ORASURE TECHNOLOGIES INC
Form DEF 14A
March 29, 2018
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# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# SCHEDULE 14A

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

**of the Securities Exchange Act of 1934**

**(Amendment No. __ )**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**OraSure Technologies, Inc.**

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

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**Proxy Statement**

**Notice of Annual Meeting of Shareholders**

Tuesday, May 8, 2018 10:00 a.m. (Eastern Time)

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## Letter to the Stockholders

**Douglas A. Michels**

March 29, 2018

President and

Chief Executive Officer

Dear Fellow Stockholders:

You are cordially invited to attend the 2018 Annual Meeting of Stockholders (the Annual Meeting ) to be held on **Tuesday, May 8, 2018 at 10:00 a.m. Eastern Time**. Consistent with past practice, this year s Annual Meeting will be a completely virtual meeting of stockholders, conducted as a live webcast. You will be able to attend the Annual Meeting online, vote your shares electronically if you wish, and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/OSUR2018.

Pursuant to the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the internet, a Notice of Internet Availability of Proxy Materials (the Notice ) was sent to stockholders on or about March 29, 2018. The Notice contains information on how to access copies of the proxy materials and vote your shares.

At the Annual Meeting, you will be asked to (i) elect two Class III Directors to serve on the Board of Directors until the Annual Meeting of Stockholders in 2021; (ii) ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2018 fiscal year; (iii) approve, by an advisory (non-binding) vote, the compensation of the Company s named executive officers as disclosed in the proxy materials and (iv) transact such other business as may properly come before the meeting, and any adjournment(s) or postponement(s) thereof.

The Board of Directors has approved the nominees for Director and recommends that you vote **FOR** their election to the Board. In addition, the Board of Directors recommends that you vote **FOR** the ratification of KPMG LLP s appointment, and **FOR** the approval of the Company s executive compensation.

**Your vote is very important, regardless of the number of shares you own**. **Whether or not you plan to attend the Annual Meeting online, we urge you to submit your vote as soon as possible**. You will have the option to vote by telephone, via the internet, or by completing, signing, dating and returning a paper Proxy Card. Additional details on these options can be found in the Notice sent to you and in the other proxy materials. You may, of course, attend the Annual Meeting online and vote your shares during the meeting regardless of whether you have previously voted by phone, the internet or mail.

Before I close, I would like to offer a few additional comments with my retirement so close at hand. It has been a true pleasure to be OraSure s President and CEO for the past 14 years. I am very grateful for the opportunity to serve in that role and for all of the support I have received from the Board of Directors, my many colleagues at the Company and from you, our stockholders.

We have enjoyed many successes, especially in recent years, and the Company has never been in better shape. Our momentum is strong and our prospects are high. The Board has made a great decision to bring Steve Tang on as the new President and CEO. Steve is a person of high integrity and has excellent experience and leadership skills. I have no doubt that he is the right person for the job. I look forward, as I am sure you do as well, to watching the Company s exciting future unfold under Steve s leadership.

So with that, I thank you again for your cooperation, and for your ongoing support of, and continued interest in, OraSure Technologies, Inc.

Sincerely yours,

Douglas A. Michels

President and Chief Executive Officer

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## NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS

## OF ORASURE TECHNOLOGIES, INC.

### DATE AND TIME

Tuesday May 8, 2018

10:00 a.m. (Eastern Time)

To be held virtually by visiting

www.virtualshareholdermeeting.com/OSUR2018

### ITEMS OF BUSINESS

The 2018 Annual Meeting of Stockholders will be held for the following purposes:

To elect two (2) Class III Directors, each to serve for a term expiring at the Company s Annual Meeting of Stockholders in 2021;

To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for the year ending December 31, 2018;

To approve, by an advisory (non-binding) vote, the compensation of the Company s named executive officers as disclosed in the Proxy Statement accompanying this Notice; and

### HOW TO VOTE

**Via the Internet.** Go to www.proxyvote.com to vote your shares online prior to the Annual Meeting. Have the control number that is printed in your Notice of Internet Availability of Proxy Materials or Proxy Card and follow the instructions. You may also vote online during the Annual Meeting by going to www.virtualshareholdermeeting.com/OSUR2018 and following the instructions.

**By Phone.** Call the toll-free number on your Notice of Internet Availability of Proxy Materials or Proxy Card and follow the prompts.

**By Mail.** You can vote by mail by requesting a paper copy of the materials, which will include a Proxy Card. Please review your Notice of Internet Availability of Proxy Materials for instructions on how to request a paper copy of the materials. Mark, sign and date your Proxy Card and return it as indicated on the Proxy Card.

To consider such other business as may properly come before the meeting, and any adjournment(s) or postponement(s) thereof.

**Who Can Vote**: Only holders of shares of the Company s Common Stock of record at the close of business on March 15, 2018 will be entitled to vote at the Annual Meeting of Stockholders and any adjournment(s) or postponement(s) thereof. Additional information is included in the Proxy Statement accompanying this Notice.

By Order of the Board of Directors,

Jack E. Jerrett

*Secretary*

*March 29, 2018*

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## PROXY STATEMENT SUMMARY

We are providing these Proxy Materials to stockholders of OraSure Technologies, Inc., a Delaware corporation (as used herein, we, us, our or the Company ), in connection with the Company s solicitation of proxies (each, a Pro use at the Annual Meeting of Stockholders to be held on May 8, 2018, at 10:00 a.m. Eastern Time, and at any adjournment(s) or postponement(s) thereof (the Annual Meeting ).

As a stockholder, you are invited to attend the Annual Meeting and are requested to vote on the matters described in this Proxy Statement. The Annual Meeting will be conducted in a completely virtual manner through

a live webcast that you can access online by going to www.virtualshareholdermeeting.com/OSUR2018. The webcast will not include a presentation by management. A question and answer session will be provided at the Annual Meeting only for questions that are germane to the matters being discussed and voted on at the meeting.

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider. **You should read the entire Proxy Statement carefully before voting**.

### 2018 ANNUAL MEETING INFORMATION

**Date and Time:** Tuesday, May 8, 2018 at 10:00 a.m. (ET)

**Location:** Online by visiting www.virtualshareholdermeeting.com/OSUR2018

**Record Date:** March 15, 2018

### 2017 BUSINESS HIGHLIGHTS

Ö Record consolidated net revenues of $167.1 million - 30% growth over 2016.

- Consolidated net product revenues of $162 million - a 51% increase over 2016.
- Consolidated net income of $30.9 million ($0.51 per share) - an $11.2 million ($0.16 per share) improvement over 2016.
- Third consecutive year of record performance and profitable operations.
- Total stockholder return of 114.8% for 2017.
- $28.2 million in cash generated from operations - a $3.6 million improvement over 2016.
- Over $176.6 million in cash and investments at year-end.
- Record molecular collection systems revenues of $75.1 million - 133% growth over 2016.
- International HCV product sales increased 156% over 2016.
- International OraQuick® HIV sales increased 115% over 2016.

**We achieved record revenues and full-year profitability for the third consecutive year in 2017, with strong contributions from our molecular collections systems business and OraQuick® HIV Self-Test and HCV products.**

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## CORPORATE GOVERNANCE HIGHLIGHTS

- By-Laws recently amended to adopt majority voting for uncontested election of Directors.
- Comprehensive Code of Business Conduct and Ethics applies to Board of Directors (the Board ) and Management.
- Board Chairman and CEO positions held by different individuals and Board Chairman is independent of management.
- More than a majority (67%) of Board members ( Directors ) are independent as defined by the Securities and Exchange Commission ( SEC ) and the NASDAQ Stock Market ( NASDAQ ).
- Corporate Governance Principles in place to address Director independence, meetings and other important governance matters.
- All committees of the Board consist solely of independent Directors.
- Regular executive sessions of independent Directors.
- Regular stockholder engagement through meetings, conferences and annual outreach.
- Board and Committee members attended more than 75% of meetings during 2017.
- All Directors attended 2017 Annual Meeting of Stockholders.
- Strong stock ownership and retention guidelines for executive officers and non-employee Directors.
- Policy prohibiting short sales, hedging and pledging of our Common Stock.
- Compensation recoupment or clawback policy.
- Policy to prevent improper insider trading of our stock by non-employee Directors and employees.

Ö Oversight of risk management by Directors.

Ö Strong pay-for-performance compensation philosophy.

## PROPOSALS FOR STOCKHOLDER CONSIDERATION

| Proposals | Board Recommendation | Page Reference for More Detail |
|---|---|---|
| 1.) Election of two Class III Directors | FOR EACH NOMINEE | 67 |
| 2.) Ratification of Appointment of Independent Registered Public Accounting Firm for 2018 | FOR | 73 |
| 3.) Advisory (Non-Binding) Vote to Approve Executive Compensation | FOR | 73 |

### Proposal No. 1 Election of Directors

The table below provides summary information about each of our nominees for Class III Directors, whose new terms would expire at the 2021 Annual Meeting of Stockholders. The Board is recommending that stockholders vote for each Director nominee.

| Name and Principal Occupation | Age | Director Since | Independent | Committee Memberships[1] | | | Other Public Boards |
|---|---|---|---|---|---|---|---|
| | | | | AC | CC | N& GC | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Michael Celano[2]<br><br>Chief Operating Officer of Recro Pharma, Inc. | 59 | 2006 | Yes | C | Ö | | No |
| Charles W. Patrick<br><br>Principal, Patrick Consulting | 63 | 2006 | Yes | Ö | | C | No |

[1] AC = Audit Committee; CC = Compensation Committee; NCGC = Nominating & Corporate Governance Committee; C = Chairman; Ö = Member.

[2] Mr. Celano has been appointed as Chairman of the Board effective April 1, 2018. Mr. Celano will replace Stephen S. Tang, Ph.D., who will resign as Chairman of the Board and become the Company s President and CEO on that date.

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## Proposal No. 2 Ratification of Appointment of Independent Registered Public Accounting Firm

Our Board and its Audit Committee have selected KPMG LLP ( KPMG ) to be our independent registered public accounting firm for the 2018 fiscal year. The Board believes KPMG is well qualified to serve in this capacity and is recommending that the engagement of KPMG be ratified by our stockholders.

## Proposal No. 3 Advisory (Non-Binding) Vote to Approve Executive Compensation

Our business is diverse and we operate in extremely competitive markets around the world.

It takes commitment from all of the talented people throughout our Company, and especially our executive team, to manage the many facets of our business. We have designed our compensation program to enable us to attract, retain and motivate our executives and reward them for achieving our objectives and delivering value to stockholders over the long-term. Therefore, we are asking our stockholders to approve, by an advisory (non-binding) vote, the compensation of our named executive officers ( NEOs ) as described in this Proxy Statement.

Our compensation program is designed to focus and reward our executives for balancing both short and long-term priorities. To fulfill this mission, we have adopted a pay-for-performance philosophy that forms the foundation for executive compensation decisions made by our Board and the Compensation Committee of the Board (the Compensation Committee ). In addition, our compensation decisions are designed to align the interests of our executives with the interests of our stockholders and incorporate strong corporate governance principles.

The Compensation Discussion and Analysis portion of this Proxy Statement (the CD&A ) contains a detailed description of our executive compensation philosophy and program, the compensation decisions the Board and Compensation Committee have made under that program and the factors considered in making those decisions, focusing on the compensation of our NEOs for the year ended December 31, 2017, who were:

- Douglas A. Michels, President and Chief Executive Officer
- Ronald H. Spair, Chief Financial Officer and Chief Operating Officer
- Anthony Zezzo, II, Executive Vice President, Business Unit Leader, Infectious Disease
- Brian Smith, Executive Vice President, Business Unit Leader, Molecular Solutions
- Jack E. Jerrett, Senior Vice President, General Counsel and Secretary

At our 2017 Annual Meeting, 96.6% of the votes cast approved the compensation paid to our NEO s for the 2016 fiscal year, as disclosed in our 2017 Proxy Statement. The Board and Compensation Committee take seriously the results of each say-on-pay ( SOP ) vote and the views of our stockholders regarding executive compensation. Accordingly, as has been our practice following each SOP vote, we conducted an outreach effort to contact our stockholders in order to obtain their views on the reasons for the vote and to solicit their input on our compensation practices. As part of that effort, after the 2017 Annual Meeting we contacted stockholders who, in the aggregate, beneficially owned in excess of 50% of our outstanding Common Stock to discuss our compensation practices. The stockholders we contacted generally indicated that there was no need to meet with them at this time. We believe this reaction, coupled with the strong positive SOP vote at the 2017 Annual Meeting, confirms that the structure of our compensation program, including changes made in recent years, such as the adoption of performance-vested restricted units for 50% of annual equity awards to our executives, are generally supported by our stockholders. The CD&A provides further information on our outreach effort, which we intend to continue. The Board is recommending that stockholders vote in favor of our executive compensation.

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## COMPENSATION COMPONENTS

We believe that all components of our executive compensation program are strongly tied to performance of both the Company and our executives and are aligned with the best interests of our stockholders. These components consist of the following:

| | |
|---|---|
| Base Salary | Salaries are based on position relative to market and individual performance and contribution. |
| Annual Cash Incentive Plan Bonuses | Annual incentive cash bonuses reflect market-based targets and are contingent upon (i) achievement of corporate financial objectives, which are used to determine overall bonus pool funding, and (ii) the executive s individual performance against pre-determined objectives, which are used to determine individual bonus payouts. |
| Equity Awards under the Long-Term Incentive Policy ( LTIP ) | Long-term incentive equity compensation reflects market-based targets with the value of individual awards contingent upon the executive s individual performance against pre-determined objectives during the fiscal year prior to award. |

## PERFORMANCE HIGHLIGHTS

We believe that compensation awarded to executives for 2017 was closely aligned with our strong performance for the year. The Company s financial results for 2017 represented a significant improvement over 2016. These results substantially exceeded our targets for the year.

Consolidated net revenues in 2017 were $167.1 million (30% growth over 2016), and consolidated net income was $30.9 million, or $0.51 per share (compared to $19.7 million, or $0.35 per share in 2016). Both represent record financial performance and 2017 was the third consecutive year of profitability. Total stockholder return for 2017 was 114.8%.

Our molecular collection systems business continued its strong performance in 2017 with revenues 133% higher than in 2016. Our international HIV revenues rose 115% in 2017 compared to the prior year, primarily as a result of the substantial growth in sales of our OraQuick® HIV Self-Test. We also reported strong growth in HCV sales, largely as a result of a 156% increase in international HCV sales compared to the prior year.

We generated $28.2 million in cash from operations in 2017 (a $3.6 million improvement over 2016) and we ended 2017 with over $176 million in cash on our balance sheet, which we can use for our future growth.

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## KEY FEATURES OF OUR EXECUTIVE COMPENSATION PROGRAM

Key features of our compensation program illustrate our commitment to pay-for-performance, the strong alignment of our executives interests with those of our stockholders and strong corporate governance. The more significant of these features are summarized below:

| | |
|---|---|
| Compensation is market driven and performance-based. | Regular stockholder outreach on compensation/ governance matters. |
| Total compensation targeted at 50th percentile of peer group. | Use of a third-party compensation consultant to provide independent advice on compensation matters. |
| Balanced mix of cash/equity, fixed/variable, short-term/long-term compensation components. | Strong stock ownership/retention requirements for executives. |
| Threshold financial performance objectives for annual bonus pool funding are set at levels that meet or exceed actual financial performance for the prior fiscal year. | Use of peer company benchmarking and tally sheets. |
| The Board s discretionary ability to adjust annual incentive bonus pool funding limited to +/- 10% of pool amount. | Compensation recoupment policy. |
| Long-term equity incentive awards include 50% performance-vested restricted units that vest only if (i) a three-year compound average growth rate for product revenues and/or a one-year earnings per share ( EPS ) target is met and (ii) a three-year service period is satisfied. | No hedging or pledging of our Common Stock. |

No excise tax gross-up for all NEO employment agreements and double trigger change in-control severance in our CEO s employment agreement.

The 2017 compensation for Mr. Michels, our President and Chief Executive Officer ( CEO ), and Mr. Spair, our Chief Financial Officer and Chief Operating Officer ( CFO/COO ), increased consistent with our 2017 financial performance, reflecting our commitment to a pay-for-performance philosophy.

[1] Awards in 2018 used a one-year pre-tax income target instead of EPS due to uncertainty about the impact of the recently enacted Federal tax reform legislation on our financial performance for 2018.

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## QUESTIONS AND ANSWERS ABOUT THE 2018 ANNUAL MEETING AND VOTING

### 1. WHY DID I RECEIVE THESE PROXY MATERIALS?

Our Board is furnishing Proxy Materials, including this Proxy Statement, a Proxy Card and the Company s Annual Report to Stockholders for the year ended December 31, 2017 ( 2017 Annual Report ), to our stockholders in order to solicit proxies to be voted at the Annual Meeting (each, a Proxy ). Each stockholder can access these documents on the internet in accordance with the rules and regulations of the SEC. On or about March 29, 2018, we mailed a Notice of Internet Availability of Proxy Materials (the Notice ) to each stockholder at the holder s address of record, indicating that this Proxy Statement is now available to our stockholders of record entitled to vote at the Annual Meeting.

SEC rules permit us to deliver only one copy of the Notice or a single set of Proxy Materials to multiple stockholders sharing the same address. Upon written or oral request, we will deliver separate Notices and/or copies of our 2017 Annual Report and/or this Proxy Statement to any stockholder at a shared address to

which a single copy of the Notice was delivered. Stockholders may notify the Company of their requests by calling or writing us at OraSure Technologies, Inc., 220 East First Street, Bethlehem, Pennsylvania 18015, Attention: Corporate Secretary; (610) 882-1820.

All stockholders and beneficial holders have the ability to access a copy of our Proxy Materials on the internet at the website referred to in the Notice. **Stockholders will not receive printed copies of the Proxy Materials unless they request those copies**. The Notice also instructs stockholders as to how to submit a Proxy through the internet. If you would like to receive a paper or e-mail copy of your Proxy Materials, you should follow the instructions for requesting such materials included in the Notice. We will pay the entire cost of preparing, assembling, printing, mailing and distributing these Proxy Materials and soliciting votes. If you choose to access the Proxy Materials and/or vote over the internet, you are responsible for any internet access charges you may incur.

### 2. WHAT IS A PROXY?

A Proxy is your legal designation of another person to vote the shares of Common Stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a Proxy

or a Proxy Card.

Jack E. Jerrett and Mark L. Kuna, each of whom are officers of the Company, have been designated as proxies by the Board of Directors for the Annual Meeting.

## 3. WHAT IS THE RECORD DATE AND WHAT DOES IT MEAN?

The record date for the Annual Meeting is March 15, 2018 (the record date ). The record date is established by the Board as required by Delaware law. Only stockholders of record at the close of business on the record date are entitled to:

(a) receive notice of the Annual Meeting; and

(b) vote at the meeting and any adjournment(s) or postponement(s) of the meeting.

Each stockholder of record on the record date is entitled to one vote for each share of Common Stock

held. On the record date, there were 61,494,102 shares of our Common Stock outstanding and entitled to vote at the Annual Meeting.

A list of stockholders will be open for examination by any stockholder for any purpose germane to the Annual Meeting for a period of 10 days prior to the meeting at our principal executive offices at 220 East First Street, Bethlehem, PA 18015, and electronically during the Annual Meeting at www.virtualshareholdermeeting.com/OSUR2018 when you enter the control number provided in the Notice sent to you.

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## 4. WHAT IS THE DIFFERENCE BETWEEN A STOCKHOLDER OF RECORD AND A STOCKHOLDER WHO HOLDS STOCK IN STREET NAME?

If your shares of stock are registered in your name on the books and records of our transfer agent, Computershare, Inc., you are a stockholder of record.

If your shares of stock are held for you in the name of your broker, bank or other nominee, your shares are held in street name. The answer to Question 7 describes brokers discretionary voting authority and

when your broker, bank or other nominee is permitted to vote your shares of stock without instructions from you.

**It is important that you vote your shares if you are a stockholder of record and, if you hold shares in street name, that you provide appropriate voting instructions to your broker, bank or other nominee as discussed in the answer to Question 7.**

## 5. HOW CAN I VOTE MY SHARES FOR THE ANNUAL MEETING?

All stockholders have a choice of voting via the internet, over the telephone or by completing and mailing a paper Proxy Card, as described below.

***Voting via the Internet or by Telephone***. Stockholders of record desiring to vote online via the internet or by telephone prior to the Annual Meeting, should go to www.proxyvote.com or call the toll free number indicated on the Proxy Card or Notice. You may vote via the internet or by telephone provided you do so by 11:59 p.m. Eastern Time (8:59 p.m. Pacific Time) on May 7, 2018. Stockholders who attend the Annual Meeting via the internet may vote their shares at that time up to and during the Annual Meeting by following the instructions at www.virtualshareholdermeeting.com/OSUR2018.

Street name holders may vote via the internet or by telephone if their brokers, banks or other nominees make those methods available. If that is the case, each broker, bank or nominee will include instructions with the Notice or Proxy Statement.

The telephone and internet voting procedures, including the use of control numbers, are designed to authenticate your identity, to allow you to give your

voting instructions and to confirm that your instructions have been recorded properly.

If you vote via the internet, you should understand that you will be responsible for any costs associated with this method of voting, such as usage charges from internet access providers and telephone companies.

***Voting by Mail.*** If you desire to vote prior to the Annual Meeting by using a paper Proxy Card instead of by telephone or via the internet, you will need to either print a copy of the Proxy Card from the website indicated in your Notice or follow the instructions in your Notice to request that a paper copy be sent to you. You will then need to complete, sign, date and return the Proxy Card, as described on the Proxy Card. Street name holders should complete and return the voting card provided by their broker, bank or nominee.

