

INSULET CORP  
Form DEF 14A  
April 05, 2010

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

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**INSULET CORPORATION**  
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - 1) Title of each class of securities to which transaction applies:
  - 2) Aggregate number of securities to which transaction applies:
  - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - 4) Proposed maximum aggregate value of transaction:
  - 5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

Form or Schedule and the date of its filing.

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

April 5, 2010

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

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

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

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

Very truly yours,

DUANE DESISTO

*President and Chief Executive Officer*

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

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

To the Stockholders of Insulet Corporation:

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

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

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

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

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

By Order of the Board of Directors,

R. ANTHONY DIEHL  
*General Counsel and Secretary*

Bedford, Massachusetts  
April 5, 2010

**YOUR VOTE IS IMPORTANT.**

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

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

**PROXY STATEMENT**

**For the 2010 Annual Meeting of Stockholders**

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

April 5, 2010

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

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

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

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

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

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

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



completed your proxy by phone or on the Internet.

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

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

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

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

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

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

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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

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

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

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

**Vote Required For Approval**

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

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

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

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

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

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

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

## **Executive Officers**

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

## **Board of Directors**

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

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

## **Independence of Members of the Board of Directors**

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

of 1934, as amended (the Exchange Act ).

**Board Leadership Structure**

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

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

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

## **Executive Sessions of Independent Directors**

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

## **Meeting Attendance**

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

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

## **Risk Oversight**

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

## **Audit Committee**

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

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

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

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

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

## **Compensation Committee**

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

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

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

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

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

## **Nominating and Corporate Governance Committee**

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



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

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

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

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

## **Policies Governing Director Nominations**

### ***Director Qualifications***

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

### ***Process for Identifying and Evaluating Director Nominees***

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

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

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

***Procedures for Recommendation of Director Nominees by Stockholders***

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

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

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

name and address of record of the stockholder;

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

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

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

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

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

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

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

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



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

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

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

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

## **Policy Governing Securityholder Communications with the Board of Directors**

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

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

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

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

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

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

## **Evaluation Program of the Board of Directors and its Committees**

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

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

**Code of Ethics**

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

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

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

**Related Party Transactions**

**Policies and Procedures With Respect to Related Party Transactions**

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

**Transactions With Related Persons**

There were no related party transactions in fiscal year 2009.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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

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**EXECUTIVE AND DIRECTOR COMPENSATION**

**Compensation Discussion and Analysis**

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

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

our compensation objectives;

our executive compensation process; and

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

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

***Objectives of Our Executive Compensation Programs***

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

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

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

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

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

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

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

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



***Our Executive Compensation Process***

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

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

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

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

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

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

current compensation for consistency with benchmarks and previous compensation decisions;

alignment with our overall compensation philosophy;

relative compensation levels among our executives;

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

the basis for management recommendations; and

general trends in executive compensation.

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

***Our Executive Compensation Programs***

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

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

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

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

the need to avoid excessive risk taking;

the roles and responsibilities of our executives;

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

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the amounts of compensation being paid to our other executives;

our executives' historical compensation at our Company; and

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

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

*Base Salary*

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

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

*Cash Incentive Bonuses*

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

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

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

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

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

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

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

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

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

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

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

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

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

*Long-Term Equity Incentive Compensation*

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

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



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

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

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

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

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

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

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

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

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

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

*Broad-Based Benefits Programs*

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

purchase plan and our 401(k) plan.

*Severance and Change in Control Programs*

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

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

**Conclusion**

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

***Compensation Committee Report***

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

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

Respectfully submitted by the Compensation Committee,

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

**Table of Contents****Summary of Executive Compensation**

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

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Option Awards(1)</b>	<b>Non-Equity Incentive Plan Compensation</b>	<b>All Other Compensation</b>	<b>Total</b>
Duane DeSisto President and Chief Executive Officer	2009	\$ 375,000	\$ 90,000(2)	\$ 458,220	\$ 111,375	\$ 2,450	\$ 1,037,045
	2008	373,077		655,860	56,250	2,644	1,087,831
	2007	323,077	16,250		48,750	3,728	391,805
Brian Roberts(3) Chief Financial Officer	2009	222,923		608,508	114,660	29,002(4)	975,093
Luis Malavé Chief Operating Officer	2009	285,000		252,021	116,387	2,450	655,858
	2008	284,615		401,600	32,063	2,447	720,725
	2007	274,192	6,875	698,141	64,453	3,006	1,046,667
Carsten Boess(5) Vice President, International	2009	285,000	44,888	183,288	53,223		566,399
	2008	284,885		321,280	51,300		657,465
	2007	281,461	7,050		44,944		333,455
Peter Devlin(6) Chief Commercial Officer	2009	95,192	40,000(7)	990,918	45,762(8)	635	1,172,507

- (1) Based on the grant date fair value of the option awards granted with respect to the years ended December 31, 2009, 2008 and 2007 in accordance with FASB ASC 718-10, excluding the impact of forfeitures. The assumptions we used for calculating the grant date fair values are set forth in notes 2 and 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009.
- (2) A portion of Mr. DeSisto's target cash compensation was based on the achievement of a subjective performance goal. At the meeting held on February 4, 2010, the Compensation Committee approved Mr. DeSisto's subjective target payout at 100% of target.
- (3) Mr. Roberts was hired as our Chief Financial Officer effective March 5, 2009.
- (4) In 2009, prior to being hired as our Chief Financial Officer, Mr. Roberts provided consulting services. All consulting wages are reported in All Other Compensation.
- (5) Effective March 5, 2009, Mr. Boess accepted the new position of Vice President, International. At the meeting held on February 4, 2010, the Compensation Committee approved Mr. Boess' subjective target payout at 70% of

target.

- (6) Mr. Devlin was hired as our Chief Commercial Officer effective August 17, 2009.
- (7) Mr. Devlin was awarded a sign-on bonus of \$40,000 as part of his employment offer.
- (8) Mr. Devlin's bonus was pro-rated based upon his hire date.

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth certain information with respect to grants of plan-based awards for the year ended December 31, 2009 to the named executive officers.

**2009 GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Future Payouts			All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value
		Threshold	Target	Maximum			
		Under Non-Equity Incentive Plan Awards					
Duane DeSisto	2/26/2009	\$ 112,500	\$ 225,000	\$ 281,250	100,000	\$ 6.83	\$ 458,220
Brian Roberts	3/5/2009	63,000	126,000	157,500	180,000	\$ 5.11	\$ 608,508
Carsten Boess	2/26/2009	64,125	128,250	160,313	40,000	\$ 6.83	\$ 183,288
Luis Malavé	2/26/2009	64,125	128,250	160,313	55,000	\$ 6.83	\$ 252,021
Peter Devlin	8/17/2009	25,782	51,563(1)	64,454	180,000	\$ 8.30	\$ 990,918

(1) Mr. Devlin's Estimated Future Payout under the Non-Equity Incentive Plan was pro-rated based upon his hire date.

