

GEN PROBE INC  
Form DEF 14A  
March 31, 2009

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

**SCHEDULE 14A INFORMATION**  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (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

**Gen-Probe Incorporated**

(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.

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(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):

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**10210 Genetic Center Drive  
San Diego, California 92121**

Dear Fellow Stockholders:

You are cordially invited to attend our Company's Annual Meeting of Stockholders on Thursday, May 14, 2009 at the corporate headquarters of the Company at 10210 Genetic Center Drive, San Diego, California 92121. The formal meeting will begin at 10:00 a.m., at which time I will ask you to vote on the following four proposals: Proposal 1: Election of three directors whose term of office will expire in 2012; Proposal 2: Amendment to The 2003 Incentive Award Plan of the Company to increase the number of shares of common stock authorized for issuance thereunder by 2,500,000 shares; Proposal 3: Ratification of Independent Auditors; and Proposal 4: Approval, through a non-binding advisory vote, of the Board of Directors' proposed appointment of Carl W. Hull to the Company's Board of Directors, effective May 18, 2009. Following the meeting, I will report on the Company's business.

We are pleased to be in a position to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the Internet. We believe that the e-proxy process will expedite stockholders' receipt of proxy materials and lower the costs and reduce the environmental impact of our Annual Meeting. On or about March 31, 2009, we mailed to stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2009 Proxy Statement and Annual Report as well as vote online. Stockholders with previously existing requests to receive paper copies of our proxy materials will receive these materials in the mail consistent with prior years. The Proxy Statement contains instructions on how you may (i) receive a paper copy of the Proxy Statement and Annual Report, if you only received a Notice of Internet Availability of Proxy Materials by mail, or (ii) elect to receive your Proxy Statement and Annual Report over the Internet in future years, if you received them by mail this year.

Whether or not you plan to attend the meeting, your vote is important and we encourage you to vote promptly. You may vote your shares in a variety of ways: over the Internet; via a toll-free telephone number; by completing, signing and returning a proxy card in the envelope provided; or by attending the Annual Meeting. Instructions regarding all methods of voting are contained in the Proxy Statement.

**Your vote is very important to us. The items of business to be considered at the Annual Meeting are more fully described in the accompanying Proxy Statement. Please review the proxy materials and vote today.**

I look forward to seeing you at the Annual Meeting.

Sincerely,

Henry L. Nordhoff  
*Chairman and Chief Executive Officer*

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**10210 Genetic Center Drive  
San Diego, California 92121**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On May 14, 2009**

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Gen-Probe Incorporated, a Delaware corporation (the Company). The meeting will be held on Thursday, May 14, 2009 at 10:00 a.m. local time at the corporate headquarters of the Company at 10210 Genetic Center Drive, San Diego, California 92121, for the following purposes:

1. To elect the three nominees for director named herein to hold office until the 2012 Annual Meeting of Stockholders;
2. To approve an amendment to The 2003 Incentive Award Plan of the Company to increase the number of shares of common stock authorized for issuance thereunder by 2,500,000 shares;
3. To ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as the Company's independent auditors for its fiscal year ending December 31, 2009;
4. To approve, through a non-binding advisory vote, the Board of Directors' proposed appointment of Carl W. Hull to the Company's Board of Directors, effective May 18, 2009; and
5. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the accompanying Proxy Statement.

The record date for the Annual Meeting is March 19, 2009. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

Sincerely,

Henry L. Nordhoff  
*Chairman and Chief Executive Officer*

San Diego, California  
March 31, 2009

**You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please vote over the Internet or by telephone as instructed in these materials, or complete, date, sign and return the enclosed proxy if you received a proxy card by mail, as promptly as possible in order to ensure your representation at the meeting. If you received a paper copy of the proxy card by mail, a return envelope (which**

**is postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.**

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**GEN-PROBE INCORPORATED  
10210 Genetic Center Drive  
San Diego, California 92121**

**PROXY STATEMENT  
FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS  
May 14, 2009**

**QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING**

**Why am I receiving these materials?**

The Board of Directors of Gen-Probe Incorporated (referred to herein as the Company or Gen-Probe ) has made these proxy materials available to you on the Internet and/or has delivered printed versions of these materials to you by mail, because the Board of Directors (sometimes referred to herein as the Board ) is soliciting your proxy to vote at the 2009 Annual Meeting of Stockholders (the Annual Meeting ). You are invited to attend the Annual Meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the Annual Meeting to vote your shares.

**Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials?**

As permitted by rules adopted by the Securities and Exchange Commission (the SEC ), Gen-Probe is making this proxy statement and its annual report available to its stockholders electronically via the Internet. Accordingly, we are sending by mail a Notice of Internet Availability of Proxy Materials to our stockholders of record containing instructions on how to access the proxy materials and vote by proxy over the Internet. All stockholders have the ability to access the proxy materials on a website referred to in the Notice of Internet Availability of Proxy Materials or request the delivery of a printed set of proxy materials. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials.

We intend to mail the Notice of Internet Availability of Proxy Materials (or this proxy statement, our annual report and a proxy card to stockholders with pre-existing requests to receive paper copies of such materials) on or about March 31, 2009 to all stockholders of record entitled to vote at the Annual Meeting.

**Who can vote at the Annual Meeting?**

Only stockholders of record at the close of business on March 19, 2009 will be entitled to vote at the Annual Meeting. On this record date, there were 52,065,173 shares of common stock outstanding and entitled to vote.

***Stockholder of Record: Shares Registered in Your Name***

If, on March 19, 2009, your shares were registered directly in your name with Gen-Probe's transfer agent, Mellon Investor Services, LLC, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy on the Internet or over the telephone, or complete, sign and return a proxy card as instructed below, to ensure your vote is counted.

***Beneficial Owner: Shares Registered in the Name of a Broker or Bank***



If, on March 19, 2009, your shares were held not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name and the Notice of Internet Availability of Proxy Materials or these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or other agent.

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### **What am I voting on?**

There are four matters scheduled for a vote at the Annual Meeting:

Election of three directors to hold office until the 2012 Annual Meeting of Stockholders;

Amendment to The 2003 Incentive Award Plan of the Company to increase the number of shares of common stock authorized for issuance thereunder by 2,500,000 shares;

Ratification of the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as the Company's independent auditors for its fiscal year ending December 31, 2009; and

Approval, through a non-binding advisory vote, of the Board of Directors' proposed appointment of Carl W. Hull to the Company's Board of Directors, effective May 18, 2009.

### **How do I vote?**

For each of the matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are set forth below:

#### ***Stockholder of Record: Shares Registered in Your Name***

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote by proxy over the telephone, vote by proxy on the Internet or vote by proxy using a proxy card. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person if you have already voted by proxy.

To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.

To vote over the telephone, dial 1-800-690-6903 (toll-free for those calling from the USA, Canada and Puerto Rico only) using a touch-tone telephone and follow the recorded instructions. You will be asked to provide the control number from the Notice of Internet Availability of Proxy Materials or the proxy card mailed to you. Your vote must be received by 11:59 p.m. Eastern Time on May 13, 2009 to be counted.

To vote on the Internet, go to <http://www.proxyvote.com> to complete an electronic proxy card. You will be asked to provide the control number from the Notice of Internet Availability of Proxy Materials or the proxy card mailed to you. Your vote must be received by 11:59 p.m. Eastern Time on May 13, 2009 to be counted.

To vote using a proxy card, simply complete, sign and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct. If you received a Notice of Internet Availability of Proxy Materials and would like to request a proxy card by mail, please follow the instructions contained in the Notice of Internet Availability of Proxy Materials.

#### ***Beneficial Owner: Shares Registered in the Name of Broker or Bank***

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a Notice of Internet Availability of Proxy Materials or a proxy card and voting instructions with these proxy materials from that organization rather than from Gen-Probe. Simply follow the instructions in the Notice of Internet Availability of Proxy Materials received from your broker, bank or other agent to vote on the Internet or, if you

received a proxy card by mail, complete, sign and return the proxy card to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker, bank or other agent included in the Notice of Internet Availability of Proxy Materials or with these proxy materials, or contact your broker, bank or other agent to request a proxy form.

**We provide telephone and Internet proxy voting to allow you to vote your shares telephonically and on-line, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your telephone or Internet access, such as usage charges from telephone companies and Internet access providers.**

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### **How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of Gen-Probe common stock you owned as of March 19, 2009.

### **What if I return a proxy card but do not make specific choices?**

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted For the election of all three nominees for director, For the amendment to The 2003 Incentive Award Plan of the Company to increase the number of shares of common stock authorized for issuance thereunder by 2,500,000 shares, For the ratification of Ernst & Young LLP as the Company's independent auditors for its fiscal year ending December 31, 2009, and For the approval of the Board of Directors' proposed appointment of Carl W. Hull to the Company's Board of Directors, effective May 18, 2009. If any other matters are properly presented at the Annual Meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

### **Who is paying for this proxy solicitation?**

Gen-Probe will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. The solicitation of proxies is also being supplemented through the use of a proxy solicitation firm. Our proxy solicitation firm will receive a customary fee, which we estimate to be \$10,000, plus out-of-pocket expenses. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

### **What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials or proxy card?**

If you receive more than one Notice of Internet Availability of Proxy Materials or proxy card, your shares are registered in more than one name or are registered in different accounts. Please follow the voting instructions in **each** Notice of Internet Availability of Proxy Materials, or complete, sign and return **each** proxy card, to ensure that all of your shares are voted.

### **Can I revoke or change my vote after submitting my proxy?**

Yes. You can revoke your proxy and change your vote at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy and change your vote in any one of four ways:

You may submit another properly completed proxy card with a later date;

You may vote again by telephone or over the Internet at a later time;

You may send a written notice that you are revoking your proxy to Gen-Probe's Corporate Secretary at 10210 Genetic Center Drive, San Diego, California 92121; or

You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy or change your vote.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

**When are stockholder proposals due for next year s annual meeting?**

To be considered for inclusion in next year s proxy materials, your proposal must be submitted in writing by December 1, 2009, to Gen-Probe s Corporate Secretary at 10210 Genetic Center Drive, San Diego, California 92121. If you wish to submit a proposal that is not to be included in next year s proxy materials or nominate a director, then, pursuant to our Bylaws, you must do so by no earlier than January 31, 2010 and no later than March 2, 2010. If you wish to bring a matter before the stockholders at next year s annual meeting and you do not notify

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Gen-Probe before March 2, 2010, for all proxies we receive, the proxyholders will have discretionary authority to vote on the matter, including discretionary authority to vote in opposition to the matter.

### **How are votes counted?**

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count For and Against votes, abstentions and broker non-votes. Except with respect to the election of directors and the approval of the Board of Directors proposed appointment of Carl W. Hull to the Board, abstentions will be counted as present for quorum purposes and towards the vote total for each proposal, and will have the same effect as Against votes. With respect to the election of directors and the approval of the Board's proposed appointment of Carl W. Hull to the Board of Directors, abstentions will have no effect and will not be counted towards the vote total for any nominee. Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

### **What are broker non-votes ?**

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. Under the rules and interpretations of the New York Stock Exchange, which apply to its membership brokerage firms, non-routine matters are generally those involving a proxy contest or matters that may substantially affect the rights or privileges of stockholders, such as mergers or stockholder proposals. Under Delaware law, a broker non-vote is counted as present for quorum purposes but is not considered to be entitled to vote on the specified matter.

### **How many votes are needed to approve each proposal?**

For the election of directors, any director receiving the majority of votes cast in person or by proxy (i.e., the number of shares voted For a director must exceed 50% of the number of votes cast in person or by proxy with respect to that director's election) will be elected as a director, provided that if the number of nominees exceeds the number of directors to be elected (a situation we do not anticipate), the three nominees receiving the most For votes among votes properly cast in person or by proxy will be elected. Only votes For and Against will affect the outcome. Abstentions and broker non-votes will have no effect.

To be approved, Proposal No. 2, amendment of The 2003 Incentive Award Plan of the Company to increase the number of shares of common stock authorized for issuance thereunder by 2,500,000 shares, must receive For votes from the holders of a majority of shares present and entitled to vote either in person or by proxy. If you Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have no effect.

To be approved, Proposal No. 3, ratification of the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as the Company's independent auditors for its fiscal year ending December 31, 2009, must receive For votes from the holders of a majority of shares present and entitled to vote either in person or by proxy. If you Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have no effect.

To be approved, Proposal No. 4, approval of the Board's proposed appointment of Carl W. Hull to the Board, must receive a majority of votes cast in person or by proxy (i.e., the number of shares voted For approval of the proposal must exceed 50% of the number of votes cast in person or by proxy with respect to the proposal). Only votes For and Against will affect the outcome. Abstentions and broker non-votes will have no effect.

**What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares on the record date are present at the Annual Meeting in person or represented by proxy. On March 19, 2009, the record date, there were 52,065,173 shares outstanding and entitled

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to vote. Thus, the holders of 26,032,587 shares must be present in person or represented by proxy at the Annual Meeting to have a quorum. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of the shares present at the meeting in person or represented by proxy may adjourn the Annual Meeting to another date.

**How can I find out the results of the voting at the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in the Company's quarterly report on Form 10-Q for the second quarter ending June 30, 2009.



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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

Gen-Probe's Board of Directors presently has eight members and is divided into three classes. Each class has a three-year term. Effective May 16, 2008, the Board appointed Lucy Shapiro, Ph.D. as a member of the Board and, in connection therewith, increased the Board from seven to eight members. Dr. Shapiro serves as a member of the class of directors serving in office until Gen-Probe's 2010 Annual Meeting of Stockholders.

There are three directors in the class whose term of office expires at the Annual Meeting. Each of the nominees listed below, other than John Martin, Ph.D., is currently a director of the Company who was previously elected by the stockholders. Dr. Martin was appointed by the Board on September 20, 2007 to fill a vacancy on the Board. If elected at the Annual Meeting, each of these nominees would serve until the 2012 annual meeting and until his successor is elected and qualified or, if sooner, until the director's earlier death, resignation or removal. It is the Company's policy to encourage our directors and nominees for director to attend our annual meetings of stockholders. All of our then-current directors attended the 2008 Annual Meeting of Stockholders, including the nominees for election as a director at the 2008 Annual Meeting of Stockholders.

For the election of directors, any director receiving the majority of votes cast (i.e., the number of shares voted For a director must exceed 50% of the number of votes cast in person or by proxy with respect to that director's election) will be elected as a director, provided that if the number of nominees for director exceeds the number of directors to be elected (a contested election), directors are elected by a plurality of the votes properly cast in person or by proxy. The Company's Bylaws require an incumbent director who fails to receive the affirmative vote of a majority of the votes cast in an uncontested election at a meeting of stockholders to promptly submit his or her resignation, with such resignation to be considered by the members of the Nominating and Corporate Governance Committee of the Board. Under Delaware law, an incumbent director who fails to receive the required votes holds over, or continues to serve as a director, until his or her successor is elected and qualified. The Nominating and Corporate Governance Committee will make a recommendation to the Board whether to accept or reject the tendered resignation, or whether other action should be taken. The Board will act on the tendered resignation, taking into account the Nominating and Corporate Governance Committee's recommendation, and publicly disclose its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results. A director who tenders his or her resignation will not participate in the recommendation of the Nominating and Corporate Governance Committee or the Board's decision with respect to his or her resignation. If the incumbent director's resignation is not accepted by the Board, such director will continue to serve until the end of his or her term of office and until his or her successor is elected and qualified, or his or her earlier death, resignation or removal. If a director's resignation is accepted by the Board, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board, in its sole discretion, may fill any resulting vacancy.