***Voting at the Annual Meeting***. All stockholders of record may vote online during the Annual Meeting, as described above. Submitting a Proxy via the internet, over the telephone or by mail will not affect your right to withdraw your Proxy and vote during the Annual Meeting.

## 6. HOW WILL MY SHARES BE VOTED IF I SEND IN A PROXY?

If you are represented by a properly executed Proxy, whether delivered by phone, the internet or mail, your shares will be voted in accordance with your instructions.

If you do not provide instructions with your Proxy, your shares will be voted according to the recommendations of our Board as stated on the Proxy.

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## 7. WILL MY SHARES BE VOTED IF I DO NOT PROVIDE MY PROXY?

***Stockholders of Record***: If you are a stockholder of record, your shares will not be voted if you do not provide your Proxy, unless you vote online during the Annual Meeting. **It is, therefore, important that you vote your shares.**

***Street Name Holders*:** If your shares are held in street name and you do not provide your signed and dated voting instruction form to your bank, broker or other nominee, your shares may be voted by your broker, bank or other nominee but *only* under certain circumstances. Specifically, under NASDAQ rules, shares held in the name of your broker, bank or other nominee may be voted by your broker, bank or other nominee on certain routine matters if you do not provide voting instructions.

At the upcoming Annual Meeting, only the ratification of the selection of KPMG LLP as the Company s independent registered public accounting firm is considered a routine matter for which brokers, banks or other nominees may vote uninstructed shares. The other proposals to be voted on at our Annual Meeting (specifically, the election of Director nominees and the advisory vote to approve the compensation of the Company s NEO s) are not considered routine under NASDAQ rules, so the broker, bank or other nominee cannot vote your shares on any of these proposals unless you provide to the broker, bank or other nominee voting instructions for each of these matters. If you do not provide voting instructions on these matters, your shares will not be voted on the matter, which is referred to as a broker non-vote. **It is, therefore, important that you vote your shares.**

## 8. HOW MANY SHARES MUST BE PRESENT TO HOLD THE ANNUAL MEETING?

Your shares are counted as present at the meeting if you attend the meeting and vote online or if you properly return a Proxy by internet, telephone or mail. In order for us to conduct our Annual Meeting, a majority of our outstanding shares of Common Stock as of the

March 15, 2018 record date, must be present online or by Proxy at the meeting. This is referred to as a quorum. Broker non-votes, votes withheld and abstentions are included in determining whether there are a sufficient number of shares present to constitute a quorum.

## 9. HOW CAN I REVOKE A PROXY?

You can revoke a Proxy before the completion of voting at the Annual Meeting by:

(a) Giving written notice to the Corporate Secretary of the Company to revoke your Proxy; or

(b) Delivering a later-dated Proxy that indicates the change in your vote; or

(c) Logging on to www.proxyvote.com in the same manner you would to submit your Proxy electronically or calling the telephone number indicated in your Notice, and in each case, following the instructions to revoke or change your vote; or

(d) Attending the Annual Meeting online and voting, which will automatically cancel any Proxy previously given. Attendance alone will not revoke any Proxy that you have given previously.

If you choose any of the first three methods, you must take the described action no later than 11:59 p.m. Eastern Time (8:59 p.m. Pacific Time) on May 7, 2018. Once voting on a particular matter is completed at the Annual Meeting, you will not be able to revoke your Proxy or change your vote. If your shares are held in street name by a broker or other nominee, you must contact that institution to change or revoke your vote.

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## 10. WHAT ITEMS WILL BE VOTED ON AT THE ANNUAL MEETING?

At the Annual Meeting, action will be taken on the matters set forth in the accompanying Notice and described in this Proxy Statement. The Board knows of no other matters to be presented for action at the Annual Meeting.

If any other matters do properly come before the Annual Meeting, the persons named in the Proxy Card will have discretionary authority to vote on those matters in accordance with their best judgment.

## 11. WHO WILL PAY THE COST OF THIS PROXY SOLICITATION?

Solicitation of Proxies is made on behalf of the Board. The cost of soliciting Proxies will be borne by the Company. In addition to solicitations by e-proxy and/or by mail, certain of our Directors, officers and regular employees may solicit Proxies personally or by telephone or other means without additional compensation.

We have also engaged Morrow Sodali LLC, 470 West Ave., Stamford, CT 06902, to provide proxy solicitation services at an estimated fee of $7,500 plus expenses. Arrangements will be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of stock held of record by such persons, and we will, upon request, reimburse them for their reasonable expenses in so doing.

## 12. HOW CAN I PARTICIPATE IN THE ANNUAL MEETING?

This year s Annual Meeting will be a completely virtual meeting of stockholders, and will be conducted via live webcast on the Internet. You are entitled to participate in the Annual Meeting only if you were a stockholder of the Company as of the close of business on March 15, 2018, the record date for the meeting, or if you hold a valid Proxy for the Annual Meeting.

You will be able to participate in the Annual Meeting online and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/OSUR2018. To participate in the Annual Meeting, you will need the control number that is included on your Notice, on our proxy card or on the instructions that accompanied your proxy materials. The Annual Meeting will begin promptly at 10:00 a.m. Eastern Time, and you should allow ample time to complete the online check-in procedures.

## 13. ARE VOTES CONFIDENTIAL?

We will continue our long-standing practice of holding the votes of each stockholder in confidence from Directors, officers and employees, except: (a) as necessary to meet applicable legal requirements and to assert or defend claims for or against the Company;

(b) in the case of a contested proxy solicitation; (c) if a stockholder makes a written comment on the Proxy Card or otherwise communicates his or her vote to the Company; or (d) as needed to allow the independent inspectors of election to certify the results of the vote.

## 14. WHO COUNTS THE VOTES?

We will continue, as we have for many years, to retain an independent inspector of election to receive

and tabulate the Proxies and certify the results. These activities will be handled electronically.

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## 15. MAY STOCKHOLDERS ASK QUESTIONS AT THE ANNUAL MEETING?

Yes. The Chairman of the Board will answer stockholders questions during the question and answer period of the meeting. Stockholders must confine their questions to matters that relate directly to

the business of the meeting. The Chairman will determine which questions are appropriate to answer during the meeting.

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## STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information, as of March 15, 2018, regarding the beneficial ownership of the Company s Common Stock by (a) each person who is known by us to be the beneficial owner of more than five percent of the Common Stock outstanding; (b) each Director and nominee for election as Director; (c) each of our executive officers named in the Summary Compensation Table in this Proxy Statement; and (d) all of our Directors and executive officers as a group. Unless otherwise indicated, the address of each person identified below is c/o OraSure Technologies, Inc., 220 East First Street, Bethlehem, Pennsylvania 18015.

Pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act ), shares of Common Stock which a person has a right to acquire pursuant to the exercise of stock options held by that person that are exercisable within 60 days of March 15, 2018 are deemed to be outstanding for the purpose of computing the ownership percentage of that person, but are not deemed outstanding for computing the ownership percentage of any other person.

| Name and Address of Beneficial Owner | Amount and Nature of the Beneficial Ownership[1,2] | Percent of Class |
|---|---|---|
| Black Rock, Inc.[3]<br>40 East 52nd Street<br>New York, NY 10022 | 7,729,515 | 12.6% |
| The Vanguard Group[4]<br>100 Vanguard Blvd.<br>Malvern, PA 19355 | 5,252,092 | 8.5% |
| Renaissance Technologies, LLC[5]<br>800 Third Avenue<br>New York, NY 10022 | 4,003,100 | 6.5% |
| | 3,286,266 | 5.3% |

| | | |
|---|---|---|
| Wellington Management Group, LLP[6]<br>280 Congress Street<br>Boston, MA 02210 | | |
| Douglas A. Michels | 825,303 | 1.3% |
| Ronald H. Spair[7] | 307,664 | * |
| Anthony Zezzo II | 261,882 | * |
| Jack E. Jerrett | 63,500 | * |
| Charles W. Patrick | 58,182 | * |
| Eamonn P. Hobbs | 54,711 | * |
| Stephen S. Tang, Ph.D. | 43,083 | * |
| Michael Celano | 41,128 | * |
| Brian Smith | 24,640 | * |
| Mara Aspinall | 21,666 | * |
| Ronny B. Lancaster | 6,295 | * |
| Aradhana Sarin, M.D. | 5,000 | * |
| All Directors and executive officers as a group (14 people) | 1,804,131 | 2.9% |

*Less than 1%

[1] Subject to community property laws where applicable, beneficial ownership consists of sole voting and investment power except as otherwise indicated.

[2] Includes shares subject to options exercisable within 60 days of March 15, 2018, as follows: Mr. Michels, 108,364 shares; Mr. Spair, 31,372 shares; Mr. Zezzo, 113,499 shares; Mr. Jerrett, 13,232 shares; Mr. Hobbs, 40,000 shares; Dr. Tang, 6,667 shares; Mr. Smith, 6,565 shares;

Ms. Aspinall, 16,666 shares; Dr. Sarin, 5,000 shares and all Directors and executive officers as a group, 351,308 shares. Also includes unvested restricted stock, as follows: Mr. Michels, 128,241 shares; Mr. Spair, 64,183 shares; Mr. Zezzo, 35,159 shares; Mr. Jerrett, 26,720 shares; Mr. Patrick, 6,295 shares; Mr. Hobbs, 6,295 shares; Dr. Tang, 7,952 shares; Mr. Celano, 6,295 shares; Mr. Smith, 12,782 shares; Mr. Lancaster, 6,295 shares; and all Directors and executive officers as a group, 346,653 shares. Does not include unvested performance-vested restricted units.

[3] Based on information contained in a Schedule 13G/A filed January 19, 2018. The filing person has sole voting power with respect to 7,621,532 shares and sole dispositive power with respect to 7,729,515 shares.

[4] Based on information contained in a Schedule 13G/A filed February 9, 2018. The filing person has sole voting power with respect to 109,507 shares, shared voting power with respect to 4,900 shares, sole dispositive power with respect to 5,142,385 shares and shared dispositive power with respect to 109,707 shares.

[5] Based on information contained in a Schedule 13G/A filed February 14, 2018. The filing persons have sole voting power and sole dispositive power with respect to the indicated shares.

[6] Based on information contained in a Schedule 13G filed February 8, 2018. The filing persons have shared voting power with respect to 2,976,004 shares and shared dispositive power with respect to 3,286,266 shares.

[7] Includes 166,402 restricted shares contributed to the OraSure Technologies, Inc. Deferred Compensation Plan, by Mr. Spair.

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## CORPORATE GOVERNANCE

### BOARD RESPONSIBILITIES, OPERATION AND COMPOSITION

The primary responsibility of the Board of Directors is to promote the long-term success of the Company. In fulfilling this role, each Director must exhibit good faith business judgment as to what is in the best interests of the Company. The Board is responsible for establishing broad corporate policies, setting strategic direction and overseeing management. The Company s management is responsible for the day-to-day operations of the Company.

The Board is divided into three classes with each class consisting of one-third of the total number of Directors on the Board. At each Annual Meeting of Stockholders, the nominees for the class of Directors whose term is expiring at that annual meeting are elected for a three-year term. A Director holds office until the Annual Meeting of Stockholders for the year in which his or her term expires or until his or her successor is elected and duly qualified, subject to prior death, resignation, retirement, disqualification or removal. Each nominee for election at the Annual Meeting currently serves as a Director.

The Board typically holds regular meetings in February, May, August and November of each year, with special meetings held as needed. The Board s organizational meeting follows the Annual Meeting of Stockholders. The Board meets in executive session at all regularly scheduled meetings. The Board held 12 meetings and acted by written consent on two (2) occasions during the fiscal year ended December 31, 2017. Each member of the Board attended more than 75 percent of the combined total of meetings of the Board and of the Committees of the Board on which such member served during the period in the year in which he or she served as a Director.

**Directors attended greater than 75% of all Board and Committee meetings during 2017.**

### GOVERNANCE GUIDELINES AND CODE OF CONDUCT

The Board has adopted Corporate Governance Principles which, along with the Charters for each of its Committees and the Company s Code of Business Conduct and Ethics, provide a framework for the governance of the Company. The Company s Corporate Governance Principles address matters such as the responsibilities and composition of the Board, Director independence and the conduct of Board and Committee meetings. The Company s Code of Business Conduct and Ethics sets forth guiding principles of business ethics and certain legal requirements applicable to all Company employees and non-employee Directors. Copies of the current Corporate Governance Principles and Code of Business Conduct and Ethics are available on the Company s website, www.orasure.com.

**We operate under a Code of Business Conduct and Ethics and Corporate Governance Principles, which apply to all employees and non-employee Board Members.**

## INDEPENDENT BOARD CHAIRMAN

**The positions of Chairman of the Board and CEO of the Company are held by different individuals, with the Chairman being independent of management.**

Currently, the Company s Chief Executive Officer does not hold the position of Chairman of the Board as the Company believes it is appropriate for the Board to be led by an individual who is independent of management. Stephen S. Tang, Ph.D. was appointed as Chairman of the Board in November 2016 and has been a Director since 2011. As previously announced, Dr. Tang will become the Company s new President and CEO on April 1, 2018 following the retirement of Douglas A. Michels on March 31, 2018. Concurrently with his new appointment, Dr. Tang will resign as Chairman of the Board and Michael Celano, who has been a Director since 2006 and is currently Chairman of the Audit Committee, will become our new Board Chairman.

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The Board has carefully considered its leadership structure and believes at this time that the Company and its stockholders are best served by having the positions of Chairman and Chief Executive Officer filled by different individuals. This allows the Chief Executive Officer to, among other things, focus on the Company s day-to-day business, while allowing the Chairman to lead the Board in its fundamental role of providing advice and oversight of management. In the future, however, the Board may reconsider whether its Chief Executive Officer should also serve as Board Chairman.

## DIRECTOR INDEPENDENCE

**A majority of our Directors are independent as required under applicable SEC and NASDAQ rules.**

Our Corporate Governance Guidelines require, among other things, that a majority of the members of the Board meet the independence requirements of the SEC and NASDAQ, on which our Common Stock is listed. Each year our Board, with assistance from the Nominating and Corporate Governance Committee, conducts a review of Director independence. The most recent annual review occurred in the first quarter of 2018, during which the Board considered transactions and relationships, if any, between each Director or any member of such Director s immediate family and the Company. As a result of this review, the Board determined that Mara Aspinall, Michael Celano, Eamonn P. Hobbs, Ronny B. Lancaster, Charles W. Patrick and Aradhana Sarin, M.D. are independent, as that term is defined in the applicable rules of NASDAQ and the SEC. Stephen S. Tang, Ph.D. was also independent during 2017, but was determined by the Board not to be independent after he signed an employment agreement and received certain onboarding compensation in January 2018 in connection with his appointment as the Company s new President and CEO, which will be effective on April 1, 2018. In addition, Douglas A. Michels and Ronald H. Spair were determined by the Board not to be independent because they are currently executive officers of the Company. Based on the foregoing, the Board of Directors is comprised of a majority of independent Directors.

## OVERSIGHT OF RISK MANAGEMENT

**The Board and Audit Committee monitor the major risks facing the Company and the procedures and processes implemented by management to mitigate those risks.**

As part of its oversight of the Company s operations, the Board and Audit Committee monitor the management of risks by the Company s executives. The Audit Committee reviews the risks that the Company may face and receives reports from senior management on the nature of these risks and the procedures and processes in place to manage and mitigate such risks. Substantive areas of risk reviewed by the Audit Committee include financial, legal, regulatory, operational, information technology, cybersecurity and employment matters. The Audit Committee provides a report to the full Board on the matters covered during each of its meetings, including its risk monitoring activities. In addition, senior management provides periodic reports to the full Board on the major risks facing the Company and the processes and procedures in place to manage such

risks. Management also conducts a risk assessment of the Company s compensation policies and practices, including its executive compensation program, as described in greater detail in the Section of this Proxy Statement entitled, Compensation Committee Matters.

## ANNUAL MEETING ATTENDANCE AND STOCKHOLDER COMMUNICATIONS

The Board has approved a policy concerning Board members attendance at our Annual Meeting of Stockholders and a process for security holders to send communications to members of the Board. A description of the Board s policy on annual meeting attendance is provided on our website, at www.orasure.com. As a general matter, each Board member is required to attend each Annual Meeting of Stockholders. Our 2017 Annual Meeting was attended by all members of the Board.

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Security holders may communicate with the Board by sending their communications to OraSure Technologies, Inc., 220 East First Street, Bethlehem, Pennsylvania 18015, Attention: Corporate Secretary, fax: (610) 882-2275, email: corporatesecretary@orasure.com.

**All Board members are required to attend each Annual Meeting of Stockholders. The entire Board was present at the 2017 Annual Meeting.**

## COMMITTEES OF THE BOARD

The Board currently has three standing committees the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Members of these committees are each independent, as defined in the Exchange Act and NASDAQ rules applicable to such Committees. In addition, the Board has determined that Michael Celano is an audit committee financial expert, as that term is defined by applicable rules of the SEC. Each committee operates pursuant to a written charter, copies of which are available on our website, at www.orasure.com. Additional information on each standing committee is provided below:

## AUDIT COMMITTEE

| **Committee Members:** | | Responsibilities: |
|---|---|---|
| Michael Celano | (C, , I) | Overseesaccounting and financial reporting process, internal controls and audits. |
| Mara G. Aspinall | (I) | Consultswith management and the Company s independent registered public accounting firm on, among other items, matters related to the annual audits, the published financial statements and the accounting principles applied. |
| Eamonn P. Hobbs | (I) | |
| Charles W. Patrick | (I) | Appoints,evaluates and retains our independent registered public accounting firm. |

| | |
|---|---|
| Aradhana Sarin, M.D. (I) | |
| Number of Meetings during fiscal 2017: 9 | Responsiblefor the compensation, termination and oversight of our independent registered public accounting firm. |
| | Evaluatesthe independent registered public accounting firm s qualifications, performance and independence. |
| | Approvesall services provided by the independent registered public accounting firm. |
| | Monitorsthe Company s major risk exposures and reviews risk assessment and mitigation policies. |
| | Maintainsprocedures for the receipt, retention and treatment, on a confidential basis, of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. |

C Committee Chair

Determined by the Board to be an audit committee financial expert as defined under applicable SEC Rules.

I Determined by the Board to be independent under applicable SEC and NASDAQ rules.

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## COMPENSATION COMMITTEE

**Committee Members:**

Ronny B. Lancaster (C, I)

Mara G. Aspinall (I)

Michael Celano* (I)

Eamonn P. Hobbs (I)

Number of Meetings during fiscal 2017: 7

Responsibilities:

Overseescompensation for executives and non-employee Directors.

Reviewsand recommends to the Board for approval the performance criteria and goals and objectives for CEO compensation.

Inconsultation with other independent non-employee Directors, evaluates the CEO s and the CFO/COO s annual performance in light of the Company s performance.

Evaluatesand recommends to the Board for approval the CEO s compensation.

Inconsultation with the CEO, reviews and approves the compensation of other executive officers.

Establishesperformance measures and goals and evaluates the attainment of such goals under performance-based incentive compensation plans.

Reviewscompensation and benefits issues.

Reviewsand recommends for Board approval, the terms of any employment or retirement agreements between the Company and each executive officer.

Periodicallyreviews and administers the Company s Compensation Recoupment Policy for executive officers and non-employee Directors.

Reviewscompliance with the Company s Stock Ownership Guidelines.

## NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

**Committee Members:**

Charles W. Patrick (C, I)

Ronny B. Lancaster (I)

Stephen S. Tang, Ph.D.*

Aradhana Sarin, M.D. (I)

Number of Meetings during fiscal 2017: 4

Responsibilities:

Identifies,evaluates and recommends candidates for nomination or re-election to the Board.

Reviewsand makes recommendations to the Board on the range of skills, qualifications and expertise required for service as a Director.

Reviewsand recommends for Board approval the appropriate structure of the Board.

Reviewsand recommends for Board approval the appropriate structure of Board committees, and recommends committee assignments and candidates for the position of Chairman of each committee.

Developsand recommends for Board approval a set of Corporate Governance Guidelines and a Code of Business Conduct and Ethics, and procedures for the implementation thereof.

Periodicallyreviews and recommends for Board approval the Board s leadership structure, including whether the same person should serve as both CEO and Chairman of the Board.

Assistsin the development of succession plans for the Company s CEO and other executives.

Assiststhe Board in evaluating the independence of individual Directors for purposes of Board and committee service.

Developsand implements an annual self-evaluation process for the Board and its committees

C Committee Chair

Determined by the Board to be an audit committee financial expert as defined under applicable SEC Rules.

I Determined by the Board to be independent under applicable SEC and NASDAQ rules.

* Dr. Tang was independent during 2017, but was determined by the Board not to be independent after he signed an employment agreement in January 2018 in connection with his appointment as the Company s new President and CEO, effective April 1, 2018. As a result, Dr. Tang left the Compensation Committee in January 2018 and was replaced on the Committee by Mr. Celano.

