, the approximate date on which we first sent or gave the proxy statement and form of proxy to our shareholders.

**This proxy is solicited on behalf of our board of directors.** Our board of directors requests that you sign and return your proxy card promptly. You have the right to revoke your proxy and change your vote at any time prior to its exercise at the meeting by filing written notice with the Secretary of PerkinElmer, by signing and delivering a new proxy card bearing a later date, or by casting your vote in person at the meeting. **It is important to sign and return your proxy card.** It helps to establish a quorum so that the meeting may be held and permits your votes to be cast in accordance with your directions.

We will bear the expenses connected with this proxy solicitation. We expect to pay brokers, nominees, fiduciaries, and other custodians their reasonable expenses for forwarding proxy materials and annual reports to principals and obtaining their voting instructions. We have engaged Georgeson Shareholder Communications, Inc. of New York, New York to assist us in soliciting proxies from brokers, nominees, fiduciaries, and custodians and will pay Georgeson \$7,500 and out-of-pocket expenses for its efforts. In addition to the use of the mails, our directors, officers, and employees may, without additional remuneration, solicit proxies in person or by use of other communications media.

Our board of directors has fixed the close of business on February 27, 2006 as the record date for determining the shareholders entitled to receive notice of, and to vote their shares at, the meeting. On the record date, there were 127,189,325 shares of our common stock outstanding and entitled to vote. Each share of common stock carries the right to cast one vote on each of the proposals presented for shareholder action, with no cumulative voting.

We previously mailed to shareholders or are enclosing with this proxy statement our annual report to shareholders for 2005. The annual report is not part of, or incorporated by reference in, this proxy statement.

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our proxy statement or annual report may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of either document to you if you request one by writing or calling as follows: PerkinElmer, Inc., 45 William Street, Wellesley, Massachusetts 02481, Telephone: (781) 237-5100, Attention: Investor Relations. If you want to receive separate copies of our annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

**Proposals**

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The proposals being presented for shareholder action are set forth on your proxy card and are discussed in detail on the following pages. Shares that you have the power to vote that are represented by proxy will be voted at the meeting in accordance with your instructions indicated on the enclosed proxy card.

The first proposal is to elect ten directors for terms of one year each. You may grant or withhold authority to vote your shares to elect all ten nominees by marking the appropriate box on the proxy card. Should you desire to withhold authority to vote for one or more nominees, please identify the exceptions in the appropriate space provided on the proxy card. Your shares will be voted as you indicate on the proxy card. **If you sign and return your proxy card and make no indication on the proxy card concerning this item, your shares will be voted FOR electing all ten nominees named in this proxy statement.**

The second proposal is a proposal to ratify the selection of Deloitte & Touche LLP as our independent auditors for the current fiscal year ending December 31, 2006. The proxy card provides you with the opportunity

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to vote for or against this proposal or to abstain from voting on this proposal. Your shares will be voted as you indicate on the proxy card. **If you sign and return your proxy card and make no indication on the proxy card concerning this proposal, your shares will be voted FOR the second proposal.**

The third proposal is a shareholder proposal further described on the following pages. The third proposal will not be voted upon at the meeting unless it is presented by its proponents at the meeting. The proxy card provides you with the opportunity to vote for or against adopting this proposal or to abstain from voting on this proposal. If this proposal is voted upon at the meeting, your shares will be voted as you indicate on the proxy card. **If you sign and return your proxy card and make no indication on the proxy card concerning this proposal, your shares will be voted AGAINST the third proposal.**

Management does not anticipate a vote on any other proposal at the meeting. If, however, another proposal is properly brought before the meeting, your shares will be voted in accordance with the discretion of the named proxies.

## **Votes Required**

A majority in interest of all PerkinElmer common stock issued, outstanding and entitled to vote on each proposal being submitted for shareholder action at the meeting constitutes a quorum with respect to that proposal. Shares of common stock represented by executed proxies received by us will be counted for purposes of establishing a quorum, regardless of how or whether those shares are voted on the proposal. Therefore, abstentions and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote those shares as to a particular proposal (which we refer to as broker non-votes) will be counted for purposes of determining whether a quorum exists at the meeting for that proposal.

The affirmative vote of the plurality of the votes cast at the meeting is required for the election of each of the ten directors. In other words, a candidate for director will be elected if he or she receives more votes than a competing candidate, even if the winning candidate does not receive a majority of the votes cast. Accordingly, shares withheld and broker non-votes, if any, will have no effect on voting on this proposal.

The affirmative vote of the majority of the shares of common stock present or represented at the meeting and voting on the matter is required for the ratification of our independent auditors and for approval of the shareholder proposal (if presented). Accordingly, shares abstaining and broker non-votes, if any, will have no effect on voting on these proposals.

## **PROPOSAL NO. 1**

### **ELECTION OF DIRECTORS**

Our charter and bylaws provide that the shareholders or the board of directors will fix the number of directors at not fewer than three nor more than thirteen. We currently have ten directors, all of whose terms expire at the meeting. Our charter and bylaws provide that at each annual meeting of shareholders, the successors of the directors will be elected for a one-year term.

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Our board of directors, upon the recommendation of its nominating and corporate governance committee, has nominated the following persons for election as directors for one-year terms expiring at the annual meeting of shareholders to be held in 2007. All ten nominees are currently directors of PerkinElmer and, except for Mr. Friel, were elected by our shareholders at the 2005 annual meeting.

**Tamara J. Erickson**

**Dr. Vicki L. Sato**

**Robert F. Friel**

**Gabriel Schmergel**

**Nicholas A. Lopardo**

**Kenton J. Sicchitano**

**Alexis P. Michas**

**Gregory L. Summe**

**James C. Mullen**

**G. Robert Tod**

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**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR  
ELECTING THE TEN NOMINEES NAMED ABOVE  
FOR TERMS OF ONE YEAR EACH.**

The persons named as proxies on the proxy card will vote shares represented by a proxy for the election of the ten nominees for terms of one year each, unless the shareholder instructs otherwise on its proxy card. Our board of directors knows of no reason why any nominee should be unable or unwilling to serve. However, if that becomes the case, the persons named as proxies on the proxy card may vote to elect a substitute. In no event will shares represented by proxies be voted for more than ten nominees. To apprise you of their qualifications to serve as directors, we include the following information concerning each of the director nominees.