Vacancies on the Board, including by reason of an increase in the number of directors, may be filled only by the affirmative vote of the directors of the Company then in office. Directors appointed to fill vacancies hold office until the end of the term of the director that he or she replaced or until their successors are duly elected or qualified. Because the Board believes it is important to provide the Company's stockholders with an opportunity to consider the Board's appointment of any new director, in accordance with Gen-Probe's Corporate Governance Guidelines, as amended by the Board in February 2009, the Board will submit future Board appointments of a director to the stockholders for ratification at the next regularly scheduled annual meeting of stockholders. If the appointment is ratified by the stockholders, the appointed Board member will continue to serve the remaining term of the class of directors to which he or she was appointed by the Board. If the appointment is not ratified by the stockholders, the Board member will be expected to promptly tender his or her resignation to the Board. The Nominating and Corporate

Governance Committee will then make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board will act on the tendered resignation, and publicly disclose its decision regarding the tendered resignation and the rationale behind the decision within 90 days of the date of the annual meeting at which the appointment was submitted for ratification. The director who tenders his or her resignation will not participate in the recommendation of the Nominating and Corporate Governance Committee or the decision of the Board with respect to his or her resignation. If the director s

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resignation is not accepted by the Board, such director will continue to serve the remaining term of the class of directors to which he or she was appointed by the Board.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of any substitute nominee proposed by the Company's Nominating and Corporate Governance Committee. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

The following is a brief biography of each nominee and each director whose term will continue after the Annual Meeting.

**Nominees for Election to the Board of Directors  
For a Three-Year Term Expiring at the  
2012 Annual Meeting of Stockholders**

Name	Age	Present Position with the Company
John W. Brown	74	Director
John C. Martin, Ph.D.	57	Director
Henry L. Nordhoff	67	Chairman and Chief Executive Officer

*John W. Brown*, has served as a director of the Company since December 2005. Mr. Brown has served as Chairman of the board of directors of Stryker Corporation, a worldwide leader in orthopedic medical devices, since January 1981. Mr. Brown was previously the President and Chief Executive Officer of Stryker from February 1977 to June 2003, and Chief Executive Officer of Stryker from June 2003 through December 2004. Mr. Brown is also a director of St. Jude Medical, Inc., the American Business Conference, an association of mid-size growth companies, and Chair of the Institute for Health Technology Studies. Mr. Brown received a bachelor's degree in chemical engineering from Auburn University.

*John C. Martin, Ph.D.*, has served as a director of the Company since September 2007. Dr. Martin has served as Chief Executive Officer of Gilead Sciences, Inc. and as Chairman of Gilead's board of directors since May 2008. Dr. Martin joined Gilead in 1990 and served as President and Chief Executive Officer and as a member of Gilead's board of directors from 1996 to May 2008. Prior to joining Gilead, Dr. Martin held several leadership positions in the antiviral chemistry division at Bristol-Myers Squibb and served for six years with Syntex Corporation, from 1978 until 1984. Dr. Martin is a member of the Presidential Advisory Council on HIV/AIDS and the board of directors of the California Healthcare Institute. Dr. Martin received a Ph.D. in organic chemistry from the University of Chicago and an M.B.A. in marketing from Golden Gate University.

*Henry L. Nordhoff*, has served as a director of the Company since July 1994. Mr. Nordhoff joined the Company in July 1994 as Chief Executive Officer and President and was elected Chairman of the Board in September 2002. Since March 1, 2008, Mr. Nordhoff has served as the Company's Chairman and Chief Executive Officer. As previously disclosed, Mr. Nordhoff intends to retire as the Company's Chief Executive Officer on May 17, 2009. The Company and Mr. Nordhoff intend that he will continue to serve as the Company's non-executive Chairman of the Board, and he has been recommended by the Company's Nominating and Corporate Governance Committee and Board of Directors for re-election at the Annual Meeting. Prior to joining the Company, Mr. Nordhoff was President and Chief Executive Officer of TargeTech, Inc., a gene therapy company that was merged into Immune Response Corporation. Prior to that, Mr. Nordhoff was at Pfizer, Inc. in senior positions in Brussels, Seoul, Tokyo and New York. Mr. Nordhoff

received a B.A. in international relations and political economy from Johns Hopkins University and an M.B.A. from Columbia University. Mr. Nordhoff is also a member of the board of directors of MannKind Corporation.

**The Board of Directors recommends a vote in favor of each named nominee.**

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2010 Annual Meeting of Stockholders**

<b>Name</b>	<b>Age</b>	<b>Present Position with the Company</b>
Armin M. Kessler	71	Director
Lucy Shapiro, Ph.D.	68	Director

*Armin M. Kessler*, has served as a director of the Company since November 2002. Mr. Kessler served as Chief Operating Officer of Hoffman-La Roche in Basel, Switzerland from 1990 to 1995. Prior to being appointed Chief Operating Officer, Mr. Kessler held several senior positions at Hoffman-La Roche, including head of the diagnostics and pharmaceutical divisions of the organization. Earlier positions in his career included Director of Pharmaceutical Marketing Worldwide for Novartis (formerly Sandoz) and President of Sandoz KK in Tokyo. Mr. Kessler currently serves on the board of directors of two other public companies, Actelion Ltd and The Medicines Company, and one private company, MedGenesis. Mr. Kessler has also served on the boards of Hoffman-La Roche, Syntex Chemicals and Genentech. Mr. Kessler received a degree in physics and chemistry from Pretoria University in South Africa, a degree in chemical engineering from the University of Cape Town, South Africa, a J.D. from Seton Hall University, and a Dr.hc. in business administration from the University of Pretoria.

*Lucy Shapiro, Ph.D.*, has served as a director of the Company since May 2008. Dr. Shapiro currently serves as the Virginia and D.K. Ludwig Professor of Cancer Research and the Director of the Beckman Center for Molecular and Genetic Medicine at Stanford University's School of Medicine, where she has served as a faculty member since 1989. Dr. Shapiro is a co-founder and director of Anacor Pharmaceuticals, a privately held biopharmaceutical company developing novel small-molecule therapeutics to treat infectious and inflammatory diseases. From 1989 to 1997, Dr. Shapiro was the founding Chair of Stanford University's Department of Developmental Biology. From 1986 to 1989, Dr. Shapiro served as Chair of the Department of Microbiology in the College of Physicians and Surgeons of Columbia University, where she also served as a faculty member. Dr. Shapiro has been elected to the National Academy of Sciences, the American Academy of Microbiology, the American Academy of Arts and Sciences and the Institute of Medicine of the National Academy of Sciences for her work in the fields of molecular biology and microbiology. Dr. Shapiro was elected to the American Philosophical Society and received the Selman Waksman Award from the National Academy of Sciences in 2005. Dr. Shapiro previously served as a non-executive director of GlaxoSmithKline plc from 2001 to 2006. Dr. Shapiro received a B.A. from Brooklyn College and a Ph.D. in Molecular Biology from the Albert Einstein College of Medicine.

**Directors Continuing in Office until the  
2011 Annual Meeting of Stockholders**

<b>Name</b>	<b>Age</b>	<b>Present Position with the Company</b>
Raymond V. Dittamore	65	Director
Phillip M. Schneider	53	Director
Abraham D. Sofaer	70	Director

*Raymond V. Dittamore*, has served as a director of the Company since August 2002. Mr. Dittamore is a retired audit partner of the international accounting firm of Ernst & Young LLP. Mr. Dittamore retired from Ernst & Young in 2001 after 35 years of service with the firm, including 14 years as the managing partner of the firm's San Diego office. Mr. Dittamore's practice in San Diego focused on companies in the life sciences industry, and he was a collaborative

editor for Ernst & Young's annual biotechnology report. Mr. Dittamore is a member of the board of directors of Life Technologies Corporation and Qualcomm Incorporated. Mr. Dittamore received a B.S. in accounting from San Diego State University.

*Phillip M. Schneider*, has served as a director of the Company since November 2002. Mr. Schneider is the former Chief Financial Officer of IDEC Pharmaceuticals Corporation. During his 15-year tenure at IDEC, Mr. Schneider served as Senior Vice President and Chief Financial Officer where he played an integral role in the company's growth. Prior to his association with IDEC, Mr. Schneider held various management positions at Syntex Pharmaceuticals Corporation and was previously with KPMG, LLP. Mr. Schneider is a member of the board

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of directors of Arena Pharmaceuticals, Inc. and Targegen, Inc., a privately held company. Mr. Schneider received an M.B.A. from the University of Southern California and a B.S. in biochemistry from the University of California at Davis.

*Abraham D. Sofaer*, has served as a director of the Company since August 2002. Since 1994, Mr. Sofaer has been the George P. Shultz Distinguished Scholar and Senior Fellow, The Hoover Institution, Stanford University. Mr. Sofaer previously served as a United States District Judge for the Southern District of New York, as the Legal Adviser for the United States Department of State, as a Professor at Columbia University School of Law, and as a partner in the New York law firm of Hughes, Hubbard & Reed. Mr. Sofaer is a member of the board of directors of two other public companies, Neurobiological Technologies, Inc. and Rambus, Inc., and three private companies, 3L&T, Inc., IntelliGeneScan, Inc. and PLC Diagnostics. Mr. Sofaer received a B.A. in history from Yeshiva College and an L.L.B. from New York University School of Law.

## **INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

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

As required under The NASDAQ Stock Market ( Nasdaq ) listing standards, a majority of the members of a listed company s board of directors must qualify as independent, as affirmatively determined by the Company s Board of Directors. The Board consults with the Company s counsel to ensure that the Board s determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent Nasdaq listing standards, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent auditors, the Board affirmatively determined that the following directors are independent directors within the meaning of the applicable Nasdaq listing standards: John W. Brown, Raymond V. Dittamore, Armin M. Kessler, John C. Martin, Ph.D., Phillip M. Schneider, Lucy Shapiro, Ph.D. and Abraham D. Sofaer. In making this determination, the Board found that none of the directors or nominees for director, other than Mr. Nordhoff, has a material or other disqualifying relationship with the Company. Mr. Nordhoff, the Chairman and Chief Executive Officer ( CEO ) of the Company, is not an independent director by virtue of his employment with the Company.

### **Meetings of the Board of Directors**

The Board of Directors met seven times during 2008. All directors attended at least 75% or more of the meetings of the Board and of the Board committees on which they served, held during the period for which they were directors or committee members, except Dr. Shapiro, who was unable to attend at least 75% of the meetings of the Nominating and Corporate Governance Committee held following her appointment to the Board and such committee on May 16, 2008. Prior to Dr. Shapiro s appointment to the Board of Directors and Nominating and Corporate Governance Committee on May 16, 2008, Dr. Shapiro fully informed the Board regarding her pre-existing professional commitments and related scheduling conflicts with the Board s scheduled meetings for the remainder of the 2008 calendar year. After considering Dr. Shapiro s commitments for the remainder of 2008 and her extensive and unique experience, education, professional background and other qualifications, including her tenure at Stanford University and her prior service on the Board of Directors of GlaxoSmithKline, the Nominating and Corporate Governance Committee recommended the appointment of, and the Board agreed to appoint, Dr. Shapiro to the Company s Board of Directors and Nominating and Corporate Governance Committee. Dr. Shapiro has attended all four Board meetings held to date in 2009 and has committed to attend all regular quarterly meetings of the Board of Directors and Nominating and Corporate Governance Committee for the remainder of 2009.

As required under applicable Nasdaq listing standards, in fiscal 2008, the Company's independent directors met four times in regularly scheduled executive sessions at which only independent directors were present. Persons interested in communicating with the independent directors regarding their concerns or issues may address



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correspondence to a particular director or to the independent directors generally, in care of Gen-Probe Incorporated, Attention: Corporate Secretary, 10210 Genetic Center Drive, San Diego, California 92121.

**Information Regarding Committees of the Board of Directors**

During 2008, the Board had four committees: an Audit Committee; a Compensation Committee; a Nominating and Corporate Governance Committee; and a Special Awards Committee. The following table provides membership information as of December 31, 2008 and meeting information for fiscal 2008 for each of the current Board committees:

<b>Committee Members</b>	<b>Audit</b>	<b>Compensation</b>	<b>Governance</b>	<b>Awards</b>
John W. Brown		X		
Raymond V. Dittamore	X		X	
Armin M. Kessler		X*	X	
John C. Martin, Ph.D.		X		
Henry L. Nordhoff				X
Phillip M. Schneider	X*	X		
Lucy Shapiro, Ph.D.(1)			X	
Abraham D. Sofaer	X		X*	
Total meetings in 2008	5	6	4	0( )

\* Committee Chairperson

( )The Special Awards Committee acted only by written consent during 2008.

(1) Dr. Shapiro was appointed as a director of the Company and as a member of the Nominating and Corporate Governance Committee effective May 16, 2008.

Below is a description of each committee of the Board of Directors. The Board of Directors has determined that, except as specifically described below, each member of each committee meets the applicable Nasdaq rules and regulations regarding independence and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company.

**Audit Committee**

The Audit Committee of the Board of Directors was established by the Board in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements. For this purpose, the Audit Committee performs several functions. The Audit Committee evaluates the performance, and assesses the qualifications, of the independent auditors; determines and approves the engagement of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the Company's audit engagement team as required by law; reviews and approves or rejects transactions between the Company and any related persons; confers with management and the independent auditors regarding the effectiveness of internal control over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of

complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; meets to review the Company's annual audited financial statements and quarterly financial statements with management and the Company's independent auditors; reviews the Management's Discussion and Analysis of Financial Condition and Results of Operations portion of the Company's periodic filings with the SEC; reviews the financial statements to be included in the Company's Annual Reports on Form 10-K; reviews earnings releases and financial information and guidance prior to public dissemination; oversees the internal audit function of the Company; and discusses with management and the independent auditors the results of the annual audits and the results of the Company's quarterly financial statements.

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Three directors comprise the Audit Committee: Mr. Schneider (Chairman); Mr. Dittamore; and Mr. Sofaer. The Audit Committee has adopted a written charter that is available to stockholders on the Company's website at [www.gen-probe.com](http://www.gen-probe.com).

The Board of Directors annually reviews the Nasdaq listing standards definition of independence for Audit Committee members and has determined that all members of the Company's Audit Committee are independent (as independence is currently defined in Rule 4350(d)(2)(A)(i) and (ii) of the Nasdaq Marketplace Rules). The Board of Directors has determined that Mr. Schneider and Mr. Dittamore each qualify as an audit committee financial expert, as defined in applicable SEC rules. The Board made a qualitative assessment of Mr. Schneider's and Mr. Dittamore's level of knowledge and experience based on a number of factors, including their formal education and, in the case of Mr. Schneider, his experience as a chief financial officer for a public reporting company, and in the case of Mr. Dittamore, his experience as a partner with Ernst & Young LLP. In addition to the Company's Audit Committee, Mr. Schneider also serves as Chairman of the Audit Committee of Arena Pharmaceuticals, Inc. In addition to the Company's Audit Committee, Mr. Dittamore also serves as Chairman of the Audit Committees of Life Technologies (formerly Invitrogen Corporation) and Qualcomm Corporation. Mr. Sofaer also serves as a member of the Audit Committee of Neurobiological Technologies, Inc. and Rambus, Inc. The Board of Directors has determined that such simultaneous service does not impair Mr. Schneider's, Mr. Dittamore's or Mr. Sofaer's respective ability to effectively serve on the Company's Audit Committee.

## **Report of the Audit Committee of the Board of Directors**

Each member of the Audit Committee is an independent director as determined by the Company's Board of Directors, based on Nasdaq listing rules and the Company's independence guidelines. Each member of the Audit Committee also satisfies the SEC's additional independence requirements for members of audit committees.

The Audit Committee has adopted, and annually reviews, a charter outlining the practices it follows. The charter specifies that the primary purpose of the Audit Committee is to assist the Board of Directors in its oversight of:

- the adequacy of the Company's internal controls, corporate accounting, financial reporting practices and audits of financial statements;
- the quality, integrity and reliability of the Company's financial statements and financial reports to the public;
- the performance of the Company's internal audit function; and
- the independence, qualifications and performance of the Company's independent auditors.

In carrying out these responsibilities, the Audit Committee, among other things:

- monitors preparation of quarterly and annual financial reports by the Company's management;
- supervises the relationship between the Company and its independent auditors, including: having direct responsibility for their appointment, compensation and retention; reviewing the scope of their audit services; approving audit and non-audit services; and confirming the independence of the independent auditors; and
- oversees management's implementation and maintenance of effective systems of internal and disclosure controls, including review of the Company's policies relating to ethics and conflicts of interests and review of the Company's internal auditing program.