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## NOMINATION OF DIRECTORS

Our Bylaws provide that nominations for election to the Board may be made by the Board or by any stockholder entitled to vote for the election of Directors at the Annual Meeting. A stockholder s notice of nomination must be made in writing to the Company s Corporate Secretary and must be delivered to or received at our principal executive offices not less than ninety (90) days nor more than one hundred twenty (120) days prior to the meeting. However, in the event that less than one hundred (100) days notice or prior public disclosure of the date of the meeting is given or made to stockholders, in order for notice by the stockholder to be timely, notice must be received no later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. The notice to the Corporate Secretary must set forth, with respect to the nominee, the name, age, business address, residence address, principal occupation or employment of the person, the class and number of shares of capital stock of the Company which are beneficially owned by the person, and any other information relating to the person that is required to be disclosed in solicitations for proxies for election of Directors pursuant to Regulation 14A under the Exchange Act. The notice must also include, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made: (i) the name and address of the stockholder and such beneficial owner; (ii) the class and number of shares of capital stock of the Company which are held of record or beneficially owned by such stockholder and such beneficial owner and any other direct or indirect pecuniary or economic interest in any capital stock of the Company of such stockholder and beneficial owner, including without limitation, any derivative instrument, swap, option, warrant, short interest, hedge, profit sharing arrangement or borrowed or loaned shares; (iii) a description of any arrangements or understandings between such stockholder and beneficial owner and each proposed nominee and any other person (including their names) pursuant to which the nomination(s) are to be made by such stockholder and such beneficial owner or with respect to actions to be proposed or taken by such nominee if elected as a Director; (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice; and (v) any other information relating to such stockholder and such beneficial owner that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors, or may otherwise be required pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. We may also require any proposed nominee to furnish such other information as we may reasonably require to determine the eligibility of the proposed nominee to serve as a Director of the Company.

**Stockholders can nominate individuals to serve on the Board by following the procedures described in the Company s Bylaws. Diversity is an important factor that is considered in evaluating new candidates for the Board. In determining whether incumbent Directors will be nominated for re-election, we evaluate the individual s background, experience and prior service as a Director.**

The Nominating and Corporate Governance Committee may also consult with outside advisors or retain search firms to assist in the search for qualified candidates. Candidates recommended by stockholders will be considered by the Nominating and Corporate Governance Committee in the same manner as candidates recommended by other sources, but only if the stockholder makes a recommendation in accordance with the advance notification provisions set forth in the Company s Bylaws.

During the past several years, our stockholders have indicated a desire for us to adopt a majority voting standard for the election of Directors. Our Board regularly reviews governance matters and majority voting is a governance practice that the Board had been considering for some time. In February 2018, the Board approved an amendment to our Bylaws adopting a majority voting standard for uncontested elections of Directors. Following this amendment, a plurality voting standard will remain in place for contested elections of Directors. The adoption of a majority voting

standard is, in the Board s view, an appropriate corporate governance practice that is responsive to the express input we have received from our stockholders.

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## DIRECTOR QUALIFICATIONS

**The Board considers diversity and other relevant factors in evaluating and selecting Director candidates.**

Although there is no formal policy governing Board diversity, the Nominating and Corporate Governance Committee considers diversity and other factors in evaluating new candidates for the Board. The term diversity is used broadly to include not only race, gender and national origin, but also any other factors determined to be relevant by the Nominating and Corporate Governance Committee based on the needs of the Board and Company, including independence, integrity, knowledge, judgment, character, leadership skills, education, industry experience, financial literacy, technical background, specialized expertise, and standing in the community. In evaluating incumbent Directors for re-election, the Nominating and Corporate Governance Committee considers that Director s background, experience and overall service to the Company, including the number of meetings attended, level of participation, quality of performance and other factors deemed relevant by the Nominating and Corporate Governance Committee.

## INSIDER TRADING

**Our Insider Trading Policy prohibits trading by Directors, executive officers or employees who are in possession of material nonpublic information about the Company.**

We have a policy designed to prevent any trading in the Company s Common Stock or other securities by Directors, executive officers and all other employees of the Company and its affiliates while such person is in possession of material nonpublic information. The policy prohibits trading in the Company s securities on the basis of material nonpublic information, requires preapproval of transactions in Company securities for Directors, executive officers and all other employees and establishes regular trading windows after each calendar quarter following the Company s announcement of its quarterly financial results.

## PROHIBITION AGAINST SHORT SALES, HEDGING AND PLEDGING

We believe it is inappropriate for any employee or member of the Board to engage in short-term or speculative transactions involving Company securities. As a result, our insider trading policy prohibits Directors, executive officers and all other employees from entering into these types of transactions involving our Common Stock, including short sales, the buying or selling of puts or calls, the purchase of

**We have implemented several governance policies related to our Common Stock. Our policies prohibit short-term, speculative transactions in**

securities on margin, prepaid variable forward contracts, equity swaps, collars, exchange funds and other similar financial instruments. Our policy also prohibits employees and Directors from pledging shares of our Common Stock as collateral.

**our stock, such as hedging, pledging and short sales.**

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## STOCK OWNERSHIP AND RETENTION GUIDELINES

**We have implemented stock ownership and retention guidelines for our CEO, other executives and members of the Board.**

The Board has adopted stock ownership and retention guidelines applicable to the Company s President and Chief Executive Officer, its Chief Financial Officer and Chief Operating Officer, all other executive officers and all non-employee members of the Board. Under these guidelines, the covered individuals must meet the following ownership requirements, expressed either as a multiple of base salary (in the case of Company officers) or annual cash fees (in the case of Board members):

| Covered Individual | Multiple of Base Salary or Director Fees |
|---|---|
| President and Chief Executive Officer | 6x |
| Chief Financial Officer and Chief Operating Officer | 2x |
| Other Executive Officers | 1x |
| Non-Employee Directors | 1x |

Any individual who was covered by the guidelines at the time of adoption or who becomes subject to the guidelines following adoption is required to meet the guidelines within five years. Any individual already subject to the guidelines who becomes subject to a higher ownership requirement, due to a promotion, a further amendment to the guidelines or an increase in compensation, is required to meet the new ownership requirement within five years following the effective date of promotion, change in compensation or guideline amendment. In determining whether an individual meets the required ownership requirement, shares owned directly or indirectly, restricted stock (including both time and performance vested) and shares deferred under our deferred compensation plan will be counted. Compliance will be determined as of December 31 of each fiscal year. The guidelines also require each covered individual to retain at least 50% of the net shares acquired upon the exercise of stock options and the vesting of restricted stock until the individual s holdings of Common Stock equal or exceed the applicable ownership requirement. As of December 31, 2017, all covered officers and non-employee Directors were in compliance with the stock ownership guidelines.

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## AUDIT COMMITTEE MATTERS

### REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED DECEMBER 31, 2017

*The information contained in this report shall not be deemed to be soliciting material or filed for purposes of Section 18 of the Exchange Act or otherwise subject to liability under that Section. This report shall not be deemed incorporated by reference into any document filed under the Securities Act of 1933, as amended (the Securities Act ), or the Exchange Act, whether such filing occurs before or after the date hereof, regardless of any general incorporation language in such filing.*

The role of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities to oversee management s conduct of the Company s financial reporting process, including monitoring (1) the participation of management and the outside independent registered public accounting firm in the financial reporting process, (2) the Company s systems of internal accounting and financial controls, (3) the annual independent audit of the Company s financial statements and (4) the qualifications, independence and performance of the outside independent registered public accounting firm. The Audit Committee selects the Company s outside independent registered public accounting firm, and once selected, the outside independent registered public accounting firm reports directly to the Audit Committee. The Audit Committee is responsible for approving both audit and non-audit services to be provided by the outside independent registered public accounting firm. The Audit Committee is composed of five (5) non-employee directors and operates pursuant to a Charter that was last amended and restated by the Board on February 20, 2018 (which can be found on the Company s website at www.orasure.com).

Management of the Company is responsible for the preparation, presentation and integrity of the Company s financial statements, the Company s accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for auditing the Company s financial statements and expressing an opinion as to their conformity with U.S. generally accepted accounting principles. The Audit Committee s responsibility is to monitor and review these processes. It is not the Audit Committee s duty or responsibility to conduct auditing or accounting reviews.

In the performance of its oversight function, the Audit Committee has considered and discussed the audited financial statements with management, which included a discussion of not only the quality, but also the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee met with the independent registered public accounting firm, with and without management, to discuss the results of their audit and their judgments regarding the Company s accounting policies. The Audit Committee has also discussed with the independent registered public accounting firm the matters required to be discussed under applicable standards, including those in Public Company Accounting Oversight Board Auditing Standard No. 16, as currently in effect. Finally, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board as currently in effect, has considered whether the provision of non-audit services by the independent registered public accounting firm to the Company is compatible with maintaining the firm s independence and has discussed with the independent registered public accounting firm the firm s independence.

Based upon the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee s Charter, the Audit Committee

recommended to the Board that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the SEC and selected KPMG LLP as the independent registered public accounting firm for fiscal year 2018. The Board is recommending that stockholders ratify that selection at the Annual Meeting.

**Submitted by the Audit Committee of the Company s Board of Directors:**

Michael Celano, Chairman

Mara G. Aspinall

Eamonn P. Hobbs

Charles W. Patrick

Aradhana Sarin, M.D.

February 26, 2018

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## AUDIT FEES; AUDIT RELATED FEES; TAX FEES; ALL OTHER FEES

The following table presents fees for professional audit services rendered by KPMG LLP (i) for the audits of our annual consolidated financial statements and review of the financial statements in our Quarterly Reports on Form 10-Q for the fiscal years ended December 31, 2017 and 2016, and (ii) for the audits of our internal control over financial reporting as of December 31, 2017 and 2016. The following table also includes fees billed for other services rendered by KPMG:

| | 2017 | 2016 |
|---|---|---|
| Audit fees[1] | $727,750 | $710,000 |
| Audit-related fees[2] | $22,250 | |
| Tax fees[3] | $150,212 | $158,379 |
| All other fees[4] | $45,140 | |
| Total fees | $945,352 | $868,379 |

[1] Includes fees related to the audits of our consolidated annual financial statements, interim reviews of our quarterly financial statements and audits of our internal control over financial reporting for each indicated year.

2

Includes fees for preparation of a written consent for a Registration Statement on Form S-8 and consulting on miscellaneous accounting matters.

[3] During the fiscal years ended December 31, 2017 and 2016, KPMG was engaged to provide tax compliance, planning and consulting services.

[4] Includes fees related to consulting on proposed executive retirement packages.

## PRE-APPROVAL PROCEDURES

The Audit Committee has adopted a general practice of pre-approving all audit and non-audit services provided to the Company by our independent registered public accounting firm. The Chairman of the Audit Committee has been delegated the authority to pre-approve audit and non-audit services having an aggregate value of up to $25,000 between meetings of the Audit Committee, provided that such pre-approval is communicated to the Audit Committee at its next scheduled meeting. All services by KPMG in 2017 and 2016 were approved in accordance with these practices.

## COMPENSATION COMMITTEE MATTERS

The Compensation Committee assists the Board in developing and managing the compensation provided to executive officers of the Company and non-employee members of the Board. The Compensation Committee is responsible for developing and overseeing the implementation of the Company s compensation philosophy and for setting executive compensation at levels that are sufficiently competitive so that the Company can attract, retain, motivate and reward high quality executives who can contribute to the Company s success.

## COMPENSATION PROCESS AND PROCEDURES

Compensation for executives is established by the Compensation Committee in accordance with the compensation philosophy established under its charter as set forth later in the CD&A in this Proxy Statement. In setting executive compensation, the Compensation Committee considers the Company s and each executive s performance against previously established objectives, internal pay equity, the compensation practices of the Company s peer group (listed on page 38 of this Proxy Statement) ( Peer Group ), the Company s industry position and general industry data. The Compensation Committee periodically retains independent compensation consultants to review our executive compensation practices and to assist in establishing competitive compensation levels for our executives.

## ANNUAL PERFORMANCE EVALUATIONS

On an annual basis, the Compensation Committee and other non-employee Directors evaluate the performance of the CEO and CFO/COO based on the overall performance of the Company. The CEO also evaluates the performance of the other NEOs against their respective predetermined performance objectives. Annual performance objectives for the NEOs are established at the beginning of the applicable year and generally include two parts: (1) the Company s overall target financial objectives, and (2) individual objectives in the functional

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areas for which the executive is responsible. For each NEO, these objectives are then weighted to reflect their relative importance to the Company and the executive s functional responsibilities.

Depending on the Company s overall performance and the extent to which an executive achieves his individual objectives for a particular year, the executive will be rated as Does Not Meet, Does Not Consistently Meet, Meets Expectations, Exceeds Expectations or Outstanding. On occasion, a blended rating such as Meets/Exceeds will used to indicate performance in between the foregoing performance rating levels. The Compensation Committee uses the performance ratings to determine base salary adjustments, incentive cash bonuses and long-term incentive equity awards, except for Messrs. Michels and Spair. The Compensation Committee believes that, because of their senior positions with the Company, it is more appropriate to determine the base salary, incentive cash bonuses and long-term incentive equity awards for Messrs. Michels and Spair primarily based on the Company s overall performance and, in doing so, does not apply individual performance rating labels to these executives.

## ROLE OF THE COMPENSATION COMMITTEE

The Compensation Committee is comprised of non-employee independent Directors who oversee our executive compensation program. Each year, the Compensation Committee determines the appropriate level of compensation for all NEOs. As an initial guideline, the Compensation Committee sets the total direct compensation opportunity (base salary, annual incentive bonus target, and long-term incentive equity target) for each of our executive officers within a range around the 50th percentile of comparable medical diagnostics and healthcare companies. The variation of actual pay relative to the market data is dependent on the executive officer s performance, experience, knowledge, skills, level of responsibility, potential to impact our performance and future success, and the need to retain and motivate strategic talent.

The Compensation Committee generally determines an executive officer s compensation based upon the objectives of our executive compensation program. The Compensation Committee makes compensation recommendations to the Board for the CEO and approves decisions for the other NEOs after careful review and analysis of appropriate performance information and market compensation data. Compensation for the CEO is approved by the full Board of Directors. Compensation for the CFO/COO is approved by the Compensation Committee.

Beyond determining and recommending specific compensation for NEOs, the Compensation Committee works with executive management to review and adjust compensation policies and practices to remain consistent with the Company s values and philosophy, support the recruitment and retention of executive talent, and help the Company achieve its business objectives.

## ROLE OF THE CEO

The CEO provides recommendations to the Compensation Committee on the total direct compensation for each executive, other than himself. The CEO s recommendations are based on his review of each executive s performance, job responsibilities, importance to our overall business strategy, and our compensation philosophy. Although the CEO s recommendations are given significant weight, the Compensation Committee retains full discretion when determining compensation.

## ROLE OF THE COMPENSATION CONSULTANT

To assist in the review of executive compensation and to obtain information regarding market trends, the Compensation Committee engages independent executive compensation consultants to analyze our executive compensation structure and plan designs, and to assess whether the compensation program is competitive and supports our goal of aligning the interests of our executive officers with those of our stockholders. Such consultants also provide the Compensation Committee with the peer group and other market data that is discussed in the CD&A, which the Compensation Committee evaluates when determining compensation for executive officers. During 2017, the Compensation Committee engaged Pay Governance LLC ( Pay Governance ) to provide a market assessment of the target compensation for our executives, to assist in updating the peer group of companies we use for compensation benchmarking purposes and to consult on the preparation of this Proxy Statement. In addition, Pay Governance assisted the Committee in determining market-based compensation terms for the employment

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agreement entered into with Dr. Tang, who will become the Company s new President and CEO effective April 1, 2018, and the retirement agreements with Messrs. Michels and Spair, who will be retiring in 2018.

The Compensation Committee has the sole authority to approve any independent compensation consultant s fees and terms of engagement. The Compensation Committee annually reviews its relationship with each consultant to ensure executive compensation consulting independence. The process in 2017 included a review of the services Pay Governance provides, the quality of those services, and fees associated with the services during the fiscal year as well as consideration of the factors impacting independence that NASDAQ rules require and a review of Pay Governance s independence policy. The Compensation Committee concluded that there were no conflicts of interest that prevented Pay Governance from serving as an independent consultant to the Compensation Committee on executive compensation matters. We paid Pay Governance $72,209 for their services related to the executive compensation services described above.

## TALLY SHEETS

In determining annual compensation, the Compensation Committee reviews tally sheets for each executive. Tally sheets set forth the dollar amounts of all components of each NEO s current compensation, including salary, incentive cash bonus, incentive equity awards, potential termination payments and other benefits deemed relevant by the Compensation Committee. These tally sheets allow the Compensation Committee to review how a change in the amount of each compensation component affects each executive s total compensation and to consider each executive s compensation in the aggregate. Included in each tally sheet is the estimated amount of severance and other benefits payable to the executive under various termination scenarios. Tally sheets are utilized by the Compensation Committee to establish aggregate compensation for our executives which the Compensation Committee believes to be reasonable.

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mara G. Aspinall, Eamonn P. Hobbs, Ronny B. Lancaster and Stephen S. Tang, Ph.D. served as members of the Compensation Committee during 2017. In early January 2018, Dr. Tang left the Compensation Committee and Michael Celano joined the Committee. None of these Directors has served or is currently serving as an officer or employee of the Company, nor have they engaged in any transactions involving the Company which would require disclosure as a transaction with a related person. As previously noted, Dr. Tang will become our President and CEO on April 1, 2018. There are no Compensation Committee interlocks between the Company and any other entity involving the Company s or such entity s executive officers or board members.

## COMPENSATION COMMITTEE REPORT

*The information contained in this report shall not be deemed to be soliciting material or filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that Section. This report shall not be deemed to be incorporated by reference into any document filed under the Securities Act or the Exchange Act, whether such filing occurs before or after the date hereof, regardless of any general incorporation language in such filing.*

The Compensation Committee of OraSure Technologies, Inc. has reviewed and discussed with the Company s management the Section entitled, Compensation Discussion and Analysis, contained in this Proxy Statement. Based on that review and discussion, the Compensation Committee recommended to the Company s Board of Directors that

the foregoing Compensation Discussion and Analysis be included in the Company s 2017 Annual Report on Form 10-K Report and Proxy Statement for the 2018 Annual Meeting of Stockholders.

COMPENSATION COMMITTEE:

Ronny B. Lancaster, Chairman

Mara G. Aspinall

Michael Celano

Eamonn P. Hobbs

March 27, 2018

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## EXECUTIVE OFFICERS

The table below provides information about the executive officers of the Company as of March 15, 2018. Officers of the Company hold office at the discretion of the Board.

| Name | Age | Position |
|---|---|---|
| Douglas A. Michels | 61 | President and Chief Executive Officer |
| Ronald H. Spair | 62 | Chief Financial Officer and Chief Operating Officer |
| Anthony Zezzo II | 64 | Executive Vice President, Business Unit Leader, Infectious Disease |
| Brian Smith | 59 | Executive Vice President, Business Unit Leader, Molecular Solutions |
| Jack E. Jerrett | 59 | Senior Vice President, General Counsel and Secretary |
| Michael Reed, Ph.D. | 49 | Senior Vice President, Research and Development and Chief Science Officer |
| Mark L. Kuna | 54 | Senior Vice President, Finance, Controller and Assistant Secretary |

### Douglas A. Michels, President and Chief Executive Officer

Mr. Michels has been the Company s President and Chief Executive Officer since June 2004. Prior to that, Mr. Michels served as Group Vice President, Global Marketing of Ortho-Clinical Diagnostics, President of Ortho-Clinical Diagnostics International, and President of Johnson & Johnson Healthcare Systems, Inc. Earlier in his career, Mr. Michels held various sales and marketing positions of increasing responsibility within the Johnson & Johnson family of companies and with the Diagnostics Division of Abbott Laboratories. Mr. Michels received a B.S. degree in Public Health Administration from the University of Illinois and an M.B.A. from Rutgers University. Mr. Michels recently served on the Presidential Advisory Council on HIV/AIDS (PACHA) and currently serves on the

boards of directors of West Pharmaceutical Services, Inc. and the Miller Keystone Blood Center.

**Ronald H. Spair, Chief Financial Officer and Chief Operating Officer**

Mr. Spair has been the Company s Chief Financial Officer and Chief Operating Officer since September 2006 and served as Executive Vice President and Chief Financial Officer since November 2001. Prior to that time, Mr. Spair served as Chief Financial Officer for various companies in the pharmaceutical industry, including Delsys Pharmaceutical Corporation, SuperGen, Inc., Sparta Pharmaceuticals, Inc. and Envirogen, Inc. Mr. Spair received both his B.S. in Accounting and M.B.A. from Rider College. He is also a licensed Certified Public Accountant, a Chartered Global Management Accountant, a member of the New Jersey Society of Certified Public Accountants and the American Institute of Certified Public Accountants, and serves on the boards of Fulton Financial Corporation and Life Sciences PA.

**Anthony Zezzo II, Executive Vice President, Business Unit Leader, Infectious Disease**

Mr. Zezzo has been the Company s Executive Vice President, Business Unit Leader, Infectious Disease since January 2017 and prior to that he served as Executive Vice President, Marketing and Sales since January 2011. From 2004 to December 2010, Mr. Zezzo was Vice President, North American Sales and Marketing at the Ortho-Clinical Diagnostics Division of Johnson & Johnson. Prior to that time, Mr. Zezzo held a series of sales and marketing positions of increasing responsibility within Johnson & Johnson. Mr. Zezzo received his B.A. in Political Science from Grove City College.

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**Brian Smith, Executive Vice President, Business Unit Leader, Molecular Solutions, DNA Genotek, Inc.**

Brian Smith has been the Executive Vice President, Business Unit leader, Molecular Solutions with the Company s subsidiary, DNA Genotek, Inc., since August 2017, and prior to that served as DNA Genotek s Vice President of Sales since January 2008. Prior to joining DNA Genotek, Mr. Smith was Director of Sales and Marketing for Telephonetics VIP plc, a UK speech recognition company. Previous positions include Vice President of Marketing at Cloakware Corporation (Ottawa), President of Ponte Communications (California), and executive positions at Entrust Technologies in both North America and Europe. Mr. Smith has a Bachelor of Commerce degree from McGill University with a major in Management Information Systems.