**Discussion of Summary Compensation and Grants of Plan-Based Awards Tables**

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the Grants of Plan Based Awards Table was paid or awarded, are described above under Compensation Discussion and Analysis. A summary of certain material terms of our compensation plans and arrangements is set forth below.

***Employment Agreements******Amended and Restated Executive Severance Plan***

On May 8, 2008 we enacted the Executive Severance Plan, which was amended and restated on November 14, 2008. All named executive officers of the Company are provided the benefit of the Amended and Restated Executive Severance Plan. In the event that any of our named executive officers employment is terminated by us without cause, resigns for good reason or is terminated as a result of a change in control, as defined by the Amended and Restated Executive Severance Plan, they will be entitled to twelve months of their base salary with the exception of Mr. DeSisto who will be entitled to twenty-four months of his base salary. If the named executive officer's employment is terminated prior to a change of control, such amounts are payable over twelve months (twenty-four months in the case of Mr. DeSisto). If the named executive officer's employment is terminated after a change of

control, such amounts are payable in a lump sum. Additionally, these named executive officers will be entitled to a pro-rata bonus, continued health, dental and life insurance coverage, reimbursement for outplacement services not to exceed \$15,000, provided that such expenses are incurred by the executive within twelve months of the termination, and payment for any accrued unused vacation time. Notwithstanding the foregoing, our obligation to make these severance payments to any of these named executive officers is subject to the executive's delivery of a release of claims in favor of the Company and that executive's continued compliance with the confidentiality, non-compete and non-solicitation obligations under his or her non-competition and non-solicitation agreement and employee non-disclosure and developments agreement with us. In the instance that the termination occurs within twelve months after the effective date of a change in control, all outstanding stock options and other stock-based awards held by the executive will accelerate to become fully exercisable or nonforfeitable as of the executive's termination date.



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### *2009 Offer Letters*

We entered into an offer letter with Brian Roberts, which was signed March 2, 2009 and effective on March 5, 2009, to hire him as our Chief Financial Officer. For 2009, we agreed to pay Mr. Roberts an annual base salary of \$280,000 and a target bonus of 45% of his base salary. In connection with the commencement of Mr. Roberts' employment, we agreed to grant him a non-qualified stock option to purchase 180,000 shares of our common stock at a purchase price equal to the fair market value as of the date of grant. This inducement stock option award was granted outside of our 2007 Stock Option and Incentive Plan in compliance with Nasdaq Listing Rule 5635. This stock option award will vest over four years with 25% of the total award vesting after one year and the remainder vesting in equal quarterly installments each quarter thereafter for twelve quarters. As a condition to his employment, Mr. Roberts was required to enter into our standard form of non-disclosure and developments agreement and our standard form of non-competition and non-solicitation agreement. Mr. Roberts will also be covered by our Amended and Restated Executive Severance Plan.

Effective August 17, 2009, we entered into an offer letter with Peter Devlin to hire him as our Chief Commercial Officer. For 2009, we agreed to pay Mr. Devlin an annual base salary of \$275,000, a one-time signing bonus of \$40,000 and a target bonus of 50% of his base salary. In connection with the commencement of Mr. Devlin's employment, we agreed to grant him a non-qualified stock option to purchase 180,000 shares of our common stock at a purchase price equal to the fair market value as of the date of grant. This inducement stock option award was granted outside of our 2007 Stock Option and Incentive Plan in compliance with Nasdaq Listing Rule 5635. This stock option award will vest over four years with 25% of the total award vesting after one year and the remainder vesting in equal quarterly installments each quarter thereafter for twelve quarters. As a condition to his employment, Mr. Devlin was required to enter into our standard form of non-disclosure and developments agreement and our standard form of non-competition and non-solicitation agreement. Mr. Devlin will also be covered by our Amended and Restated Executive Severance Plan.

### *Other Agreements*

Each of our named executive officers has entered into a non-competition and non-solicitation agreement and an employee non-disclosure and developments agreement with us, which provide for protection of our confidential information, assignment to us of intellectual property developed by our executives and non-compete and non-solicitation obligations that are effective while the executive is employed by us and for a period of twelve months thereafter.

### *Cash Incentive Bonuses*

In 2009, we established target cash incentive bonuses for each of our named executive officers as a percentage of that executive's base salary, as follows: Mr. DeSisto 60%; Mr. Roberts 45%; Mr. Malavé 45%; Mr. Boess 45%; and Mr. Devlin 50%. Any bonus amounts paid based on the achievement of subjective performance goals are reported as Bonus in the Summary Compensation Table. The remainder of the bonuses were paid based on the executives' achievement of a number of objective company goals and objective performance goals, as described above under Our Executive Compensation Programs Cash Incentive Bonuses. Generally, for each goal, the executive had the ability to earn between 0% and 125% of the target bonus amount based on the level of achievement of that goal. The bonuses paid upon the achievement of these predetermined performance goals are reported as Non-Equity Incentive Plan Compensation in the Summary Compensation Table and are described in detail above under Our Executive Compensation Programs Cash Incentive Bonuses.

Additionally, in the 2009 Grants of Plan-Based Awards table, the Estimated Future Payouts under Non-Equity Incentive Plan Awards column for each of the executives relates to the portion of our cash incentive bonuses that was

payable upon the achievement of these predetermined performance goals. The threshold payouts represent the payout that would have been received if each performance goal was met at the minimum level, the target represents the payout that would have been received if each performance goal was met at the

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target level and the maximum represents the payout that would have been received if each performance goal was met at the maximum level.

***2009 Stock Option Grants and 2009 Inducement Stock Option Grants***

In 2009, we granted Mr. DeSisto options to purchase 100,000 shares of our common stock, Mr. Malavé options to purchase 55,000 shares of our common stock and Mr. Boess options to purchase 40,000 shares of our common stock in each case at an exercise price of \$6.83 per share.

In addition, as an inducement to hire we granted Mr. Roberts options to purchase 180,000 shares of our common stock at an exercise price of \$5.11 per share and Mr. Devlin options to purchase 180,000 shares of our common stock at an exercise price of \$8.30 per share. Each of these options were inducement grants issued outside of our 2007 Stock Option and Incentive Plan in compliance with Nasdaq Listing Rule 5635. Each of these options were approved by our Board of Directors based on the recommendation and approval of our Compensation Committee, as an inducement material to Mr. Roberts and Mr. Devlin's entering into employment with us.