The Audit Committee met five times during fiscal 2008. The Audit Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. The Audit Committee's agenda is established by the Audit Committee's chairman and the Company's director of internal audit. The Audit Committee meetings include discussion of significant accounting policies applied by the Company in its financial statements, as well as any alternative treatments. The Audit Committee's meetings include, whenever appropriate, executive sessions in which the Audit Committee meets separately with the Company's independent auditors, the Company's director of internal audit, and the Company's Chief Financial Officer.

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The Audit Committee has been updated quarterly on management's process to assess the adequacy of the Company's system of internal control over financial reporting, the framework used to make the assessment, and management's conclusions on the effectiveness of the Company's internal control over financial reporting. The Audit Committee has also discussed with the independent auditors the Company's internal control assessment process, management's assessment with respect thereto and the independent auditors' evaluation of the Company's system of internal control over financial reporting.

The Company has an internal audit department that reports to the Audit Committee. The Audit Committee reviews and approves the internal audit plan once a year and receives periodic updates of internal audit activity in meetings held at least quarterly throughout the year. Updates include discussion of audit project results, including assessment of internal controls.

The Audit Committee engaged Ernst & Young LLP as the Company's independent auditors for the year ended December 31, 2008, and reviewed with senior members of the Company's financial management team, the independent auditors, and the director of internal audit, the overall audit scope and plans and the results of internal and external audit examinations. Although the Audit Committee has the sole authority to appoint the independent auditors, the Audit Committee will continue its long-standing practice of recommending that the Board ask the Company's stockholders, at the annual meeting, to ratify the appointment of the independent auditors.

As part of its oversight of the Company's financial statements, the Audit Committee reviews and discusses with both management and the Company's independent auditors all annual and quarterly financial statements prior to their issuance. During fiscal 2008, management advised the Audit Committee that each set of financial statements reviewed had been prepared in accordance with generally accepted accounting principles, and reviewed significant accounting and disclosure issues with the Audit Committee. These reviews included discussion with the independent auditors of matters required to be discussed pursuant to *Statement on Auditing Standards No. 114 (The Auditor's Communication with Those Charged with Governance)*, as adopted by the Public Company Accounting Oversight Board (the PCAOB) in Rule 3200T (including any successor rule adopted by the PCAOB), including the quality of the Company's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee also discussed with Ernst & Young LLP matters relating to its independence, including a review of audit and non-audit fees and the written disclosures and letter from Ernst & Young LLP to the Committee pursuant to applicable requirements of the PCAOB. The Audit Committee has concluded that Ernst & Young LLP's provision of audit and non-audit services to the Company and its affiliates is compatible with Ernst & Young LLP's independence.

Taking all of these reviews and discussions into account, on February 11, 2009, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the SEC.

## **AUDIT COMMITTEE**

Phillip M. Schneider, Chairman  
Raymond V. Dittamore  
Abraham D. Sofaer

## **Compensation Committee**

The Compensation Committee is comprised of four directors: Mr. Kessler (Chairman); Mr. Brown; Dr. Martin; and Mr. Schneider. All members of the Company's Compensation Committee are independent directors who are not employees of the Company or its subsidiaries. Please see the Company's Compensation Discussion and Analysis (the

CD&A ) for more information regarding the duties and authority of the Compensation Committee. Commencing in 2006, the Compensation Committee also began to review with management the CD&A and to consider whether to recommend that it be included in proxy statements and other filings. The Compensation Committee has adopted a written charter that is available to stockholders on the Company's website at [www.gen-probe.com](http://www.gen-probe.com).

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### **Compensation Committee Processes and Procedures**

Typically, the Compensation Committee meets at least once quarterly and with greater frequency if necessary. The Compensation Committee met six times during fiscal 2008. The agenda for each meeting is usually developed by the Chair of the Compensation Committee, in consultation with the Company's Senior Vice President, Human Resources and the Company's General Counsel. The Compensation Committee meets regularly in executive session. However, from time to time, various members of management and other employees, as well as outside advisors or consultants, may be invited by the Compensation Committee to make presentations, provide financial or other background information or advice or otherwise participate in Compensation Committee meetings. Our CEO may not participate in or be present during any deliberations or determinations of the Compensation Committee regarding his compensation. The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company, as well as authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms.

The Compensation Committee has engaged Compensia as compensation consultant since 2005. Over the course of its engagement, Compensia has assisted the Company in:

- evaluating the efficacy of the Company's existing compensation strategy and practices in supporting and reinforcing the Company's long-term strategic goals; and

- refining the Company's compensation strategy and developing and implementing an executive compensation program to execute that strategy.

As part of its engagement, the Compensation Committee has directed Compensia to develop and update as appropriate a comparative group of companies and to perform analyses of competitive performance and compensation levels for that group. Compensia has also conducted individual interviews with members of senior management and the Compensation Committee to learn more about the Company's business operations and strategy, key performance metrics and strategic goals, as well as the labor markets in which the Company competes. Compensia ultimately develops recommendations and metrics that are presented to the Compensation Committee for its consideration. The Company does not have any relationship or arrangement with Compensia other than engaging Compensia as a compensation consultant.

Historically, the Compensation Committee has made the most significant adjustments to annual compensation and determined bonus awards for executive officers of the Company, and established new financial and other corporate performance objectives, at one or more meetings held during the first quarter of the year. Annual equity awards have historically been determined at a meeting held in the third quarter of the year. The Compensation Committee also considers matters related to individual compensation, such as compensation for new executive hires, as well as high-level strategic issues, such as the efficacy of the Company's compensation strategy, potential modifications to that strategy and new trends, plans or approaches to compensation, at various meetings throughout the year. Generally, the Compensation Committee's process comprises two related elements: the determination of compensation levels and the establishment of financial and/or other corporate performance objectives for the current year. For executives other than the CEO, the Compensation Committee solicits and considers evaluations and recommendations submitted to the Compensation Committee by the CEO. In the case of the CEO, the evaluation of his performance is conducted by the Compensation Committee, which determines any adjustments to his compensation as well as awards to be granted. For all executives and directors, as part of its deliberations, the Compensation Committee may review and consider, as

appropriate, materials such as financial reports and projections, operational data, tax and accounting information, tally sheets that set forth the total compensation that may become payable to executives in various hypothetical scenarios, company stock performance data, analyses of historical executive compensation levels and current Company-wide compensation levels, and the recommendations of Compensia, including analyses of executive and director compensation paid at other companies identified by the consultant. The specific determinations of the Compensation Committee with respect to executive compensation for fiscal 2008 are described in greater detail in the CD&A section of this proxy statement.



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In May 2005, the Compensation Committee recommended that the Board of Directors form a Special Awards Committee and delegate to the Special Awards Committee the authority to grant, at its discretion and without any further action required by the Board or the Compensation Committee, stock options and restricted stock awards to employees of the Company other than officers and other direct reports to the CEO. The Special Awards Committee is currently composed solely of Mr. Nordhoff. Under this original Board authorization, the number of restricted shares and options that were authorized for grant by the Special Awards Committee at its discretion in any calendar year could exceed 10,000 in the aggregate, and the number of restricted stock awards could exceed 2,500 in the aggregate.

In October 2005, the Board of Directors authorized the Special Awards Committee to make the final determination concerning grants of stock options and restricted stock awards to be made to certain non-officer employees of the Company as of October 15, 2005 pursuant to targeted amounts and terms established by the Compensation Committee, with the aggregate grants not to exceed total amounts approved by the Compensation Committee. At the same time, the Board of Directors confirmed the Special Awards Committee's authority to make initial option grants to newly-hired and promoted employees, other than officers, on a standardized employment-grade basis. In May of 2006, 2007 and 2008, the Board again authorized the Special Awards Committee to make the final determination concerning grants of stock options and restricted stock awards to be made to certain non-officer employees of the Company as of August 15 of each such year pursuant to targeted amounts and terms established by the Compensation Committee, with the aggregate grants not to exceed total amounts approved by the Compensation Committee. Under the Board authorization granted in May 2008, the number of restricted shares and options that are authorized for grant by the Special Awards Committee at its discretion in any calendar year cannot exceed 20,000 in the aggregate, and the number of restricted stock awards cannot exceed 10,000 in the aggregate.

The purpose of the delegation of authority to the Special Awards Committee is to enhance the flexibility of equity incentive grants within the Company and to facilitate the timely grant of options to newly-hired and promoted employees, other than officers.

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

No interlocking relationship exists between any member of the Compensation Committee and any member of any other company's board of directors or compensation committee. No member of the Compensation Committee is, or was during the fiscal year ended December 31, 2008, an officer or employee of the Company or any of its subsidiaries or was formerly an officer of the Company or any of its subsidiaries.

## **Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management the CD&A contained in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the CD&A be included in this proxy statement and incorporated into the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

## **COMPENSATION COMMITTEE**

Armin M. Kessler, Chairman  
John W. Brown  
John C. Martin, Ph.D.  
Phillip M. Schneider

## **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee of the Board of Directors is responsible for identifying, reviewing and evaluating candidates to serve as directors of the Company (consistent with criteria approved by the Board), reviewing and evaluating incumbent directors, recommending to the Board candidates for election to the Board of Directors, making recommendations to the Board regarding the membership of the committees of the Board, assessing the performance of management and the Board, and developing a set of corporate governance principles for the Company. Four directors currently comprise the Nominating and Corporate

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Governance Committee: Mr. Sofaer (Chairman); Mr. Dittamore; Mr. Kessler; and Dr. Shapiro. All members of the Nominating and Corporate Governance Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq Marketplace Rules). The Nominating and Corporate Governance Committee met four times during 2008. The Nominating and Corporate Governance Committee has adopted a written charter that is available to stockholders on the Company's website at [www.gen-probe.com](http://www.gen-probe.com).

The Nominating and Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. In addition, the Nominating and Corporate Governance Committee generally discourages directors from serving on more than four other public company boards, and the Committee will consider the number of such boards on which a prospective nominee is a member when formulating its Board membership recommendations. The Nominating and Corporate Governance Committee also considers such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of the Company's stockholders. However, the Nominating and Corporate Governance Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of stockholders. In conducting this assessment, the Nominating and Corporate Governance Committee considers skills, diversity, age, and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews each director's overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair each director's independence. To identify relationships and transactions that might impair such director's independence, the Nominating and Corporate Governance Committee relies on information supplied to the Company's legal department by the Company's executive officers and directors in the form of responses to annual questionnaires. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee must be independent for Nasdaq purposes, which determination is based upon applicable Nasdaq listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee may engage, if it deems appropriate, a professional search firm to help identify new director candidates or may follow-up on suggestions received from members of the Board or other sources. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board. The Nominating and Corporate Governance Committee meets to discuss and consider such candidates' qualifications and then selects a nominee for recommendation to the Board by majority vote. To date, the Nominating and Corporate Governance Committee has not paid a fee to any third party to assist in the process of identifying or evaluating director candidates.

After consideration of the factors noted above and Dr. Shapiro's qualifications, the Nominating and Corporate Governance Committee recommended, and the Board of Directors approved, an increase in the size of the Board of Directors from seven members to eight members, and the appointment of Dr. Shapiro to each of the Board of Directors and the Nominating and Corporate Governance Committee, effective May 16, 2008.

To date, the Board has not received or rejected a timely director nominee for election at the upcoming annual meeting from a stockholder or stockholders holding more than 5% of the Company's voting stock. The Nominating and Corporate Governance Committee is not obligated to consider director candidates recommended by stockholders, but it may do so in its discretion if it believes consideration of a candidate would be in the Company's best interests. The Nominating and Corporate Governance Committee believes that it is in the best position to identify, review, evaluate and select qualified candidates for Board membership, based on the comprehensive criteria for Board membership

approved by the Board.

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### **Special Awards Committee**

The Special Awards Committee of the Board of Directors is responsible for making the final determination of specific grants of stock options and restricted stock awards to be made to certain individual non-officer employees of the Company pursuant to guidelines and terms established by the Compensation Committee. Mr. Nordhoff is the sole member of the Special Awards Committee. In this capacity, Mr. Nordhoff reviews and approves the monthly grants for non-officer new hires of the Company and promotional grants to non-officer employees. Mr. Nordhoff, the Company's Chairman and CEO, is not independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq Marketplace Rules) by virtue of his employment with the Company. The Special Awards Committee acted by Unanimous Written Consent 14 times during 2008.

### **Stockholder Communications with the Board of Directors**

Historically, the Company has not provided a formal process related to stockholder communications with the Board. Nevertheless, the Company makes efforts to ensure that the views of stockholders are heard by the Board or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. The Nominating and Corporate Governance Committee will periodically assess the adoption of a formal process for stockholder communications with the Board and, if adopted, publish it promptly and post it to the Company's website.

Stockholders interested in communicating with the Board of Directors regarding their concerns or issues may address correspondence to a particular director or to the directors generally, in care of Gen-Probe Incorporated, Attention: Corporate Secretary, 10210 Genetic Center Drive, San Diego, California 92121.

### **Code of Ethics**

The Company has adopted the Gen-Probe Incorporated Code of Ethics that applies to all officers, directors and employees. The Code of Ethics is available on our website at [www.gen-probe.com](http://www.gen-probe.com). If the Company makes any substantive amendments to the Code of Ethics or grants any waiver from a provision of the Code of Ethics to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver on its website.

### **Open Door Policy**

The Company has adopted an Open Door Policy for Reporting Complaints regarding accounting, auditing and other matters to facilitate the receipt, retention and treatment of complaints regarding misconduct, illegal activities or fraud, including any accounting, internal accounting controls or auditing matters, or violations of federal or state laws or the Company's Code of Ethics.

### **Corporate Governance Guidelines**

In November 2003, the Board of Directors documented the governance practices followed by the Company by adopting Corporate Governance Guidelines. The Corporate Governance Guidelines were adopted by the Board to, among other things, reflect changes to the Nasdaq listing standards and SEC rules adopted to implement provisions of the Sarbanes-Oxley Act of 2002. In connection with the Board of Directors' periodic review of the guidelines, in February 2009, the Board adopted a revised set of Corporate Governance Guidelines. The guidelines are designed to ensure that the Board will have the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. The guidelines are also intended to align the interests of directors and management with those of the Company's stockholders. The Corporate Governance Guidelines set forth the practices the Board follows with respect to Board

composition and selection, Board meetings and involvement of senior management, CEO performance evaluation and succession planning, and Board committees and compensation. The Corporate Governance Guidelines, as well as the charters for each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee of the Board, may be viewed at [www.gen-probe.com](http://www.gen-probe.com).

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The Board believes that good corporate governance practices promote the principles of fairness, transparency, accountability and responsibility and will ensure that the Company is managed for the long term benefits of its stockholders. During the past few years, we have continued to review our corporate governance policies and practices and compare them to those suggested by various authorities in corporate governance and the practices of other public companies. Based on this review, we have taken the following actions to continue our implementation of best corporate governance practices:

In September 2006, the Board approved an amendment to accelerate the termination of the Company's stockholder rights plan from September 2012 to November 30, 2006. As a result, the rights plan, which was originally adopted in September 2002, was effectively terminated on November 30, 2006;

In September 2006, the Board adopted a stock ownership policy for directors and officers of the Company that, subject to a phase-in period, requires these individuals to maintain ownership of Company stock equal to between one and three times their annual salary, or director fees, as applicable, depending on position;

In February 2007, the Nominating and Corporate Governance Committee recommended the amendment of, and the Board agreed to amend, the Company's Bylaws to change the voting standard for the election of directors from a plurality to a majority vote in uncontested elections;

In February 2007, the Nominating and Corporate Governance Committee adopted a policy which generally discourages directors from serving on more than four other public company boards, and provides that the Nominating and Corporate Governance Committee will consider the number of such boards on which a prospective nominee is a member when formulating its Board membership recommendations;

In May 2007, the Compensation Committee recommended the adoption of, and the Board agreed to adopt, an Equity Award Policy in order to establish written guidelines for equity incentive awards such as stock options. The policy establishes guidelines and procedures for, among other things, the administration, grant, pricing and documentation of equity awards; and

In November 2008, the Nominating and Corporate Governance Committee recommended the amendment of, and in February 2009 the Board agreed to amend, the Company's Corporate Governance Guidelines to provide that any future appointment of a new director by the Board be submitted to the Company's stockholders for ratification at the next regularly scheduled annual meeting of stockholders.