**Jack E. Jerrett, Senior Vice President, General Counsel and Secretary**

Mr. Jerrett has been the Company s Senior Vice President and General Counsel since February 2003 and served as Vice President and General Counsel since November 2000. He has also served as the Company s Secretary since February 2001. Prior to joining the Company, Mr. Jerrett worked as an Associate at Morgan, Lewis & Bockius and held positions of increasing legal responsibilities with companies in the transportation and energy industries. Mr. Jerrett received his B.S. in Accounting from Villanova University and his J.D. from the Villanova University School of Law. He is a member of the Pennsylvania Bar and the American and Pennsylvania Bar Associations.

**Michael Reed, Ph.D., Senior Vice President of Research and Development and Chief Science Officer**

Dr. Reed has been the Company s Senior Vice President, Research and Development and Chief Science Officer since April 2016. Prior to joining the Company, Dr. Reed spent eight years at Beckman Coulter, a global diagnostics and life sciences company within the Danaher Corporation, serving in a variety of leadership positions including Director of Global Assay and Applications Development for the Beckman Coulter Life Science business and Director of Scientific Affairs for the Cellular Analysis Business Group. Prior to his work at Beckman Coulter, Dr. Reed served as Director of Product Development with Osmetech Molecular Diagnostics (now called GenMark Diagnostics), a molecular diagnostics company. Dr. Reed received a Ph.D. degree in Biochemistry from the University of Adelaide (Australia) and a BSc. in Biochemistry from The Australian National University (Canberra, Australia). He also conducted post-doctoral research at the

Beckman Research Institute at the City of Hope in Duarte, California.

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**Mark L. Kuna, Senior Vice President, Finance, Controller and Assistant Secretary**

Mark L. Kuna has been the Company s Senior Vice President, Finance and Controller since September 2006, and served as Vice President and Controller since February 2003 and as Controller since February 2001. Mr. Kuna has also served as the Company s Assistant Secretary since May 2002 and provided accounting and financial analysis support since joining the Company in October 2000. Prior to that time, Mr. Kuna served as an accountant with Deloitte and Touche and held senior accounting and management positions with companies in the petrochemical, manufacturing, and telecommunications industries. Mr. Kuna received his B.S. in Accounting from the University of Scranton and is a licensed Certified Public Accountant, a Chartered Global Management Accountant, and a member of the Pennsylvania and American Institutes of Certified Public Accountants.

## TRANSACTIONS WITH RELATED PERSONS

Since January 1, 2017, there have been no transactions with related persons that would require disclosure in this Proxy Statement. The Audit Committee is required to review and approve in advance all transactions with related persons involving the Company. The Audit Committee may approve a related party transaction if the transaction is on terms comparable to those that could be obtained in arms length dealings with an unrelated third party. The Audit Committee also reviews any public disclosures of a related party transaction contained in our SEC filings. These responsibilities are described in the Audit Committee s charter, a copy of which is available on our website at www.orasure.com.

Information regarding employment and severance agreements between our executive officers and the Company is set forth in the Section entitled, Employment Agreements and Potential Payments Upon Termination or Change of Control, in this Proxy Statement.

## SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that our executive officers, Directors and persons who own more than ten percent of our Common Stock (collectively, Reporting Persons ) file reports of ownership and changes in ownership with the SEC. Reporting Persons are required by the SEC s regulations to furnish us with copies of all Section 16(a) forms they file.

As a matter of practice, our administrative staff assists each of the Reporting Persons who are employees and Directors of the Company in preparing initial reports of ownership and reports of changes in beneficial ownership and filing such reports with the SEC and the NASDAQ. Based solely on a review of the copies of forms filed by or on behalf of the Reporting Persons and on written representations (if any) from each of the Reporting Persons, we believe that all Reporting Persons complied on a timely basis with all applicable filing requirements with respect to the 2017 fiscal year, except for Brian Smith. A Form 3 for Mr. Smith, which was required when Mr. Smith became an executive officer of the Company in 2017, was inadvertently filed late due to administrative delays by the SEC in

issuing EDGAR filing codes for Mr. Smith.

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## COMPENSATION DISCUSSION AND ANALYSIS

### EXECUTIVE SUMMARY

#### Overview

This Compensation Discussion and Analysis, or CD&A, describes the material elements of the compensation of our NEOs and describes the objectives and principles underlying the Company s executive compensation program, the compensation decisions we have recently made under this program and the factors we considered in making these decisions.

Our NEOs for 2017 who are covered in this CD&A include:

| Name | Position during 2016 |
|---|---|
| Douglas A. Michels | President and Chief Executive Officer |
| Ronald H. Spair | Chief Financial Officer and Chief Operating Officer |
| Anthony Zezzo, II | Executive Vice President, Business Unit Leader, Infectious Disease |
| Brian Smith | Executive Vice President, Business Unit Leader, Molecular Solutions |
| Jack E. Jerrett | Senior Vice President, General Counsel and Secretary |

#### Our Performance in 2017

Our financial performance for 2017 represented another year of substantial improvement over the prior-year period, with record revenues and a third consecutive year of profitability. The following charts describe our consolidated financial performance during the last three fiscal years, expressed in dollars (thousands) and percentage growth from the prior year period.

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**2017 was another year of record financial performance for the Company and is the third consecutive year of profitability. Our 2017 consolidated net revenues were $167.1 million, a 30% increase over 2016. Our consolidated net income in 2017 was $30.9 million, or $0.51 per share, an improvement of $11.2 million ($0.16 per share) over 2016.**

**2017 Business Highlights in Detail**

Business highlights from 2017 and the principal factors driving our financial performance are summarized below:

- Consolidated net revenues were $167.1 million (30% increase over 2016), a new record level for our Company.
- Consolidated net product revenues increased 51% to $162 million in 2017.
- We reported a third consecutive year of profitability with consolidated net income of $30.9 million for 2017, or $0.51 per share on a fully-diluted basis. This represents an $11.2 million ($0.16 per share) improvement over 2016.
- We generated $28.2 million in cash from operations during 2017, compared to $24.6 million in 2016.
- Aggregate cash and cash equivalents totaled $176.6 million at year-end.
- Net molecular collection system revenues reached a new high of $75.1 million in 2017, a 133% increase over 2016.
- International sales of our OraQuick® HIV products grew 115% in 2017, largely due to strong demand for our OraQuick® HIV Self-Test.
- HCV product revenues increased 81% in 2016, reflecting a 156% rise in international sales of our OraQuick® HCV test.
- 2017 total stockholder return ( TSR ) determined by reference to a change in the value of the Company s Common Stock (based on the stock price) for the relevant measurements period was 114.8%.

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## 2017 NEO Compensation At a Glance

NEO compensation in 2017 was tied to the performance of both the executives and the Company, resulting in the following:

*Base Salary:* The base salaries paid to our management (including the NEOs) during 2017 increased from 2016 by 2.77% on average, with Mr. Michels receiving a 3.50% increase for the year over his 2016 base salary. Salary adjustments were based on the performance of each executive and the Company during 2016, the marketplace data provided to the Compensation Committee by its compensation consultant at the time, and our Company-wide salary merit increase budget of 3.0%. Additional detail on these salary adjustments is provided in the 2017 Base Salaries section, starting on page 41.

| NEO | 2016 Performance Rating | 2016 Salary | 2017 Salary | Change (%) |
|---|---|---|---|---|
| Douglas A. Michels | Above Target | $612,580 | $634,020 | 3.50% |
| Ronald H. Spair | Above Target | $480,244 | $497,053 | 3.50% |
| Anthony Zezzo II | Meets | $391,690 | $400,503 | 2.25% |
| Brian Smith[1] | Meets | $233,264 | $278,264 | N/A |
| Jack E. Jerrett | Meets | $353,010 | $360,953 | 2.25% |

[1] Mr. Smith received a 2.25% base salary raise and, as a result, his initial salary for 2017 was increased to $238,512. In August 2017, Mr. Smith was promoted from Senior Vice President, General Manager, to his current position and his salary was increased to $278,264. Mr. Smith s Canadian-based salary has been translated into U.S. dollars using the Canadian to U.S. Dollar exchange rate at December 31, 2017.

*Annual Incentive Bonuses:* Incentive cash bonus awards for 2017 performance ranged from 170% to 300% of target for the NEOs and for Mr. Michels was 300% of his target. The bonus amounts exceeded the applicable targets for each NEO primarily due to the financial performance of the Company during 2017, as described under the 2017 Business Highlights in Detail section, above. In approving these bonus awards, the Board also recognized the importance of broader Company performance such as TSR and considered the fact that our TSR for 2017 was 114.8%, a substantial improvement from the 36% increase in TSR in 2016. Bonus payments above target were approved because of the Board s belief that continuing annual financial improvement, and in particular the substantial improvement achieved in 2017, should be rewarded as a critical factor for delivering value to our stockholders. Additional detail on these bonus payments is provided in the 2017 Annual Incentive Cash Bonuses section, starting on page 43.

| | | | Actual 2017 Bonus Payments | | |
|---|---|---|---|---|---|
| NEO | 2017 Performance Rating | 2017 Target (% Salary) | ($) | (% Salary) | (% Target) |
| Douglas A. Michels | Above Target | 70% | $1,331,442 | 210% | 300% |
| Ronald H. Spair | Above Target | 50% | $683,448 | 137.5% | 275% |

| | | | | | |
|---|---|---|---|---|---|
| Anthony Zezzo II | Meets | 40% | $272,341 | 68% | 170% |
| Brian Smith[1] | Outstanding | 40% | $317,639 | 114% | 285% |
| Jack E. Jerrett | Meets/Exceeds | 35% | $290,567 | 80.5% | 230% |

[1] Mr. Smith s 2017 actual bonus payment was calculated using the Canadian to U.S. Dollar exchange rate effective on January 18, 2018.

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*Long-Term Incentive Awards:* Incentive equity awards were granted to NEOs in February 2017 based on performance during 2016. The value of the awards ranged from 75% to 225% of each executive s base salary as shown below. The NEOs received equity awards consisting of 50% performance-vested restricted units and 50% time-vested restricted stock. The total value of Mr. Michels award was 225% of his salary. Mr. Michels award was based on the Company s strong financial performance during 2016, as described under the 2017 Base Salaries section, starting on page 41.

| | 2016 | Target Range | | 2017 Awards | |
|---|---|---|---|---|---|
| NEO | Performance Rating | (% Salary) | | ($) | (% Salary) |
| Douglas A. Michels | Above Target | 150% | 250% | $ 1,378,310 | 225% |
| Ronald H. Spair | Above Target | 90% | 160% | $ 696,357 | 145% |
| Anthony Zezzo II | Meets | 75% - 125% | | $ 391,691 | 100% |
| Brian Smith[1] | Meets | 75% - 125% | | $ 225,386 | 100% |
| Jack E. Jerrett | Meets | 55% | 95% | $ 264,761 | 75% |

[1] The dollar value of Mr. Smith s 2017 Award was calculated using the Canadian to U.S. Dollar exchange rate effective on January 20, 2017.

Additional information regarding NEO compensation for 2017 is provided below in this CD&A and in the accompanying tables, including the Summary Compensation Table ( SCT ) set forth on page 53. The information provided below explains the basis for of the compensation paid to our executives considering our financial performance during 2016 and 2017.

## Pay for Performance

We follow a pay-for-performance approach in compensating executives. Our program pays executives for performance by rewarding the achievement of predetermined financial and other performance objectives.

A significant portion of each NEO s compensation is paid out in variable and long-term compensation that is intended to align such compensation with the long-term interests of our stockholders. Both our annual and long-term compensation are tied to the Company s overall performance in a variety of ways, including our financial results and share price performance. A further discussion of our pay mix for the NEOs is set forth in the Pay Mix section, starting on page 39.

An important feature of our compensation program is the use of performance targets to incentivize management to achieve improved financial results on a year-to-year basis. We believe continuous revenue growth and sustained and increasing profitability are key factors for increasing the price of our Common Stock and delivering long-term value for our stockholders.

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The use of performance targets to drive growth is clearly illustrated by the annual bonus plan established each year. As described further in this CD&A, annual financial objectives are established in order to determine the amount of pool funding available to pay individual bonus awards each year. When establishing these objectives, the Board and Compensation Committee generally select targets that, if achieved, will result in improved financial performance on an annual basis, consistent with our business plans. Set forth below are the Target performance levels (dollars in millions) that were used to determine pool funding in our bonus plans for the three-year period 2015-2017. These targets provided an important incentive for the significantly improved financial performance over that period, as shown on pages 28-29.

| | Annual Bonus Plan Targets | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| Consolidated Net Revenue | $121.7 | $126.3 | $137.7 |
| Operating Income | $5.5 | $12.3 | $23.3 |

Beginning in 2016, we adopted a new policy of granting annual equity awards to executives that consist of 50% performance-vested restricted units and 50% time-vested restricted stock. The performance units will only vest if (i) the NEO remains employed by the Company for three years following the date of grant and (ii) the performance criteria determined by the Committee and Board are met. The time-vested restricted stock portion of the award vests in equal annual installments over the three-year period following the grant date, subject to the NEO s continued employment by the Company.

For each award of performance-vested restricted units granted in 2017, one-half of such units will be earned based on the achievement of a compound annual growth rate ( CAGR ) target for consolidated product revenues for the three-year period 2017-2019 and the remaining half will be earned based on achievement of a one-year earnings per share ( EPS ) target for the fiscal year 2017. The three-year product revenue CAGR target reflects a blending of projected growth taken from our internal long-range plan and growth rates contained in several published market research growth forecasts for the medical diagnostics and molecular testing markets. The one-year EPS target represents the Company s projected net income for 2017 as indicated in our 2017 budget or operating plan. Under the terms of the grant, award recipients may receive additional units, above the initial number awarded in 2017, if we exceed the performance criteria. If we achieve less than 80% of a performance target, the units relating to such performance target will not vest.

We believe the performance targets and three-year service period of these performance-vested equity awards complement the short-term incentives in our annual bonus plans. We also believe the combination of the structure of our annual bonus plan and the structure of our equity award policy will incentivize management to deliver substantially improved financial performance both on an annual basis and over a longer term period and help drive long-term growth in stockholder value.

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**Realizable Pay vs. TSR**

To ensure that we are adhering to a pay-for-performance approach, we evaluated the degree of alignment between our CEO s total realizable pay versus our TSR over the prior three fiscal years (2015 to 2017) relative to our Peer Group. We have adopted this approach to ensure our compensation program is operating as intended and to respond to stockholder feedback we previously received on our executive compensation. The graph below shows the comparison of three-year TSR and realizable pay relative to our Peer Group. We provide further detail regarding the companies in our Peer Group in the Benchmarking section of this CD&A.

Realizable pay includes base salary, incentive cash bonus and all other compensation reported in the Summary Compensation Table. Realizable pay also includes the value of equity awards using each company s closing stock price on December 29, 2017. Restricted stock and restricted unit awards are valued by multiplying the number of shares granted (at the target level in the case of restricted units) by the closing stock price on December 29, 2017. Option awards are valued as the difference between the closing stock price on December 29, 2017 and the exercise price multiplied by the number of option shares granted during the period. An option award with an exercise price greater than the closing stock price on December 29, 2017 is valued at $0.

As the graph indicates, there is a close relationship between our TSR performance and the realizable pay for our CEO, Mr. Michels, relative to the relationship seen in our Peer Group. This analysis confirms the strong link between pay and performance embedded in our compensation program.

**Realizable Pay vs. SCT Compensation**

As described further below, we believe long-term equity awards are a key incentive for our executives to drive the Company s long-term growth and align the interests of our executives with those of our stockholders. The Summary Compensation Table includes the estimated value of long-term incentive equity awards at the time of grant based on the accounting valuation determined under ASC 718. The actual value of these awards that may be realizable by our executives may vary from the estimates depending on the Company s financial and stock performance and often differs significantly from what is reported in the Summary Compensation Table.

A comparison of the realizable value of long-term equity incentive awards as of December 29, 2017 against the values reported in the Summary Compensation Table indicates how compensation outcomes may be impacted

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by our performance. Such a comparison also shows the degree of alignment between our stock performance and the level of compensation provided to executives.

The table below compares the compensation values reported in the Summary Compensation Table and the value of realizable pay ( RP ) for the compensation awarded during the three-year period 2015 to 2017 for our CEO, Mr. Michels.

**Mr. Michels realizable pay for the three years 2015 2017 of $15.5 million is 84% higher than his SCT compensation opportunity for the same period. This shows a strong link between pay and performance as our TSR over the three year period approximated the 75th percentile of our peers.**

**Pay vs. Other Company Measures of Performance**

While TSR is a common measure of performance that is often used to evaluate a company s compensation practices, we consider other performance measures to be, at times, more reflective of the success of our business. It is important to recognize that our TSR can be extremely volatile, as evidenced by the substantial movements in our stock price during the past several years. Our TSR can be, and often is, influenced by a variety of macro-economic factors that are outside the control of our executives. Specifically, in 2013 our stock price declined 12%, but rose 61% in 2014. Our stock price declined again by 36.5% in 2015 and rose 36% in 2016. More recently, our stock price rose 114.8% in 2017. These price changes are not solely tied to our underlying financial performance. For example, our stock price declined in 2015 even though we achieved record financial performance with substantial growth and full year profitability that year. During this period, our stock price was also affected by market factors unrelated to our performance.

As a result, while our executive compensation opportunities do not follow a linear relationship with TSR, the pay realizable to our executives (as noted above for our CEO) should and does demonstrate a clear relationship with both TSR and financial results. We have tried to align our executive compensation with performance results that are part of our overall business strategy that we believe will drive stock price improvement and increased value for our stockholders over the longer term. For example, in past years we have had a number of first-of-their-kind achievements in the diagnostics field. Specifically, we developed and commercialized the first and only rapid HCV test in the United States along with the first ever rapid in-home HIV test. We successfully completed the acquisition of DNA Genotek in late 2011, providing us with an entrance into the high growth molecular diagnostics field. This acquisition is now contributing strong growth to our business and accounted for 45% of our 2017 consolidated net revenues. During 2016 and 2017, we expanded the reach of our core HIV and HCV product lines with significant growth in international markets. These achievements are the primary reasons for our profitability in 2015, 2016 and

2017 and our overall strong and continually improving financial performance for the past three fiscal years.

When establishing and evaluating our executive compensation program generally, and performance-based incentive plans in particular, we believe that TSR alone will not always immediately account for the value of our accomplishments and, in many cases, it may take time for the impact of our strategic and other accomplishments to

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be fully reflected in the value of our stock. Thus, while obviously important, TSR is only one of several factors we consider in making compensation decisions for our executives.

**Say-on-Pay Results in 2017 and the Company s Response**

At our 2017 Annual Meeting, stockholders were asked to vote on an advisory (non-binding) basis on the compensation paid to our NEOs for 2016. We obtained strong stockholder support for our NEO compensation for 2016 with approximately 96.6% of stockholder votes cast in favor of our say-on-pay or SOP resolution. Even with this overwhelmingly positive response, we continued our outreach effort that had been initiated in response to prior SOP votes to contact certain of our major stockholders in order to continue to understand their concerns regarding our compensation practices. We also contacted both ISS Proxy Advisory Services ( ISS ) and Glass Lewis & Co. ( Glass Lewis ), two leading proxy advisory firms, in order to solicit their views on these issues. Overall, we contacted stockholders who, in the aggregate, beneficially held over 50% of our outstanding Common Stock. As a general matter, our stockholders indicated that they saw no need to meet with us although many had done so in the past. We believe these stockholders declined our invitation because they are generally supportive of our executive compensation practices. As a result, we made no further changes to our executive compensation program following the SOP vote at the 2017 Annual Meeting.

We believe our stockholder engagement has been and continues to be beneficial for the Company and our stockholders. The feedback received, including the indicated lack of interest in meeting following our 2017 SOP vote results, reaffirms that the compensation changes made in recent years were responsive to stockholder concerns and our executive compensation is strongly aligned with performance. The Board intends to continue ongoing dialogue with our stockholders to ensure our executive compensation programs are well understood by all stakeholders and that we continue to be responsive to stockholder concerns.

**Compensation Governance Practices**

We are committed to maintaining good corporate governance and practices. As a result, and in response to input from stockholders, the Compensation Committee and Board have adopted a number of changes over the past years to specifically respond to stockholder concerns and better align our compensation program with performance. The most significant of these changes was the adoption of performance-vested restricted units for 50% of the value of annual long-term equity awards for our executives. These changes and other aspects of our compensation practices are summarized below:

**Performance Mix** The vast majority of our NEOs compensation is performance-based. For example, approximately 81% of Mr. Michels 2017 compensation consisted of an incentive cash bonus and long-term incentive equity awards, which are awarded based on Company performance. For the other NEOs, 67% of their aggregate 2017 compensation consisted of performance-based compensation.

**Diversified and Performance Based Portfolio** Our executive compensation consists of a mix of cash/equity, fixed/variable and short-term/long-term compensation. Equity awards consist of 50% performance-vested restricted

units and 50% time-vested restricted stock.

**Performance Vested Equity** 50% of our NEOs annual equity awards consist of performance-vested restricted units that will not vest until three years after the grant date and only if certain performance measures are met during the three-year period.