These stock options have a term of ten years and may be exercised at any time after they vest and prior to their expiration for all or a portion of such option shares. These stock options vest over four years with 25% of the total award vesting after one year and the remainder vesting in equal quarterly installments each quarter thereafter for twelve quarters. Vesting of these stock options is also subject to acceleration in connection with a change-in-control as described in Potential Payments Upon Termination or Change-in-Control.

***2000 Stock Option and Incentive Plan***

Our 2000 Stock Option and Incentive Plan was initially adopted by our Board of Directors and approved by our stockholders in October 2000. Following our initial public offering in May 2007, no additional grants have been or will be made under our 2000 Stock Option and Incentive Plan.

As a matter of practice, most stock options issued under our 2000 Stock Option and Incentive Plan were issued as incentive stock options, subject to the volume limitations contained in the Internal Revenue Code, and subject to a four-year vesting period, with 25% of the total award vesting after one year and the remainder vesting in equal monthly installments each month thereafter for 36 months. Additionally, most of the stock options granted under our 2000 Stock Option and Incentive Plan, including all stock options issued prior to December 20, 2006, allow for the exercise of unvested options at any time after the options were issued, provided that the vesting terms will continue to apply to the shares acquired upon such an exercise and any unvested shares will be subject to repurchase by us at the exercise price paid to acquire the shares. After termination of an optionee, he or she may exercise his or her vested options for the period of time stated in the stock option agreement issued under our 2000 Stock Option and Incentive Plan. Generally, if termination is due to death or disability, the vested option will remain exercisable for 180 days; if termination is for cause, the option may no longer be exercised; and, in all other cases, the vested options will remain exercisable for three months. In addition, each stock option we have granted under our 2000 Stock Option and Incentive Plan generally expires ten years after the issuance of such option, regardless of whether the optionee has been terminated.

***2007 Stock Option and Incentive Plan***

*Background.* Our 2007 Stock Option and Incentive Plan was adopted by our Board of Directors and approved by our stockholders in April 2007. At the annual meeting of stockholders held on May 8, 2008, our stockholders approved an amendment to our 2007 Stock Option and Incentive Plan to increase the aggregate number of shares of our common stock authorized for issuance by 600,000.

*Administration.* Our Compensation Committee of our Board of Directors is responsible for administering our 2007 Stock Option and Incentive Plan. Under our 2007 Stock Option and Incentive Plan, the plan administrator has the power to determine the terms of the awards, including the officers, employees, non-

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employee directors and key persons (including consultants and prospective employees) who will receive awards, the exercise price, the number of shares subject to each award, the vesting schedule and exercisability of awards and the form of consideration payable upon exercise of an option.

*Eligibility.* All of our officers, employees, non-employee directors and key persons (including consultants and prospective employees) are eligible to be granted awards under our 2007 Stock Option and Incentive Plan.

*Number of Shares Available for Issuance.* The maximum number of shares of our common stock that are authorized for issuance under our 2007 Stock Option and Incentive Plan currently is 3,310,000 shares, which amount will be increased on January 1, 2011 and January 1, 2012, by a number of shares equal to 3% of the number of shares of our common stock outstanding as of the immediately preceding December 31, up to the maximum increase of 725,000 additional shares per year. In addition, each share of deferred stock, restricted stock, unrestricted stock or performance shares awarded under the 2007 Stock Option and Incentive Plan will count as 1.5 shares against the total pool of shares available for issuance under the plan. Shares issued under the 2007 Stock Option and Incentive Plan may be authorized but unissued shares or shares reacquired by us. Any shares subject to awards that are forfeited, canceled, held back upon exercise of an option or settlement of an award to cover the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without the issuance of shares or otherwise terminated (other than by exercise) shall be added back to the shares available for issuance under the 2007 Stock Option and Incentive Plan. Upon the occurrence of a merger, consolidation, recapitalization, reclassification, stock split, stock dividend, combination of shares or the like, the plan administrator will make an appropriate or proportionate adjustment in the shares reserved for issuance under, and the number of shares or exercise price applicable to any award which will remain outstanding under, the 2007 Stock Option and Incentive Plan.

*Types of Awards.* The plan administrator may grant the following types of awards under our 2007 Stock Option and Incentive Plan: stock options; stock appreciation rights; deferred stock awards; restricted stock; unrestricted stock; cash based awards; performance share awards; or dividend equivalent rights. Stock options awarded under our 2007 Stock Option and Incentive Plan may be nonqualified stock options or incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended. With the exception of incentive stock options, the plan administrator may grant, from time to time, any of the types of awards under our 2007 Stock Option and Incentive Plan to our officers, employees, non-employee directors and key persons (including consultants and prospective employees). Incentive stock options may only be granted to our employees.

*Stock Options.* A stock option is the right to acquire shares of our common stock at a fixed price for a fixed period of time and generally is subject to a vesting requirement. We typically grant options subject to a four-year vesting period, with 25% of the total award vesting after one year and the remainder vesting in equal quarterly installments each quarter thereafter for twelve quarters. In the event we are acquired or are otherwise subject to a change in control, all of the outstanding options granted under our 2007 Stock Option and Incentive Plan will become fully vested. A stock option will be in the form of a nonqualified stock option or an incentive stock option. The exercise price is set by the plan administrator, which is our Board of Directors or our Compensation Committee, but cannot be less than 100% of the fair market value of our common stock on the date of grant, or, in the case of incentive stock options granted to an employee who owns 10% or more of total combined voting power of our common stock, or a 10% owner, the exercise price cannot be less than 110% of the fair market value of our common stock on the date grant. The term of a stock option may not exceed ten years (or five years in the case of incentive stock options granted to a 10% owner). After an optionee's employment with us is terminated, he or she may exercise his or her vested options for the period of time stated in the stock option agreement. Generally, if termination is due to death or disability, any outstanding stock options become fully vested, and will remain exercisable for twelve months; if termination is for cause, the option may no longer be exercised; and, in all other cases, the vested options will remain exercisable for three months. However, an option may not be exercised later than its expiration date.

*Amendment and Discontinuance; Term.* Our Board of Directors may at any time amend or discontinue our 2007 Stock Option and Incentive Plan, and the plan administrator may at any time amend or cancel any outstanding award for the purpose of satisfying changes in law or for any other lawful purpose, but no such

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action will adversely affect rights under any outstanding awards without the holder's consent. To the extent required by applicable laws or rules, plan amendments may be subject to stockholder approval. Unless terminated earlier, our 2007 Stock Option and Incentive Plan will expire on the tenth anniversary of its effective date.

***2007 Employee Stock Purchase Plan***

Our 2007 Employee Stock Purchase Plan was adopted by our Board of Directors and approved by our stockholders in April 2007 and became effective upon the closing of our initial public offering in May 2007. Our 2007 Employee Stock Purchase Plan authorizes the issuance of up to a total of 380,000 shares of our common stock to participating employees.