Under the majority vote standard applicable to the Company's director elections, a director must receive the affirmative vote of a majority of the shares cast in the election of directors, except that directors shall be elected by a plurality of the votes cast if the number of director nominees exceeds the number of directors to be elected. A majority of the votes cast means that the number of shares voted For a director nominee must exceed 50% of the number of votes cast with respect to that director's election.

Under Delaware law, an incumbent director who fails to receive the required vote holds over, or continues to serve as a director, until his or her successor is elected and qualified. Consequently, in order to address the hold over issue, the Company's Amended and Restated Bylaws require that if a nominee who already serves as a director is not re-elected, and no successor is elected, the director shall tender his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee will make a recommendation to the Board as to whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. A director who tenders his or her resignation will not participate in the recommendation of the Nominating and Corporate Governance Committee or in the Board's decision with respect to

his or her resignation. If the failure of a nominee to be elected at the annual meeting results in a vacancy on the Board, that vacancy may be filled by action of the Board. The Amended and Restated Bylaws of the Company are available through our periodic filings with the SEC, which can be viewed through our website at [www.gen-probe.com](http://www.gen-probe.com).



**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table provides certain information regarding all of the Company's equity compensation plans in effect as of December 31, 2008.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)</b>	<b>Number of Securities Remaining Available for Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
Equity compensation plans approved by security holders	5,566,570	\$ 44.49	966,494(1)
Equity compensation plans not approved by security holders(2)	90,318	\$ 20.99	65,444
<b>Total</b>	<b>5,656,888</b>	<b>\$ 44.12</b>	<b>1,031,938</b>

(1) Includes 483,516 shares of common stock available for future issuance under the 2000 Equity Participation Plan and the 2003 Incentive Award Plan and 482,978 shares under our Employee Stock Purchase Plan (the "ESPP"), as amended, as of December 31, 2008.

(2) Consists of shares of common stock issuable under the 2002 New Hire Stock Option Plan (the "2002 Plan"), which at the time of adoption did not require the approval of, and has not been approved by, the Company's stockholders. See the description below of the 2002 Plan.

The following equity compensation plan of the Company was in effect as of December 31, 2008 and was adopted without approval of the Company's stockholders.

**Description of the 2002 New Hire Plan**

*General Nature and Purposes of the 2002 New Hire Plan.* The principal purposes of the 2002 Plan are to provide incentives for certain employees of the Company and its subsidiaries through granting of options (the "2002 Plan Awards"), thereby stimulating optionees' personal and active interest in the Company's development and financial success, and inducing them to remain in the Company's employ. The 2002 Plan was approved by the Board on November 11, 2002 without approval by the Company's stockholders. The Company has not issued options under the 2002 Plan since March 2004.

A brief description of the principal features of the 2002 Plan follows, but the description is qualified in its entirety by reference to the 2002 Plan itself, as amended and filed with the SEC on February 23, 2007 as an exhibit to the Company's Annual Report on Form 10-K.

*Administration of the Plan.* The 2002 Plan is administered by the Compensation Committee of the Company's Board of Directors (or another committee or a subcommittee of the Board assuming the functions of the Compensation Committee under the 2002 Plan) (for purposes of this summary, the Committee). The Committee consists of at least two members of the Board of Directors, each of whom is a non-employee director for purposes of Rule 16b-3 under the Exchange Act (Rule 16b-3), and an outside director for purposes of Section 162(m) (Section 162(m)) of the Internal Revenue Code of 1986, as amended (the Code). Subject to the terms and conditions of the 2002 Plan, the Committee has the authority to select the persons to whom 2002 Plan Awards are to be made, to determine the number of shares to be subject thereto and the terms and conditions thereof, and to make all other determinations and to take all other actions necessary or advisable for the administration of the 2002 Plan. The Committee is also authorized to adopt, amend, interpret and revoke rules relating to the administration of the 2002 Plan.

*Securities Subject to the 2002 Plan.* The aggregate number of shares of common stock authorized for issuance upon exercise of options granted under the 2002 Plan was 200,000 as of the date the 2002 Plan was adopted. In September 2003, the 200,000 share reserve authorized for issuance under the 2002 Plan was adjusted to 400,000 shares to reflect the Company's 2-for-1 stock split implemented as a 100% stock dividend.

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The shares available under the 2002 Plan upon exercise of stock options may be either previously unissued shares or treasury shares. The Committee has the discretion to make appropriate adjustments in the number of securities subject to the 2002 Plan and to outstanding 2002 Plan Awards to reflect dividends or other distributions; a reorganization, merger or consolidation of the Company; a combination, repurchase, liquidation or dissolution of the Company; a disposition of all or substantially all of the assets of the Company or exchange of common stock or other securities of the Company; or other similar corporate transaction or event (an extraordinary corporate event). The 2002 Plan provides for automatic adjustments in the number of securities subject to the 2002 Plan and to outstanding 2002 Plan Awards to reflect a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large non-recurring cash dividend, that affects the shares of the Company's common stock (or other securities of the Company) or the share price of the common stock (or other securities of the Company) and causes a change in the per share value of the common stock underlying outstanding awards.

If any portion of a 2002 Plan Award terminates or lapses unexercised, or is canceled upon grant of a new 2002 Plan Award (which may be at a higher or lower exercise price than the 2002 Plan Award so canceled), the shares which were subject to the unexercised portion of such 2002 Plan Award will continue to be available for issuance under the 2002 Plan.

*Term of the 2002 Plan and Amendments.* The 2002 Plan will expire on November 10, 2012, unless earlier terminated. The 2002 Plan may be amended, modified, suspended or terminated by the Committee or the Board of Directors. Amendments of the 2002 Plan will not, without the consent of the participant, affect such person's rights under any outstanding 2002 Plan Award, unless the 2002 Plan Award agreement governing such 2002 Plan Award itself otherwise expressly so provides.

*Eligibility.* 2002 Plan Awards may be granted only to newly hired employees of the Company, including newly hired officers or employee directors of the Company, who have not previously been employed by the Company.

*Payment for Shares.* The exercise price for all 2002 Plan Awards, together with any applicable tax required to be withheld, must be paid in full in cash at the time of exercise or the Committee may, in its sole and absolute discretion (i) allow a delay in payment up to 30 days from the date the option is exercised, (ii) allow payment, in whole or in part, through the delivery of shares of common stock which have been held by the holder for at least six months, (iii) allow payment, in whole or in part, through the surrender of shares of common stock then issuable upon exercise of the option having a fair market value on the date of option exercise equal to the aggregate exercise price of the option or exercised portion thereof, (iv) allow payment, in whole or in part, through the delivery of a notice that the holder has placed a market sell order with respect to shares of common stock then issuable upon exercise of the option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the option exercise price; provided, that the payment of such proceeds is then made to the Company upon settlement of such sale, and (v) allow payment through any combination of the consideration provided in the foregoing subparagraphs (ii), (iii) and (iv).

*Awards under the 2002 Plan.* The 2002 Plan provides that the Committee may grant or issue nonqualified stock options ( NQSOs ). NQSOs provide for the right to purchase common stock at the fair market value on the date of grant and usually will become exercisable (in the discretion of the Committee) in one or more installments after the grant date, subject to the participant's continued provision of services to the Company. NQSOs may be granted for any term specified by the Committee; provided that the term may not exceed 10 years.

*Agreements; Consideration to the Company.* Each 2002 Plan Award will be set forth in a separate agreement with the person receiving the 2002 Plan Award and will indicate the terms and conditions of the 2002 Plan Award. The dates on which 2002 Plan Awards under the 2002 Plan first become exercisable and on which they expire will be set forth in

individual 2002 Plan Award agreements setting forth the terms of the 2002 Plan Awards. The agreements generally will provide that 2002 Plan Awards expire upon termination of the participant's status as an employee, although the Committee may provide that Awards granted to employees continue to be exercisable following a termination without cause, or following a Change in Control of the Company, as defined in the 2002 Plan, or because of the grantee's retirement, death, disability or otherwise.

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**General Terms of 2002 Plan Awards under the 2002 Plan**

*Non-Assignability.* 2002 Plan Awards may not be assigned or transferred by the grantee, except by will, the laws of descent and distribution or pursuant to a qualified domestic relations order, although the shares of common stock underlying such 2002 Plan Awards may be transferred if all applicable restrictions have lapsed. During the lifetime of the holder of any 2002 Plan Award, the 2002 Plan Award may be exercised only by the holder. Notwithstanding the foregoing, the Committee may grant NQSOs that may be assigned or transferred, subject to certain conditions, to permitted transferees, which include a child, grandchild, parent, spouse, niece or nephew of the holder.

*Extraordinary Corporate Events.* The Committee has discretion under the 2002 Plan to provide that 2002 Plan Awards will expire at specified times following, or become exercisable in full upon, the occurrence of certain specified extraordinary corporate events; and in such event the Committee may also give optionees the right to exercise their outstanding NQSOs in full during some period prior to such event, even though the NQSOs have not yet become fully exercisable.

*Effect of Change in Control.* Notwithstanding anything in the 2002 Plan or the provisions of any 2002 Plan Award to the contrary, in the event of a Change in Control, each outstanding 2002 Plan Award shall, immediately prior to the effective date of the Change in Control, automatically become fully vested or exercisable, as applicable, for all of the shares of common stock at the time subject to such 2002 Plan Award and, as applicable, may be exercised for any or all of the shares of common stock subject to the 2002 Plan Award.

For purposes of the 2002 Plan, Change in Control means a change in ownership or control of the Company effected through any of the following transactions: (a) any person or related group of persons (other than the Company or a person that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer for securities of the Company; (b) there is a change in the composition of the Board over a period of thirty-six (36) consecutive months (or less) such that a majority of the Board members (rounded up to the nearest whole number) ceases, by reason of one or more proxy contests for the election of Board members, to be comprised of individuals who either (i) have been Board members continuously since the beginning of such period or (ii) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board; (c) a merger or consolidation of the Company with any other corporation (or other entity), other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or another entity) more than 66<sup>2</sup>/<sub>3</sub>% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; *provided, however*, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires more than 25% of the combined voting power of the Company's then outstanding voting securities shall not constitute a Change in Control; or (d) a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

*Transfer Restrictions.* The Committee, in its discretion, may impose such restrictions on the transferability of the shares purchasable upon the exercise of an NQSO as it deems appropriate. Any such other restriction shall be set forth in the respective 2002 Plan Award agreement and may be referred to on the certificates evidencing such shares.

*Withholding Tax Obligations.* As a condition to the issuance or delivery of stock pursuant to the exercise of a 2002 Plan Award granted under the 2002 Plan, the Company requires participants to discharge applicable withholding tax

obligations. Shares held by or to be issued to a participant may also be used to discharge tax withholding obligations related to exercise of 2002 Plan Awards, subject to the discretion of the Committee to disapprove such use.

*Securities Law.* The 2002 Plan is intended to conform to the extent necessary with all provisions of the Securities Act of 1933, as amended (the Securities Act ), and the Exchange Act, and any and all regulations and rules promulgated by the SEC thereunder, including without limitation Rule 16b-3. The 2002 Plan will be administered, and options will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the 2002 Plan and options granted thereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

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**PROPOSAL 2**

**APPROVAL OF AMENDMENT TO THE 2003 INCENTIVE AWARD PLAN,  
AS AMENDED AND RESTATED**

In this Proposal 2, the Company is seeking stockholder approval to amend and restate the Company's 2003 Incentive Award Plan (the "2003 Plan"), to increase the number of shares of common stock authorized for issuance thereunder by 2,500,000 shares and adopt other amendments described below. The Company and the Board of Directors believe that your approval of this Proposal 2 will enable the Company to continue to attract and retain the highest caliber of employees and directors, to link incentive rewards to Company performance, and to align the interests of employees and directors with those of stockholders.

The Company's Board of Directors originally adopted the 2003 Plan in March 2003, subject to stockholder approval. On May 13, 2003, prior to stockholder approval, the Board reduced the number of shares of common stock proposed to be authorized for issuance under the 2003 Plan to 2,500,000 shares. On May 29, 2003, the Company's stockholders approved the 2003 Plan. In September 2003, the 2,500,000 share reserve authorized for issuance under the 2003 Plan was adjusted to 5,000,000 shares to reflect the Company's 2-for-1 stock split, which was implemented as a 100% stock dividend.

In February 2006, the Company's Board of Directors amended and restated the 2003 Plan (the "Amended and Restated 2003 Plan"), subject to stockholder approval, to increase the number of shares of common stock authorized for issuance under the 2003 Plan by 3,000,000 shares. On May 17, 2006, the Company's stockholders approved the Amended and Restated 2003 Plan increasing the number of shares available for issuance under the 2003 Plan from 5,000,000 to 8,000,000 shares.

In November 2006, the Company's Board of Directors amended and restated the Amended and Restated 2003 Plan (the "Second Amended and Restated 2003 Plan") in order to provide for the automatic adjustment of outstanding awards under the 2003 Plan in the event the Company experienced an equity restructuring event (e.g., a stock split, spin-off, or recapitalization through a large non-recurring dividend). In addition, the Second Amended and Restated 2003 Plan changed the date for determination of the exercise price of options granted under the 2003 Plan to the market close on the date of the grant, rather than the preceding date. Stockholder approval of this amendment and restatement was not required or sought.

In February 2007, the Company's Board of Directors amended and restated the Second Amended and Restated 2003 Plan (the "Third Amended and Restated 2003 Plan") in order to modify the 2003 Plan to provide that, with respect to future grants under the 2003 Plan, a "Termination" under the 2003 Plan would not occur if an employee continues to serve as a director of the Company after his or her employment with the Company ends. Stockholder approval of this amendment and restatement was not required or sought.

On March 20, 2009, the Company's Board of Directors amended and restated the Third Amended and Restated 2003 Plan (the "Fourth Amended and Restated 2003 Plan"), subject to stockholder approval, to increase the number of shares of common stock authorized for issuance under the 2003 Plan by 2,500,000 shares, and adopted other amendments to the 2003 Plan as described below. Proposal 2, if approved by the Company's stockholders, would increase the aggregate number of shares of common stock authorized for issuance under the 2003 Plan from 8,000,000 shares to 10,500,000 shares. As of March 1, 2009, approximately 443,840 shares of common stock remained available for future grant under the 2003 Plan.

Since 2006, the Company has made annual equity award grants to Company employees, including executive officers, in August of each year, which have consisted of stock options and, for certain senior level employees, restricted stock awards. All such equity awards have included time-based vesting provisions only.

The Compensation Committee of the Board of Directors intends that future grants of equity incentive awards to Company officers, and other senior level Company employees receiving restricted stock awards, will generally be comprised of stock options, representing approximately 75% of the value of the aggregate applicable award, and restricted stock, representing approximately 25% of the value of the aggregate applicable award. The Compensation Committee currently intends that beginning in 2010 restricted stock awards to be granted to senior level employees under the 2003 Plan will predominantly incorporate performance-based vesting provisions in lieu of time-based



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vesting. Although the specific performance criteria applicable to such awards have not yet been established, they are expected to encompass both quantitative and/or qualitative measures, such as revenue and fully diluted earnings per share ( EPS ) growth and/or product development progress, in each case designed to be objectively measurable and to drive long-term Company performance.

If, as currently intended, restricted stock awards to be made to senior level employees in 2010 and thereafter predominantly incorporate performance-based vesting provisions, the Compensation Committee anticipates that annual equity award grants, which have been made in August of each year beginning in 2006, will instead be made in January or February beginning in 2010, in order to align the performance criteria for restricted stock awards with each year's business objectives. Because the Company intends to make its next two equity grants less than one year apart, the Company expects that the grant of equity awards in January or February 2010 will be pro-rated and smaller than the annual equity grants made in recent years. The Company currently believes that the proposed increase in share availability under the 2003 Plan, together with the approximately 81,863 shares available for issuance under the Company's 2000 Equity Participation Plan and the 2002 Plan, will be sufficient for anticipated equity award grants to employees, including executive officers, in August 2009 as well as the anticipated grants of equity awards in January or February 2010 and 2011, which are expected to include predominantly performance-based vesting for restricted stock awards made to senior level employees. The Fourth Amended and Restated 2003 Plan provides that additional shares may not be authorized for issuance under the 2003 Plan without stockholder approval. Outstanding stock options and other stock awards previously granted under the 2003 Plan will continue to be subject to the terms and conditions of the original award agreements.