**TAMARA J. ERICKSON:** *Age 51; Principal Occupation: Management consultant specializing in corporate strategy and organizational effectiveness. Executive officer and director for The Concours Group. Director of PerkinElmer since 1995. Member of the audit and nominating and corporate governance committees.*

Ms. Erickson is the co-author of the award-winning article, *It's Time to Retire Retirement*, published in *Harvard Business Review*, March 2004, as well as the article *Managing Middlence*, published in the *Harvard Business Review*, March 2006, and the book *Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent*, published in 2006 by Harvard Business School Press. Ms. Erickson is also the co-author of the book, *Third Generation R&D: Managing the Link to Corporate Strategy*, published in 1991. She joined The Concours Group, an executive research, education and consulting firm, in 1998. Prior to joining The Concours Group, Ms. Erickson worked as an independent consultant specializing in corporate strategy and technology management from 1997 to 1998. She served as head of U.S. consulting for P.A. Consulting Group, a management and technology consulting company, from 1996 to 1997. From 1995 to 1996, Ms. Erickson was a Senior Vice President of Arthur D. Little, Inc., a consulting company with which she had been associated since 1978. From 1991 to 1995, Ms. Erickson served as a Managing Director of Arthur D. Little's management consulting business in North America, including strategy and organization, information systems, and operations management consulting services. Ms. Erickson holds a Bachelor of Arts degree in biological sciences from the University of Chicago and a Master of Business Administration degree from Harvard Business School.

**ROBERT F. FRIEL:** *Age 50; Principal Occupation: Vice Chairman and President, Life and Analytical Sciences unit of PerkinElmer. Director of PerkinElmer since January 1, 2006.*

Mr. Friel currently serves as Vice Chairman of PerkinElmer and President of our Life and Analytical Sciences unit. Prior to being appointed Vice Chairman, he served since November 2004 as our Executive Vice President and Chief Financial Officer with responsibility for business development and information technology in addition to his oversight of our finance functions. Mr. Friel joined PerkinElmer in February 1999 as our Senior Vice President and Chief Financial Officer. From 1980 to 1999, he held several senior management positions with AlliedSignal, Inc., now Honeywell International. Mr. Friel received a Bachelor of Arts degree in economics from Lafayette College and a Master of Science degree in Taxation from Fairleigh Dickinson University. Mr. Friel also is a director of Millennium Pharmaceuticals, Inc. and Fairchild Semiconductor Corp.

**NICHOLAS A. LOPARDO:** *Age 59; Principal Occupation: Chairman and Chief Executive Officer of Susquehanna Capital Management Group, an investment holding company based in North Reading, Massachusetts. Director of PerkinElmer since 1996. Chairman of the finance committee and a member of the compensation and benefits committee.*

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Mr. Lopardo has been Chairman and Chief Executive Officer of Susquehanna Capital Management Group, an investment holding company, since January 2002. Mr. Lopardo retired in December 2001 as Vice Chairman of State Street Bank and Trust Company and Chairman and Chief Executive Officer of State Street Global Advisors, the bank's investment management group. Mr. Lopardo had been associated with State Street Bank and Trust Company since 1987, and previously held several executive level positions including Executive Vice President. Mr. Lopardo has over 38 years of experience in the pension industry, having served in a variety of roles with Equitable Life Assurance Society related to pension marketing, client relationships, and pension investment advisory services. He is a 1968 graduate of Susquehanna University, with a Bachelor of Science degree in marketing and management, and since 1992 has served as a member of the board of directors of the

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University, holding the position of Chairman of that board in 2000 and 2001. He was also Chairman of the advisory board of the Weiss School of Business at Susquehanna University and is Chairman of the Board of the Landmark School, a premier secondary school for dyslexic students. Mr. Lopardo is also a board member of the Boston Partners in Education and USA Hockey Foundation, and is an advisory board member of the Salvation Army.

**ALEXIS P. MICHAS:** *Age 48; Principal Occupation: Managing Partner and director of Stonington Partners, Inc., a private investment firm, and the Managing Partner and director of Stonington Partners, Inc. II. Director of PerkinElmer since 2001. Member of the audit and finance committees.*

Mr. Michas has been the Managing Partner and a director of Stonington Partners, Inc. since 1993, and is also the Managing Partner and a director of Stonington Partners, Inc. II. From 1989 to May 2001, he was a director of Merrill Lynch Capital Partners, Inc., a private investment firm that is a wholly owned subsidiary of Merrill Lynch & Co., Inc., and was a consultant to Merrill Lynch Capital Partners from 1994 until June 2001. He was also a Managing Director of the Investment Banking Division of Merrill Lynch, Pierce, Fenner & Smith Incorporated from 1991 to 1994. Mr. Michas received a Bachelor of Arts degree from Harvard College and a Master of Business Administration degree from Harvard Business School. Mr. Michas also is a director of BorgWarner Inc., Lincoln Educational Services Corporation and a number of privately held companies.

**JAMES C. MULLEN:** *Age 47; Principal Occupation: President and Chief Executive Officer of Biogen Idec, Inc., a biotechnology company based in Cambridge, Massachusetts. Director of PerkinElmer since 2004. Member of the compensation and benefits committee.*

Mr. Mullen was appointed President and Chief Executive Officer of Biogen Idec, Inc. in connection with the merger of Biogen, Inc. and IDEC Pharmaceuticals Corporation in November 2003. He was named Chairman of the board of directors of Biogen in July 2002, after being named Chief Executive Officer in 2000 and President and Chief Operating Officer of Biogen in 1999. Mr. Mullen joined Biogen in 1989 as Director, Facilities and Engineering. He was named Vice President, Operations, in 1992. From 1996 to 1999, Mr. Mullen served as Vice President, International of Biogen, with responsibility for building all Biogen operations outside North America. Prior to joining Biogen, Mr. Mullen held various positions at SmithKline Beckman Corporation (now GlaxoSmithKline plc). He holds a Bachelor of Science degree in chemical engineering from Rensselaer Polytechnic Institute and a Master of Business Administration degree from Villanova University. Mr. Mullen is a director of Biogen Idec, serves as Chairman of the board of directors of the Biotechnology Industry Organization (BIO), and is a director of the Biomedical Sciences Careers Program.