**Long-Term Focus** Equity awards are subject to long-term vesting requirements, with restricted shares vesting over 3 years. Performance vested restricted units also vest after 3 years. Structuring our equity awards in this manner helps align the interests of our executives with the long-term interests of our stockholders.

**Threshold Bonus Objectives** Threshold financial performance objectives for annual bonus pool funding are set at levels that meet or exceed the Company s actual financial performance for the prior fiscal year. Target financial performance objectives generally increase or improve each year and thereby help drive improved financial performance on a year-over-year basis.

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**Limited Bonus Pool Discretion** The aggregate bonus pool funding for annual cash bonuses is determined pursuant to a plan funding formula tied to the Company s achievement of specific financial objectives. The Board and Compensation Committee can make discretionary adjustments to the pool, but such an adjustment is limited to +/ 10% of the pool amount determined under the plan s self-funding formula.

**Multiple Performance Metrics** Variable compensation is based on a combination of corporate and individual performance measurements to help ensure balanced incentives for executives.

**Employment Agreement Policy** Employment agreements with our NEO s do not provide for a 280G income tax gross up and our CEO s employment agreement provides for double trigger change in control severance rather than a single trigger change in control severance used for other executive employment agreements. This policy was recently followed in structuring the employment agreement with Stephen S. Tang, who will become the Company s new President and CEO on April 1, 2018.

**Strong Stock Ownership and Retention Conditions** We have implemented stock ownership requirements of six (6) times salary for our President and CEO, two (2) times salary for our CFO/COO and one (1) times salary for other NEOs.

**Prudent Benchmarking** The total compensation paid to executives is targeted at the 50th percentile of a peer group of comparable companies based on achievement of performance objectives. We use a Peer Group consisting of companies in the medical diagnostic and healthcare industries comparable in size to the Company based on total revenues and market value.

**Tally Sheets** The Compensation Committee reviews tally sheets as part of making individual compensation decisions.

**Independent Compensation Consultants** The Compensation Committee regularly utilizes independent compensation consultants to provide compensation advice, including competitive assessments of our program

compared to compensation paid to executives at the Peer Group of comparable medical diagnostic and healthcare companies. During 2017, the Compensation Committee engaged Pay Governance as its independent consultant.

**Recoupment Policy** The Company maintains a compensation recoupment or clawback policy, under which we will seek to recover excess compensation paid to our executives if our financial statements are restated due to misconduct by that executive.

**No Repricing** Our LTIP prohibits both the repricing and repurchase of under-water stock options or other equity awards without stockholder approval.

**No Perquisites** We do not provide executives with any perquisites that are not offered to all employees of the Company.

**Risk Review Process** We regularly assess the risks associated with our compensation programs.

**No Hedging** Our policy prohibits Directors and NEOs from engaging in hedging activities with our stock.

**No Pledging** Our Directors and NEOs are not permitted to pledge our stock.

**Confidentiality/Non Compete Agreements** Our NEOs are subject to confidentiality and non-compete agreements.

**Compensation Risk Assessment**

Management periodically conducts a risk assessment of the Company s compensation policies and practices, including its executive compensation program. In its review, management considers the attributes of the Company s policies and practices and other factors, including:

The mix of fixed and variable compensation opportunities;

The balance between annual and long-term performance opportunities;

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The corporate and individual performance objectives established for annual and long-term incentive compensation;

The internal controls and procedures in place to mitigate risks facing the Company, including the Company s clawback policy and stock ownership guidelines; and

The risk that unintended consequences could result from various aspects of the Company s compensation policies and practices.

Based on its review and assessment, management believes that the Company s policies and practices are designed with the appropriate balance of risk and reward in relation to the Company s overall business strategy and do not incentivize employees to take unnecessary or excessive risks. The Company has also concluded that any risks arising from the Company s compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

## COMPENSATION PHILOSOPHY

The primary objectives of our compensation program for executive officers are to:

Set compensation opportunities at levels sufficient to attract and retain high quality executives, to motivate them to contribute to our success and to reward them for performance.

Ensure the compensation opportunities provided align the interests of executives with the interests of our stockholders.

Focus our executives on both short and longer-term individual and Company priorities established by the Board and appropriately reward them for performance against these objectives.

The total direct compensation provided to each executive consists of an annual base salary, annual incentive cash bonuses and long-term incentive equity awards. The amount of the incentive cash bonuses and the size of annual incentive equity awards are variable and depend on an executive s and the Company s achievement of predetermined financial and other objectives. As a result, a substantial portion of each executive s annual compensation is based on performance.

**BENCHMARKING**

We believe it is useful to regularly compare our compensation program against compensation paid to executives at other comparable medical diagnostic and healthcare companies. With the assistance of Pay Governance, an independent compensation consultant engaged by the Compensation Committee, an updated Peer Group of companies was selected using criteria based on industry, revenues and market capitalization and a competitive assessment of our executive compensation was prepared.

The Compensation Committee seeks to set total direct compensation opportunity levels for each executive near the fiftieth ($50^{th}$) percentile of amounts paid by the Peer Group of companies for performance consistent with the Company s target financial and other business plans for the applicable year. Use of the fiftieth ($50^{th}$) percentile is intended as a market-based reference and not as an absolute target. As a result, the total direct compensation opportunity and the value of specific compensation components for individual executives may fall below or exceed the fiftieth ($50^{th}$) percentile depending on the individual performance of the executive, the criticality of his or her role, the executive s contribution to our business, and other factors.

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The following provides information about the Peer Group used by the Compensation Committee for benchmarking purposes in setting executive compensation and how we compare to these companies (all dollars in millions):

**In Millions**

| Peer Company | FY 2017 Revenue[1] | 12/31/17 Market Capitalization | Business[2] |
|---|---|---|---|
| Abaxis, Inc. | $227 | $1,124 | Healthcare Equipment |
| Anika Therapeutics, Inc. | $113 | $ 790 | Healthcare Supplies |
| AtriCure, Inc. | $175 | $ 629 | Healthcare Equipment |
| Atrion Corporation | $147 | $1,168 | Healthcare Supplies |
| Cardiovascular Systems, Inc. | $205 | $ 808 | Healthcare Equipment |
| Endologix, Inc. | $181 | $ 446 | Healthcare Supplies |
| Enzo Biochem, Inc. | $108 | $ 382 | Life Sciences Tools and Services |

| | | | |
|---|---|---|---|
| Fluidigm Corporation | $102 | $ 228 | Life Sciences Tools and Services |
| Genomic Health | $341 | $1,190 | Biotechnology |
| Harvard Bioscience, Inc. | $102 | $ 115 | Life Sciences Tools and Services |
| Lantheus Holdings, Inc. | $331 | $ 767 | Healthcare Supplies |
| Luminex Corporation | $307 | $ 868 | Life Sciences Tools and Services |
| Meridian Bioscience, Inc. | $201 | $ 592 | Healthcare Supplies |
| NeoGenomics, Inc. | $259 | $ 712 | Life Sciences Tools and Services |
| Quidel Corporation | $278 | $1,474 | Healthcare Supplies |
| RTI Surgical, Inc. | $280 | $ 249 | Healthcare Supplies |
| STAAR Surgical Company | $ 91 | $ 638 | Healthcare Supplies |

**FY 2017 Revenue[1]**

| | | 12/31/17 Market Capitalization |
|---|---|---|
| 25th Percentile | $113 | $ 446 |
| **Median** | **$201** | **$ 712** |
| 75th Percentile | $278 | $ 868 |
| **OraSure Technologies, Inc.** | **$167** | **$1,144** |

Source: Standard & Poors Capital I.Q.

[1] Reflects revenue reported for fiscal year 2017.
[2] Reflects Global Industry Classification Standard sub-industry designation.

In preparing its 2017 competitive assessment of executive compensation, Pay Governance compared the compensation of our NEOs with a 50/50 blend of proxy data from the Peer Group and data for each NEO position from the 2017 Radford Global Life Sciences Survey. Since compensation market data can be volatile from year to year, the Compensation Committee believes a blend of specific Peer Group proxy data and broader survey data better reflect market trends. Based on this analysis, Pay Governance reached the following conclusions:

- With some variation by individual executives, the target total direct compensation ( TDC ) for our NEOs is aligned with market median levels.
- Despite aggregate TDC alignment, our LTIP equity targets for several executives is below median and may warrant adjustment.
- NEO average pay mix is generally higher with respect to base salary, but lower than the market median for LTIP equity targets.

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Based on its review of the Pay Governance assessment, the Compensation Committee decided not to make any changes to our executive compensation program.

**PAY MIX**

We follow a pay-for-performance approach to executive compensation, with a significant portion of our executives compensation consisting of annual incentive cash bonuses and long-term incentive equity awards that are based on the executives and the Company s achievement of predetermined performance objectives.

The following illustrates the relative proportion of 2017 base salaries, and the performance-based compensation consisting of incentive cash bonuses and long-term incentive equity awards, for Mr. Michels and the other NEOs, respectively:

**Approximately 81% of Mr. Michels aggregate compensation and 67% of the other NEOs aggregate compensation for 2017 consisted of variable or performance-based compensation.**

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## 2017 EXECUTIVE COMPENSATION COMPONENTS

### Overview

Our compensation program consists of the following components:

| Compensation | Form of Compensation | Purpose |
|---|---|---|
| Base Salary | Cash | Base salaries provide fixed compensation necessary to attract and retain key executives. Salary levels are established for each position based on role responsibilities, position criticality, experience and competitive market data, with annual adjustments tied to performance and market changes as appropriate. |
| Annual Incentive Bonus Awards | Cash | Annual incentive bonus awards provide performance-based incentives to our executives to achieve both Company-wide financial and strategic goals and the executives individual performance objectives. Targets for individual bonuses are set at levels consistent with those offered in the marketplace. The Board s authority to make discretionary adjustments to bonus pool funding is limited to +/- 10% of the pool amount otherwise determined under the incentive plan formula. |
| Long-Term Incentive Awards | Performance-Vested Restricted Units and Time-Vested Restricted | The largest component of our executive compensation is paid in equity. Executive LTIP awards consist of 50% performance-vested restricted units and 50% time-vested restricted stock in order |

| | | |
|---|---|---|
| | Stock | to provide a strong link between pay and performance. The size of annual equity awards is determined by the Compensation Committee based on market data and prior year Company and individual performance. |
| Benefits | 401(k) Plan<br>Health and Welfare Benefits | Retirement and health and welfare benefits provide a complete compensation package that is competitive with the market and addresses the needs of all employees and their families, including our executives. |
| Employment Agreements | Cash severance and accelerated equity vesting | Severance and accelerated equity vesting are provided to our executive officers in order to ensure they are not distracted by the possibility of termination in the event of a change of control and to encourage continued focus on the strategic matters of the Company. |

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## Compensation Components in Detail

*2017 Base Salaries*

The Compensation Committee believes that competitive salaries must be paid in order to provide fixed compensation necessary to attract and retain key executives. Each year, the Compensation Committee evaluates and determines the annual base salaries for the NEOs. The Compensation Committee considers the Company s overall performance in establishing salaries for the CEO and CFO/COO and the annual performance evaluations prepared by the CEO for all other NEOs. The Compensation Committee also considers the Company s budget for expected salary adjustments, salary levels paid at the Peer Group companies and any recommendations that may be made by a compensation consultant engaged to assist the Compensation Committee. An executive s annual salary adjustment will tend to be at the higher end of the range budgeted by the Company if the executive receives a performance rating of Meets Expectations or better and such executive s pre-adjustment salary level is below the 50th percentile for his or her position at the Peer Group companies.

Annual base salaries paid in 2017 to our NEOs were established by the Compensation Committee at the beginning of 2017 based on a review of the Company s performance during 2016, an evaluation of the individual contributions of each officer (other than Messrs. Michels and Spair as described below) compared to pre-established performance objectives for 2016 and the most recent review of the competitive data and recommendations provided by the compensation consultant retained by the Compensation Committee.

Based on these factors, the Compensation Committee approved an annual base salary increase for our management (including the NEOs) averaging approximately 2.77%. This compares with our Company-wide salary increase budget of 3.0%. In order to reflect the Company s performance and each executive s contributions, and to equitably move salaries towards the fiftieth (50th) percentile of amounts paid by the Peer Group companies or maintain them at approximately that level, the Compensation Committee used the following guidelines to assist in determining annual base salary increases.

| Performance Rating | Merit Increase Range |
|---|---|
| Outstanding | 5.0% - 7.0% |
| Exceeds Requirements | 3.0% - 4.0% |
| Meets Requirements | 2.0% - 2.5% |
| Does Not Consistently Meet | 1.0% 1.5% |
| Does Not Meet Requirements | 0% |

In establishing NEO base salaries for 2017, the Compensation Committee recognized our substantially improved financial performance for 2016, including a record $128.2 million in consolidated net revenues (a 7% increase over 2015) and $19.7 million in consolidated net income (an $11.5 million improvement over 2015). In addition, the Compensation Committee considered the following other factors:

Our 36% positive TSR for 2016.

The $24.6 million in cash generated from operations, compared to $15.8 million in 2015.

The record level of HCV product revenues of $14.1 million, a 24% increase over 2015.

The $32.2 million in molecular collection systems revenues, which represented an 8% improvement over 2015.

The progress made in developing a new OraQuick® rapid Zika test, including the securing of up to $16.6 million in federal funding for this product.

The substantial expansion of our international business, including an $18 million product supply agreement with a foreign-government and increased sales of our OraQuick® HIV Self-Test internationally.

The extensive review of multiple business development opportunities by management.

The maintenance of strong relationships with our investors.

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Although the Compensation Committee generally uses the performance rating labels mentioned above (i.e., Meets Expectations, Exceeds Expectations, etc.), it decided that those labels should not be used for Messrs. Michels and Spair. Given the senior positions of Messrs. Michels and Spair, the Compensation Committee believes it is more appropriate to evaluate these executives based on the overall performance of the Company. As a result, the Compensation Committee approved the following 2017 salary adjustments for Mr. Michels and the other NEOs:

| NEO | 2016 Performance | 2016 Performance Rating | 2016 Salary | 2017 Salary | % Increase |
|---|---|---|---|---|---|
| Douglas A. Michels<br>President and Chief Executive Officer | Strong corporate performance, including record revenues and improved profitability, as described above. | Above Target[1] | $612,580 | $634,020 | 3.50% |
| Ronald H. Spair<br>Chief Financial Officer and Chief Operating Officer | Strong corporate performance, including record revenues and improved profitability, as described above. | Above Target[1] | $480,244 | $497,053 | 3.50% |
| Anthony Zezzo II<br>Executive Vice President, Business Unit Leader, Infectious Disease | Substantial achievement of overall sales goals.<br>24% growth in HCV product sales.<br>Substantial expansion of international sales of HCV product and HIV self-test.<br>Oversight of sales and marketing functions. | Meets | $391,690 | $400,503 | 2.25% |

| | | | | | |
|---|---|---|---|---|---|
| | Contribution to development of updated corporate strategy. | | | | |
| Brian Smith<br><br>Executive Vice President, Business Unit Leader, Molecular Solutions | Achievement of overall sales goals.<br><br>8% growth in molecular collection systems revenues.<br><br>6% increase in genomic sales to commercial and academic customers.<br><br>$1.1 million of microbiome sales, which more than doubled from prior year. | Meets | $233,264 | $278,264 | N/A[2] |
| Jack E. Jerrett<br><br>Senior Vice President<br><br>and General Counsel | Leadership in directing the Ancestry litigation and resolution of other claims and disputes.<br><br>Leadership in negotiating new credit facility.<br><br>Assistance in evaluating various business development opportunities.<br><br>Assistance on numerous important commercial matters.<br><br>Ongoing advice and counsel to the Board and senior management. | Meets | $353,010 | $360,953 | 2.25% |

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[1] Assessment based on overall corporate performance during 2016.

[2] Mr. Smith received a 2.25% base salary raise and, as a result, his initial salary for 2017 was increased to $238,512. In August 2017, Mr. Smith was promoted from Senior Vice President, General Manager, to his current position and his salary was increased to $278,264. Mr. Smith s Canadian-based salary amounts have been translated into U.S. Dollars using the Canadian to U.S. Dollar Exchange rate at December 31, 2017.

*2017 Annual Incentive Cash Bonuses*

Annual cash bonuses are included as part of executive compensation because the Compensation Committee believes that a significant portion of each executive s compensation should be structured as a variable incentive focused on short-term priorities related to both the overall performance of the Company and the individual contributions of the executive. On an annual basis, the Compensation Committee has adopted, with approval of the Board, an incentive plan (the Incentive Plan ), which is intended to be the principal vehicle for incentive cash bonus awards.

If the Company meets all the Target levels, the pool is initially funded at 100% of the aggregate bonuses for all participants in the Incentive Plan adjusted to reflect a normal range or mix of performance assessments (i.e. Outstanding, Exceeds, Meets, Does Not Meet), which increases or decreases the total amount of individual bonuses to be paid to participants. The pool is initially funded at 50% of the aggregate projected bonuses if all of the Threshold levels are met and at 150% if all of the High levels are met. If the Company achieves a Maximum performance level, the pool can be initially funded up to 200% of the aggregate projected bonuses. A linear interpolation of the amount of funding for each objective is made where a particular performance is in between the pre-established performance levels. To the extent a performance level is below the Threshold objective, generally there is no funding for that particular item unless the Compensation Committee or Board determines, in its limited discretion, that some funding is warranted to recognize extraordinary circumstances.

The amount of the cash bonus pool is determined by the Compensation Committee and recommended for Board approval. The Compensation Committee and Board also retain discretion to increase or decrease the size of the pool in order to reflect differences in the mix of actual performance assessments of the participants or market conditions affecting the Company or other factors. However, the Compensation Committee and Board have limited their ability to make discretionary bonus pool adjustments to +/- 10% of the pool size otherwise determined pursuant to the formula under the Incentive Plan. The cash bonus pool is used to pay bonuses not only to the Company s NEOs, but also to all other officers and certain higher-level employees of the Company and all employees of its subsidiary, DNA Genotek.

Individual payments from the bonus pool to executives are calculated using a formula that considers the size of the bonus pool, the executive s achievement of individual performance objectives (except in the case of Messrs. Michels and Spair, as described below), the number of individuals participating in the plan at the time bonuses are awarded and the executive s target bonus percentage. Bonuses are paid, based on an assessment of each executive s performance for the applicable year, using targets expressed as a percentage of the executive officer s annual base salary.

If an executive officer has met or exceeded his or her individual performance objectives and/or the Company s expectations for the applicable year, he or she may be eligible to receive up to 150% of his or her target bonus, depending on the size of the bonus pool. The Compensation Committee and Board retain the discretion to adjust an individual executive s performance evaluation and to increase or decrease the bonus paid to such individual to reflect the specific contributions of that executive, the Company s overall performance, market conditions or other circumstances.

The Compensation Committee recommends for Board approval any bonus award for the CEO and the CFO/COO based on an assessment of the Company s overall performance. The CEO recommends individual awards for the other executive officers for approval by the Compensation Committee based on an assessment of each executive s performance against his or her applicable individual performance objectives. The Compensation Committee and Board have the right, in their sole discretion, to reject any or all of the recommended bonus awards,

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even if the bonus pool has been funded and any or all applicable performance criteria have been satisfied, based on the business conditions of the Company or other factors deemed relevant by the Compensation Committee or Board.

Under the 2017 Incentive Plan, the Compensation Committee established performance levels for two equally weighted financial objectives to be used to fund the bonus pool. The Threshold financial objectives in the 2017 Incentive Plan reflected our actual performance for 2016. The Target levels reflected our annual budget or operating plan for 2017 and represented strong revenue growth and improved profitability compared to 2016. The High and Maximum levels reflected 105% and 110% of our Target consolidated net product sales for 2017, respectively, and 100% of Target for all other revenues for 2017.

The following table summarizes the 2017 Incentive Plan performance objectives (dollar amounts in millions):

| Financial Objective/Weight | Threshold | Target | High | Maximum |
|---|---|---|---|---|
| Consolidated Net Revenues (50%) | $128.2 | $137.7 | $144.3 | $150.9 |
| Consolidated Net Operating Income (50%) | $ 20.3 | $ 23.3 | $ 25.6 | $ 27.9 |
| Incentive Plan Pool Funding (% of Target) | 50% | 100% | 150% | 200% |

In establishing the 2017 Incentive Plan, the Compensation Committee decided on a 50%/50% weighting for the revenue and operating income objectives. The Compensation Committee believed an equal weighting provided an appropriate balance of incentives for both top and bottom line financial performance. The following sets forth the weighting and potential bonus pool funding for both objectives at each performance level (after application of the performance distribution factor mentioned above) established under the 2017 Incentive Plan, based on the participants covered by the Plan at year-end:

| Objective | Weight | Threshold | Target | High | Maximum | Actual |
|---|---|---|---|---|---|---|
| Consolidated Net Revenues | 50% | $ 661,000 | $ 1,322,000 | $ 1,980,000 | $ 2,643,000 | $ 2,643,000 |
| Consolidated Net Operating Income | 50% | $ 661,000 | $ 1,322,000 | $ 1,980,000 | $ 2,643,000 | $ 2,643,000 |
| Potential Total Pool Funding | | $ 1,322,000 | $ 2,643,000 | $ 3,960,000 | $ 5,286,000 | $ 5,286,000 |

During 2017, we reported consolidated net revenues totaling $167.1 million, which exceeded the Maximum performance level of $150.9 million for this objective, resulting in funding of $2.643 million. The Company s 2017 consolidated net operating income was $40.2 million. This amount exceeded the Maximum performance target of $27.9 million for this objective, resulting in funding of $2.643 million for that target. As a result, the aggregate pool funding under the 2017 Incentive Plan was calculated to be $5.286 million.