The approval of this Proposal 2 will allow the Company to continue to grant stock options and other equity incentive awards at levels it determines appropriate to attract and retain highly qualified individuals. The Board of Directors believes that the future success of the Company depends, in large part, upon the ability of the Company to maintain a competitive position in attracting, retaining and motivating employees and directors. **Accordingly, the Board of Directors believes the approval of this Proposal 2 is in the best interests of the Company and its stockholders and recommends a vote For the approval of Proposal 2 for the following reasons, among others:**

The Company believes past stock option and restricted stock awards have helped attract and retain high-quality employees who have contributed to Gen-Probe's strong financial results since 2002, when the Company was spun off from Chugai Pharmaceutical, Co. Ltd. For example, Gen-Probe's fully diluted EPS has increased from \$0.27 in 2002 to \$1.95 in 2008, representing a compound annual growth rate ( CAGR ) of approximately 39%. In addition, total revenues have increased from \$156 million in 2002 to \$473 million in 2008, a CAGR of approximately 20%. During this same period, the Company's share price has significantly outperformed both the Nasdaq Composite Index and the Nasdaq Biotech Index. Although past performance is not a guarantee of future results, the Company believes that maintaining a competitive equity compensation plan will help attract and retain employees who will contribute to the Company's future growth.

Gen-Probe's potential dilution, or overhang, from outstanding awards and shares available for future awards as of March 1, 2009 under all of the Company's equity incentive plans was approximately 12.5%. This percentage would have been lower if the Company had not repurchased approximately 1.7 million shares of Company common stock during 2008 under the terms of its recently announced stock repurchase program. The foregoing overhang calculation is calculated conservatively as (a) the total shares underlying outstanding stock option and restricted stock awards (5,991,713) and shares available for future awards under all of the Company's equity incentive plans (525,703), divided by (b) the total shares of Gen-Probe common stock outstanding as of March 1, 2009. Based on an analysis performed by an independent compensation consulting firm retained by Gen-Probe, this figure is comparable to an average total overhang of 14.2% for the 22 companies analyzed, with whom the Company believes it competes for human resources, capital and/or customers. The average total overhang calculation for these 22 companies was based on the most recent period for which comprehensive

data were publicly available as of January 2009.

Equity compensation remains a key component of a competitive compensation package in the Company's industry and, Gen-Probe believes, effectively rewards employees and directors for the success of the Company over time. In 2006, 2007 and 2008, respectively, the Company granted approximately 1,661,282,

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1,336,191 and 1,095,652 stock options and restricted stock awards to employees and directors, with the total number of awards granted declining each year. Gen-Probe's average annual burn rate over the last three years of approximately 2.86% is comparable to a three-year average burn rate of approximately 2.93% for the 22 companies analyzed on behalf of Gen-Probe referenced above. The data analyzed on behalf of Gen-Probe regarding the equity compensation practices of these companies was based on the most recent three-year period for which comprehensive data regarding such companies were available as of January 2009. Gen-Probe's average annual burn rate over the last three years is calculated as (a) the sum of awards of stock options and restricted stock (adjusted using a conversion premium based on the Company's annual stock price volatility, such that each restricted stock award is valued as two stock option awards) granted during the applicable year, divided by the total shares of Gen-Probe common stock outstanding as of the applicable fiscal year end.

As of March 1, 2009, the Company was authorized to grant awards to acquire only an additional approximately 525,703 shares of common stock under all of the Company's existing equity plans, with this number being significantly smaller than the Company's recent annual grants. If Gen-Probe were unable to continue to grant stock option and restricted stock awards at a competitive level, the Company believes it would be at a significant disadvantage relative to its peers, especially in the biotechnology hub of San Diego, where the Company believes equity compensation is an expected and valued component of total compensation.

Since 2006, when stockholders last approved an increase in the number of shares authorized for issuance under the 2003 Plan, the Company has made a number of notable changes to improve its corporate governance practices and better align the interests of directors, employees and stockholders. Many of these changes are described on page 17 under the heading "Corporate Governance Guidelines" above.

In addition to increasing the number of shares available for issuance under the 2003 Plan by 2,500,000, the Fourth Amended and Restated 2003 Plan would make the following notable amendments to the 2003 Plan:

*Types of Awards Added.* The following additional types of awards will be available for issuance under the 2003 Plan to employees, consultants or independent directors: performance-based stock and/or cash bonus awards; dividend equivalent awards; stock payment awards; deferred stock awards; and restricted stock units. Each of the foregoing awards is described in further detail below.

*Share Reserve.* The number of shares available for issuance under the 2003 Plan will be reduced by two shares for each share of common stock issued pursuant to any future award, other than an award of stock appreciation rights or options. Formerly, this share count reduction applied only to issuances pursuant to an award of restricted stock. Furthermore, dividend equivalents paid in cash under the 2003 Plan in conjunction with any outstanding awards will not be counted against the 10,500,000-share cap on shares issuable under the 2003 Plan.

*Award Limit.* The 2003 Plan will cap the number of shares that may be issued to any individual in a given calendar year to 500,000 to comply with Section 162(m) of the Code. In addition, a \$3,000,000 cap will be added on the amount of cash that may be paid to any individual in a given calendar year with respect to awards granted under the 2003 Plan.

*Amendments to Existing Types of Awards.* Thirty-day payment delays after a stock option has been exercised will be eliminated.

*Minimum Exercise Price for Stock Appreciation Rights.* Presently, the 2003 Plan does not specify a minimum exercise price for a stock appreciation right. As amended, the exercise price for common stock subject to stock appreciation rights will be no less than the fair market value of the stock on the grant date of the stock

appreciation right.

*Performance Criteria.* The performance criteria under the 2003 Plan will be revised to be consistent with the Company's 2007 Executive Bonus Plan, which include revenue, cash flow, return on equity, working capital and certain other objectively-measurable criteria, or other specific criteria determined by the Fourth Amended and Restated Plan administrator.

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*Independent Director Equity Compensation Plan.* A written non-discretionary formula will be established by the administrator pursuant to the terms of the Fourth Amended and Restated 2003 Plan that will govern stock option award grants to the Company's independent directors. The policy will set forth the type of award(s) to be granted to independent directors, the number of shares subject to awards, the conditions on which such awards will be granted, become exercisable and/or payable and expire, and such other terms and conditions as the administrator determines.

*Compliance with Foreign Laws.* Discretion will be granted to the Board of Directors or Compensation Committee to determine which Company subsidiaries will be governed by the 2003 Plan and which individuals outside of the United States will be eligible for awards under the 2003 Plan in order to comply with applicable foreign laws. The Board of Directors or Compensation Committee will also be given discretion to modify terms and conditions of individual awards to comply with foreign laws, to establish subplans or modify exercise procedures where advisable, and to take other actions necessary to comply with foreign laws and stock exchange requirements.

*409A Compliance.* Awards granted under the 2003 Plan and extensions to the term of any outstanding stock option granted by the Board of Directors or the Compensation Committee must comply with the requirements of Section 409A of the Code ( Section 409A ).

*Full Value Award Vesting Limit.* The 2003 Plan previously required that vesting of stock options and stock appreciation rights and lapsing of restrictions on restricted stock grants cannot occur sooner than monthly over three years. As amended, the Fourth Amended and Restated 2003 Plan provides that the minimum vesting period for awards granted to employees or consultants, other than awards of stock options or stock appreciation rights ( Full Value Awards ), will generally be three years, with no minimum vesting required for stock options or stock appreciation rights. In the case of performance-based vesting, the minimum vesting period for Full Value Awards will generally be one year, commencing simultaneously with the evaluation of the performance. However, the Fourth Amended and Restated 2003 Plan provides that the Company may grant Full Value Awards without regard to these minimum vesting restrictions, in an aggregate amount of up to 5% of the share reserve of the Fourth Amended and Restated 2003 Plan.

*Stockholder Approval.* Stockholder approval will be required for any amendment of the 2003 Plan that would enable stock options or stock appreciation rights to be granted with an exercise price below the fair market value on the date of grant, or that would allow for the extension of the applicable exercise period beyond seven years from the date of grant. Without stockholder approval, stock options and stock appreciation rights may not be amended to reduce the exercise price below the share price as of the date of grant. Generally, new stock options or stock appreciation right grants may not be made in exchange for the cancellation of outstanding awards, and awards may not be bought-out without stockholder approval.

Stockholders are requested in this Proposal 2 to approve the amendment and restatement of the 2003 Plan, including the 2,500,000 authorized share increase under 2003 Plan. The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the meeting will be required to approve this Proposal 2. Abstentions will have the same effect as an Against vote. Broker non-votes will have no effect.

A general description of the Fourth Amended and Restated 2003 Plan is set forth below. However, the description is qualified in its entirety by reference to the full text of the Fourth Amended and Restated 2003 Plan, a copy of which is attached as Appendix A to this proxy statement.

## **Description of the Fourth Amended and Restated 2003 Plan**

*General Nature and Purposes of the Fourth Amended and Restated 2003 Plan.* The principal purposes of the Fourth Amended and Restated 2003 Plan are to provide incentives for officers, employees and consultants of the Company and its subsidiaries through granting of stock options, restricted stock, stock appreciation rights, performance-based stock and/or cash bonus awards, dividend equivalent awards, stock payment awards, deferred stock awards and restricted stock units (collectively, Awards ), thereby stimulating their personal and active interest in the Company s development and financial success, and inducing these individuals to remain in the Company s employ or service. In addition to Awards made to officers, employees or consultants, the Fourth

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Amended and Restated 2003 Plan provides for the granting of Awards, subject to the terms of the Fourth Amended and Restated 2003 Plan and pursuant to the Independent Director Equity Compensation Plan to be established by the Compensation Committee, to the Company's non-employee directors (the Independent Directors).

*Administration of the Plan.* The Fourth Amended and Restated 2003 Plan will be administered by the Compensation Committee with respect to Awards granted to employees or consultants and by the full Board of Directors with respect to Awards granted to Independent Directors (such administrative body, as applicable, the Administrator). The Compensation Committee consists of at least two members of the Board, each of whom is a non-employee director for purposes of Rule 16b-3 and an outside director for purposes of Section 162(m) of the Code. Subject to the terms and conditions of the Fourth Amended and Restated 2003 Plan, the Compensation Committee has the authority to select the persons to whom Awards are to be made, to determine the number of shares to be subject thereto and the terms and conditions thereof, and to make all other determinations and to take all other actions necessary or advisable for the administration of the Fourth Amended and Restated 2003 Plan. Similarly, the Board of Directors has discretion to determine the terms and conditions of Awards granted to Independent Directors and to interpret and administer the Fourth Amended and Restated 2003 Plan with respect to Awards, subject to the terms of the Fourth Amended and Restated 2003 Plan. The Administrator is also authorized to adopt, amend, interpret and revoke rules relating to the administration of the Fourth Amended and Restated 2003 Plan, including the discretion to modify terms and conditions of individual awards to comply with foreign laws, to establish subplans or modify exercise procedures where advisable, and to take other actions necessary to comply with foreign laws and stock exchange requirements.

*Securities Subject to the Fourth Amended and Restated 2003 Plan.* The aggregate number of shares of common stock which may be issued upon exercise of stock options and stock appreciation rights, or, subject to the limitation described below, as other Awards granted under the Fourth Amended and Restated 2003 Plan, will not exceed 10,500,000 in the aggregate. This share reserve consists of the 8,000,000 shares previously authorized for issuance under the 2003 Plan, plus an additional 2,500,000 shares. Further, the maximum number of shares of common stock which may be subject to Awards granted under the 2003 Plan to any individual in any calendar year shall not exceed 500,000. In addition, the maximum aggregate amount of cash that may be paid to a participant during any calendar year with respect to one or more Awards payable in cash shall be \$3,000,000. Under the Fourth Amended and Restated 2003 Plan, an increase in the number of shares of common stock authorized for issuance may not be made without stockholder approval, except for adjustments as described below.

The shares available for Awards under the Fourth Amended and Restated 2003 Plan may be either previously unissued shares or treasury shares. Shares of common stock issued pursuant to equity incentives granted under the Fourth Amended and Restated 2003 Plan will be reduced by two shares for each share of common stock issued pursuant to any Award, other than an award of stock appreciation rights or options. Formerly, this reduction applied only to issuances pursuant to an award of restricted stock. Furthermore, dividend equivalents paid in cash under the Fourth Amended and Restated 2003 Plan in conjunction with any outstanding Awards will not be counted against the 10,500,000-share cap on shares issuable under the Fourth Amended and Restated 2003 Plan. The Administrator has the discretion to make appropriate adjustments in the number of securities subject to the Fourth Amended and Restated 2003 Plan and to outstanding Awards thereunder to reflect certain equity restructuring changes, such as stock splits or stock dividends, as well as an extraordinary corporate event.

If any portion of a stock option, stock appreciation right or other Award granted under the 2003 Plan outstanding as of the effective date of the Fourth Amended and Restated 2003 Plan terminates or lapses unexercised, the shares which were subject to the unexercised portion of such option, stock appreciation right or other Award will continue to be available for issuance under the Fourth Amended and Restated 2003 Plan. If, following the issuance of a share of common stock pursuant to an Award which counted as two shares against the share reserve, such Award terminates, lapses or cancels, then the number of shares of common stock available for issuance under the Fourth Amended and Restated 2003 Plan shall increase by two shares.

*Term of the Fourth Amended and Restated 2003 Plan and Amendments.* The Fourth Amended and Restated 2003 Plan will expire on March 3, 2013, unless earlier terminated. Amendments of the Fourth Amended and Restated 2003 Plan to increase the number of shares authorized for issuance under the plan (except for adjustments resulting from stock splits and the like, and mergers, consolidations and other corporate transactions) require the



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approval of the Company's stockholders. The Fourth Amended and Restated 2003 Plan includes a new provision which also requires stockholder approval of any amendment that would enable options or stock appreciation rights to be granted with an exercise price below the fair market value on the grant date, or that would allow for the extension of the exercise period of an option or stock appreciation right beyond seven years from the grant date. The Fourth Amended and Restated 2003 Plan further provides that the Administrator may not (i) amend stock options and stock appreciation rights to reduce the exercise price below the share price as of the date of grant, (ii) grant new stock options or stock appreciation rights in exchange for the cancellation of outstanding awards, or (iii) offer a cash payment to buy out any outstanding stock option or stock appreciation right, unless stockholders have approved such an action. In all other respects, the Fourth Amended and Restated 2003 Plan can be amended, modified, suspended or terminated by the Administrator, unless such action would otherwise require stockholder approval as a matter of applicable law, regulation or rule. Amendments of the Fourth Amended and Restated 2003 Plan will not, without the consent of the participant, affect such person's rights under an outstanding Award, unless the Award agreement governing such Award itself otherwise expressly so provides.

*Eligibility.* Awards may be granted under the Fourth Amended and Restated 2003 Plan to individuals who are then officers or other employees of the Company or any of its present or future subsidiaries. Such Awards also may be granted to consultants of the Company selected by the Administrator for participation in the Fourth Amended and Restated 2003 Plan. All of our employees are eligible to participate in the Fourth Amended and Restated 2003 Plan. The Administrator has discretion to determine which Company subsidiaries will be governed by the Fourth Amended and Restated 2003 Plan and which individuals outside of the United States will be eligible for awards under the Fourth Amended and Restated 2003 Plan in order to comply with applicable foreign laws. Independent Directors of the Company and its subsidiaries may be granted Awards in accordance with the Fourth Amended and Restated 2003 Plan and the Independent Director Equity Compensation Policy referenced therein.