**DR. VICKI L. SATO:** *Age 57; Principal Occupation: Retired President of Vertex Pharmaceuticals, Inc., a company based in Cambridge, Massachusetts, specializing in drug development. Director of PerkinElmer since 2001. Member of the nominating and corporate governance committee.*

Dr. Sato served as President of Vertex Pharmaceuticals for more than four years, retiring in 2005. Dr. Sato also served eight years as the company's Chief Scientific Officer and Chair of the scientific advisory board. Prior to joining Vertex Pharmaceuticals in 1992, she was with Biogen, Inc. from 1984 to 1992, most recently as Vice President of Research and a member of the scientific advisory board. Since 1993, Dr. Sato has served on the board of tutors, Department of Biochemistry and Molecular Biology at Harvard University, where she is currently a Visiting Lecturer, and also served as an Associate Professor in the Department of Biology at Harvard University from 1980 to 1983. Dr. Sato is also a business advisor to Atlas Ventures and other enterprises in the biotechnology and pharmaceutical industries. Dr. Sato received her Bachelor, Master and Doctoral degrees from Harvard University. Dr. Sato serves as an overseer of the Isabella Stewart Gardner Museum and is a trustee of Jose Mateo's Ballet Theatre. She is a director of Infinity Pharmaceuticals, a privately held biotechnology company, and of Alnylam Pharmaceuticals, a publicly held biotechnology company. Dr. Sato is the author of numerous professional publications and holds several issued or pending patents.

**GABRIEL SCHMERGEL:** *Age 65; Principal Occupation: Retired Chief Executive Officer and President of Genetics Institute, Inc. Director of PerkinElmer since 1999. Chairman of the nominating and corporate governance committee and a member of the audit and executive committees.*



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Mr. Schmergel received a Bachelor of Science degree in mechanical engineering from Rensselaer Polytechnic Institute and a Master of Business Administration degree from Harvard Business School, where he was named a Baker Scholar. Mr. Schmergel joined Genetics Institute, Inc. as President and CEO in 1981. Under his leadership, Genetics Institute, Inc. became a fully integrated biopharmaceutical company with a portfolio of drugs for hemophilia, anemia and cancer. Genetics Institute, Inc. was acquired by Wyeth (formerly known as American Home Products Corporation) in 1996, and Mr. Schmergel retired as President and CEO in 1997. Mr. Schmergel was recognized with an honorary Doctorate of Engineering degree from Worcester Polytechnic Institute in 1988, and in 1994 was elected to the National Academy of Engineering for his leadership in biotechnology. From 1992 to 1998, he was a member of the visiting committee of Harvard Business School. He also spent five years on the board of governors of the New England Medical Center and on the board of trustees of the Boston Ballet. Currently, Mr. Schmergel serves on the board of overseers for the Tufts Veterinary School.

**KENTON J. SICCHITANO:** *Age 61; Principal Occupation: Retired Global Managing Partner, PricewaterhouseCoopers LLP, a public accounting firm. Director of PerkinElmer since 2001. Chairman of the audit committee and a member of the compensation and benefits and executive committees.*

Mr. Sicchitano joined Price Waterhouse LLP, a predecessor firm of PricewaterhouseCoopers LLP, in 1970, and after becoming a partner in 1979, held various leadership positions within the firm until he retired in June 2001. Mr. Sicchitano holds a Bachelor of Arts degree from Harvard College and a Master of Business Administration degree from Harvard Business School. Mr. Sicchitano also is a director of Analog Devices, Inc., MetLife, Inc. and its wholly owned subsidiary, Metropolitan Life Insurance Company. At various times from 1986 to 1995 he served as a director and/or officer of a number of not-for-profit organizations, including President of the Harvard Business School Association of Boston, Treasurer of the Harvard Club of Boston, member of the board of directors of the Harvard Alumni Association, member of the board of directors and Chair of the finance committee of New England Deaconess Hospital, and member of the board of directors of the New England Aquarium.

**GREGORY L. SUMME:** *Age 49; Principal Occupation: Chairman, Chief Executive Officer and President of PerkinElmer. Director of PerkinElmer since 1998. Chairman of the executive committee and a member of the finance committee.*

Mr. Summe was named our Chief Executive Officer effective January 1, 1999 and Chairman effective April 27, 1999. He was appointed President and Chief Operating Officer and elected to our board of directors in February 1998. From 1993 to 1998, Mr. Summe held several management positions with AlliedSignal, Inc., now Honeywell International: President of the Automotive Products Group, President of Aerospace Engines and President of General Aviation Avionics. Prior to joining AlliedSignal, he worked at General Electric, and was a partner at McKinsey & Company, where he worked from 1983 to 1992. Mr. Summe is a director of State Street Corporation. He holds a Bachelor of Science and a Master of Science degree in electrical engineering from the University of Kentucky and the University of Cincinnati, respectively, and a Master of Business Administration degree from the Wharton School at the University of Pennsylvania.

**G. ROBERT TOD:** *Age 66; Principal Occupation: Retired Vice Chairman, President and Chief Operating Officer and director of the CML Group, Inc., a specialty marketing company. Director of PerkinElmer since 1984. Lead Director, Chairman of the compensation and benefits committee and a member of the executive, finance, and nominating and corporate governance committees.*

Mr. Tod received a Bachelor of Science degree in mechanical engineering from Rensselaer Polytechnic Institute in 1961 and a Master of Business Administration degree from Harvard Business School. Mr. Tod is co-founder of the CML Group, Inc. and served as its Vice Chairman, President and Chief Operating Officer from 1969 to his retirement in 1998. Mr. Tod is currently non-executive Chairman of Allagash Brewing Co. and serves on the board of trustees of Rensselaer Polytechnic Institute. Mr. Tod is a former director of SCI Systems, Inc., US Trust, Walden Bancorp and Domain Inc. He also previously served as a trustee of Emerson Hospital, the Middlesex School, the Fenn School and as a Vice President of the Alumni Executive Council of the Harvard Business School.



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**INFORMATION RELATING TO OUR BOARD OF DIRECTORS  
AND ITS COMMITTEES**

**Determination of Independence**

Our common stock is listed on the New York Stock Exchange. Under current NYSE rules, a director of PerkinElmer qualifies as independent only if our board of directors affirmatively determines that the director has no material relationship with PerkinElmer, either directly or as a partner, shareholder or officer of an organization that has a relationship with PerkinElmer. In evaluating potentially material relationships, our board considers commercial, industrial, banking, counseling, legal, accounting, charitable and familial relationships, among others. Our board of directors has determined that none of Ms. Erickson, Messrs. Lopardo, Michas, Mullen, Schmergel, Sicchitano or Tod, or Dr. Sato has a material relationship with PerkinElmer, and each of these directors is independent as determined under Section 303A.02(b) of the NYSE Listed Company Manual.

**Director Candidates**

Our shareholders may recommend director candidates for inclusion by the board of directors in the slate of nominees the board recommends to our shareholders for election. The qualifications of recommended candidates will be reviewed by the nominating and corporate governance committee. If the board determines to nominate a shareholder-recommended candidate and recommends his or her election as a director by the shareholders, the name will be included on our proxy card for the shareholders meeting at which his or her election is recommended.