Although the pool funding was initially calculated at $5.286 million, the Committee decided to increase the pool amount by 10%, the maximum allowed by the 2017 Incentive Plan, resulting in total pool funding of $5.815 million. The Committee believed this adjustment was appropriate in light of the Company s outstanding financial performance for 2017, the fact that we had substantially exceeded the Maximum performance levels for both consolidated net revenues and consolidated net operating income established under the 2017 Incentive Plan, and our strong TSR for 2017.

The final bonus pool amount was approved by the full Board and used to pay bonuses to the Company s NEOs and other members of our management team. The specific target payouts for NEO bonuses (expressed as a percentage of annual base salary) are shown below:

| Title | Target Payouts |
|---|---|
| Chief Executive Officer | 70% |
| Chief Financial Officer and Chief Operating Officer | 50% |
| Executive Vice President | 40% |
| Senior Vice President | 35% |

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In January 2018, the Compensation Committee authorized the payout of individual bonus awards to executive officers from the bonus pool for 2017, based on the target bonus amounts described above and an assessment of each officer s performance during 2017 against pre-established performance objectives (except for Messrs. Michels and Spair where assessments were based on Company performance). The calculation of individual bonus awards was based on a formula that adjusted the foregoing target payments for both the executives individual performance during 2017 and the degree to which the final approved bonus pool funding exceeded Target under the plan funding formula.

In evaluating Mr. Michels and the Company s performance, the Compensation Committee recognized that our $167.1 million in consolidated net revenues for 2017 represented a 30% increase over 2016 and that our consolidated net income of $30.9 million, or $0.51 per share, represented an $11.2 million or $0.16 per share improvement over 2016. The Compensation Committee further recognized the substantial growth in our molecular collection systems business in 2017 and the strong performance of our infectious disease business as a result of substantial growth in HCV and HIV self-test revenues. A final factor considered by the Compensation Committee was the 114.8% increase in our TSR for 2017.

In view of the foregoing factors, the Compensation Committee determined that Messrs. Michels and Spair should receive above-target bonuses for 2017. The remaining NEO s were evaluated based on their 2017 performance against individual objectives established for their respective positions. Using these performance ratings, the Compensation Committee developed individual performance factors to adjust the target bonuses for Mr. Michels, the other NEO s and the other participants in the 2017 Incentive Plan to reflect their performance assessments for 2017. As a final step, the Compensation Committee adjusted the target bonuses further by a pool funding factor reflecting the amount by which pool funding exceeded Target under the plan formula.

Using the approach described above, a final 2017 incentive cash bonus of $1,331,442 was calculated for Mr. Michels, as follows:

| 2017 Base Salary | | Target Bonus % | | 2017 Individual Performance Factor | | 2017 Pool Funding Factor | | 2017 Bonus |
|---|---|---|---|---|---|---|---|---|
| $634,020 | X | 70% | X | 150% | X | 200% | = | $1,331,442 |

This same formula was used to calculate the 2017 bonus awards for all NEOs, as follows:

**2017 Bonus Payments**

| NEO | 2017 Salary | Bonus Target (% salary) | 2017 Performance Assessment and Rating | Individual 2017 Performance Factor | 2017 Pool Funding Factor | 2017 Bonus |
|---|---|---|---|---|---|---|
| Douglas A. Michels President and Chief Executive Officer | $ 634,020 | 70% | Above Target[1] | 150% | 200% | $ 1,331,442 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Strong corporate performance, including record revenues and substantially improved profitability, as described above. | | | | |
| | | | Above Target[1] | | | | |
| Ronald H. Spair Chief Financial Officer and Chief Operating Officer | $ 497,053 | 50% | Strong corporate performance, including record revenues and substantially improved profitability, as described above. | 137.5% | 200% | $ | 683,448 |

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| NEO | 2017 Salary | Bonus Target (% salary) | 2017 Performance Assessment and Rating | Individual 2017 Performance Factor | 2017 Pool Funding Factor | 2017 Bonus |
|---|---|---|---|---|---|---|
| Anthony Zezzo II Executive Vice President, Business Unit Leader, Infectious Disease | $ 400,502 | 40% | Meets<br>Mixed achievement of sales goals.<br>81% growth in HCV product sales including a 156% increase in international sales.<br>115% increase in international sales of HIV self-test.<br>Oversight of sales and marketing functions. | 85% | 200% | $ 272,341 |
| Brian Smith[2] Executive Vice President, Business Unit Leader, Molecular Solutions | $ 283,606 | 40% | Outstanding<br>Substantially exceeded sales goals.<br>133% increase in net molecular collection revenues, compared to 2016.<br>197% growth in genomics sales to commercial accounts, compared to 2016.<br>207% increase in microbiome revenues, compared to 2016. | 140% | 200% | $ 317,639 |
| Jack E. Jerrett Senior Vice President and General Counsel | $ 360,953 | 35% | Meets/Exceeds<br>Leadership in settling Ancestry litigation and resolution of other claims and disputes. | 115% | 200% | $ 290,567 |

| | |
|---|---|
| | Assistance in evaluating various business development opportunities.<br><br>Assistance on numerous important commercial matters.<br><br>Ongoing advice and counsel to the Board and senior management. |

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[1] Assessment based on overall corporate performance during 2017.
[2] Mr. Smith s 2017 incentive cash bonus was translated into U.S. Dollars using the Canadian to U.S. Dollar exchange rate on January 18, 2018, the date on which his bonus award was calculated.

*2017 Long-Term Incentive Awards*

An additional way that we promote the long-term growth of the Company and align the interests of executives with those of our stockholders is by compensating executives with equity in the Company that vests over a multi-year period. To accomplish this, the Compensation Committee administers the Company s LTIP (Long-Term Incentive Policy), pursuant to which grants of time-vested restricted shares and performance-vested restricted units are made to executive officers.

Incentive equity awards under the LTIP are made on an annual basis, and are discretionary and subject to approval by the Compensation Committee and/or Board. Awards to individual participants under the LTIP are based on an evaluation of a number of factors, including:

- Performance of the participant for the applicable year;
- The participant s level of responsibilities and relative contribution to the Company s business;
- A competitive assessment of awards at Peer Group companies;
- History of equity awards to the participant; and
- Other factors deemed relevant by the Compensation Committee and/or Board.

Each participant s individual performance for the applicable year is evaluated against his or her individual performance objectives for that year (except for Messrs. Michels and Spair who are evaluated based on total Company performance). A Meets Expectations performance is typically the threshold requirement to receive an equity award under the LTIP. Awards below this performance level may be considered on an exception basis at the discretion of the Compensation Committee and/or the Board.

The value of potential incentive equity awards that could be granted in 2017 under the LTIP (expressed as a percentage of annual base salary) based on performance during 2016, are summarized below:

| | Performance | | |
|---|---|---|---|
| **Position** | **Lower End** | **Target** | **Maximum** |
| President/CEO | 150% | 200% | 250% |
| CFO/COO | 90% | 125% | 160% |
| EVP | 75% | 100% | 125% |
| SVP | 55% | 75% | 95% |

The percentages set forth above were established at levels that the Compensation Committee believed represented an appropriate long-term incentive compensation value for each executive, based on the results of a competitive assessment of long-term incentive awards at the Peer Group companies. Once the aggregate dollar value of an award

has been established by applying the Compensation Committee approved award percentage to a participant s base salary, the value is converted into shares or units based on a valuation of the restricted stock and restricted unit portions of the award using the average of the high and low stock price on the grant date as reported on the NASDAQ Stock Market.

In February 2017, the ranges of percentages set forth above for annual incentive equity awards were increased by the Compensation Committee for the CFO/COO (i.e. from 90%/125%/160% to 105%/140%/175%), Executive Vice Presidents (i.e. from 75%/100%/125% to 95%/125%/155%), and Senior Vice Presidents (i.e. from 55%/75%/95% to 70%/90%/115%), based on advice from the compensation consultant used at the time, in order to bring the ranges more closely in line with market levels. The new percentage ranges were effective beginning with the incentive equity awards made in early 2018 for performance during 2017.

Under the LTIP, 50% of an executive s total equity award consists of performance-vested restricted units that will not vest until three years after the grant date and only if certain performance measures are met during that three-year period. The awards currently incorporate two performance metrics: (i) a CAGR for consolidated product revenues during the three-year period beginning with the year in which the award is made and (ii) a one-year EPS target for the year of award followed by a further two-year time-vesting requirement. The remaining 50% of each executive s incentive equity award consists of grants of time-vested restricted stock that vest in equal annual installments over a three-year period. These vesting restrictions serve to promote the Company s long-term growth by restricting executives ability to realize short-term gains from their awards. The Compensation Committee believes the terms of its incentive equity awards to executives are competitive with the terms of equity awards offered at comparable medical diagnostics and healthcare companies.

The structure of the equity awards reflects market-based good governance practices as well as input from our stockholders, several of whom advocated that a meaningful portion of the equity awards should have performance-based vesting. We believe 50% is a meaningful portion and is consistent with or exceeds the performance orientation of our Peer Group. In addition, although some stockholders have mentioned TSR as a possible performance target, most of the stockholders we have contacted in recent years indicated that other measures such as financial or operational objectives would also be appropriate. The Board decided to use consolidated net product revenue and EPS targets because they are important for our business, especially as we continue improving our profitability, and because of the Board s belief that these measures will directly influence the performance of our stock price over time. Under the terms of the awards, the impact of stock repurchase programs is excluded in determining whether an EPS target has been met. As discussed above, the Board does not believe that the use of TSR as a performance metric in the long-term incentive plan is appropriate at this time, although the choice of performance metrics will be reviewed each year.

The adoption of performance-based vesting conditions with a three-year service requirement for 50% of an executive s annual equity award substantially strengthens the link between pay and performance and creates an appropriate long-term incentive for our executives. At the same time, the use of time-based vesting conditions for the remaining 50% of each award achieves the equally important goal of share ownership/accumulation through a share-price sensitive vehicle that directly promotes alignment with stockholders and further supports executive retention. Overall, the Compensation Committee and Board believe that this approach represents a balanced performance-based approach to our executive compensation program that is appropriate for our Company, directly responds to feedback from our stockholders, and is consistent with executive pay governance best practices.

Equity awards are generally made by the Compensation Committee each year as part of the normal annual compensation cycle. The awards for a particular year generally occur in late January or early February of the following year after the Company s full year financial results are known and performance evaluations for the executive officers have been prepared. Equity awards approved by the Compensation Committee for the CEO are then reviewed and approved by the Board. In addition to the annual equity awards, the Compensation Committee may approve equity awards for newly hired officers or in recognition of an executive s promotion or expansion of responsibilities. These latter grants may have vesting or other terms that differ from the terms generally approved for annual equity awards. Notwithstanding the terms of the LTIP, equity awards are made at the discretion of the Compensation Committee or Board.

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Effective February 1, 2017, the Compensation Committee approved equity awards for the NEOs under the LTIP based on the performance evaluations of such officers for 2016, as summarized below. A description of the basis for each NEO s 2016 performance evaluation is set forth above under the section entitled, 2017 Base Salaries, in this CD&A.

| Executive Officer | 2016 Performance Assessment | Time Vested Restricted Stock | Performance-Vested Restricted Units | Award Value (% of Base Salary) |
|---|---|---|---|---|
| Douglas A. Michels President and Chief Executive Officer | Above Target[1] | 77,695 Shs | 77,965 Shs | 225% |
| Ronald H. Spair Chief Financial Officer and Chief Operating Officer | Above Target[1] | 39,253 Shs | 39,254 Shs | 145% |
| Anthony Zezzo II Executive Vice President, Business Unit Leader, Infectious Disease | Meets | 22,079 Shs | 22,080 Shs | 100% |
| Brian Smith Executive Vice President, Business Unit Leader, Molecular Solutions | Meets | 12,705 Shs | 12,705 Shs | 100% |
| Jack E. Jerrett Senior Vice President and General Counsel | Meets | 14,924 Shs | 14,925 Shs | 75% |

[1] Assessment based on overall corporate performance during 2016.

*Compensation Developments in 2018*

*New CEO Employment Agreement*. In January 2018, we entered into an employment agreement with Stephen S. Tang, Ph.D., in connection with his appointment as the Company s new President and CEO, effective April 1, 2018. This employment agreement contains terms substantially similar to the employment agreement of Mr. Michels. Dr. Tang will receive (i) an annual base salary of $565,000, (ii) an annual cash bonus opportunity under the Company s annual Incentive Plan with a bonus target of 85% of his base salary, which was determined based on a competitive market assessment provided by Pay Governance) and (iii) annual equity awards under the Company s LTIP ranging from 150%-250% of his base salary, with a target of 200%. Dr. Tang also received a sign-on cash bonus of $230,000 and will receive an award of 37,116 shares of time-vested restricted stock (valued at $700,000 as of December 29, 2017). The award of restricted stock will be made on Dr. Tang s employment commencement date and will vest on the fifth anniversary of that date.

*Retirement Agreements*. In early 2018, the Company also entered into retirement agreements with Messrs. Michels and Spair pursuant to which we agreed to the following:

(i) The unvested portions of stock options and time-vested restricted stock ( Restricted Stock ) awards received by these executives prior to the date of their retirement agreement will vest in full as of their respective retirement dates.

(ii) The unvested portions of performance-vested restricted units ( PRUs ) received by these executives prior to the date of their retirement agreements will vest in full three years after the grant date subject to the satisfaction of performance measures applicable to such PRUs, in accordance with the original terms of the relevant award agreements for such PRUs, without the requirement the executive continue to be employed by us after his retirement date.

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(iii) Each executive will receive his normal annual equity award in 2018 for performance during 2017 pursuant to the Company s LTIP ( 2018 LTIP Award ) with a grant date value at least equal to 200% (in the case of Mr. Michels) and 140% (in the case of Mr. Spair), of such executive s respective base salary. Consistent with our practice, the 2018 LTIP Award will consist of 50% Restricted Stock and 50% PRUs. The terms and conditions of the 2018 LTIP Award will be the same as the 2018 equity awards made to other senior executives, except that (a) the Restricted Stock portion of the award will vest on the executive s retirement date and (b) the PRUs will vest three years after the grant date, subject to the satisfaction of performance measures determined by the Board, but without the requirement that the executive continue to be employed by us after his retirement date.

(iv) Each executive will receive an incentive cash bonus payment under the Company s 2018 Incentive Plan equal to his target bonus prorated through the date of his retirement. For purposes of Mr. Michels bonus under the 2018 Incentive Plan, his target was increased from 70% to 85% of his base salary, based on the same competitive market assessment used to establish the bonus target in Dr. Tang s employment agreement.

*2018 LTIP Awards*. In February, 2018, the Compensation Committee approved LTIP equity awards to its executives for performance during 2017. The structure of these LTIP Awards was the same as that used in recent years, except that the EPS performance measure used for the PRUs was changed to a one-year pre-tax income performance measure because of uncertainty related to the impact of recently enacted Federal tax reform legislation on our financial performance for 2018. This exception to the structure of PRUs set forth in the LTIP was only approved for 2018 awards made for performance during 2017.

## OTHER COMPENSATION

We provide minimal additional benefits outside of our primary elements of compensation, as follows:

### Retirement Programs

All of our U.S. employees, including executive officers, are eligible to participate in our 401(k) profit sharing plan (the 401(k) Plan ). We make matching contributions for participants on a dollar-for-dollar basis up to $4,000 per year. Payments of employer-provided benefits accrued for a 401(k) Plan participant will be made upon retirement or upon termination of employment prior to retirement, provided certain vesting conditions have been met by the participant prior to termination. Our subsidiary DNA Genotek, which is located in Canada, offers a registered retirement plan to its employees, which similarly allows employee contributions for retirement savings, with matching contributions by DNA Genotek of up to CAD $2,000 per year.

The Company also maintains the OraSure Technologies, Inc. Deferred Compensation Plan (the Deferred Compensation Plan ) for the benefit of the Company s highly compensated employees, including all of the NEOs, and its non-employee Directors. The Deferred Compensation Plan allows participants to defer up to 100% of their annual base salaries (or fees in the case of non-employee Directors) and up to 100% of annual incentive cash bonuses and, upon vesting, restricted shares of the Company s Common Stock awarded to the participant. The Company may also make discretionary contributions to the participants accounts that vest over one or more years as determined by the Company, as well as upon death, disability or a change of control. Since the Deferred Compensation Plan was put in place, the Company has made no discretionary contributions. Participants may elect to receive distributions of deferred amounts on a specified date, separation from service, a change of control, disability and/or death.

**Perquisites and Other Compensation**

As a general matter, the Compensation Committee and Board do not believe that executive officers should be treated differently than other employees by receiving special perquisites unrelated to our general compensation program. Therefore, our healthcare, disability, and other insurance programs and benefits are the same for all eligible employees, including executive officers. Executive officers do not receive any additional perquisites.

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**Potential Payments Upon Termination or Change of Control Pursuant to Employment Agreements**

The Company has entered into employment agreements with each of the NEOs. In addition to the compensation elements discussed above, these agreements provide for post-employment severance payments and benefits in the event of termination of employment by the Company without cause or by the executive for good reason and (except for Mr. Smith) provide enhanced severance payments upon such terminations in connection with a change of control of the Company. The terms of these arrangements are discussed in more detail under the Section entitled, Employment Agreements and Potential Payments Upon Termination or Change of Control, in this Proxy Statement. The Compensation Committee believes that these arrangements are generally consistent with industry practice at the Peer Group companies, provide an incentive to the applicable executive to remain with the Company, and serve to align the interests of stockholders and the executives in the event of a change of control of the Company.

**Accounting and Tax Treatment of Compensation.**

In approving the amount and form of compensation for the NEOs, the Compensation Committee considers all elements of the cost to the Company of providing such compensation, including accounting and tax implications. In particular, it considers the potential impact of Section 162(m) of the Internal Revenue Code. Section 162(m) which disallows a tax deduction for any publicly-held corporation for individual compensation exceeding $1 million in any taxable year for the CEO and for the three most highly compensated officers (other than the Chief Financial Officer). Historically, there had been an exemption that permitted qualified performance-based compensation to be exempt from this $1 million cap on deductibility. Under the Tax Cuts and Jobs Act enacted on December 22, 2017 (the Tax Act ), this performance-based compensation exemption was eliminated. Thus, bonuses paid under the LTIP will be subject to the cap on deductibility described above unless they qualify for transition relief for certain pre-existing compensation arrangements. Notwithstanding the Tax Act, the Compensation Committee intends to maintain flexibility to pay compensation that is not entirely deductible when the best interests of the Company would make that advisable.

**Compensation Recoupment Policy**

The Board has adopted a compensation recoupment or clawback policy, applicable to all officers subject to Section 16 of the Exchange Act. Under this policy, the Company will pursue recoupment of any excess compensation, including incentive cash bonuses, restricted awards, stock options or other compensation, which was awarded to a covered officer based on financial statements of the Company where such statements are required to be restated as a result of the gross negligence, intentional misconduct or fraud of the covered officer. In addition to recoupment, the Company shall take such other remedial actions deemed necessary against a covered employee, including recommending disciplinary actions up to and including termination and other available remedies. The recovery period for recoupment of any compensation is up to three fiscal years preceding the date on which the Company is required to prepare and file the restated financial statements. This policy has been proactively adopted in advance of final guidance under Section 954 of the Dodd-Frank Act, and will be amended to conform with this Section when final guidance is available.

## CEO Pay Ratio

As required by applicable law and SEC regulations, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Douglas A. Michels, our President and CEO.

For the 2017 fiscal year: (i) the median of the annual total compensation of all employees of our Company (other than Mr. Michels) and its subsidiary, DNA Genotek, was $60,826; and (ii) the annual total compensation of Mr. Michels, as reported in the Summary Compensation Table included immediately after this CD&A, was $3,347,630. Based on this information, for 2017 the ratio of the annual total compensation of Mr. Michels, our President and CEO, to the median of the annual total compensation for employees, was 55 to 1.

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To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of our median employee, we took the following steps:

We determined that, as of December 31, 2017, our world-wide employee population consisted of 363 people.

To identify the median employee from our employee population, we compared the amount of salary, wages, overtime, commissions and bonuses of our employees as reflected in our payroll records. In making this determination, we did not annualize the compensation of employees who were hired in 2017 but did not work for us for the entire fiscal year. Since we do not widely distribute annual equity awards to our employees, such awards were excluded from our compensation measure.

Once we identified our median employee, we combined all of the elements of such employee s compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in the annual total compensation as described above.