*Payment for Shares.* The exercise or purchase price for all Awards, together with any applicable tax required to be withheld, must be paid in full in cash at the time of exercise or purchase or such other permissible consideration as the Administrator may, in its sole and absolute discretion, allow. The Fourth Amended and Restated 2003 Plan provides that, with respect to stock options, the Administrator, in its sole discretion, may (i) allow payment, in whole or in part, through the delivery of shares of common stock (without regard to whether the shares were held by the holder for at least six months, as was formerly required under the 2003 Plan), (ii) allow payment, in whole or in part, through the surrender of shares of common stock then issuable upon exercise of the option having a fair market value on the date of option exercise equal to the aggregate exercise price of the option or exercised portion thereof, (iii) allow payment, in whole or in part, through the delivery of a notice that the holder has placed a market sell order with respect to shares of common stock then issuable upon exercise of the option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the option exercise price; provided, that the payment of such proceeds is then made to the Company upon settlement of such sale, and (iv) allow payment through any combination of the consideration provided in the foregoing subparagraphs (i), (ii) and (iii). The Fourth Amended and Restated 2003 Plan eliminates the provision of the Third Amended and Restated 2003 Plan which permitted a delay in the payment of the option exercise price of up to 30 days.

*Awards under the Fourth Amended and Restated 2003 Plan.* The Fourth Amended and Restated 2003 Plan provides that the Administrator may grant or issue stock options, restricted stock, stock appreciation rights, performance-based stock and/or cash bonus awards, dividend equivalent awards, stock payment awards, deferred stock awards and restricted stock units, or any combination thereof.

*Non-Qualified Stock Options.* NQSOs will provide for the right to purchase common stock at a specified price, which may not be less than the fair market value on the date of grant, and usually will become exercisable (in the discretion of the Administrator) in one or more installments after the grant date, subject to the participant's continued provision of services to the Company and/or subject to the satisfaction of individual or Company performance targets established

by the Administrator. NQSOs may be granted for any term specified by the Administrator; provided that such term may not exceed seven years.

*Incentive Stock Options ( ISOs )*. ISOs will be designed to comply with applicable provisions of the Code and will be subject to certain restrictions contained in the Code. Among such restrictions, ISOs must have an

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exercise price not less than the fair market value of a share of our common stock on the date of grant, may only be granted to employees, must expire within a specified period of time following the optionee's termination of employment, death or disability, and must be exercised within seven years after the date of grant. In the case of an ISO granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of stock of the Company, the Fourth Amended and Restated 2003 Plan provides that the exercise price for such ISO must be at least 110% of the fair market value of a share of common stock on the date of grant and the ISO must expire upon the fifth anniversary of the date of its grant. To the extent the aggregate fair market value of stock with respect to which ISOs (determined without regard to the vesting limitations contained in Section 422(d) of the Code) are exercisable for the first time by an optionee during any calendar year exceeds \$100,000, such stock options will be taxed as NQSOs. For this purpose, the fair market value of stock will be determined as of the time the option is granted.

*Director Options and Awards.* The Independent Director Equity Compensation Policy established by the Administrator pursuant to the Fourth Amended and Restated 2003 Plan will govern stock option and other Award grants to Independent Directors, including with respect to term and vesting period. Director options are NQSOs to purchase shares of common stock granted to Independent Directors. Director options will provide for the right to purchase common stock at a specified price, which may not be less than the fair market value on the date of grant. No portion of a director option will be exercisable upon the expiration of twelve months following termination of such director's services as a director of the Company by reason of permanent and total disability or death, or upon the expiration of three months following termination of such director's services as a director of the Company by reason other than of permanent and total disability or death, unless the option holder dies within such three month period or unless otherwise set forth in the option agreement. Under the Company's form of option agreement for employees and directors, option holders may exercise vested stock options for a period of twelve months following their retirement.

In addition to NQSOs, the Independent Director Equity Compensation Policy may permit the Independent Directors to receive other types of Awards under the 2003 Plan, with such terms and conditions as may be set forth in such policy. Independent Directors may not receive discretionary Award grants under the 2003 Plan which are not authorized by the Independent Director Equity Compensation Policy.

*Restricted Stock.* The Administrator is authorized to determine (i) which employees and consultants of the Company or any subsidiary should be issued restricted stock, (ii) the number of shares of restricted stock to be issued to such employees and consultants and (iii) the terms and conditions applicable to such restricted stock, consistent with the Fourth Amended and Restated 2003 Plan. Restricted stock issued under the Fourth Amended and Restated 2003 Plan is subject to such restrictions as the Administrator may provide in the terms of each individual restricted stock agreement, which restrictions may include, without limitation, restrictions concerning voting rights and transferability and restrictions based on duration of employment with or services to the Company, Company performance and individual performance; *provided, however*, that the Administrator may remove any or all of such restrictions after issuance of the restricted stock. Restricted stock typically may be repurchased by the Company at the original purchase price if the conditions or restrictions are not met and in the event of the grantee's termination of employment or consultancy, although the Administrator may make exceptions based on the reason for termination or on other factors. Shares of restricted stock may also be granted to Independent Directors, pursuant to such policies as may be adopted by the Board of Directors from time to time. Shares of restricted stock granted to Independent Directors may be fully vested as of the date of grant.

*Stock Appreciation Rights.* The Administrator may grant stock appreciation rights having terms and conditions consistent with the Fourth Amended and Restated 2003 Plan to employees, consultants or Independent Directors in connection with stock options or separately. Stock appreciation rights granted by the Administrator in connection with stock options entitle the optionee to surrender unexercised to the Company a portion of the stock option to which the stock appreciation right relates in exchange for an amount determined by multiplying (i) the difference obtained by

subtracting the stock option exercise price from the fair market value of a share of common stock on the date of exercise of the stock appreciation right by (ii) the number of shares of common stock with respect to which the stock appreciation right has been exercised. Stock appreciation rights granted by the Administrator independent of stock options granted under the Fourth Amended and Restated 2003 Plan would entitle the grantee to exercise all or a specified portion of the stock appreciation right (at the exercise

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price per share of common stock subject to such stock appreciation right set by the Administrator) in exchange for an amount determined by multiplying (i) the difference obtained by subtracting the stock appreciation right purchase price from the fair market value of a share of common stock on the date of exercise of the stock appreciation right by (ii) the number of shares of common stock with respect to which the stock appreciation right has been exercised. The amounts determined above may be paid to the grantee of a stock appreciation right in cash, in common stock (based on its fair market value as of the date the stock appreciation right is exercised) or a combination of both, as determined by the Administrator.

The exercise price per share of a stock appreciation right may not be less than the fair market value of a share of common stock on the date of grant. Stock appreciation rights may be granted for any term specified by the Administrator; provided that such term for stock appreciation rights granted following approval of the Fourth Amended and Restated 2003 Plan may not exceed seven years. Except as described in the preceding sentence or otherwise required by Section 162(m) of the Code with respect to a stock appreciation right intended to qualify as performance-based compensation as described in Section 162(m) of the Code, there are no restrictions specified in the Fourth Amended and Restated 2003 Plan on the exercise of stock appreciation rights or the amount of gain realizable therefrom, although restrictions may be imposed by the Administrator in the stock appreciation right agreements.

*Performance Awards.* The Administrator is authorized to grant performance awards ( Performance Awards ) to employees, consultants and Independent Directors and to determine whether such Awards will be performance-based compensation for purposes of Section 162(m) of the Code. The value of Performance Awards may be linked to any one or more of the performance criteria described in the Fourth Amended and Restated 2003 Plan (as described in the Section 162(m) Limitation discussion below) or other specific criteria determined by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. In making such determinations, the Administrator is to consider (among such other factors as it deems relevant in light of the specific type of Award) the contributions, responsibilities and other compensation of the particular eligible individual. Performance Awards may be paid in cash, shares of common stock, or both, as determined by the Administrator. The Administrator may grant Performance Awards in the form of a cash bonus payable upon the attainment of objective performance goals, or such other criteria, whether or not objective, which are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. Any such bonuses paid which are intended to be performance-based compensation for purposes of Section 162(m) of the Code must be based upon objectively determinable bonus formulas established in accordance with the Fourth Amended and Restated 2003 Plan.

*Dividend Equivalents.* The Administrator may grant the right to receive the equivalent value (in cash or common stock) of dividends paid on common stock ( Dividend Equivalents ) based on dividends declared on the common stock subject to any Award, to be credited as of dividend payment dates during the period between the date an Award is granted to a holder and the date such Award vests, is exercised, is distributed or expires, as determined by the Administrator. Such Dividend Equivalents will be converted to cash or additional shares of common stock by such formula and at such time and subject to such limitations as may be determined by the Administrator. No Dividend Equivalents will be payable with respect to stock options or stock appreciation rights.

*Stock Payments.* The Administrator may make a payment to employees, consultants and Independent Directors in the form of shares of common stock, or an option or other right to purchase shares of common stock, as part of a bonus, deferred compensation or other arrangement under the Fourth Amended and Restated 2003 Plan (a Stock Payment ). The number or value of shares of any Stock Payment will be determined by the Administrator and may be based on one or more performance criteria described below in the Section 162(m) Limitation discussion or any other specific criteria, including continued service, determined by the Administrator. Common stock underlying a Stock Payment which is subject to a vesting schedule or other conditions or criteria will not be issued until those conditions have been satisfied. Unless otherwise provided by the Administrator, a holder of a Stock Payment will have no rights as a

Company stockholder with respect to such Stock Payment until such time as the Stock Payment has vested and the common stock underlying the Award has been issued to the holder. Stock Payments may (but are not required to) be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to the applicable individual.

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*Deferred Stock.* The Administrator may grant deferred stock to employees, consultants and Independent Directors. The number of shares of deferred stock will be determined by the Administrator and may be based on one or more performance criteria described below in the Section 162(m) Limitation discussion or other specific criteria, including continued service, as the Administrator determines, in each case on a specified date or dates or over any period or periods determined by the Administrator. Common stock underlying a deferred stock award which is subject to a vesting schedule or other conditions or criteria will not be issued until those conditions have been satisfied. Unless otherwise provided by the Administrator, a holder of deferred stock shall have no rights as a Company stockholder with respect to such deferred stock until such time as the Award has vested and the common stock underlying the Award has been issued to the holder.

*Restricted Stock Units.* The Administrator may grant restricted stock units to employees, consultants and Independent Directors. The number and terms and conditions of restricted stock units will be determined by the Administrator, including the date or dates on which the restricted stock units will become fully vested and nonforfeitable. The Administrator may specify such conditions to vesting as it deems appropriate, including conditions based on one or more performance criteria described below in the Section 162(m) Limitation discussion or other specific criteria, including continued service, in each case on a specified date or dates or over any period or periods, as the Administrator determines. The Administrator will specify, or permit the holder to elect, the conditions and dates upon which the shares of common stock underlying the restricted stock units shall be issued, which dates shall not be earlier than the date as of which the restricted stock units vest and become nonforfeitable and which conditions and dates will be subject to compliance with Section 409A of the Code. On the distribution dates, the Company will issue to the holder one unrestricted, fully transferable share of common stock for each vested and nonforfeitable restricted stock unit.

*Agreements; Consideration to the Company.* Each Award will be set forth in a separate agreement with the person receiving the Award and will indicate the type, terms and conditions of the Award. The dates on which Awards under the Fourth Amended and Restated 2003 Plan first become exercisable and on which they expire will be set forth in individual Award agreements setting forth the terms of the Awards. Such agreements generally will provide that Awards expire upon termination of the participant's status as an employee, consultant or director, although the Administrator may provide that Awards granted to employees or consultants continue to be exercisable following a termination without cause, or because of the grantee's retirement, death, disability or otherwise.

***General Terms of Awards under the Fourth Amended and Restated 2003 Plan***

*Full Value Award Vesting Restriction.* The 2003 Plan previously required that vesting of stock options and stock appreciation rights and lapsing of restrictions on restricted stock grants cannot occur sooner than monthly over three years. The Fourth Amended and Restated 2003 Plan provides that the minimum vesting period for Full Value Awards will generally be three years, with no minimum vesting required for stock options or stock appreciation rights. In the case of performance-based vesting, the minimum vesting period for Full Value Awards will generally be one year, commencing simultaneously with the evaluation of the performance. However, the Fourth Amended and Restated 2003 Plan provides that the Company may grant Full Value Awards without regard to these minimum vesting restrictions, in an aggregate amount of up to 5% of the share reserve of the Fourth Amended and Restated 2003 Plan.

*Non-Assignability.* No Award granted under the Fourth Amended and Restated 2003 Plan may be assigned or transferred by the grantee, except by will, the laws of descent and distribution or pursuant to a qualified domestic relations order, although the shares underlying such Awards may be transferred if all applicable restrictions have lapsed. During the lifetime of the holder of any stock option or right, the stock option or right may be exercised only by the holder. Notwithstanding the foregoing, the Administrator may grant NQSOs that may be assigned or transferred, subject to certain conditions, to permitted transferees, which include a child, grandchild, parent, spouse, niece or nephew of the holder.

*Extraordinary Corporate Events.* The Administrator has discretion under the Fourth Amended and Restated 2003 Plan to provide that stock options and other rights to acquire common stock will expire at specified times following, or become exercisable in full upon, the occurrence of certain specified extraordinary corporate events; but in such event the Administrator may also give optionees and other grantees the right to exercise their outstanding stock options or rights in full during some period prior to such event, even though Awards have not yet become fully



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exercisable, and the Administrator may also provide that all restrictions imposed on some or all shares of restricted stock and other Awards shall lapse, and some or all shares of restricted stock may cease to be subject to the Company's repurchase right after such event.

*Effect of Change in Control.* Notwithstanding anything in the Fourth Amended and Restated 2003 Plan or the provisions of any Award to the contrary, in the event of a Change in Control, each outstanding Award shall, immediately prior to the effective date of the Change in Control, automatically become fully vested, exercisable or payable, as applicable, for all of the shares of common stock at the time subject to such Award and, as applicable, may be exercised for any or all of the shares of common stock subject to the Award.

For purposes of the Fourth Amended and Restated 2003 Plan, **Change in Control** means a change in ownership or control of the Company effected through any of the following transactions: (a) any person or related group of persons (other than the Company or a person that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer for securities of the Company; (b) there is a change in the composition of the Board over a period of thirty-six (36) consecutive months (or less) such that a majority of the Board members (rounded up to the nearest whole number) ceases, by reason of one or more proxy contests for the election of Board members, to be comprised of individuals who either (i) have been Board members continuously since the beginning of such period or (ii) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board; (c) a merger or consolidation of the Company with any other corporation (or other entity), other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or another entity) more than 66<sup>2</sup>/<sub>3</sub>% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; *provided, however*, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires more than 25% of the combined voting power of the Company's then outstanding voting securities shall not constitute a Change in Control; or (d) a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

*Transfer Restrictions.* The Administrator, in its discretion, may impose such restrictions on the transferability of the shares purchasable upon the exercise of an Award as it deems appropriate. Any such other restriction shall be set forth in the respective Award agreement and may be referred to on the certificates evidencing such shares. The Administrator may require the employee to give the Company prompt notice of any disposition of shares of stock acquired by exercise of an ISO within two years from the date of granting such ISO or one year after the transfer of such shares to such employee. The Administrator may direct that the certificates evidencing shares acquired by exercise of an ISO refer to such requirement to give prompt notice of disposition.

*Withholding Tax Obligations.* As a condition to the issuance or delivery of stock or payment of other compensation pursuant to the exercise or lapse of restrictions of any Award granted under the Fourth Amended and Restated 2003 Plan, the Company requires participants to discharge applicable withholding tax obligations. Shares held by or to be issued to a participant may also be used to discharge tax withholding obligations related to exercise of stock options or receipt of other Awards, subject to the discretion of the Administrator to disapprove such use.

*Securities Law.* The Fourth Amended and Restated 2003 Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated by the SEC thereunder, including, without limitation, Rule 16b-3 of the Exchange Act. The Fourth Amended and Restated 2003

Plan will be administered, and Awards will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Fourth Amended and Restated 2003 Plan and Awards granted thereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

*Certain Federal Income Tax Consequences With Respect to the Fourth Amended and Restated 2003 Plan.* The U.S. federal income tax consequences of the Fourth Amended and Restated 2003 Plan are summarized in the

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following discussion which deals with the general tax principles applicable to the Fourth Amended and Restated 2003 Plan, and is intended for general information only. Foreign, state and local income taxes are not discussed. Also, the following discussion does not address U.S. federal employment tax consequences. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The tax information summarized herein is not tax advice.