All of our employees who have been employed by us for at least six months and whose customary employment is for more than 20 hours a week are eligible to participate in our 2007 Employee Stock Purchase Plan. Any employee who owns 5% or more of the voting power or value of our stock is not eligible to purchase shares under our 2007 Employee Stock Purchase Plan.

We will make one or more offerings each year to our employees to purchase stock under our 2007 Employee Stock Purchase Plan. The first offering began on the date of the closing of our initial public offering and ended on December 31, 2007. Subsequent offerings generally start on each January 1 and July 1 and continue for six-month periods, referred to as offering periods.

Each employee who is a participant in our 2007 Employee Stock Purchase Plan may purchase shares by authorizing payroll deductions of up to 10% of his or her cash compensation during an offering period. Unless the participating employee has previously withdrawn from the offering, his or her accumulated payroll deductions will be used to purchase common stock on the last business day of the offering period at a price equal to 85% of the fair market value of the common stock on the last day of the offering period. Under applicable tax rules, an employee may purchase no more than \$25,000 worth of common stock, valued at the start of the purchase period, under our 2007 Employee Stock Purchase Plan in any calendar year.

The accumulated payroll deductions of any employee who is not a participant on the last day of an offering period will be refunded. An employee's rights under our 2007 Employee Stock Purchase Plan terminate upon voluntary withdrawal from the plan or when the employee ceases employment for any reason.

Our 2007 Employee Stock Purchase Plan may be terminated or amended by our Board of Directors at any time. An amendment that increases the number of shares of our common stock that is authorized under our 2007 Employee Stock Purchase Plan and certain other amendments require the approval of our stockholders.

**Table of Contents****Outstanding Equity Awards**

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2009 with respect to the named executive officers.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2009**

Name	Number of Securities Underlying Unexercised Options	Option Awards		
		Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Duane DeSisto	61,952(2)		1.190	10/9/2012
	38,070(2)		1.190	7/22/2013
	39,995(2)		2.500	2/23/2014
	80,017(2)		2.500	2/23/2014
	293,993(2)		3.600	2/9/2015
	21,875(3)	28,125	15.090	3/12/2018
	9,375(3)	15,625	18.750	5/8/2018
	(3)	100,000	6.830	2/26/2019
Brian Roberts	(3)	180,000	5.110	3/5/2019
Luis Malavé	130(2)		2.500	2/23/2014
	12,744(2)		3.600	5/4/2015
	27,115(2)		11.640	1/24/2017
	64,254(3)		11.640	1/24/2017
	21,875(3)	28,125	15.090	3/12/2018
	(3)	55,000	6.830	2/26/2019
Carsten Boess	61,820(2)		8.040	6/1/2016
	113,180(2)		8.040	6/1/2016
	17,500(3)	22,500	15.090	3/12/2018
	(3)	40,000	6.830	2/26/2019
Peter Devlin	(3)	180,000	8.300	8/17/2019

- (1) The expiration date for all options is the date that is ten years after the grant date. See Potential Payments Upon Termination or Change-in-Control for a description of the acceleration provisions upon termination or change-in-control.
- (2) This option is subject to a four-year vesting period, with 25% of the total award vesting one year after the grant date and the remainder vesting in equal monthly installments each month thereafter for 36 months, subject to continued employment.
- (3) This option is subject to a four-year vesting period, with 25% of the total award vesting one year after the grant date and the remainder vesting in equal quarterly installments for each quarter thereafter for twelve quarters,



subject to continued employment.

**Option Exercises and Stock Vested**

Our named executive officers did not exercise any options during the year ended December 31, 2009. Our named executive officers did not hold any stock subject to vesting in the year ended December 31, 2009.

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

During 2008, all pre-existing employment agreements with our named executive officers expired, or were terminated, and were replaced on May 8, 2008 with the Executive Severance Plan, which was amended and restated on November 14, 2008. The Amended and Restated Executive Severance Plan provides for certain severance and change of control benefits to all of our executive officers.

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In the event that any of our named executive officers' employment is terminated by us without cause, resigns for good reason or is terminated as a result of a change in control, as defined by the Amended and Restated Executive Severance Plan they will be entitled to twelve months of their base salary with the exception of Mr. DeSisto who will be entitled to twenty-four months of his base salary. If the named executive officer's employment is terminated prior to a change of control, such amounts are payable over twelve months (twenty-four months in the case of Mr. DeSisto). If the named executive officer's employment is terminated after a change of control, such amounts are payable in a lump sum. Additionally, these named executive officers will be entitled to a pro-rata bonus, continued health, dental and life insurance coverage, reimbursement for outplacement services not to exceed \$15,000 provided that such expenses are incurred by the executive within twelve months of the termination, and payment for any accrued unused vacation time. Notwithstanding the foregoing, our obligation to make these severance payments to any of these named executive officers is subject to the executive's delivery of a release of claims in favor of the Company and that executive's continued compliance with the confidentiality, non-compete and non-solicitation obligations under his or her non-competition and non-solicitation agreement and employee non-disclosure and developments agreement with us. We agreed to provide severance payments to these executives in these circumstances based on the terms of the Amended and Restated Executive Severance Plan in order to provide a total compensation package that we believed to be competitive.

Cause means any of the following: the failure or refusal of the named executive officer to render services to us in connection with the performance of their duties; disloyalty, gross negligence, dishonesty or breach of fiduciary duty or the other agreements executed in connection therewith; the commission by the named executive officer of an act of fraud, embezzlement or disregard of our rules or policies or the commission by the named executive officer of any other action which injures us; acts which, in the judgment of our Board of Directors, would tend to generate adverse publicity toward us; the commission, or plea of nolo contendere, by the named executive officer of a felony; the commission of an act which constitutes unfair competition with us or which induces any of our customers to breach a contract with us; or a breach by the named executive officer of the terms of the non-competition and non-solicitation agreement or the employee non-disclosure and developments agreement between us and the named executive officer.

Good Reason means any of the following: material diminution in the named executive officer's responsibilities, authority or duties; a material reduction in the named executive officer's base salary except for across-the-board salary reductions similarly affecting all or substantially all management employees; the relocation of the office in which the named executive officer is principally employed to a location more than 50 miles from such location.

We are not obligated to pay any tax gross-ups or similar amounts to the named executive officers with respect to amounts payable to them under the Amended and Restated Executive Severance Plan. Amounts payable to our named executive officers under the Amended and Restated Executive Severance Plan will be reduced to an amount that would cause such officer to not be subject to any excise tax under Section 4999 of the Internal Revenue Code, to the extent such officer would benefit on a net after-tax basis by doing so.