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## COMPENSATION TABLES

### SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our CEO and the other NEOs, for the fiscal years ended December 31, 2017, 2016 and 2015:

| Name & Principal Position | Year | Salary ($)[1] | Bonus ($) | Stock Awards[2] ($) | Option Awards[3] ($) | Non-Equity Incentive Plan Compen-sation[4] ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) | All other Compen-sation[5] ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| Douglas A. Michels | | | | | | | | | |
| President and Chief | | | | | | | | | $ 3,347,360 |
| | 2017 | $633,608 | | $1,378,310 | | $1,331,442 | | $4,000 | $ 2,546,247 |
| Executive | 2016 | $612,339 | | $1,283,322 | | $ 646,586 | | $4,000 | |
| Officer | 2015 | $619,054 | | $ 557,686 | $836,523 | $ 508,787 | | $4,000 | $ 2,526,050 |
| Ronald H. Spair | 2017 | $496,730 | | $ 696,357 | | $ 683,448 | | $4,000 | $ 1,880,535 |
| | 2016 | $480,069 | | $ 632,930 | | $ 362,074 | | $4,000 | |
| Chief | 2015 | $486,243 | | $ 264,653 | | $ 285,452 | | $4,000 | $ 1,479,073 |
| Financial Officer | | | | | | | | | $ 1,437,319 |
| and Chief Operating Officer | | | | | $396,971 | | | | |
| Anthony Zezzo | 2017 | $400,333 | | $ 391,691 | | $ 272,341 | | | $ 1,064,365 |
| II | 2016 | $391,572 | | $ 345,614 | $203,298 | $ 188,998 | | | |
| | 2015 | $398,403 | | $ 135,537 | | $ 153,036 | | | $ 962,184 |
| Executive Vice President, | | | | | | | | | $ 890,274 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Business Unit Leader<br><br>Infectious Disease | | | | | | | |
| Brian Smith | 2017 | $259,778 | $ 225,386 | | $ 317,639 | | $ 802,803 |
| Executive Vice President,<br><br>Business Unit Leader<br><br>Molecular Solutions | | | | | | | |
| Jack E. Jerrett | 2017 | $360,800 | $ 264,761 | | $ 290,567 | $4,000 | $ 920,128 |
| | 2016 | $352,878 | $ 258,298 | | $ 149,043 | $4,000 | |
| Senior Vice President | 2015 | $356,826 | $ 118,080 | | $ 140,110 | $4,000 | $ 764,219 |
| | | | | | | | $ 796,136 |
| and General Counsel | | | | $177,120 | | | |

1 Salary in 2015 reflects twenty-seven bi-weekly payroll periods, as compared to twenty-six bi-weekly payroll periods in 2016 and 2017. This additional pay period caused the actual amounts received by the NEOs during 2015 to be somewhat higher than their annual base salaries. Base salaries for 2015 were as follows: Mr. Michels, $596,895; Mr. Spair, $468,838; Mr. Zezzo, $384,010, and Mr. Jerrett, $344,400. Mr. Smith s 2017 salary was initially set at $238,512 and was increased to $278,264 in August 2017 when he was promoted to his current position. Mr. Smith s 2017 Canadian-based salary has been translated into US dollars using the Canadian to U.S. Dollar exchange rate at December 31, 2017.

2 The indicated amounts reflect the aggregate grant date fair value of restricted stock and performance-vested restricted unit awards made to the NEOs during the applicable year, computed in accordance with Financial Accounting Standards Board ( FASB ) ASC Topic 718. Performance-vested restricted units were included in the annual equity awards for executives beginning in 2016. The value of the performance-vested restricted units reflect the assumption that 100% of target is achieved for each of the performance measures reflected in the terms of the restricted unit awards. Certain assumptions used in the calculation of the indicated amounts are set forth for the applicable year of award in footnote 9 to the Company s audited consolidated financial statements for the year ended December 31, 2017, included in the Company s Annual Report on Form 10-K filed with the SEC on February 28, 2018 (the 2017 10-K Report ). The maximum grant-date fair value of the performance-vested restricted unit awards made in 2017, assuming the highest level of performance measures will be achieved (150% of target), are as follows: Mr. Michels $1,033,732; Mr. Spair, $522,274; Mr. Zezzo, $293,774; Mr. Smith, $169,040; and Mr. Jerrett, $198,577.

3 The values set forth in this column reflect the aggregate grant date fair value of stock option awards made to the NEOs during the applicable year, computed in accordance with FASB ASC Topic 718. Certain assumptions used in the calculation of those amounts are set forth for the applicable year of award in footnote 9 to the Company s audited consolidated financial statements for the year ended December 31, 2017, included in the Company s 2017 10-K

Report.

4 The indicated amounts reflect incentive cash bonuses paid to the NEOs pursuant to an Incentive Plan, based on performance during the applicable year. For a description of incentive cash bonus payments for performance during 2017, see the section entitled, 2017 Annual Incentive Cash Bonuses, in the CD&A.

5 The indicated amounts reflect cash contributed to a 401(k) profit sharing plan as an employer-matching contribution, which was offered to domestic employees of the Company during each of the indicated years. Mr. Smith was eligible to participate in our Canadian subsidiary s registered retirement savings plan in 2017; however he elected not to participate.

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## GRANTS OF PLAN-BASED AWARDS

The following table summarizes information concerning possible incentive cash bonuses and possible and actual restricted stock, performance-vested restricted unit and stock option awards for the NEOs during the fiscal year ended December 31, 2017 as well as possible payouts under the 2017 Incentive Plan:

| | | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[2] | | | Estimated Possible Payouts Under Equity Incentive Plan Awards[3] | | | All other Stock Awards: Number of Shares of Stock or Units[4] | All other Option Awards: Number of Securities Underlying Options | Exercise of Base Price of Option awards | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ame | Grant Date[1] | Threshold ($) | Target ($) | Maximum ($) | Threshold (# Shs.) | Target (# Shs.) | Maximum (# Shs.) | (#Shs.) | (#Shs.) | ($/Sh) | A |
| s A. | | | | | | | | | | | |
| s | 2/1/2017 | | | | | | | 77,695 RS | | | $ |
| ent and | 2/1/2017 | | | | | | | 77,695 PRU | | | $ |
| ve | N/A | $221,907 | $443,814 | $1,331,442 | 51,797 RS | 69,062 RS | 86,328 RS | | | | |
| r | N/A | | | | 51,797 PRU | 69,062 PRU | 86,328 PRU | | | | |
| H. Spair | 2/1/2017 | | | | | | | 39,253 RS | | | $ |
| Financial | 2/1/2017 | | | | | | | 39,254 PRU | | | $ |
| r and | | | | | | | | | | | |
| | N/A | $124,263 | $248,527 | $745,580 | 24,364 RS | 33,839 RS | 43.314 RS | | | | |
| ting | | | | | | | | | | | |
| | N/A | | | | 24,364 PRU | 33,839 PRU | 43,314 PRU | | | | |
| y Zezo II | 2/1/2017 | | | | | | | 22,079 RS | | | $ |
| tive Vice | 2/1/2017 | | | | | | | 22,080 PRU | | | $ |
| ent, | | | | | | | | | | | |
| s | N/A | $80,100 | $160,201 | $480,602 | 16,560 RS | 22,079 RS | 27,599 RS | | | | |
| eader, | N/A | | | | 16,560 PRU | 22,079 PRU | 27,599 PRU | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ous | | | | | | | | | |
| mith | 2/1/2017 | | | | | | | 12,705 RS | $1 |
| tive Vice | 2/1/2017 | | | | | | | 12,705 PRU | $1 |
| ent, | | | | | | | | | |
| s | | $55,653 | $111,306 | $333,917 | 9,862 RS | 13,149 RS | 16,436 RS | | |
| eader, | | | | | 9,862 PRU | 13,149 PRU | 16,436 PRU | | |
| ular | | | | | | | | | |
| ns | | | | | | | | | |
| Jerrett | 2/1/2017 | | | | | | | 14,924 RS | $1 |
| Vice | 2/1/2017 | | | | | | | 14,925 PRU | $1 |
| ent and | N/A | $63,167 | $126,334 | $379,001 | 10,945 RS | 14,924 RS | 18,904 RS | | |
| al | | | | | | | | | |
| l | N/A | | | | 10,945 PRU | 14,924 PRU | 18,904 PRU | | |

[1] Annual Incentive equity awards to NEOs consisted of a combination of time-vested restricted stock ( RS ) and performance-vested restricted units ( PRU ) and were determined for 2017 pursuant to the LTIP based on performance during 2016. Annual equity awards made during 2017 were approved by the Compensation Committee effective on February 1, 2017. For a description of these equity awards and their terms, see the section entitled, 2017 Long-Term Incentive Awards, in the CD&A.

[2] The indicated amounts represent potential incentive cash bonus payments to the NEOs under the 2017 Incentive Plan. On January 29, 2018, bonus payments under the 2017 Incentive Plan were approved by the Compensation Committee for the NEOs, based on performance during 2017. The Threshold and Target amounts assume the executive receives 50% and 100% of his target bonus and that the aggregate bonus pool is funded at 50% and 100% for each performance objective in the 2017 Incentive Plan, respectively. The Maximum amounts assume that the recipient receives 150% of his target bonus based on performance for 2017 and that the bonus pool is funded at 200% or the Maximum level for each performance objective in the 2017 Incentive Plan. A further description of the payments approved under the 2017 Incentive Plan is set forth in the section entitled, 2017 Annual Incentive Cash Bonuses, in the CD&A.

[3] The indicated amounts represent the potential number of shares which could have been granted to the NEOs in 2017 in the form of RS and PRUs pursuant to the LTIP, based on performance during 2016. The individual share numbers for each potential award were calculated by dividing 50% of the long-term incentive targets for each NEO set forth in the LTIP by the mean between the high and low sales price of the Common Stock as reported by NASDAQ on the date of grant. The number of shares corresponding to the PRUs were calculated based on the assumption that 100% of target is achieved for each of the performance measures set forth in the terms of such PRU awards. The actual number of shares received upon vesting of the PRUs could vary from 50% to 150% of target depending on the degree to which the performance measures are achieved.

[4] The indicated amounts represent the actual number of shares of RS or PRUs granted to the NEOs in 2017 under the LTIP, based on performance during 2016. Specific RS and PRU awards were approved by the Compensation Committee for the NEOs effective on February 1, 2017. A further description of these equity awards and their terms is set forth in the Section entitled, 2017 Long-Term Incentive Awards, in the CD&A.

[5] The indicated amounts represent the grant date fair value calculated in accordance with FASB ASC Topic 718.

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## OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2017

The following table summarizes information regarding unexercised stock options and unvested restricted stock and performance-based restricted units held by the NEOs as of December 31, 2017:

| | Option Awards[1] | | | | | Stock Awards[1] | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options[2] (3) (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price ($/Sh.) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested[2] (#) | Market Value of Shares or Units of Stock That Have Not Vested | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or other Rights That Have Not Vested |

| | | | | | | | | | ($) |
|---|---|---|---|---|---|---|---|---|---|
| Douglas A. | 47,635 | 10,586[3(a)] | -- | $ 5.72 | 2/3/2024 | -- | -- | -- | -- |
| Michels | 32,235 | 50,143[3(b)] | -- | $ 9.31 | 2/3/2025 | -- | -- | -- | -- |
| President and | -- | -- | -- | -- | -- | 19,978[3(c)] | $ 376,785 | -- | -- |
| Chief Executive | -- | -- | -- | -- | -- | 79,660[3(d)] | $ 1,502,388 | -- | -- |
| Officer | -- | -- | -- | -- | -- | 119,490[3(e)] | $ 2,253,581 | -- | -- |
| | -- | -- | -- | -- | -- | 77,695[3(f)] | $ 1,465,328 | -- | -- |
| | -- | -- | -- | -- | -- | 77,695[3(g)] | $ 1,465,328 | -- | -- |
| Ronald H. Spair | 10,716 | 5,359[4(a)] | -- | $ 5.72 | 2/3/2024 | -- | -- | -- | -- |
| | 6,798 | 23,796[4(b)] | -- | $ 9.31 | 2/3/2025 | -- | -- | -- | -- |
| Chief Financial | -- | -- | -- | -- | -- | 9,480[4(c)] | $ 178,793 | -- | -- |
| Officer | -- | -- | -- | -- | -- | 39,288[4(d)] | $ 740,972 | -- | -- |
| | -- | -- | -- | -- | -- | 58,932[4(e)] | $ 1,111,458 | -- | -- |
| and Chief | -- | -- | -- | -- | -- | 39,253[4(f)] | $ 740,312 | -- | -- |
| Operating | | | | | | | | | |
| Officer | -- | -- | -- | -- | -- | 39,254[4(g)] | $ 740,330 | -- | -- |
| Anthony Zezzo II | 36,204 | -- | -- | $ 11.30 | 2/1/2022 | -- | -- | -- | -- |
| | 32,921 | -- | -- | $ 7.05 | 2/1/2023 | -- | -- | -- | -- |
| Executive Vice | 6,954 | 3,473[5(a)] | -- | $ 5.72 | 2/3/2024 | -- | -- | -- | -- |
| President, | 29,595 | 12,186[5(b)] | -- | $ 9.31 | 2/3/2025 | -- | -- | -- | -- |
| | | -- | -- | -- | -- | 4,855[5(c)] | $ 91,565 | -- | -- |
| Business Unit | | -- | -- | -- | -- | 21,453[5(d)] | $ 404,604 | -- | -- |
| Leader, | -- | -- | -- | -- | -- | 32,180[5(e)] | $ 606,915 | -- | -- |
| | -- | -- | -- | -- | -- | 22,079[5(f)] | $ 416,410 | -- | -- |
| Infectious | | | | | | | | | |
| Disease | -- | -- | -- | -- | -- | 22,080[5(g)] | $ 416,429 | -- | -- |
| Brian Smith | 1,343 | -- | -- | $ 11.30 | 2/1/2022 | -- | -- | -- | -- |
| | 20,000 | -- | -- | $ 5.96 | 12/20/2023 | -- | -- | -- | -- |
| Executive Vice | 3,397 | 5,110[6(a)] | -- | $ 9.31 | 2/3/2025 | -- | -- | -- | -- |
| President, | -- | -- | -- | -- | -- | 2,035[6(b)] | $ 38,380 | -- | -- |
| Business Unit | -- | -- | -- | -- | -- | 8,625[6(c)] | $ 162,668 | -- | -- |
| Leader, | -- | -- | -- | -- | -- | 12,938[6(d)] | $ 244,011 | -- | -- |
| Molecular | -- | -- | -- | -- | -- | 12,705[6(e)] | $ 239,616 | -- | -- |
| Solutions | -- | -- | -- | -- | -- | 12,705[6(f)] | $ 239,616 | -- | -- |

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| | Option Awards[1] | | | | | Stock Awards[1] | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options[2] (3) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price ($/Sh.) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested[2] (#) | Market Value of Shares or Units of Stock That Have Not Vested | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or other Rights That Have Not Vested ($) |
| Jack E. Jerrett | 4,271 | 2,136[7(a)] | -- | $ 5.72 | 2/3/2024 | -- | -- | -- | -- |
| | 3,033 | 10,617[7(b)] | -- | $ 9.31 | 2/3/2025 | -- | -- | -- | -- |
| Senior Vice | -- | -- | -- | -- | -- | 4,230[7(c)] | $ 79,778 | -- | -- |
| President | -- | -- | -- | -- | -- | 16,033[7(d)] | $ 302,382 | -- | -- |
| | -- | -- | -- | -- | -- | 24,050[7(e)] | $ 453,853 | -- | -- |
| and General | -- | -- | -- | -- | -- | 14,924[7(f)] | $ 281,467 | -- | -- |
| Counsel | -- | -- | -- | -- | -- | 14,925[7(g)] | $ 281,486 | -- | -- |

1

The table does not include restricted stock and restricted units awarded to the NEOs in February 2018 pursuant to the LTIP in respect of performance during 2017.

[2] Stock options vest over four years, with the first 25% vesting on the first anniversary of the grant date and the remaining 75% vesting on a monthly basis over the next three years following the first anniversary of the grant date. Grants of restricted stock vest over a three-year period, with one-third vesting on the first anniversary of the grant date, a second third vesting on the second anniversary and the final third vesting on the third anniversary. Performance-vested restricted units will not vest until three years from the grant date and only if certain performance measures are met during the three-year service period.

[3] The indicated stock options, restricted stock, and performance-based restricted units vest as follows:

(a) 5,293 options on January 3 and February 3, 2018;
(b) 3,582 options on the 3rd of each month from January 3, 2018 through February 3, 2019;
(c) 19,978 restricted shares on February 3, 2018;
(d) 39,830 restricted shares on February 3, 2018 and 2019;
(e) 119,490 performance-based restricted units cliff vesting on February 1, 2019, provided performance metrics have been achieved;
(f) 25,898 restricted shares on February 1, 2018, 2019, and 2020; and
(g) 77,695 performance-based restricted units cliff vesting on February 1, 2020, provided performance metrics have been achieved.

[4] The indicated stock options, restricted stock, and performance-based restricted units vest as follows:

(a) 2,679 options on January 3 and February 3, 2018;
(b) 1,700 options on the 3rd of each month from January 3, 2018 through February 3, 2019;
(c) 9,480 restricted shares on February 3, 2018;
(d) 19,644 restricted shares on February 3, 2018 and 2019;
(e) 58,932 performance-based restricted units cliff vesting on February 1, 2019, provided performance metrics have been achieved;
(f) 13,084 restricted shares on February 1, 2018, 2019 and 2020; and
(g) 39,254 performance-based restricted units cliff vesting on February 1, 2020, provided performance metrics have been achieved.

[5] The indicated stock options, restricted stock, and performance-based restricted units vest as follows:

(a) 1,736 options on January 1, and February 1, 2018;
(b) 870 options on the 3rd of each month, from January 3, 2018 through February 3, 2019;
(c) 4,855 restricted shares on February 3, 2018;
(d) 10,727 restricted shares on February 1, 2018 and 2019;
(e) 32,180 performance-based restricted units cliff vesting on February 1, 2019, provided performance metrics have been achieved;
(f) 7,360 restricted shares on February 1, 2018, 2019 and 2020; and
(g)

22,080 performance-based restricted units cliff vesting on February 1, 2020, provided performance metrics have been achieved.

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[6] The indicated stock options, restricted stock, and performance-based restricted units vest as follows:

(a) 365 options on the 3rd of each month, from January 3, 2018 through February 3, 2019;
(b) 2,035 restricted shares on February 3, 2018;
(c) 4,312 restricted shares on February 3, 2018 and 2019;
(d) 12.938 performance-based restricted units cliff vesting on February 1, 2019, provided performance metrics have been achieved;
(e) 4.235 restricted shares on February 1, 2018, 2019 and 2020; and
(f) 12,705 performance-based restricted units cliff vesting on February 1, 2020, provided performance metrics have been achieved.

[7] The indicated stock options, restricted stock, and performance-based restricted units vest as follows:

(a) 1,068 options on January 3 and February 3, 2018;
(b) 758 options on the 3rd of each month from January 3, 2018 through February 3, 2019;
(c) 4,230 restricted shares on February 3, 2018;
(d) 8.017 restricted shares on February 3, 2018 and 2019;
(e) 24,050 performance-based restricted units cliff vesting on February 1, 2019, provided performance metrics have been achieved;
(f) 4.975 restricted shares on February 1, 2018, 2019, and 2020; and
(g) 14,925 performance-based restricted units cliff vesting on February 1, 2020, provided performance metrics have been achieved.

[8] The indicated values were determined by multiplying the number of unvested shares of restricted stock and unvested performance-vested restricted units shown in this table by $18.86 per share, the closing price of the Company s Common Stock as reported by NASDAQ on December 29, 2017.

## OPTION EXERCISES AND STOCK VESTED

The following table summarizes information with respect to the exercise of stock options and vesting of restricted stock for each of the NEOs during the fiscal year ended December 31, 2017:

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise ($)[1] | Number Of Shares Acquired on Vesting (#) | Value Realized on Vesting[2] ($) |

| | | | | |
|---|---|---|---|---|
| Douglas A. Michels<br>President and Chief Executive Officer | 1,054,866 | $ 7,866,682 | 70,403 | $ 377,072 |
| Ronald H. Spair<br>Chief Financial Officer and Chief Operating<br><br>Officer | 696,396 | $ 7,753,348 | 35,860 | $ 192,079 |
| Anthony Zezzo II<br>Executive Vice President, Business Unit Leader, Infectious Disease | 187,916 | $ 2,141,928 | 18,337 | $ 98,178 |
| Brian Smith<br>Executive Vice President, Business Unit Leader, Molecular Solutions | 95,303 | $ 462,685 | 2,756 | $ 14,759 |
| Jack E. Jerrett<br>Senior Vice President and General Counsel | 171,128 | $ 1,177,354 | 15,222 | $ 81,538 |

[1] The indicated amounts represent the number of shares acquired upon exercise of the options multiplied by the difference between the market value of the Company s Common Stock on the applicable exercise date and the option exercise price.

[2] The indicated amounts were calculated by multiplying the number of restricted shares acquired upon vesting by the market value of the Company s Common Stock on the applicable vesting date. The market value was determined by calculating the mean between the high and low sales prices of the Common Stock as reported by NASDAQ on the vesting date.

## RETIREMENT BENEFITS

The NEOs are eligible to participate in our 401(k) Plan or, in the case of Mr. Smith, a registered retirement plan offered by DNA Genotek, on the same terms and conditions applicable to other employees. For a further description of the terms of the 401(k) Plan, see the Section entitled, Retirement Programs, in the CD&A.

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## NONQUALIFIED DEFERRED COMPENSATION

The OraSure Technologies, Inc. Deferred Compensation Plan (the Plan ) is a non-qualified deferred compensation plan designed to provide deferred compensation benefits to a select group of the Company s highly compensated employees, including all of the NEOs, and to non-employee members of the Board.

The Plan allows for deferrals by participants of up to 100% of their annual base salaries (or in the case of non-employee Directors, 100% of fees payable under the Company s Non-Employee Director Compensation Policy), up to 100% of annual incentive cash bonuses and, upon vesting, restricted shares of the Company s Common Stock and shares received in respect of performance-vested restricted units awarded under the LTIP. The Company may also make discretionary contributions to the accounts of employees participating in the Plan. Cash balances in participants accounts may be invested in a list of investment options that are similar to the fund choices offered in the Company s 401(k) plan. Participants will be permitted to sell vested shares in their accounts, subject to compliance with the Company s Insider Trading Policy and applicable securities laws, and invest the proceeds of any such sale in the investment options available under the Plan. Participants will be 100% vested in their accounts and the restricted shares they defer, except that Company contributions will vest over one or more years as determined by the Company. In the event of death, disability or change of control, a participant will become 100% vested in any then unvested Company contributions.