Shareholders may recommend individuals for the nominating and corporate governance committee to consider as potential director candidates by submitting their names, together with appropriate biographical information and background materials, and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to the PerkinElmer Nominating and Corporate Governance Committee c/o Office of the General Counsel, PerkinElmer, Inc., 45 William Street, Wellesley, Massachusetts 02481. The nominating and corporate governance committee will consider a proposed director candidate only if appropriate biographical information and background material is provided on a timely basis. The process followed by the nominating and corporate governance committee to identify and evaluate candidates includes requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the nominating and corporate governance committee and the board of directors. Assuming that appropriate biographical and background material is provided for candidates recommended by shareholders, the nominating and corporate governance committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by board members.

In considering whether to recommend any candidate for inclusion in the board of directors slate of recommended director nominees, including candidates recommended by shareholders, the nominating and corporate governance committee will apply the criteria set forth in PerkinElmer's corporate governance guidelines. These criteria include the candidate's experience, skills, and independence. In evaluating a candidate's experience and skills, the nominating and corporate governance committee may also consider qualities such as an understanding of technologies, marketing, finance, regulation and public policy and international issues. In evaluating a candidate's independence, the nominating and corporate governance committee will consider the applicable independence standards of the New York Stock Exchange and such other factors as the committee deems appropriate. Under our bylaws, a director is deemed to have retired at the annual meeting of shareholders following the date he or she attains the age of 70 years. The nominating and corporate governance committee will evaluate each director candidate in the context of the perceived needs of the board and the best interests of PerkinElmer and its shareholders. The nominating and corporate governance committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe

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that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow our board to fulfill its responsibilities.

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### **Communications from Shareholders and Other Interested Parties**

Our board of directors will give appropriate attention to written communications on issues that are submitted by shareholders and other interested parties, and will respond if and as appropriate.

Shareholders who wish to communicate with our entire board may do so by writing to Gregory L. Summe, Chairman of the Board, PerkinElmer, Inc., 45 William Street, Wellesley, Massachusetts 02481. Shareholders who wish to communicate with our non-management directors should address such communications to G. Robert Tod, Lead Director, c/o Office of the General Counsel, PerkinElmer, Inc., 45 William Street, Wellesley, Massachusetts 02481. Communications will be forwarded to other directors if they relate to substantive matters that the Chairman or the Lead Director, as the case may be, in consultation with our General Counsel, considers appropriate for attention by the other directors. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances or matters as to which PerkinElmer tends to receive repetitive or duplicative communications.

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

Our board of directors has responsibility for establishing broad corporate policies and reviewing our overall performance rather than day-to-day operations. The board's primary responsibility is to oversee the management of the company and, in so doing, serve the best interests of our company and its shareholders. The board selects, evaluates and provides for the succession of our executive officers and, subject to shareholder election, directors. It reviews and approves corporate objectives and strategies, and evaluates significant policies and proposed major commitments of corporate resources. It participates in decisions that have a potential major economic impact on PerkinElmer. Management keeps the directors informed of company activity through regular written reports and presentations at board and committee meetings.

Our board of directors met seven times in fiscal 2005. During fiscal 2005, each director attended 75% or more of the total number of meetings of the board and the committees of which such director was a member.

Our board's standing committees are audit, compensation and benefits, executive, finance, and nominating and corporate governance. Each committee has a charter that has been approved by the board. Each committee must review the appropriateness of its charter and perform a self-evaluation at least annually. You can access our committee charters, corporate governance guidelines and standards of business conduct in the Corporate Governance section of the Investor Corner of our website, [www.perkinelmer.com](http://www.perkinelmer.com), or by writing to PerkinElmer, Inc., 45 William Street, Wellesley, Massachusetts 02481, Attention: Investor Relations.

Mr. Summe and Mr. Friel are the only directors who are also employees of PerkinElmer. They do not participate in any meetings at which their compensation is determined.

Our board of directors has appointed G. Robert Tod, Lead Director, to, among other responsibilities set forth in our corporate governance guidelines, preside at all executive sessions of non-management directors, as defined under the rules of the New York Stock Exchange. Our board holds executive sessions of non-management directors preceding or following each regularly scheduled board meeting.

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We expect, barring extenuating circumstances, that the members of the board of directors will attend our annual meetings of shareholders. In 2005, all directors attended our annual meeting of shareholders.

### *Audit Committee*

Our audit committee assists the board of directors in overseeing the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent auditor's qualifications and independence, and the performance of our internal audit function and independent auditors. The current members of our audit committee are Messrs. Sicchitano (Chair), Michas and Schmergel and Ms. Erickson. Our board of directors has determined that Mr. Sicchitano qualifies as an audit committee financial expert as defined in Item 401(h) of Regulation S-K. Each of Messrs. Sicchitano, Michas and Schmergel and Ms. Erickson is an independent director under the rules of the NYSE governing the qualifications of the members of audit committees, including the additional independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934. In

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addition, our board has determined that each member of the audit committee is financially literate and that Mr. Sicchitano has accounting and/or related financial management expertise as required under the rules of the NYSE. None of Messrs. Sicchitano, Michas or Schmergel or Ms. Erickson, serves on the audit committees of more than two other public companies. The audit committee held seven meetings during fiscal 2005.

### *Compensation and Benefits Committee*

Our compensation and benefits committee discharges the responsibilities of our board of directors relating to the compensation of our Chief Executive Officer and our other executive officers. The compensation and benefits committee also oversees the performance evaluation of the Chief Executive Officer by the board. In addition, the compensation and benefits committee grants stock options and other stock incentives to our officers and employees and administers our incentive, compensation and benefit plans. The current members of the compensation and benefits committee are Messrs. Tod (Chair), Lopardo, Mullen and Sicchitano. The board has determined that each of Messrs. Tod, Lopardo, Mullen and Sicchitano is independent as defined under the rules of the NYSE. Our compensation and benefits committee held six meetings during fiscal 2005.

### *Executive Committee*

Our executive committee, which acts as needed during intervals between board meetings, has been delegated all of the powers of our board of directors, except those powers which by law or under our charter or bylaws the board is prohibited from delegating. The current members of the executive committee are Messrs. Summe (Chair), Tod, Schmergel and Sicchitano. The board has determined that each of Messrs. Tod and Sicchitano is independent as defined under the rules of the NYSE. Mr. Summe is our Chairman of the Board, Chief Executive Officer and President. Mr. Tod is our Lead Director. Our executive committee did not meet during fiscal 2005.