*Non-Qualified Stock Options.* For federal income tax purposes, an optionee generally will not recognize taxable income on the grant of an NQSO under the Fourth Amended and Restated 2003 Plan, but will recognize ordinary income, and the Company or other employer corporation generally will be entitled to a deduction, upon the exercise of an NQSO. The amount of income recognized (and the amount generally deductible by the Company or other employer corporation) generally will be equal to the excess, if any, of the fair market value of the shares at the time of exercise over the aggregate exercise price paid for the shares, regardless of whether the exercise price is paid in cash or in shares or other property. An optionee's basis for the stock for purposes of determining his or her gain or loss upon a subsequent disposition of the shares generally will be the fair market value of the stock on the date of exercise of the NQSO, and any subsequent gain or loss will generally be taxable as capital gains or losses.

*Incentive Stock Options.* An optionee generally will not recognize taxable income upon either the grant or exercise of an ISO; however, the amount by which the fair market value of the shares at the time of exercise exceeds the exercise price will be an item of adjustment for the optionee for purposes of the alternative minimum tax. Generally, upon the sale or other taxable disposition of the shares of common stock acquired upon exercise of an ISO, the optionee will recognize income taxable as capital gains in an amount equal to the excess, if any, of the amount realized in such disposition over the option exercise price, provided that no disposition of the shares has taken place within either (a) two years from the date of grant of the ISO or (b) one year from the date of exercise. If the shares of common stock are sold or otherwise disposed of before the end of the one-year and two-year periods specified above, the difference between the ISO exercise price and the fair market value of the shares on the date of exercise generally will be taxable as ordinary income; the balance of the amount realized from such disposition, if any, generally will be taxed as capital gains. If the shares of common stock are disposed of before the expiration of the one-year and two-year periods, the optionee's ordinary income generally is limited to the excess, if any, of the amount realized in such disposition over the option exercise price paid. The Company (or other employer corporation) generally will be entitled to a tax deduction with respect to an ISO only to the extent the optionee has ordinary income upon sale or other disposition of the shares of common stock.

*Stock Appreciation Rights.* Taxable income is not generally recognized upon the receipt of a stock appreciation right, but upon exercise of the stock appreciation right the fair market value of the shares (or cash in lieu of shares) received generally will be taxable as ordinary income to the recipient in the year of such exercise. The Company (or other employer corporation) generally will be entitled to a compensation deduction for the same amount which the recipient recognizes as ordinary income.

*Restricted Stock.* An employee to whom restricted stock is issued generally will not recognize taxable income upon such issuance and the Company (or other employer corporation) generally will not then be entitled to a deduction, unless an election is made under Section 83(b) of the Code. However, when restrictions on shares of restricted stock lapse, such that the shares are no longer subject to a substantial risk of forfeiture, the employee generally will recognize ordinary income and the Company (or other employer corporation) generally will be entitled to a deduction for an amount equal to the excess of the fair market value of the shares at the date such restrictions lapse over the purchase price therefor. If a timely election is made under Section 83(b) with respect to qualifying restricted stock, the employee generally will recognize ordinary income at the date of issuance equal to the excess, if any, of the fair market value of the shares at that date over the purchase price therefor and the Company (or other employer corporation) will be entitled to a deduction for the same amount.

*Restricted Stock Units.* The grantee generally will not realize taxable income at the time of the grant or vesting of restricted stock units, and the Company will not be entitled to a deduction at such times, and a grantee may not make a Section 83(b) election with respect to restricted stock units. When a vested restricted stock unit award is paid, the grantee will have ordinary income in an amount equal to the fair market value of the shares delivered, and the Company will be entitled to a corresponding deduction for the same amount.

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*Dividend Equivalents, Deferred Stock, Stock Payments and Performance Awards.* A 2003 Plan participant will not recognize taxable income and the Company will not be entitled to a tax deduction upon the grant of Dividend Equivalents, deferred stock, Stock Payments or Performance Awards until cash or shares are paid or distributed to the participant. At that time, any cash payments or the fair market value of shares that the participant receives will be taxable to the participant at ordinary income tax rates and the Company should be entitled to a corresponding tax deduction for the same amount. Payments in shares will be valued at the fair market value of the shares at the time of the payment.

*Section 409A of the Code.* Certain types of Awards under the 2003 Plan, including restricted stock units, may constitute, or provide for, a deferral of compensation subject to Section 409A of the Code. Unless certain requirements set forth in Section 409A are complied with, holders of such Awards may be taxed earlier than would otherwise be the case (e.g., at the time of vesting instead of the time of payment) and may be subject to an additional 20% penalty tax (and, potentially, certain interest penalties). To the extent applicable, the 2003 Plan and Awards granted thereunder will be structured and interpreted to comply with Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance that may be issued under Section 409A. To the extent determined necessary or appropriate by the Administrator, the 2003 Plan and applicable Award agreements may be amended to exempt the applicable Awards from Section 409A of the Code or to comply with Section 409A.

*Section 162(m) Limitation.* In general, under Section 162(m) of the Code, income tax deductions of publicly held corporations may be limited to the extent total compensation (including base salary, annual bonus, stock option exercises, transfers of property and benefits paid under non-qualified plans) for certain executive officers exceeds \$1,000,000 (less the amount of any excess parachute payments as defined in Section 280G of the Code) in any one year. However, under Section 162(m), the deduction limit does not apply to certain performance-based compensation.

Under Section 162(m), stock options and stock appreciation rights will satisfy the performance-based compensation exception if (a) Proposal 2 is approved by stockholders at the Annual Meeting, (b) the award of the stock options or stock appreciation rights are made by a committee of the Board consisting solely of two or more outside directors, (c) the plan sets the maximum number of shares that can be granted to any person within a specified period and (d) the compensation is based solely on an increase in the stock price after the grant date (i.e., the stock option or stock appreciation right exercise price is equal to or greater than the fair market value of the stock subject to the award on the grant date). Other types of awards may only qualify as performance-based compensation if such awards are only granted or payable to the recipients based upon the attainment of objectively determinable and pre-established performance goals which are established by a qualifying committee and which relate to performance targets which are approved by the Company's stockholders.

The Fourth Amended and Restated 2003 Plan has been designed to permit the Administrator to grant stock options and stock appreciation rights which will qualify as performance-based compensation. In addition, to permit Awards other than stock options and stock appreciation rights to qualify as performance-based compensation, the Fourth Amended and Restated 2003 Plan provides that the Administrator may designate as Section 162(m) Participants certain employees whose compensation for a given fiscal year may be subject to the limit on deductible compensation imposed by Section 162(m) of the Code. The Administrator may grant Awards to Section 162(m) Participants that vest or become exercisable upon the attainment of performance targets which are related to one or more of the following performance goals with respect to the Company, any subsidiary or any division or operating unit: (a) revenue; (b) sales; (c) cash flow; (d) earnings per share of common stock (including earnings before any one or more of the following: (i) interest; (ii) taxes; (iii) depreciation; and (iv) amortization); (e) return on equity; (f) total stockholder return; (g) return on capital; (h) return on assets or net assets; (i) income or net income; (j) operating income or net operating income; (k) operating profit or net operating profit; (l) operating margin; (m) cost reductions or savings; (n) research and development expenses (including research and development expenses as a percentage of sales or revenues); (o) working capital; and (p) market share.

*Awards Granted Under the 2003 Plan.* We cannot currently determine the benefits or number of shares subject to Awards that may be granted in the future to directors, executive officers and employees (including employee directors) under the Fourth Amended and Restated 2003 Plan. The following table sets forth information with respect to restricted stock awards and/or stock options granted under the 2003 Plan to each of the Company's

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named executive officers, all current executive officers as a group, all current directors (other than executive officers) as a group and all employees (including all current officers who are not executive officers) receiving awards as a group in the year ended December 31, 2008.

Name	Dollar Value (\$)(1)	Number of Shares Underlying Awards Granted (#)
Henry L. Nordhoff	5,714,250	95,000
Herm Rosenman	1,303,270	21,667
Carl W. Hull	2,857,125	47,500
Daniel L. Kacian, Ph.D., M.D.	1,629,042	27,083
R. William Bowen	1,303,270	21,667
All current executive officers as a group (12 persons)	19,092,693	317,418
All current directors (other than executive officers) as a group (7 persons)	3,864,068	67,797
All employees receiving awards (including all current officers who are not executive officers) as a group (591 persons)	41,154,475	710,437

- (1) Determined by multiplying the applicable number of shares underlying stock options and restricted stock awards granted by (a) with respect to stock options, the exercise price of each award on the date of grant (which in each case is equal to the fair market value of our common stock on the date of grant), or (b) with respect to restricted stock awards, the fair market value of our common stock on the date of grant.

**The Board of Directors recommends a vote in favor of Proposal 2.**

**Table of Contents****PROPOSAL 3****RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS**

The Audit Committee of the Board of Directors has selected Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2009, and has further directed that management submit the selection of the independent auditors for ratification by the stockholders at the Annual Meeting. Ernst & Young LLP has audited the Company's financial statements since 1989. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither the Company's Bylaws nor other governing documents or applicable law require stockholder ratification of the selection of Ernst & Young LLP as the Company's independent auditors. However, the Audit Committee of the Board of Directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee of the Board of Directors will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the Board of Directors in its discretion may direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of Ernst & Young LLP.

**Principal Accountant Fees and Services**

In connection with the audit of the 2008 financial statements, the Company entered into an engagement agreement with Ernst & Young LLP which sets forth the terms by which Ernst & Young LLP will perform audit services for the Company. That agreement is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

The following table represents aggregate fees billed to the Company for fiscal years ended December 31, 2008 and 2007 by Ernst & Young LLP, the Company's principal accountant. All fees described below were approved by the Audit Committee.

During the fiscal year ended December 31, 2008, none of the hours expended on the Company's financial audit by Ernst & Young LLP were provided by persons other than Ernst & Young LLP's full-time employees.

	<b>Fiscal Year Ended</b>	
	<b>2008</b>	<b>2007</b>
	<b>(In thousands)</b>	
Audit Fees(1)(2)	\$ 1,156	\$ 1,087
Audit-related Fees		
Tax Fees(3)		4
All Other Fees	4	2
<b>Total Fees</b>	<b>\$ 1,160</b>	<b>\$ 1,093</b>



- (1) Includes the audit of the Company's annual financial statements (including audits of the Company's subsidiaries Gen-Probe UK Limited and Molecular Light Technology Limited and its subsidiaries), review of the Company's financial information included in its quarterly reports on Form 10-Q, and accounting consultations. Also includes fees incurred for the evaluation of management's assessment of the effectiveness of the Company's internal control over financial reporting as well as the audit of the effectiveness of the Company's internal control over financial reporting, pursuant to the Sarbanes-Oxley Act of 2002.
- (2) Prior year amounts have been adjusted for invoices received after the filing date of the Company's 2008 Proxy Statement for services rendered in 2007.
- (3) Includes consultations related to federal and California state tax audits.

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**Pre-approval Policies and Procedures**

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by Ernst & Young LLP. Pursuant to the policy, the Audit Committee generally pre-approves specified services in the defined categories of audit services, audit-related services, and tax services, up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee and ratified at its next scheduled meeting. The Audit Committee has delegated this pre-approval authority to the Chairman of the Audit Committee and the Chairman's decision is then discussed and ratified at the next scheduled meeting.

The Audit Committee has determined that the rendering of the services other than audit services by Ernst & Young LLP is compatible with maintaining the principal auditor's independence.

**The Board of Directors recommends a vote in favor of Proposal 3.**

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**PROPOSAL 4**

**ADVISORY VOTE TO APPROVE THE  
PROPOSED APPOINTMENT OF CARL W. HULL TO  
THE COMPANY'S BOARD OF DIRECTORS, EFFECTIVE MAY 18, 2009**

The Board of Directors presently has eight members. As previously disclosed, Mr. Nordhoff intends to retire as CEO of the Company on May 17, 2009. As described under Proposal 1, the Company and Mr. Nordhoff intend that he will continue to serve as the Company's non-executive Chairman of the Board of Directors, and he has been recommended by the Company's Nominating and Corporate Governance Committee and Board of Directors for re-election at the Annual Meeting.

On March 20, 2009, the Board of Directors appointed Carl W. Hull, the Company's current President and Chief Operating Officer, as the Company's CEO, effective May 18, 2009 following Mr. Nordhoff's retirement as the Company's CEO. In connection with Mr. Hull's appointment as CEO, the Board of Directors expects to increase the size of the Board from eight to nine members and elect Mr. Hull to serve as a member of the Company's Board of Directors, effective May 18, 2009, to serve in the class of directors holding office until the Company's 2010 Annual Meeting of Stockholders. Pursuant to the Company's Amended and Restated Bylaws, newly created directorships resulting from any increase in the authorized number of directors may be filled solely by the affirmative vote of a majority of the directors then in office. If so appointed, Mr. Hull would hold office until expiration of his term of office, and until his successor is elected and qualified or his earlier death, resignation or removal. Mr. Hull has agreed to serve on the Company's Board of Directors if appointed by the Board. If so appointed, Mr. Hull will not qualify as independent, as that term is defined by Nasdaq Marketplace Rule 4200(a)(15), by virtue of his employment with the Company. A description of Mr. Hull's recent professional experience is set forth below under the heading "Executives Executive Officers." Mr. Hull does not currently serve on the board of directors of any publicly traded company.

Because the Board of Directors believes it is important to provide the Company's stockholders with an opportunity to consider the Board's appointment of any new director, in February 2009 the Board amended and restated Gen-Probe's Corporate Governance Guidelines to provide that the Board of Directors will submit future Board appointments of a director to the stockholders for ratification at the next regularly scheduled annual meeting of stockholders.

Neither the Company's Amended and Restated Bylaws nor the Company's Corporate Governance Guidelines, or applicable law, requires stockholders to approve the proposed appointment of Mr. Hull to the Board. However, in an effort to remain consistent with the intent of the recent amendments made to the Company's Corporate Governance Guidelines described in the preceding paragraph, the Nominating and Corporate Governance Committee has recommended the submission of, and the Board of Directors has agreed to submit, the matter to the Company's stockholders for an advisory vote. If the Company's stockholders fail to approve Mr. Hull's proposed appointment to the Board, the Board will consider that vote in determining whether to appoint Mr. Hull to the Board. Even if Mr. Hull's appointment is not approved by the Company's stockholders, the Board of Directors in its discretion may appoint Mr. Hull as a director.

To be approved, Proposal 4 must receive a majority of votes cast in person or by proxy (i.e., the number of shares voted For approval of the proposal must exceed 50% of the number of votes cast in person or by proxy with respect to the proposal). Only votes For and Against will affect the outcome. Abstentions and broker non-votes will have no effect.

**The Board of Directors recommends a vote in favor of Proposal 4.**



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

The following table sets forth certain information regarding the ownership of the Company's common stock as of February 13, 2009 by: (i) all those known by the Company to be beneficial owners of more than five percent of its common stock; (ii) each of the Company's named executive officers; (iii) each director and nominee for director of the Company; and (iv) all directors and executive officers of the Company as a group. Except as otherwise noted, the address of each person listed in the table is c/o Gen-Probe Incorporated, 10210 Genetic Center Drive, San Diego, California 92121.

	<b>Beneficial Ownership(1)</b>			<b>Percent</b>
	<b>Number of Shares Owned (#)(2)</b>	<b>Right to Acquire (#)(3)</b>	<b>Total (#)</b>	<b>of Total (%)</b>
<b>Five Percent Beneficial Stockholders:</b>				
FMR LLC(4)	4,492,747		4,492,747	8.58%
Morgan Stanley(5)	3,690,615		3,690,615	7.05%
Barclays Global Fund Advisors(6)	2,722,578		2,722,578	5.20%
<b>Directors and Executive Officers:</b>				
Henry L. Nordhoff	141,774(7)	699,396	841,170	1.58%
Herm Rosenman	25,817	113,203	139,020	*
Carl W. Hull	23,731	52,916	76,647	*
Daniel L. Kacian, Ph.D., M.D.	37,901	237,186	275,087	*
R. William Bowen	31,314	48,619	79,933	*
John W. Brown	5,677	46,249	51,926	*
Raymond V. Dittamore	4,577(8)	46,249	50,826	*
Armin M. Kessler	14,483	56,249	70,732	*
John C. Martin, Ph.D.	1,045	16,249	17,294	*
Phillip M. Schneider	8,234	76,249	84,483	*
Lucy Shapiro, Ph.D.	156		156	*
Abraham D. Sofaer	16,331(9)	76,249	92,580	*
All executive officers and directors as a group (19 individuals)	389,519(10)	1,632,083(11)	2,021,602	3.74%

\* Represents beneficial ownership of less than 1% of our common stock.