If any of our named executive officers had been terminated without cause on December 31, 2009, the approximate value of the severance benefits, assuming no unused vacation time, under the Amended and Restated Executive Severance Plan would have been as follows: Mr. DeSisto \$796,677; Mr. Roberts \$310,839; Mr. Malavé \$310,842; Mr. Boess \$315,839; and Mr. Devlin \$305,839. Also, any remaining unvested options granted to such named executive officer under the 2000 Stock Option and Incentive Plan and options granted under the 2007 Stock Option and Incentive Plan would have ceased vesting on that date.

If any of our named executive officers had been terminated for cause or if such named executive officer had terminated their employment for any other reason than good reason, the approximate value of the severance benefits, assuming no unused vacation time, under the Amended and Restated Executive Severance Plan for the named officers would have been \$0. Also, any remaining unvested options granted to such named executive officer under the 2000

Stock Option and Incentive Plan and the 2007 Stock Option and Incentive Plan would have ceased vesting on that date.

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Upon a change-in-control, a named executive officer will be entitled to accelerated vesting for 50% of any remaining unvested options granted under the 2000 Stock Option and Incentive Plan and 100% of any unvested options granted under the 2007 Stock Option and Incentive Plan. Further, in the event that, within twelve months following a change-in-control, a named executive officer's employment is terminated without cause, he or she experiences a material negative change in his or her compensation or responsibilities or he or she is required to be based at a location more than 50 miles from his or her current work location, any remaining unvested options granted under the 2000 Stock Option and Incentive Plan will become fully vested. Change-in-control means any of the following: a sale or other disposition of all or substantially all of our assets; or a merger or consolidation after which our voting securities outstanding immediately before the transaction cease to represent at least a majority of the combined voting power of the successor entity's outstanding voting securities immediately after the transaction. We agreed to provide payments to these executives in these circumstances in order to provide a total compensation package that we believed to be competitive. Additionally, the primary purpose of our equity-based incentive awards is to align the interests of our executives and our stockholders and provide our executives with strong incentives to increase stockholder value over time. As change-in-control transactions typically represent events where our stockholders are realizing the value of their equity interests in our Company, we believe it is appropriate for our executives to share in this realization of stockholder value, particularly where their employment is terminated in connection with the change-in-control transaction. We believe that this acceleration of vesting will also help to better align the interests of our executives with our stockholders in pursuing and engaging in these transactions.

If a change-in-control had occurred on December 31, 2009, the value of 50% of any then unvested options granted under the 2000 Stock Option and Incentive Plan and the value of 100% of any then unvested options granted under the 2007 Stock Option and Incentive Plan, in each case that would vest as a result of such change-in-control, for each named executive officer, calculated based on the spread between the exercise price of the unvested options and \$14.28, which was the closing price for our common stock on The Nasdaq Global Market on December 31, 2009, would have been approximately as follows: Mr. DeSisto \$745,000; Mr. Roberts \$1,650,600; Mr. Malavé - \$439,999; Mr. Boess \$353,130; and Mr. Devlin \$1,076,400.

If a change-in-control had occurred on December 31, 2009 and on that date each named executive officer had been terminated without cause, experienced a material negative change in his or her compensation or responsibilities or was required to be based at a location more than 50 miles from his or her current work location, the value of 100% of any then unvested options granted under the 2000 Stock Option and Incentive Plan and the 2007 Stock Option and Incentive Plan, in each case that would vest as a result of such change-in-control and such termination or other circumstance, for each named executive officer, calculated based on the spread between the exercise price of the unvested options and \$14.28, which was the closing price for our common stock on The Nasdaq Global Market on December 31, 2009, would have been approximately as follows: Mr. DeSisto - \$745,000; Mr. Roberts \$1,650,600; Mr. Malavé \$470,248; Mr. Boess \$408,261; and Mr. Devlin - \$1,076,400.

## **Director Compensation**

During 2009, our director compensation policy was to pay all of our non-employee directors the following compensation:

an annual retainer of \$25,000;

a \$1,000 fee for each meeting attended (except that the fee for the Audit Committee chairman will be \$1,750 for each Audit Committee meeting attended);

an additional annual retainer of \$10,000 to each of the Lead Director and Audit Committee chairman;

an additional annual retainer of \$6,000 to each of the Compensation Committee chairperson and Nominating and Corporate Governance Committee chairman;

upon initial election to our Board of Directors, a grant of an option to purchase 20,000 shares of our common stock; and

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an annual grant of an option to purchase 8,000 shares of our common stock, such grant to be made effective on the third business day following our annual stockholders meeting.

All options granted to non-employee directors will have an exercise price equal to the closing price of our common stock on the date of grant and will vest 50% on the first anniversary of the grant date and 25% on each of the second and third such anniversaries, subject to continued service as a director.

The following table sets forth certain information with respect to our directors' compensation during the year ended December 31, 2009.

**2009 DIRECTOR COMPENSATION TABLE**

Name	Fees Earned or		Total
	Paid in Cash	Option Awards(1)	
Steve Sobieski	\$ 53,500	\$ 37,410	\$ 90,910
Regina Sommer	45,000	86,416	131,416
Charles Liamos	48,898	37,410	86,308
Joseph Zakrzewski	37,000	86,416	123,416
Ross Jaffe, M.D.	53,500	37,410	90,910
Sally Crawford	51,167	86,416	137,583
Gary Eichhorn(2)	14,333		14,333

(1) Based on the grant date fair value of the option awards granted with respect to the years ended December 31, 2009, 2008 and 2007 in accordance with FASB ASC 718-10, excluding the impact of forfeitures. The assumptions we used for calculating the grant date fair values are set forth in notes 2 and 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009. As of December 31, 2009, our non-employee directors held options that had been granted by us as director compensation to purchase the following number of shares of our common stock: Ms. Crawford 28,000 shares; Mr. Eichhorn 0 shares; Dr. Jaffe 11,810 shares; Mr. Liamos 30,845 shares; Mr. Sobieski 30,845 shares; Ms. Sommer 28,000 shares; and Mr. Zakrzewski 28,000 shares.

(2) Mr. Eichhorn ceased to be a director of our Company on April 29, 2009.

In addition to the compensation described above, we also reimburse all non-employee directors for their reasonable out-of-pocket expenses incurred in attending meetings of our Board of Directors or any committees thereof.

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**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

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

This report is submitted by the Audit Committee of the Board of Directors. The Audit Committee currently consists of Steven Sobieski (Chairman), Charles Lamos and Regina Sommer. None of the members of the Audit Committee is an officer or employee of the Company. Ms. Sommer and Messrs. Sobieski and Lamos are each independent for Audit Committee purposes under the applicable rules of Nasdaq and the SEC. Ms. Sommer and Messrs. Sobieski and Lamos are each an audit committee financial expert as is currently defined under SEC rules. The Audit Committee operates under a written charter adopted by the Board of Directors, a copy of which is attached as Appendix A to this Proxy Statement.