### *Finance Committee*

Our finance committee considers and approves the specific terms of debt and equity securities to be issued by PerkinElmer and indebtedness and off-balance sheet transactions to be entered into by PerkinElmer. The finance committee also considers and approves transactions affecting the company's capital structure. The current members of our finance committee are Messrs. Lopardo (Chair), Michas, Summe and Tod. The board of directors has determined that each of Messrs. Lopardo, Michas and Tod is independent as defined under the rules of the NYSE. Mr. Summe is our Chairman of the Board, Chief Executive Officer and President. Our finance committee held two meetings during fiscal 2005.

### *Nominating and Corporate Governance Committee*

Our nominating and corporate governance committee identifies qualified director candidates, recommends to the board of directors the persons to be nominated by the board as directors at the annual meeting of shareholders, reviews and recommends changes to our corporate governance principles, and oversees the evaluation of the board. The current members of the nominating and corporate governance committee are Messrs. Schmergel (Chair) and Tod, Ms. Erickson and Dr. Sato. The board has determined that each of Messrs. Schmergel and Tod, Ms. Erickson and Dr. Sato is independent as defined under the rules of the NYSE. The nominating and corporate governance committee is authorized to retain advisers and consultants and to compensate them for their services. The committee did not retain any such advisers or consultants during fiscal year 2005. For information relating to nominations of directors by our shareholders, see [Director Candidates](#) above. Our nominating and

corporate governance committee held five meetings during fiscal 2005.

**Report of the Audit Committee**

The audit committee has:

Reviewed and discussed with management our audited financial statements as of and for the fiscal year ended January 1, 2006;

Discussed with Deloitte & Touche LLP, our independent auditors, the matters required to be discussed by Statement on Accounting Standards 61, Communication with Audit Committees, as amended, by the Auditing Standards Board of the American Institute of Certified Public Accountants;



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Discussed with Deloitte & Touche LLP the matters required to be reviewed pursuant to Rule 207 of Regulation S-X;

Received and reviewed the written disclosures and the letter from Deloitte & Touche LLP required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as amended, by the Independence Standards Board, and discussed with Deloitte & Touche LLP its independence; and

Based on the review and discussions referred to above, recommended to the board of directors that the audited financial statements referred to above be included in our annual report on Form 10-K for the fiscal year ended January 1, 2006 for filing with the Securities and Exchange Commission.

The audit committee is pleased to submit this report to the shareholders.

By the audit committee of the board of directors:

Kenton J. Sicchitano, Chairman

Tamara Erickson

Alexis P. Michas

Gabriel Schmergel

**Independent Auditors Fees and Other Matters**

The following table presents the aggregate fees billed for services rendered by Deloitte & Touche LLP, the member firms of Deloitte & Touche Tohmatsu and their respective affiliates, in the identified categories for the 2005 fiscal year and the 2004 fiscal year:

	<b>Fiscal 2005</b>	<b>Fiscal 2004</b>
	<u>          </u>	<u>          </u>
Audit Fees	\$ 3,421,000	\$ 2,973,000
Audit-Related Fees	674,000	521,000
Tax Fees	1,894,000	1,903,000
All Other Fees	0	0
	<u>          </u>	<u>          </u>
<b>Total Fees</b>	<b>\$ 5,989,000</b>	<b>\$ 5,397,000</b>
	<u>          </u>	<u>          </u>

*Audit Fees*

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These are fees related to professional services rendered in connection with the audit of our annual financial statements, the reviews of the interim financial statements included in each of our quarterly reports on Form 10-Q, and other professional services provided by our auditors in connection with statutory or regulatory filings or engagements.

### *Audit-Related Fees*

These are fees for assurance and related services that are reasonably related to performance of the audit and review of our financial statements and which are not reported under Audit Fees. These services consisted primarily of audits of employee benefit plans, specific internal control process reviews, consultations regarding accounting and financial reporting and attestation services for such matters as required for consents related to registration statements and other filings with the Securities and Exchange Commission. No audit-related fees were provided in fiscal 2005 under the de minimis exception to the audit committee pre-approval requirements. In fiscal 2004, approximately \$3,000 of audit-related fees were provided under the de minimis exception to the audit committee pre-approval requirements.

### *Tax Fees*

These are fees billed for professional services for tax compliance, tax advice and tax planning services. Tax compliance services which relate to preparation of original and amended non-US corporate income tax returns (fees for which amounted to \$1,120,000 in 2005 and \$1,054,000 in 2004) and expatriate tax return preparation and assistance (fees for which amounted to \$361,000 in 2005 and \$388,000 in 2004) accounted for \$1,481,000 of

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the total tax fees paid for fiscal 2005 and \$1,442,000 of the total tax fees paid for fiscal 2004. Tax advice and planning services, including consultations on foreign transactions, assistance with tax audits and appeals, tax advice related to reorganizations, mergers and acquisitions, employee benefit plans and requests for rulings or technical advice from taxing authorities, amounted to \$413,000 for fiscal 2005 and \$461,000 for fiscal 2004. No tax fees for either fiscal 2005 or fiscal 2004 were provided under the de minimis exception to the audit committee pre-approval requirements.

### *All Other Fees*

There were not any fees for other services in either 2005 or 2004.

### *Audit Committee's Pre-approval Policy and Procedures*

The audit committee of our board of directors has adopted policies and procedures for the pre-approval of audit and non-audit services for the purpose of maintaining the independence of our independent auditors. We may not engage our independent auditors to render any audit or non-audit service unless either the service is approved in advance by the audit committee or the engagement to render the service is entered into pursuant to the audit committee's pre-approval policies and procedures. On an annual basis, the audit committee may pre-approve services that are expected to be provided to PerkinElmer by the independent auditors during the following 12 months. At the time such pre-approval is granted, the audit committee must (1) identify the particular pre-approved services in a sufficient level of detail so that our management will not be called upon to make a judgment as to whether a proposed service fits within the pre-approved services and (2) establish a monetary limit with respect to each particular pre-approved service, which limit may not be exceeded without obtaining further pre-approval under the policy.

On a semi-annual basis, our management provides the audit committee with an update of proposed services for pre-approval. Any additional services which fall outside the scope of the semi-annual review process require advance approval by the audit committee. The audit committee may delegate to one or more designated members of the committee the authority to grant pre-approvals of permitted services or classes of permitted services to be provided by the independent auditors. The decisions of a designated member to pre-approve a permitted service are reported to the audit committee at each of its regularly scheduled meetings. While controls have been established to identify all services rendered by the independent auditor, the audit committee recognizes that there may be some de minimis services provided that, while considered permitted services, may not be identified as non-audit services or reported immediately because of their de minimis nature. Such services may be approved prior to the completion of the audit by either the audit committee or a designated member of the audit committee.