(1) This table is based on information supplied by officers, directors and principal stockholders and Schedules 13G (as indicated) filed with the SEC. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, the Company believes that each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 52,336,758 shares outstanding on February 13, 2009, adjusted as required by rules promulgated by the SEC.

(2)

Includes the following specified number of shares of restricted stock that are still subject to restriction as of 60 days after February 13, 2009: Mr. Hull (21,250); Mr. Rosenman (17,167); Dr. Kacian (24,333); and Mr. Bowen (18,167). These shares of restricted stock were granted on October 17, 2005, August 15, 2006, August 15, 2007, March 1, 2007 (with respect to Mr. Hull only) and August 15, 2008, and vest as follows: one-fourth (1/4) of the shares vest annually over four years from the date of grant.

- (3) Represents the number of shares issuable upon exercise of stock options exercisable within 60 days after February 13, 2009.
- (4) Beneficially owned by FMR LLC (formerly FMR Corp.) and certain affiliated entities, including Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC. The business address for FMR

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LLC is: 82 Devonshire Street, Boston, Massachusetts 02109. The foregoing information is based solely upon information contained in a Schedule 13G/A filed with the SEC by the foregoing entity on February 17, 2009.

- (5) The business address for Morgan Stanley is: 1585 Broadway, New York, New York 10036. The foregoing information is based solely upon information contained in a Schedule 13G/A filed with the SEC by the foregoing entity on February 17, 2009.
- (6) Beneficially owned by Barclays Global Fund Advisors and certain affiliated entities, including Barclays Global Investors, N.A., Barclays Global Investors, LTD, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited, and Barclays Global Investors (Deutschland) AG. The business address for Barclays Global Fund Advisors is 400 Howard Street, San Francisco, California 94105. The foregoing information is based solely upon information contained in a Schedule 13G filed with the SEC by the foregoing entities on February 5, 2009.
- (7) Includes an aggregate of 80,000 deferred issuance restricted stock awards, of which an aggregate of 41,248 shares underlying such awards were vested as of 60 days after February 13, 2009. Pursuant to the applicable deferred issuance agreement, and subject to vesting in accordance with their terms, the deferred issuance restricted stock awards will be issued to Mr. Nordhoff at the earlier of his election or upon the termination of his employment with the Company. All deferred issuance restricted stock awards will further be issued in a manner that complies with Section 409A of the Code, which may include deferring the issuance of such shares for six months after the termination of Mr. Nordhoff's employment.
- (8) Includes 2,000 shares of common stock held by the Dittamore Family Trust A, for which Mr. Dittamore is the trustee.
- (9) Includes 1,000 shares of common stock held by the Trust FBO Michael J. Sofaer, in which Mr. Sofaer is a trustee; 1,000 shares of common stock held by the Trust FBO Helen R. Sofaer, in which Mr. Sofaer is a trustee; 1,000 shares of common stock held by the Trust FBO Joseph S. Sofaer, in which Mr. Sofaer is a trustee; 1,000 shares of common stock held by the Trust FBO Aaron R. Sofaer, in which Mr. Sofaer is a trustee; and 1,000 shares of common stock held by the Trust FBO Raphael J. Sofaer, in which Mr. Sofaer is a trustee.
- (10) Includes an aggregate of 78,479 shares (including restricted shares) which other executive officers of the Company own as of February 13, 2009, as follows: Ms. De Walt (24,540); Ms. Ellerbrock (6,154); Dr. Gargan (18,697); Mr. Kondor (19,717); Mr. Tardif (200); and Ms. Yang (9,171).
- (11) Includes an aggregate of 163,269 shares issuable to other executive officers of the Company pursuant to outstanding stock options exercisable as of February 13, 2009 or which become exercisable within 60 days after February 13, 2009, as follows: Ms. De Walt (79,666); Ms. Ellerbrock (8,333); Dr. Gargan (27,564); Mr. Kondor (28,853); and Ms. Yang (18,853).

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

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2008, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with.



**Table of Contents****EXECUTIVES****Executive Officers**

The following table sets forth information as to persons who serve as our executive officers as of March 15, 2009.

<b>Name</b>	<b>Position</b>	<b>Age</b>
Henry L. Nordhoff	Chairman and Chief Executive Officer	67
Carl W. Hull	President and Chief Operating Officer	51
Daniel L. Kacian, Ph.D., M.D.	Executive Vice President and Chief Scientist	62
R. William Bowen	Senior Vice President, General Counsel and Secretary	56
Diana De Walt	Senior Vice President Human Resources	54
Jorgine Ellerbrock	Senior Vice President Operations	47
Paul E. Gargan, Ph.D.	Senior Vice President Business Development	52
Stephen J. Kondor	Senior Vice President Sales and Marketing	53
Eric Lai, Ph.D.	Senior Vice President Research and Development	52
Herm Rosenman	Senior Vice President Finance and Chief Financial Officer	61
Eric Tardif	Senior Vice President Corporate Strategy	40
Christina C. Yang, Ph.D.	Senior Vice President Clinical, Regulatory and Quality	52

*Henry L. Nordhoff*, Chairman and Chief Executive Officer. Mr. Nordhoff has served as a director of the Company since July 1994. Mr. Nordhoff joined the Company in July 1994 as Chief Executive Officer and President and was elected Chairman of the Board in September 2002. Since March 1, 2008, Mr. Nordhoff has served as the Company's Chairman and Chief Executive Officer. As previously disclosed, Mr. Nordhoff intends to retire as the Company's Chief Executive Officer on May 17, 2009. The Company and Mr. Nordhoff intend that he will continue to serve as the Company's non-executive Chairman of the Board, and he has been recommended by the Company's Nominating and Corporate Governance Committee and Board of Directors for re-election at the Annual Meeting. Prior to joining the Company, Mr. Nordhoff was President and Chief Executive Officer of TargeTech, Inc., a gene therapy company that was merged into Immune Response Corporation. Prior to that, Mr. Nordhoff was at Pfizer, Inc. in senior positions in Brussels, Seoul, Tokyo and New York. Mr. Nordhoff received a B.A. in international relations and political economy from Johns Hopkins University and an M.B.A. from Columbia University. Mr. Nordhoff is also a member of the board of directors of MannKind Corporation.

*Carl W. Hull*, President and Chief Operating Officer. Mr. Hull joined the Company as Executive Vice President and Chief Operating Officer in February 2007 and was appointed President in March 2008. In March 2009, Mr. Hull was appointed as the Company's Chief Executive Officer, effective May 18, 2009 following Mr. Nordhoff's retirement as the Company's CEO. Mr. Hull previously served as Vice President & General Manager of the SDS/Arrays Business Unit of Applied Biosystems, which develops and sells genomic research systems and reagents, from January 2005 to January 2007. Prior to joining Applied Biosystems, Mr. Hull held a number of positions with Applied Imaging Corp., which makes automated imaging and imaging analysis systems, most recently serving as its Chief Executive Officer from January 2001 to December 2004. Mr. Hull received a B.A. in political science and international relations from Johns Hopkins University and an M.B.A. from the University of Chicago.

*Daniel L. Kacian, Ph.D., M.D.*, Executive Vice President and Chief Scientist. Dr. Kacian joined the Company in 1985 as Director of Medical and Scientific Affairs and until 1992 was primarily responsible for directing Research & Development and Regulatory Affairs. Dr. Kacian has held various management positions with the Company and, in 2002, was promoted to Executive Vice President and Chief Scientist. From 1980 to 1985,

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Dr. Kacian was on the faculty of the Department of Pathology and Laboratory Medicine at the University of Pennsylvania and was Director of Clinical Microbiology at the Hospital of the University of Pennsylvania. Dr. Kacian received an M.D. in 1978 from the University of Miami and did his internship and residency in laboratory medicine at Washington University and Barnes Hospital in St. Louis. Prior to attending medical school, Dr. Kacian received a B.A. in mathematics from Western Reserve University and an M.S. in microbiology and Ph.D. in molecular genetics from the University of Illinois and served on the faculty of the Department of Human Genetics and Development at Columbia University.

*R. William Bowen*, Senior Vice President, General Counsel and Secretary. Mr. Bowen joined the Company in 1997 as Vice President, General Counsel and Assistant Secretary and was appointed Secretary in August 2002 and Senior Vice President in May 2007. Prior to joining the Company, Mr. Bowen was a business litigation partner with the law firm of Luce, Forward, Hamilton & Scripps in San Diego, California. Mr. Bowen received a B.S. in commerce and a J.D. from the University of Virginia.

*Diana De Walt*, Senior Vice President Human Resources. Ms. De Walt joined the Company in January 2005 as Vice President, Human Resources and was appointed Senior Vice President in May 2007. Prior to joining the Company, Ms. De Walt founded The HR Company in 1993 and served as its President and Principal Consultant providing professional human resources services to over 85 companies in a wide variety of industries. From 1988 to 1993, Ms. De Walt worked at Mitek Systems, Inc. as Director, Human Resources and subsequently Vice President, Human Resources. From 1987 to 1988, Ms. De Walt was Vice President, Human Resources of Imperial Savings Real Estate Lending Group. From 1984 to 1987, Ms. De Walt was Manager, Human Resources of Security Pacific Business Credit and Vice President, Human Resources of Security Pacific Business Finance. Ms. De Walt received an A.A. in liberal arts from St. Cloud State University and holds a Senior Professional In Resource Management certification.

*Jorgine Ellerbrock*, Senior Vice President Operations. Ms. Ellerbrock joined the Company in November 2007 as Senior Vice President, Operations. From August 2004 to November 2007, Ms. Ellerbrock served as Vice President, Operations of various business units of Invitrogen Corporation, most recently serving as Vice President, Operations of its Molecular Biology Business from February 2007 to November 2007. Prior to joining Invitrogen Corporation, Ms. Ellerbrock held a number of positions with GE Healthcare Bio-Sciences (formerly Amersham Biosciences), a medical technology and services company, most recently serving as its Vice President, Operations from November 2002 to July 2004 and its Vice President, Genomics Product Management from January 2002 to November 2002. Ms. Ellerbrock received a B.S. in microbiology and an M.B.A. from San Diego State University.

*Paul E. Gargan, Ph.D.*, Senior Vice President Business Development. Dr. Gargan joined the Company as Vice President, Business Development and Planning in 1997. In July 2002 Dr. Gargan was named Vice President Business Development and in March 2009 Dr. Gargan was appointed Senior Vice President Business Development. Prior to joining the Company, Dr. Gargan was President and Chief Scientific Officer of American Biogenetic Sciences. Dr. Gargan received a B.S. in chemistry and a Ph.D. in biochemistry from Queens University and an M.B.A. from the University of Notre Dame.

*Stephen J. Kondor*, Senior Vice President Sales and Marketing. Mr. Kondor joined the Company in July 2005 as Vice President, Sales and Marketing and was appointed Senior Vice President in May 2007. Mr. Kondor previously served as Vice President/General Manager Genetic Analysis Business of Applied Biosystems (APPLERA), a life sciences company, from November 2004 to June 2005. From January 2003 to November 2004, Mr. Kondor served as Vice President and General Manager of Fisher Scientific, a life sciences company. From August 2001 to January 2003, Mr. Kondor served as Senior Vice President and General Manager of IGEN International, a biotechnology diagnostics company. From August 2000 to January 2001, Mr. Kondor served as Vice President, Worldwide Marketing & Sales of Avocet Medical Inc., a life sciences company. Prior to those positions, Mr. Kondor also held positions at Becton Dickinson Company, Biometric Imaging, Inc., the Diagnostics Division of Abbott Laboratories, and B. Braun

Medical. Mr. Kondor received his B.S. in business administration from Moravian College in 1981.

*Eric Lai, Ph.D.*, Senior Vice President Research and Development. Dr. Lai joined the Company in February 2009 as Senior Vice President, Research and Development. Prior to joining the Company, Dr. Lai was employed by GlaxoSmithKline, where he most recently served as Vice President, Pharmacogenetics Experimental Coordination

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and Analysis from 2006 to 2009 and Vice President, Discovery and Pipeline Genetics from 2003 to 2006. Prior to joining GlaxoSmithKline in 1995, Dr. Lai was an Assistant Professor in the Department of Pharmacology at the University of North Carolina, Chapel Hill. Dr. Lai received a B.S. in chemistry from the University of Waterloo in Ontario, Canada, M. Phil. and M.A. degrees from the department of pharmacology at Columbia University, and a Ph.D. in pharmacology and microbiology from the College of Physicians and Surgeons at Columbia University.

*Herm Rosenman*, Senior Vice President Finance and Chief Financial Officer. Mr. Rosenman joined the Company as Chief Financial Officer in June 2001 and was appointed Senior Vice President in May 2007. Prior to joining the Company, he was President and Chief Executive Officer of Ultra Acquisition Corp., a retail chain and consumer products manufacturer, from 1997 to 2000. Mr. Rosenman served as President and Chief Executive Officer of RadNet Management, Inc., a large healthcare provider, from 1994 to 1997, and prior to that was Chief Financial Officer for Rexene Corp., a Fortune 1000 company in the petrochemicals industry. Mr. Rosenman was previously a partner at Coopers & Lybrand (now PricewaterhouseCoopers LLP) where he served numerous Fortune 1000 clients, principally in the pharmaceuticals and telecommunications industries. Mr. Rosenman received a B.B.A. in finance and accounting from Pace University and an M.B.A. in finance from the Wharton School of the University of Pennsylvania. Mr. Rosenman serves on the Board of Directors of ARYx Therapeutics, a drug discovery and development company, where he serves as Chairman of the Audit Committee and as Lead Independent Director. Mr. Rosenman also serves on the Board of Directors of Emphasys Medical, Inc., where he serves as Chairman of the Corporate Governance Committee and as a member of the Audit Committee.

*Eric Tardif*, Senior Vice President Corporate Strategy. Mr. Tardif joined the Company in January 2009 as Senior Vice President, Corporate Strategy. Prior to joining the Company, Mr. Tardif was a managing director of Morgan Stanley's healthcare investment banking group from December 2007 to November 2008 and an executive director of Morgan Stanley's healthcare investment banking group from February 2006 until December 2007. Before joining Morgan Stanley in February 2006, Mr. Tardif was a principal in Piper Jaffray's healthcare investment banking group from January 2005 to February 2006, and a vice president in Piper Jaffray's healthcare investment banking group from January 2003 until December 2004. Mr. Tardif holds a chartered financial analyst (CFA) designation. Mr. Tardif received a B.A. in business from Bishop's University in Québec, an M.B.A. from the University of British Columbia, and an M.S. in finance from the Carroll Graduate School of Management at Boston College.

*Christina C. Yang, Ph.D.*, Senior Vice President Clinical, Regulatory and Quality. Dr. Yang joined the Company in April 2007 as Vice President, Clinical, Regulatory and Quality and was appointed Senior Vice President in May 2007. Prior to joining the Company, Dr. Yang was employed by Focus Diagnostics, a healthcare diagnostics company, most recently serving as Vice President, Quality and Regulatory Affairs from June 2003 to April 2007 and as Senior Director, Quality Systems from March 2001 until June 2003. Dr. Yang received a B.S. in biology from National Taiwan Normal University and a Ph.D. in zoology from Iowa State University. Dr. Yang is a Regulatory Affairs Certified (RAC), ISO9000 certified lead auditor as well as a Certified Quality Auditor (CQA).

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

***Role and Membership of the Compensation Committee***

Members of the Compensation Committee are independent directors who are not employees of the Company or its subsidiaries. The Compensation Committee is currently comprised of the following four members: Mr. Kessler, who serves as Chairperson; Mr. #16