The Audit Committee oversees the Company's accounting and financial reporting processes on behalf of the Board of Directors. The Company's management has the primary responsibility for preparing the Company's financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee has reviewed and discussed with management the Company's consolidated financial statements for the fiscal year ended December 31, 2009, including a discussion of, among other things, the quality of the Company's accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosures in the Company's financial statements.

The Audit Committee also reviewed with Ernst & Young LLP, the Company's independent registered public accounting firm, the results of their audit and discussed matters required to be discussed by the Statement on Auditing Standards No. 61 (*Communications with Audit and Finance Committees*), as currently in effect, other standards of the Public Company Accounting Oversight Board, rules of the SEC and other applicable regulations. The Audit Committee has reviewed permitted services under rules of the SEC, as currently in effect, and discussed with Ernst & Young LLP their independence from management and the Company, including the matters in the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board, as currently in effect, and has considered and discussed the compatibility of non-audit services provided by Ernst & Young LLP with that firm's independence.

The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations; their evaluations of the Company's internal controls, including internal control over financial reporting; and the overall quality of the Company's financial reporting.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the Securities and Exchange Commission.

Respectfully submitted by the Audit Committee,

Steven Sobieski (Chairman)  
Charles Lamos

Regina Sommer



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The Audit Committee charter contains procedures for the pre-approval of audit and non-audit services (the Pre-Approval Policy ) to ensure that all audit and permitted non-audit services to be provided to the Company have been pre-approved by the Audit Committee. Specifically, the Audit Committee pre-approves the use of Ernst & Young LLP for specific audit and non-audit services, except that pre-approval of non-audit services is not required if the de minimus provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied. If a proposed service has not been pre-approved pursuant to the Pre-Approval Policy, then it must be specifically pre-approved by the Audit Committee before it may be provided by Ernst & Young LLP. All of the audit-related, tax and all other services provided by Ernst & Young LLP to the Company in fiscal 2009 were approved by the Audit Committee by means of specific pre-approvals or pursuant to the Pre-Approval Policy. All non-audit services provided in 2009 were reviewed with the Audit Committee, which concluded that the provision of such services by Ernst & Young LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. For additional information concerning the Audit Committee and its activities with Ernst & Young LLP, see Management Audit Committee and Report of the Audit Committee of the Board of Directors.

The Company expects that a representative of Ernst & Young LLP will attend the Annual Meeting, and the representative will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from stockholders.

**Fees Billed by Ernst & Young LLP**

The following table shows the aggregate fees for professional services rendered by Ernst & Young LLP to the Company for the fiscal years ended December 31, 2008 and 2009.

	<b>Fiscal Year Ended December 31,</b>	
	<b>2008</b>	<b>2009</b>
Audit Fees	\$ 911,301	\$ 935,000
Audit-Related Fees		
Tax Fees	50,000	53,000
All Other Fees	1,500	1,500
Total	\$ 962,801	\$ 989,500

***Audit Fees***

Audit Fees for both years consist of fees for professional services associated with the annual consolidated financial statements audit, review of the interim consolidated financial statements and services that are normally provided by Ernst & Young LLP in connection with statutory audits required in regulatory filings. Audit Fees for the year ended December 31, 2008 include \$123,467 of fees for professional services in connection with the Company's convertible debt offering which was completed in June 2008. Audit Fees for the year ended December 31, 2009 include \$137,000 of fees for professional services related to the 2008 audit which were billed to the Company in June 2009, \$65,000 of fees for professional services in connection with the Company's facility agreement entered into in March 2009 and amended in September 2009 and \$179,000 of fees for professional services in connection with our public offering in October 2009.

***Tax Fees***

Tax Fees consist of fees for professional services rendered for assistance with federal and state tax compliance.

***All Other Fees***

Other Fees for the years ended December 31, 2008 and 2009 consist of fees for using the on-line accounting research tools of Ernst & Young LLP.

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**PROPOSAL 2**

**RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as the Company's independent registered public accounting firm for its fiscal year ending December 31, 2010. Ernst & Young LLP has served as the Company's independent registered public accounting firm since December 2002. The Audit Committee is directly responsible for the appointment, retention, compensation and oversight of the work of the Company's independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work. In making its determinations regarding whether to appoint or retain a particular independent registered public accounting firm, the Audit Committee takes into account the views of management and will take into account the vote of the Company's stockholders with respect to the ratification of the appointment of the Company's independent registered public accounting firm.

A representative of Ernst & Young LLP is expected to be present at the Annual Meeting. He or she will have an opportunity to make a statement, if he or she desires to do so, and will be available to respond to appropriate questions from stockholders.

**Recommendation of our Board of Directors**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR* THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2010.**

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**EXPENSES AND SOLICITATION**

The cost of solicitation of proxies will be borne by the Company and, in addition to soliciting stockholders by mail through its regular employees, the Company may request banks, brokers and other custodians, nominees and fiduciaries to solicit their customers who have stock of the Company registered in the names of a nominee and, if so, will reimburse such banks, brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket costs. Solicitation by officers and employees of the Company may also be made of some stockholders in person or by mail, telephone, e-mail or telegraph following the original solicitation.

**STOCKHOLDER PROPOSALS**

Proposals of stockholders intended for inclusion in the Proxy Statement to be furnished to all stockholders entitled to vote at the 2011 Annual Meeting of Stockholders of the Company, pursuant to Rule 14a-8 promulgated under the Exchange Act by the SEC, must be received at the Company's principal executive offices not later than November 30, 2010. If a stockholder who wishes to present a proposal fails to notify the Company by November 30, 2010 and such proposal is brought before the 2011 Annual Meeting, then under the SEC's proxy rules, the proxies solicited by management with respect to the 2011 Annual Meeting will confer discretionary voting authority with respect to the stockholder's proposal on the persons selected by management to vote the proxies. If a stockholder makes a timely notification, the proxies may still exercise discretionary voting authority under circumstances consistent with the SEC's proxy rules. In order to curtail controversy as to the date on which a proposal was received by the Company, it is suggested that proponents submit their proposals by Certified Mail, Return Receipt Requested, to Insulet Corporation, 9 Oak Park Drive, Bedford, Massachusetts 01730, Attention: Secretary.

**OTHER MATTERS**

The Board of Directors knows of no other matters to be brought before the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons appointed in the accompanying proxy intend to vote the shares represented thereby in accordance with their best judgment on such matters, under applicable laws.