## **Director Compensation**

Our compensation and benefits committee regularly reviews our director compensation policies with the assistance of an outside advisor. The outside advisor provides data on director compensation programs at a number of companies identified by the committee and the outside advisor as industry peers, as further described in this proxy statement under the heading **Board Compensation Committee Report - Overall Philosophy**. In 2005, the outside advisor conducted a review of our director compensation program. Based on that review, the nominating and corporate governance committee accepted the compensation and benefits committee's recommendation that no changes were needed to the director compensation program, other than to the vesting and exercise periods for stock options as described below.

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Directors who are employees of PerkinElmer receive no additional compensation for their services as directors. In 2005, each non-employee director was paid an annual cash retainer of \$50,000 plus an award of 3,020 shares of our common stock which had a market value on the date of award of \$60,000. The Lead Director and the audit committee Chair were paid an additional annual cash retainer of \$20,000. The retainer and common stock award were prorated for non-employee directors who served for only a portion of the year. In addition, in 2005 each non-employee director was awarded options to purchase 5,865 shares of our common stock at a per share exercise price of \$19.87. In 2005, in order to reduce option expense and align director option grants with those granted to officers, directors were granted options with a vesting schedule and term matching option grants to officers. These options vest in three equal annual installments, beginning one year from the grant date, and

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may be exercised for seven years from the grant date. New non-employee directors will continue to receive an initial, one-time stock option grant of 10,000 shares. All option grants to non-employee directors are made with an exercise price equal to the fair market value on the date of grant and become exercisable in full upon a change in control. Directors who leave the board have three months to exercise their vested options, after which the options are cancelled, except for departures due to death or disability, in which case the options may be exercised for one year, and for departures due to retirement, in which case the options may be exercised for three years. Directors may defer the cash retainer and receipt of common stock into our deferred compensation plan.

We expect each director to own PerkinElmer stock in the amount of \$90,000 within three years of the director's election to our board. As noted above, our compensation and benefits committee regularly reviews and makes recommendations to the nominating and corporate governance committee regarding director compensation and director compensation guidelines. Our director compensation, including annual retainers and stock and option awards, is therefore subject to adjustment.

**Table of Contents****BENEFICIAL OWNERSHIP OF COMMON STOCK**

The following table shows the number of shares of our common stock beneficially owned on February 15, 2006 by (1) each of the directors and nominees for director individually, (2) each of the executive officers named in the Summary Compensation Table below, (3) any person known to us to own beneficially more than five percent of our outstanding common stock and (4) all executive officers, directors, and nominees for director as a group. The beneficial ownership set forth below includes any shares which the person has the right to acquire within 60 days after February 15, 2006 through the exercise or conversion of any stock option or other right.

Name	Stock(1)	Deferred Compensation Plan Holdings(2)				
		8/25/1999	12/31/1999	12/31/2000	12/31/2001	12/31/2002
<b>IPIX Corporation</b>	<b>\$100.00</b>	<b>\$236.61</b>	<b>\$ 13.84</b>	<b>\$ 3.01</b>	<b>\$ 1.50</b>	<b>\$ 2.51</b>
<b>ISDEX</b>	<b>\$100.00</b>	<b>\$167.83</b>	<b>\$ 70.47</b>	<b>\$ 35.28</b>	<b>\$ 21.04</b>	<b>\$ 39.85</b>
<b>Nasdaq Composite</b>	<b>\$100.00</b>	<b>\$145.18</b>	<b>\$ 88.14</b>	<b>\$ 69.58</b>	<b>\$ 47.64</b>	<b>\$ 71.46</b>

Source: CTA Public Relations www.ctapr.com (303) 665-4200. Data from BRIDGE Information Systems, Inc.

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

The federal securities laws require our directors and executive officers and persons who beneficially own more than 10% of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of our securities. Due to the complexity of the reporting rules, we have instituted procedures to assist our officers and directors with these obligations. Based solely on our review of the copies of these forms received by us or representations from certain reporting persons, we believe that SEC beneficial ownership reporting requirements for 2003 were met.

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**Related Party Transactions**

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Affiliates of ours entered into the following transactions during fiscal year 2003:

**Transactions with eBay Inc.**

Pursuant to an agreement dated April 19, 2000, as amended, we provided to eBay, Inc., which beneficially owns more than 10% of the Company's common stock, image management services to eBay's on-line auction Web sites. Pursuant to that agreement, we issued eBay a warrant to purchase 60,000 shares of common stock at an exercise price of \$203.80 per share. The warrant expires on April 19, 2010. Under this agreement, as amended, the Company generated revenue of \$6,048,000, \$13,368,000 and \$25,087,000 for the years ended December 31, 2001, 2002 and 2003, respectively. As announced in June 2003, we amended the then current commercial agreement with eBay to include a one-time \$8,000,000 license fee from eBay for IPIX Rimfire technology and other services. We no longer provide any products or services to eBay.

Under the eBay agreement, we were required to pay marketing fees to eBay of \$16,000,000 over a two-year period. As of September 26, 2001, we had paid \$9,500,000 of the \$16,000,000 commitment and agreed to extend the additional \$6,500,000 of payments through September 2003. In accordance with EITF 01-09, \$1,000,000 and \$1,500,000 of these fees was offset against revenue which amount represented the excess over the fair value of the benefit received during the years ended December 31, 2002 and 2003, respectively.

In 2001 and 2002, we sold to eBay, and eBay leased back to us, certain computer equipment utilized to provide image management services to eBay and other customers. The purchase price for the equipment was approximately \$5,334,000. The transactions resulted in no gain or loss to us. In 2001, 2002 and 2003, we paid eBay \$194,000, \$2,373,000 and \$1,994,000, respectively, pursuant to these lease schedules. In 2003, we returned the underlying equipment, with a net carrying amount of \$906,000, associated with these lease obligations and eBay forgave the remaining balances due of \$1,083,000. The resulting gain of \$177,000 was recognized in cost of revenues in the statement of operations because the underlying equipment was used to generate eBay service revenues.

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**Other Matters**

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The board of directors knows of no matters other than those discussed in this proxy statement which will be presented at the annual meeting. However, if any other matters are properly brought before the annual meeting, if a quorum is present, those stockholders present will be afforded the opportunity to vote on the matter in their discretion.

We will mail without charge, a copy of our annual report on Form 10-K, including any amendments, for the year ended December 31, 2003, as filed with the SEC. Requests for a copy of the Form 10-K should be directed to IPIX Corporation, 3160 Crow Canyon Road, Fourth Floor, San Ramon, California 94583, Attention: Investor Relations; (925) 242-4002.