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**APPENDIX A**

**INSULET CORPORATION**

**Audit Committee Charter**

**I. General Statement of Purpose**

The purposes of the Audit Committee of the Board of Directors (the Audit Committee ) of Insulet Corporation (the Company ) are to:

oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements;

take, or recommend that the Board of Directors of the Company (the Board ) take, appropriate action to oversee the qualifications, independence and performance of the Company's independent auditors; and

prepare the report required by the rules of the Securities and Exchange Commission (the SEC ) to be included in the Company's annual proxy statement.

**II. Composition**

The Audit Committee shall consist of at least three members of the Board, each of whom must (1) be independent as defined in Rule 4200(a)(15) under the Marketplace Rules of the National Association of Securities Dealers, Inc. (NASD ); (2) meet the criteria for independence set forth in Rule 10A-3(b)(1) promulgated under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act; and (3) not have participated in the preparation of the financial statements of the Company or a current subsidiary of the Company at any time during the past three years.

Notwithstanding the first paragraph of this section, one director who (1) is not independent as defined in Rule 4200 under the Marketplace Rules of the NASD; (2) satisfies the criteria for independence set forth in Section 10A(m)(3) of the Exchange Act and the rules thereunder; and (3) is not a current officer or employee or a Family Member of such officer or employee, may be appointed to the Audit Committee, if the Board, under exceptional and limited circumstances, determines that membership on the Audit Committee by the individual is required by the best interests of the Company and its stockholders, and the Board discloses, in the next annual proxy statement subsequent to such determination (or, if the Company does not file a proxy statement, in its Form 10-K), the nature of the relationship and the reasons for that determination. A member appointed under this exception may not serve on the Audit Committee for more than two years and may not chair the Audit Committee.

Each member of the Audit Committee must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. One or more members of the Audit Committee may qualify as an audit committee financial expert under the rules promulgated by the SEC.

The members of the Audit Committee shall be appointed annually by the Board and may be replaced or removed by the Board with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Audit Committee. Any vacancy on the Audit Committee, occurring for whatever reason, may be filled only by the Board. The Board shall designate one member of the Audit Committee to be Chairman of the Audit Committee.

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### **III. Compensation**

A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board or any other committee established by the Board, receive directly or indirectly from the Company any consulting, advisory or other compensatory fee from the Company.

### **IV. Meetings**

The Audit Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this Charter, but not less frequently than quarterly. A majority of the members of the Audit Committee shall constitute a quorum for purposes of holding a meeting and the Audit Committee may act by a vote of a majority of the members present at such meeting. In lieu of a meeting, the Audit Committee may act by unanimous written consent.

### **V. Responsibilities and Authority**

#### **A. Review of Charter**

The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend to the Board any amendments or modifications to this Charter that the Audit Committee deems appropriate.

#### **B. Matters Relating to Selection, Performance and Independence of Independent Auditor**

The Audit Committee shall be directly responsible for the appointment, retention and termination, and for determining the compensation, of the Company's independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Audit Committee may consult with management in fulfilling these duties, but may not delegate these responsibilities to management.

The Audit Committee shall be directly responsible for oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

The Audit Committee shall instruct the independent auditor that the independent auditor shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services and the terms thereof (which may include providing comfort letters in connection with securities underwritings) and non-audit services (other than non-audit services prohibited under Section 10A(g) of the Exchange Act or the applicable rules of the SEC or the Public Company Accounting Oversight Board) to be provided to the Company by the independent auditor; provided, however, the pre-approval requirement is waived with respect to the provision of non-audit services for the Company if the de minimus provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied. The authority to pre-approve audit and non-audit services may be delegated to one or more members of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision.

The Audit Committee may review and approve the scope and staffing of the independent auditors' annual audit plan(s).

The Audit Committee shall request that the independent auditor provide the Audit Committee with the written disclosures and the letter required by Independence Standards Board Standard No. 1, as modified or supplemented, require that the independent auditor submit to the Audit Committee on a periodic basis a formal written statement delineating all relationships between the independent auditor and the Company, discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and based

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on such disclosures, statement and discussion take or recommend that the Board take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence.

The Audit Committee may consider whether the provision of the services covered in Items 9(e)(2) and 9(e)(3) of Regulation 14A of the Exchange Act (or any successor provision) is compatible with maintaining the independent auditor's independence.

The Audit Committee shall evaluate the independent auditors' qualifications, performance and independence, and shall present its conclusions with respect to the independent auditors to the full Board. As part of such evaluation, at least annually, the Audit Committee shall assure the regular rotation of the audit partners (including, without limitation, the lead and concurring partners) as required under the Exchange Act and Regulation S-X.

The Audit Committee may recommend to the Board policies with respect to the potential hiring of current or former employees of the independent auditor.

**C. Audited Financial Statements and Annual Audit**

The Audit Committee shall review the overall audit plan (both internal and external) with the independent auditor and the members of management who are responsible for preparing the Company's financial statements, including the Company's Chief Financial Officer and/or principal accounting officer or principal financial officer (the Chief Financial Officer and/or such other officer or officers are referred to herein collectively as the Senior Accounting Executive ).

The Audit Committee shall review and discuss with management (including the Company's Senior Accounting Executive) and with the independent auditor the Company's annual audited financial statements, including (a) all critical accounting policies and practices used or to be used by the Company, (b) the Company's disclosures under Management's Discussion and Analysis of Financial Conditions and Results of Operations prior to the filing of the Company's Annual Report on Form 10-K, and (c) any significant financial reporting issues that have arisen in connection with the preparation of such audited financial statements.

The Audit Committee may review:

- (i) any analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements. The Audit Committee may consider the ramifications of the use of such alternative disclosures and treatments on the financial statements, and the treatment preferred by the independent auditor. The Audit Committee may also consider other material written communications between the registered public accounting firm and management, such as any management letter or schedule of unadjusted differences;
- (ii) major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; and
- (iii) major issues regarding accounting principles and procedures and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles.

The Audit Committee shall review and discuss with the independent auditor (outside of the presence of management) how the independent auditor plans to handle its responsibilities under the Private Securities Litigation Reform Act of 1995, and request assurance from the auditor that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated.

The Audit Committee may review and discuss with the independent auditor any audit problems or difficulties and management's response thereto. This review may include (1) any difficulties encountered by the auditor in the course of performing its audit work, including any restrictions on

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the scope of its activities or its access to information and (2) any significant disagreements with management.

The Audit Committee shall discuss with the independent auditors those matters brought to the attention of the Audit Committee by the auditors pursuant to Statement on Auditing Standards No. 61, as amended ( SAS 61 ).

The Audit Committee shall also review and discuss with the independent auditors the report required to be delivered by such auditors pursuant to Section 10A(k) of the Exchange Act.