**BY ORDER OF THE BOARD OF  
DIRECTORS**

*Paul A. Farmer*  
Secretary





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**Appendix A**

**IPIX CORPORATION**

**AUDIT COMMITTEE CHARTER**

**Purpose**

The purpose of the Audit Committee is to oversee the accounting and financial reporting processes of IPIX Corporation (the "Company") and the audits of the Company's financial statements. In furtherance of this purpose, the Audit Committee shall assist the Board of Directors (the "Board") of the Company in monitoring and overseeing (1) the integrity of the Company's financial statements and related disclosures, (2) the qualifications, independence, and performance of the Company's independent auditor, and (3) the Company's compliance with applicable legal requirements and its business conduct policies.

**Composition and Qualifications**

The Audit Committee shall consist of at least three members. The members of the Audit Committee shall be appointed by the Board, upon the recommendation of the Nominating Committee, and may be replaced by the Board.

The members of the Audit Committee shall meet the independence, experience, and other requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), the rules and regulations of the Securities and Exchange Commission (the "Commission"), and the rules of the Nasdaq Stock Market. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the Commission.

**Meetings**

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall meet periodically with management and the independent auditor in separate executive sessions. The Audit Committee may request any officer or employee of the Company or the Company's independent auditor or outside counsel to attend any meeting of the Audit Committee or to meet with any of its members or advisors. The Audit Committee shall make regular reports of its meetings to the Board.

**Authority and Responsibilities**

The Audit Committee shall have the sole authority to appoint or replace the independent auditor. The independent auditor shall report directly to the Audit Committee. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including the resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

The Audit Committee shall preapprove all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the exception for *de minimis* non-audit services described in Section 10A(i)(1)(B) of the Exchange Act and Rule 2-01(c)(7)(i)(C) of Regulation S-X which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that the decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent that it deems necessary or appropriate to carry out its duties, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for the payment of compensation to any accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company, compensation to any advisors employed by the Audit Committee, and ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its responsibilities.

In addition, the Audit Committee, to the extent that it deems necessary or appropriate, shall:

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Oversight of Financial Statements and Related Disclosures

1. Prior to the filing of the Company's quarterly report on Form 10-Q, review and discuss with management and the independent auditor the Company's quarterly financial statements (including the results of the independent auditor's review of the financial statements) and the Company's disclosures in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the quarterly report.
2. Prior to the commencement of the audit of the Company's annual financial statements, review and discuss with management and the independent auditor the scope, schedule, and staffing of the audit.
3. Prior to the filing of the Company's annual report on Form 10-K, review and discuss with management and the independent auditor the Company's audited annual financial statements (including the results of the independent auditor's audit of the financial statements) and the Company's disclosures in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the annual report, and recommend to the Board whether the audited annual financial statements should be included in the annual report.
4. Discuss with the independent auditor all matters required to be communicated to the Audit Committee under generally accepted auditing standards, including the judgments of the independent auditor with respect to the quality, not just the acceptability, of the Company's accounting principles and underlying estimates in the financial statements.
5. Discuss with management and the independent auditor the significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, and any special steps adopted in light of material internal control deficiencies or weaknesses.
6. Review and discuss with management and the independent auditor the reports from the independent auditor covering:
  - (a) all critical accounting policies and practices to be used;
  - (b) all alternative treatments of financial information within generally accepted accounting principles ( GAAP ) for policies and practices related to material items that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor; and
  - (c) other material written communications between the independent auditor and management, including any engagement letter, independence letter, management representation letter, schedule of unadjusted audit differences, listing of adjustments and reclassifications not recorded, management letter, and report on observations and recommendations on internal controls.
7. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties with management encountered in performing the audit (such as restrictions on the scope of the independent auditor's activities or on its access to requested information) and any significant disagreements with management over the application of accounting principles, the basis for management's accounting estimates, and the disclosures in the financial statements.
- 8.

Discuss with the independent auditor any material communications between the audit engagement team and the independent auditor's national office regarding auditing or accounting issues presented by the engagement.

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9. Discuss with management the Company's disclosure controls and procedures and its internal control over financial reporting, including management's most recent evaluation, with the participation of the Company's chief executive officer and chief financial officer, of (a) the effectiveness of the disclosure controls and procedures as of the end of each fiscal quarter, (b) the effectiveness of the internal control over financial reporting as of the end of each fiscal year, and (c) any change in the internal control over financial reporting that occurred during each fiscal quarter that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.
  10. Discuss with management (a) any significant deficiencies and material weaknesses in the design or operation of the Company's internal control over financial reporting which are reasonably likely to adversely affect the Company'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 Company's internal control over financial reporting, in each case based on management's most recent evaluation of the Company's internal control over financial reporting.
  11. Discuss with management in advance the Company's earnings press releases and earnings guidance. Discuss with management other financial information that the Company provides to securities analysts, credit rating agencies, and others. The Audit Committee need not discuss in advance each instance in which the Company provides such other financial information; instead, the discussion may take the form of a general discussion of the types of information to be disclosed and the types of presentations to be made.
  12. Discuss with management the Company's disclosure or release of non-GAAP financial measures commonly referred to as pro forma or adjusted financial information. The Audit Committee need not discuss in advance each instance in which the Company discloses or releases non-GAAP financial measures; rather, the discussion may take the form of a general discussion of the Company's use of non-GAAP financial measures in its disclosures and releases.
  13. Discuss with management and the independent auditor the effect of material off-balance sheet arrangements on the Company's financial statements.
  14. Discuss with management and the independent auditor the Company's major financial risk exposures and the steps that management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies and guidelines.
  15. Discuss with management and the independent auditor any accounting or other regulatory initiatives, correspondence with governmental or other regulatory agencies, and published reports that raise issues that may have a material effect on the Company's financial statements.
- Oversight of Relationship with Independent Auditor
16. Obtain and review a report from the independent auditor regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the independent auditor, (c) any material issues raised by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent auditor, (d) any steps taken to deal with any issues described in the two preceding clauses, and (e) all relationships between the independent auditor and the Company.
  17. Inquire as to the independence of the independent auditor; obtain from the independent auditor a formal written statement delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard 1; actively engage in a dialogue with the independent auditor with

respect to any disclosed relationships or non-audit services that may impact the objectivity and independence of the independent auditor; and otherwise take such actions as are appropriate to oversee the independence of the independent auditor.

18. Evaluate the qualifications, performance, and independence of the independent auditor, including considering whether the provision of permitted non-audit services is compatible with maintaining the auditor's

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independence. In making this evaluation, the Audit Committee shall take into account the opinions of management. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

19. Review and evaluate the lead partner on the independent auditor's audit engagement team.
20. Ensure that the lead, concurring, and other audit partners are rotated off the independent auditor's audit engagement team as necessary to assure the independence of the independent auditor.
21. Recommend to the Board a policy for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company to assure the independence of the independent auditor.
22. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditor on a regular basis.

**Oversight of Internal Controls Testing by the Company**

23. Review and discuss with management and the independent auditor the scope of the Company's internal control testing and the staff used to perform the tests.
24. Review the reports to management prepared by the Company's internal control testing staff and management's responses to such reports.

**Oversight of Compliance with Legal Requirements and Business Conduct Policies**

25. Discuss with the Company's legal counsel (a) any legal matter that may have a material effect on the Company's financial statements, (b) any instance of material non-compliance with applicable legal requirements, and (c) any instance of material non-compliance with the Company's business conduct policies.
26. Obtain from the independent auditor its assurance that Section 10A(b) of the Exchange Act has not been implicated.
27. Establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of their concerns regarding questionable accounting or auditing matters.

28. Review and approve all related party transactions, regardless of the dollar amount thereof, as contemplated in Item 404(a) of Regulation S-K.

**Miscellaneous Responsibilities**

29. Prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.
30. Investigate, with the assistance of any advisors that it deems appropriate, any matter brought to its attention that is within the scope of the Audit Committee's authority and responsibilities.
31. Review and reassess the adequacy of this Charter on an annual basis and recommend any proposed changes to the Board for approval.

**Limitation of Audit Committee's Role**

While the Audit Committee has the authority, powers, and responsibilities set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and

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disclosures are complete and accurate and are in accordance with GAAP and applicable legal, accounting, and other requirements. These are the responsibilities of the Company's management and the independent auditor.

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**Appendix B**

**IPIX CORPORATION**

**NOMINATING COMMITTEE CHARTER**

**Purpose**

The purpose of the Nominating Committee (the **Committee** ) is to assist the Board of Directors (the **Board** ) in nominating candidates to serve as directors of IPIX Corporation (the **Company** ). In furtherance of this purpose, the Committee shall identify individuals qualified to become Board members, consistent with criteria approved by the Board, and recommend the director nominees to the Board.

**Committee Membership**

The Committee shall consist of at least two members. The members of the Committee shall be appointed and may be replaced by the Board. The members of the Committee shall meet the independence requirements of the rules of the Nasdaq Stock Market.

**Meetings**

The Committee shall meet as often as it determines, but not less frequently than annually. The Committee shall make regular reports to the Board.

**Authority and Responsibilities**

The Committee shall actively seek individuals qualified to become Board members for recommendation to the Board, consistent with criteria approved by the Board. The Committee shall recommend the director nominees to the Board. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and to approve the search firm's fees and other retention terms. Notwithstanding the foregoing, the Committee's oversight of director nominations shall not apply in cases where the right to nominate a director legally belongs to a third party.

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**REVOCABLE PROXY**  
**IPIX CORPORATION**  
**ANNUAL MEETING OF STOCKHOLDERS**

**MAY 4, 2004**  
**9:00 A.M. Central Daylight Time**

**Park Vista Hotel**

**939 Ridge Lake Blvd.**  
**Memphis, TN**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE MAY 4, 2004 ANNUAL MEETING OF THE STOCKHOLDERS**

The undersigned hereby appoints Donald W. Strickland, Paul A. Farmer and Sarah F. Pate or any of them, as proxies, each with full power of substitution, to represent the undersigned and vote for and on behalf of the undersigned the number of shares of Common Stock and/or Class B Common Stock of IPIX Corporation held of record on March 26, 2004 and which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders to be held on May 4, 2004 at 9:00 A.M., Central Daylight Time, at the Park Vista Hotel, 939 Ridge Lake Blvd., Memphis, Tennessee, and at any adjournments or postponements thereof.

(Continued and to be signed on the reverse side)

**SEE REVERSE SIDE**

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Δ TO VOTE BY MAIL, PLEASE DETACH HERE Δ

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The shares of stock represented by this proxy will be voted as specified below, unless otherwise directed. The undersigned hereby revokes and proxy or proxies heretofore given for such stock and ratifies and confirms all that the above-named proxies or their substitutes may lawfully do by virtue hereof.

Please mark vote as indicated in this example x

**BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE FOLLOWING DIRECTORS.**

	FOR all nominees listed above (except as marked to the contrary)	WITHHOLD AUTHORITY to vote for the nominees listed above		YES	NO
<b>1. Election of Directors</b>	o	o		o	o
Nominees: 01. Laban P. Jackson, Jr. 02. Donald W. Strickland			Please indicate if you plan to attend the Stockholder Meeting.		

Exceptions \_\_\_\_\_

In their discretion, the holders of this proxy are authorized to vote upon such other business as may come before the meeting.

Date: \_\_\_\_\_, 2004

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature (if held jointly)

\_\_\_\_\_  
Title (if applicable)

\_\_\_\_\_  
Print Name(s) of Stockholder(s)

\_\_\_\_\_  
No. of Shares Voted:

PLEASE SIGN, DATE AND RETURN THIS CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

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TO VOTE BY MAIL, PLEASE DETACH HERE

**VOTE BY TELEPHONE OR INTERNET**

**QUICK      EASY      IMMEDIATE**

Your telephone or internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

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**VOTE BY PHONE:** You will be asked to enter a CONTROL NUMBER which is located in the lower right hand corner of this form.

**OPTION A:** To vote as the Board of Directors recommends on *ALL* proposals; Press 1.

**OPTION B:** If you choose to vote on each proposal separately, press 0. You will hear these instructions:

Item 1: To vote **FOR**, press **1**; **AGAINST**, press **9**; **ABSTAIN**, press **0**. The instructions are the same for all remaining items to be voted.

**When asked, please confirm your vote by pressing 1.**

**VOTE BY INTERNET:** THE WEB ADDRESS IS [www.proxyvotin.com/IPIX](http://www.proxyvotin.com/IPIX)

***IF YOU VOTE BY PHONE OR INTERNET DO NOT MAIL THE PROXY CARD.***

***THANK YOU FOR VOTING.***

**Call Toll Free On a Touch-Telephone**  
**1-800-542-2494**  
There is **NO CHARGE** to you for this call

**CONTROL NUMBER**  
**for Telephone/Internet Voting**