If brought to the attention of the Audit Committee, the Audit Committee shall discuss with the CEO and CFO of the Company (1) 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 Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, within the time periods specified in the SEC's rules and forms, and (2) any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Based on the Audit Committee's review and discussions (1) with management of the audited financial statements, (2) with the independent auditor of the matters required to be discussed by SAS 61, and (3) with the independent auditor concerning the independent auditor's independence, the Audit Committee shall make a recommendation to the Board as to whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for the last fiscal year.

The Audit Committee shall prepare the Audit Committee report required by Item 306 of Regulation S-K of the Exchange Act (or any successor provision) to be included in the Company's annual proxy statement.

### **D. Unaudited Quarterly Financial Statements**

The Audit Committee shall discuss with management and the independent auditor, prior to the filing of the Company's Quarterly Reports on Form 10-Q, (1) the Company's quarterly financial statements and the Company's related disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, (2) such issues as may be brought to the Audit Committee's attention by the independent auditor pursuant to Statement on Auditing Standards No. 100, and (3) any significant financial reporting issues that have arisen in connection with the preparation of such financial statements.

### **E. Risk Assessment and Management**

The Audit Committee shall discuss the guidelines and policies that govern the process by which the Company's exposure to risk is assessed and managed by management.

In connection with the Audit Committee's discussion of the Company's risk assessment and management guidelines, the Audit Committee may discuss or consider the Company's major financial risk exposures and the steps that the Company's management has taken to monitor and control such exposures.

### **F. Procedures for Addressing Complaints and Concerns**

The Audit Committee shall establish procedures for (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and

(2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Audit Committee may review and reassess the adequacy of these procedures periodically and adopt any changes to such procedures that the Audit Committee deems necessary or appropriate.

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**G. Regular Reports to the Board**

The Audit Committee shall regularly report to and review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors and any other matters that the Audit Committee deems appropriate or is requested to review for the benefit of the Board.

**VI. Additional Authority**

The Audit Committee is authorized, on behalf of the Board, to do any of the following as it deems necessary or appropriate:

**A. Engagement of Advisors**

The Audit Committee may engage independent counsel and such other advisors it deems necessary or advisable to carry out its responsibilities and powers, and, if such counsel or other advisors are engaged, shall determine the compensation or fees payable to such counsel or other advisors.

**B. Legal and Regulatory Compliance**

The Audit Committee may discuss with management and the independent auditor, and review with the Board, the legal and regulatory requirements applicable to the Company and its subsidiaries and the Company's compliance with such requirements. After these discussions, the Audit Committee may, if it determines it to be appropriate, make recommendations to the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations.

The Audit Committee may discuss with management legal matters (including pending or threatened litigation) that may have a material effect on the Company's financial statements or its compliance policies and procedures.

**C. Conflicts of Interest**

The Audit Committee shall conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and the approval of the Audit Committee shall be required for all such transactions. The term "related party transactions" shall refer to transactions required to be disclosed by the Company pursuant to Item 404 of Regulation S-K promulgated by the SEC.

**D. General**

The Audit Committee may form and delegate authority to subcommittees consisting of one or more of its members as the Audit Committee deems appropriate to carry out its responsibilities and exercise its powers.

The Audit Committee may perform such other oversight functions outside of its stated purpose as may be requested by the Board from time to time.

In performing its oversight function, the Audit Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management, the independent

auditor and such experts, advisors and professionals as may be consulted with by the Audit Committee.

The Audit Committee is authorized to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Audit Committee or meet with any members of or advisors to the Audit Committee.

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The Audit Committee is authorized to incur such ordinary administrative expenses as are necessary or appropriate in carrying out its duties.

Notwithstanding the responsibilities and powers of the Audit Committee set forth in this Charter, the Audit Committee does not have the responsibility of planning or conducting audits of the Company's financial statements or determining whether the Company's financial statements are complete, accurate and in accordance with GAAP. Such responsibilities are the duty of management and, to the extent of the independent auditor's audit responsibilities, the independent auditor. In addition, it is not the duty of the Audit Committee to conduct investigations or to ensure compliance with laws and regulations.

ADOPTED: May 17, 2006

AMENDED: January 22, 2009

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DESIGNATION (IF ANY) 000000000.000000 ext 000000000.000000 ext ADD 1 Electronic Voting  
Instructions ADD 2 ADD 3 You can vote by Internet or telephone ADD 4 Available 24 hours a day,  
7 days a week ADD 5 Instead of mailing your proxy, you may choose one of the two voting ADD 6  
methods outlined below to vote your proxy. VALIDATION DETAILS ARE LOCATED BELOW IN  
THE TITLE BAR. Proxies submitted by the Internet or telephone must be received by 11:59 p.m., EDT,  
on May 4, 2010. Vote by Internet Log on to the Internet and go to www.investorvote.com/PODD Follow  
the steps outlined on the secured website. Vote by telephone Call toll free 1-800-652-VOTE  
(8683) within the USA, US territories & Canada any time on a touch tone telephone. There is NO  
CHARGE to you for the call. Using a black ink pen, mark your votes with an X as shown in X Follow  
the instructions provided by the recorded message. this example. Please do not write outside the  
designated areas. Annual Meeting Proxy Card 1234 5678 9012 345 3 IF YOU HAVE NOT VOTED VIA  
THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN  
THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3 A Proposals The Board of Directors  
recommends a vote FOR all the nominees listed and FOR Proposal 2. 1. Election of Class III Directors:  
For Withhold For Withhold + 01 Duane DeSisto 02 Steven Sobieski \*Each to serve for a three-year term  
and until his successor has been duly elected and qualified or until his earlier resignation or removal. For  
Against Abstain 2. To ratify the appointment of Ernst & Young LLP as the Company s independent  
registered public accounting firm for the fiscal year ending December 31, 2010. B Non-Voting Items  
Change of Address Please print your new address below. Comments Please print your comments below.  
Meeting Attendance Mark the box to the right if you plan to attend the Annual Meeting. C Authorized  
Signatures This section must be completed for your vote to be counted. Date and Sign Below Please sign  
exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor,  
administrator, corporate officer, trustee, guardian or custodian, please give full title. Date (mm/dd/yyyy)  
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3 IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3 Proxy Insulet Corporation Notice of 2010 Annual Meeting of Stockholders Goodwin Procter LLP Second Floor Conference Center Exchange Place 53 State Street Boston, MA 02109 Proxy Solicited by Board of Directors for Annual Meeting May 5, 2010 at 8:30 a.m. Duane DeSisto and R. Anthony Diehl, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of Insulet Corporation to be held on May 5, 2010 or at any postponement or adjournment thereof. Shares represented by this proxy will be voted as directed by the stockholder. If no such directions are indicated, the proxies will have authority to vote FOR each of the director nominees and FOR Proposal 2. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof. (Items to be voted appear on reverse side.)