Participants may elect to receive a distribution from his or her account upon a specified date, separation from service, change of control, disability and/or death. Distributions will be made in a lump sum or installments, as allowed under the Plan.

Amounts contributed to a participant s account through elective deferrals or through the Company s discretionary contributions are generally not subject to income tax, and the Company does not receive a deduction until they are distributed pursuant to the Plan.

However, cash deferrals are subject to the Federal Insurance Contributions Act Tax imposed at the time of deferral (the FICA tax ). Deferrals of restricted shares and shares received in respect of performance-vested restricted units are subject to the FICA tax at the time the shares vest, but are not subject to income tax, and the Company does not receive the deduction until the shares are distributed pursuant to the Plan. The Company may amend or terminate the Plan at any time in accordance with applicable law.

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The following table summarizes information for each NEO with respect to the Plan for the fiscal year ended December 31, 2017:

| Name | Executive Contributions[1] ($) | Registrant Contributions ($) | Aggregate Earnings/ Loss[2] ($) | Aggregate Withdrawals/ Distributions ($) | Aggregate Balance at 12/31/17[1,2] ($) |
|---|---|---|---|---|---|
| Douglas A. Michels<br><br>President and Chief<br><br>Executive Officer | | | | | |
| Ronald H. Spair<br><br>Chief Financial Officer<br><br>and Chief Operating Officer | $390,531 | | $1,004,618 | 30,567 | $2,778,019 |
| Anthony Zezzo II<br><br>Executive Vice President,<br><br>Business Unit Leader<br><br>Infectious Disease | | | | | |
| Brian Smith<br><br>Executive Vice President,<br>Business Unit Leader,<br><br>Molecular Solutions | | | | | |
| Jack E. Jerrett<br><br>Senior Vice President and<br><br>General Counsel | | | | | |

[1] The indicated amounts of NEO contributions have been reported as compensation in the Summary Compensation Table.

[2] There were no earnings or deferred compensation at above market or preferential rates and, therefore, no earnings have been reported as compensation in the Summary Compensation Table for 2017. Aggregate earnings include dividends and interest earned during the period, as well as the net unrealized appreciation of the underlying investments in the participant s account.

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## EMPLOYMENT AGREEMENTS AND POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

We have entered into employment agreements with all of our NEOs. We believe such agreements are necessary to attract and retain critical talent, and are in-line with market practices. The following summary describes the material terms of the employment arrangements with Mr. Michels and the other NEOs, as amended.

Mr. Michels employment agreement with the Company provides for the various components of compensation described in the CD&A. In addition, upon a termination of employment, Mr. Michels contract provides for certain post-employment severance and other benefits, as described below.

Mr. Michels employment agreement will terminate upon his death or disability. In addition, Mr. Michels may terminate his employment at any time and for any reason upon 90 days written notice to the Company or for good reason (as defined below). Mr. Michels employment agreement can also be terminated by the Company for Cause (as defined below) or without Cause.

As used in Mr. Michels agreement, the term good reason means (i) a material breach of the agreement by the Company that is not cured within 30 days of written notice, (ii) a material diminution in Mr. Michels base compensation or authority, duties or responsibilities (following a change of control, such a diminution shall occur if Mr. Michels no longer functions as the sole chief executive officer of the successor organization), (iii) a material diminution in the authority, duties or responsibilities of the person to whom Mr. Michels reports, including a change in Mr. Michels reporting obligation from the Board to another employee of the Company, if applicable (following a change of control, such a diminution shall occur if Mr. Michels no longer reports to the board of directors of a public company), (iv) a material diminution of the budget over which Mr. Michels exercises control, or (v) a material change in Mr. Michels job location.

A change of control generally is defined to take place when disclosure of such a change would be required by the proxy rules promulgated by the SEC or when:

- any person, or more than one person acting as a group within the meaning of Section 409A of the Internal Revenue Code (the Code ) and the regulations issued thereunder, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company;

- any person, or more than one person acting as a group within the meaning of Code Section 409A and the regulations issued thereunder, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition) ownership of stock of the Company possessing 30 percent or more of the total voting power of the Company s stock;

- a majority of the members of the Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

a person, or more than one person acting as a group within the meaning of Code Section 409A and the regulations issued thereunder, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition) assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all the assets of the Company immediately before such acquisition or acquisitions.

A change of control period is the period which begins on the occurrence of a change of control and ends 18 months thereafter.

Cause is defined as (i) willful and continued failure by Mr. Michels to substantially perform his duties as provided in the agreement after a written demand for substantial performance is delivered to Mr. Michels by the Board, which demand identifies with reasonable specificity the manner in which Mr. Michels has not substantially

performed his duties, and Mr. Michels failure to comply with such demand within a reasonable time; (ii) the engaging by Mr. Michels in gross misconduct or gross negligence materially injurious to the Company; (iii) the commission of any act in direct competition with or materially detrimental to the best interests of the Company; or (iv) Mr. Michels conviction of having committed a felony.

Upon the termination of Mr. Michels employment upon his death or disability, by Mr. Michels for any reason other than good reason or by the Company for Cause, Mr. Michels will be entitled to receive his salary through the date of termination and any bonus approved by the Board or the Compensation Committee prior to the date of termination but not yet paid and, in the case of a termination upon his death or disability, a cash bonus for the calendar year in which termination occurs that Mr. Michels would have received but for his death or disability, prorated through the date of death or commencement of disability. Upon termination of the agreement by Mr. Michels with good reason or by the Company without Cause (which includes the Company s failure to renew the agreement), Mr. Michels would be entitled to receive his salary through the date of termination and any bonus that has been approved by the Board or the Compensation Committee prior to the date of termination but not yet paid, a cash bonus for the calendar year in which termination occurs equal to Mr. Michels target bonus for such year, and for a period of one year after the date of termination, benefits for Mr. Michels and/or his family at levels substantially equal to those that would have been provided to them by the Company if Mr. Michels employment had not been terminated. If termination is for good reason or without Cause (which includes the Company s failure to renew the agreement) and does not occur during a change of control period, Mr. Michels would also receive a lump sum amount equivalent to 12 months of his annual salary. If, however, termination is for good reason or without Cause (which includes the Company s failure to renew the agreement) and occurs during a change of control period, Mr. Michels will receive a lump sum amount equivalent to 36 months of his annual salary. If Mr. Michels is a specified employee within the meaning of Code Section 409A at the time of the termination of his employment and any of the foregoing payments would subject him to any tax, interest or penalty under Code Section 409A or regulation thereunder, then the payment shall not be made until the first day which is at least six months after the date of termination of his employment.

Upon termination of Mr. Michels employment as a result of disability, for good reason, or by the Company without Cause, Mr. Michels can elect to receive medical and dental insurance coverage for himself and his family under any plans offered by the Company to the extent the Company is self-insured or coverage for former employees is available on reasonable terms (as determined by the Company) from the Company s providers of medical and dental coverage.

All stock awards granted to Mr. Michels are required to immediately vest (i) in the event of a change of control or (ii) if Mr. Michels employment is terminated for good reason by Mr. Michels or by the Company without Cause during a change of control period, and 50% of such stock awards shall vest in the event Mr. Michels employment is terminated for good reason or by the Company without Cause during any period other than a change of control period.

The termination and severance provisions in the employment agreements for the other NEOs (except for Mr. Smith) are substantially similar to Mr. Michels employment agreement, with the following exceptions. Mr. Spair is entitled to receive severance equal to 36 months of his annual salary and Mr. Jerrett is entitled to receive severance equivalent to 24 months of their annual salary, rather than 36 months, in the event of a termination of their agreements for good reason or without Cause during a change of control period or after a change of control. Mr. Zezzo will be entitled to receive severance equal to 24 months of his annual salary only if he is terminated for good reason or without Cause during a change of control period. In the employment agreements with Messrs. Spair, Zezzo and Jerrett, the term good reason means (i) a material breach of the agreement by the Company that is not cured within 30 days of written notice, (ii) a material diminution in base compensation or authority, duties or responsibilities, (iii) a material diminution in the authority, duties or responsibilities of the person to whom the executive reports, including a change in the executive s reporting obligation from the Board to another employee of the Company, if applicable, (iv) a material diminution of the budget over which the executive exercises control, or (v) a material change in the executive s job location.

Mr. Smith s employment agreement is somewhat different than the other NEOs. Mr. Smith will receive a base salary and is eligible to receive annual cash bonuses under our annual Incentive Plans and annual equity awards under the LTIP. If Mr. Smith s employment is terminated by the Company without Cause or for good reason , Mr. Smith will receive severance equal to twelve months of his base salary. As used in Mr. Smith s employment agreement, good reason will occur if Mr. Smith terminates his employment within 30 days of the occurrence of any of the following: (i) any material reduction in his salary and bonus; (ii) a material amendment to his duties, including any transfer to any position other than his current position unless such transfer is clearly consistent with a promotion; or (iii) any required relocation beyond a 50 kilometer radius from the company s head office. A termination of Mr. Smith s employment for Cause will occur if the following events occur: (i) the act or omission involving (A) material dishonesty or (B) fraud with respect to the company, its subsidiaries or any of their customers or suppliers; (ii) a substantial and repeated failure to perform his duties; (iii) gross negligence or willful misconduct; or (iv) conduct tending to bring the company or any of its subsidiaries into substantial disgrace or disrepute.

As we previously announced, effective March 31, 2018, Mr. Michels will retire as our President and CEO and as a member of our Board. In connection with his retirement, we entered into a retirement agreement with Mr. Michels, pursuant to which Mr. Michels will be entitled to the following: (i) the unvested portions of stock options and time-vested RS awards granted to Mr. Michels prior to the date of his retirement agreement will vest in full as of his retirement date; (ii) the unvested portions of PRUs granted to Mr. Michels prior to the date of his retirement agreement will vest in full three years after the grant date, subject to the satisfaction of performance measures applicable to such PRUs, in accordance with the original terms of the relevant award agreement, but without the requirement that Mr. Michels continue to be employed by the Company after his retirement date; (iii) Mr. Michels will receive a pro-rated bonus payment under the Company s 2018 Incentive Plan equal to 85% of his base salary, subject to adjustment to reflect the actual bonus pool funding approved by the Board; (iv) Mr. Michels will receive his normal annual equity award in 2018 for his performance during 2017 pursuant to the LTIP, with a grant date value at least equal to 200% of Mr. Michels base salary, with the RS portion of the award vesting on Mr. Michels retirement date and the PRU portion vesting three years after the grant date, subject to the satisfaction of performance measures determined by the Board, but without the requirement that Mr. Michels continue to be employed by the Company after his retirement date; and (v) if after retirement Mr. Michels elects to receive continuation coverage under the Company s group health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 and maintains such coverage for the full period permitted by law, he will have the right to elect to continue such coverage at his own cost and expense under the terms of the Company s group health plan.

As we previously announced, Mr. Spair will retire as our CFO/COO and as a member of our Board, with a specific retirement date to be determined based on the timing of our appointment of a new CFO. In connection with his retirement, we entered into a retirement agreement with Mr. Spair that contains the same terms as Mr. Michels retirement agreement, except that Mr. Spair s 2018 equity award (for his performance during 2017) will have a grant date value at least equal to 140% of his base salary, and his pro-rated bonus payment under the Company s 2018 Incentive Plan will be equal to 50% of his base salary, subject to adjustment to reflect the actual bonus pool funding approved by the Board.

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The following table provides estimates of the potential severance and other post-termination benefits the NEOs would receive assuming their employment was terminated as of December 31, 2017:

| Name | Benefit | Voluntary Termination or Termination for Cause | Termination for Death or Disability[1] | Termination for Good Reason or Without Cause Not Within Change of Control Period[1] | Termination after Change of Control (except Mr. Michels), or for Good Reason or Without Cause Within Change of Control Period[1] |
|---|---|---|---|---|---|
| Douglas A. Michels President and Chief Executive Officer | Salary Continuation | | | $ 634,020 | $ 1,902,060 |
| | Bonus | | $ 1,331,442 | $ 443,814 | $ 443,814 |
| | Accelerated Option Vesting | | | $ 309,135 | $ 618,269 |
| | Accelerated Restricted Stock/Unit Vesting | | $ 7,063,409 | $ 3,531,705 | $ 7,063,409 |
| | Health Care Benefits | | | $ 26,780 | $ 26,780 |
| | Total | | $ 8,394,851 | $ 4,945,454 | $ 10,054,332 |
| Ronald H. Spair Chief Financial Officer and Chief Operating Officer | Salary Continuation | | | $ 497,053 | $ 1,491,159 |
| | Bonus | | $ 683,448 | $ 248,527 | $ 248,527 |
| | Accelerated Option Vesting | | | $ 148,907 | $ 297,815 |
| | Accelerated Restricted Stock/Unit Vesting | | $ 3,511,864 | $ 1,755,931 | $ 3,511,864 |
| | Health Care Benefits | | | $ 26,747 | $ 26,747 |
| | Total | | $ 4,195,312 | $ 2,677,165 | $ 5,576,112 |
| Anthony Zezzo II Executive Vice | Salary Continuation | | | $ 400,502 | $ 801,004 |
| | Bonus | | $ 272,341 | $ 160,201 | $ 160,201 |
| | Accelerated Option Vesting | | | $ 81,045 | $ 162,090 |

| | | | | |
|---|---|---|---|---|
| President, | Accelerated Restricted Stock/Unit Vesting | $ 1,935,922 | $ 967,962 | $ 1,935,922 |
| Business Unit | Health Care Benefits | | $ 4,193 | $ 4,193 |
| Leader, Infectious Disease | | | | |
| | Total | $ 2,208,263 | $ 1,613,903 | $ 3,063,410 |
| Brian Smith[2] | Salary Continuation | $ | $ 278,264 | $ 278,264 |
| | Bonus | $ 317,639 | $ | $ |
| Executive Vice | Accelerated Option Vesting | $ | $ 24,413 | $ 48,826 |
| President, | Accelerated Restricted Stock/Unit Vesting | $ 924,291 | $ 462,145 | $ 924,291 |
| Business Unit Leader, Molecular Solutions | Health Care Benefits | $ | | $ |
| | Total | $ 1,241,930 | $ 764,822 | $ 1,251,381 |
| Jack E. Jerrett | Salary Continuation | | $ 360,953 | $ 721,906 |
| | Bonus | $ 290,567 | $ 126,334 | $ 126,334 |
| Senior Vice | Accelerated Option Vesting | | $ 64,762 | $ 129,523 |
| President and | Accelerated Restricted Stock/Unit Vesting | $ 1,398,695 | $ 699,348 | $ 1,398,695 |
| General | Health Care Benefits | | $ 26,452 | $ 26,452 |
| Counsel | Total | $ 1,689,262 | $ 1,277,849 | $ 2,402,910 |

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[1] The indicated values for the accelerated vesting of stock options reflect (i) the number of option shares which would vest on an accelerated basis, multiplied by (ii) the excess, if any, of the $18.86 per share closing price for the Company s Common Stock, as reported by NASDAQ on December 29, 2017, over the applicable exercise price for each option. The indicated values for the accelerated vesting of restricted stock and performance-vested restricted units reflect the $18.86 per share closing price on December 29, 2017 multiplied by the number of shares which would vest on an accelerated basis (assuming, in the case of restricted units, that the applicable performance measures for the restricted units are met at 100% of target).

[2] Mr. Smith s salary continuation benefit and bonus were calculated using the Canadian to U.S. Dollar exchange rate as of December 31, 2017.

## EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2017 about the shares of Common Stock that may be issued upon the exercise of options under the OraSure Technologies, Inc. Stock Award Plan ( Award Plan ). The Award Plan, was adopted by the Company in connection with the merger of Epitope and STC to form the Company in September 2000. Additional grants of equity compensation may only be made under the Award Plan.

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options (a) | Weighted-Average Exercise Price of Outstanding Options (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 1,201,028$ | 8.04 | 4,354,607[1] |
| Equity compensation plans not approved by security holders | | | |
| Total | 1,201,028 | | 4,354,607 |

[1] Represents shares remaining available for future issuance as of December 31, 2017 under the Award Plan.

## DIRECTOR COMPENSATION

## ANNUAL FEES

Under our Non-Employee Director Compensation Policy ( Director Policy ), non-employee members of the Board receive fixed annual fees for service on the Board and Committees of the Board during 2017, as set forth below. The fees were paid quarterly in arrears.

| Position | Annual Fee |
|---|---|
| Board Chairman | $ 60,000 |
| Non-Chairman Board Member | $ 40,000 |
| Audit Chairman | $ 20,000 |
| Compensation Chairman | $ 15,000 |
| N&CG Chairman | $ 10,000 |
| Non-Chairman Audit Member | $ 8,000 |
| Non-Chairman Compensation Member | $ 6,000 |
| Non-Chairman N&CG Member | $ 4,000 |

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## INITIAL EQUITY AWARDS

Non-employee Directors receive an initial grant of 40,000 stock options for the Company s Common Stock upon joining the Board (the Initial Grant ). An additional grant of 40,000 stock options is also made to any non-employee Director who becomes Chairman of the Board (the Chairman Grant ). The options granted to non-employee Directors are nonqualified stock options and have an exercise price equal to the mean between the high and low sales prices of the Company s Common Stock as quoted on the NASDAQ Stock Market on the grant date. Each Initial Grant and Chairman Grant generally vest on a monthly basis over the 24 months immediately following the grant date. Payment of the exercise price may be made in cash or by delivery of previously acquired shares of Common Stock having a fair market value equal to the aggregate exercise price.

## ANNUAL EQUITY AWARDS

Under the Director Policy, each non-employee Director receives an annual grant of restricted shares (the Annual Grant ) of the Company s Common Stock on the date of each annual meeting of stockholders. Annual grants are made using a value transfer award method similar to that used for our executives under the LTIP. The dollar values of the Annual Awards were determined by the Compensation Committee and Board based on advice from PM&P and an assessment of director equity awards made at comparable medical diagnostics and healthcare companies.

Under the Director Policy, Annual Grants of restricted stock were made in 2017 pursuant to the values set forth in the following table:

| Board Position | Award Grant Value |
|---|---|
| Chairman | $ 120,000 |
| Non-Chairman Director | $ 95,000 |

The dollar value of each Annual Grant is converted into restricted stock by dividing the above values by the average of the high and low sales prices of the Company s Common Stock, as reported on the NASDAQ Stock Market, on the grant date. Annual Grants of restricted stock will vest on the date that is twelve months from the date of grant. Non-employee Directors are permitted to direct the Company to withhold restricted stock in order to pay tax withholding obligations arising upon the vesting of such shares.

**EQUITY AWARD TERMS**

Any unvested stock options and restricted stock granted to non-employee Directors will vest in their entirety immediately upon the occurrence of a change of control of the Company. A change of control means a change of control that would be required to be reported under the Securities Exchange Act of 1934, as amended, and would be deemed to have occurred at such time as (i) any person, or more than one person acting as a group within the meaning of Section 409A of the Code, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company; (ii) any person, or more than one person acting as a group within the meaning of Section 409A of the Code, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition) ownership of stock of the Company possessing 30 percent or more of the total voting power of the Company s stock; (iii) a majority of the members of the Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or (iv) a person, or more than one person acting as a group within the meaning of Section 409A of the Code, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition) assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all the assets of the Company immediately before such acquisition or acquisitions. In addition, if a non-employee Director leaves the Board for any reason other than a change of

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control, prior to the end of the vesting period for the Annual Grant of restricted stock, such award shall immediately vest on a pro-rata basis based on the actual duration of such Director s service to the Board during such vesting period.

## DEFERRED COMPENSATION

Non-employee Directors are permitted to defer all or a portion of the fees and grants of restricted stock under the Company s Non-Qualified Deferred Compensation Plan, on terms similar to those applicable to our officers.

## DIRECTOR COMPENSATION DURING 2017

The following table summarizes information related to compensation of non-employee Directors during the fiscal year ended December 31, 2017:

| Name[1, 2] | Fees Earned or Paid in Cash ($) | Stock Awards[3] ($) | Option Awards[4] ($) | Non-Equity Incentive Plan Compensation ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Mara G. Aspinall | $ 28,484 | | $281,896 | | | | $ 310,380 |
| Michael Celano | $ 64,000 | $94,992 | | | | | $ 158,992 |
| Eamonn P. Hobbs | $ 54,000 | $94,992 | | | | | $ 148,992 |
| Ronny B. Lancaster | $ 59,000 | $94,992 | | | | | $ 153,992 |
| Charles W. Patrick | $ 58,000 | $94,992 | | | | | $ 152,992 |
| Aradhana Sarin, M.D. | | | | | | | |
| Stephen S. Tang, Ph.D. | $ 70,000 | $119,996 | | | | | $ 189,996 |

1 Because Messrs. Michels and Spair are officers of the Company, they are not entitled to any separate compensation for service on the Board or any Committee thereof and have not been included in this table. Ms. Aspinall became a Director in June 2017 and Dr. Sarin became a Director in February 2018.

[2] Non-employee Directors held the following number of unvested restricted shares ( RSs ) and stock options ( SOs ) at December 31, 2017: Ms. Aspinall: 30,000 SOs; Mr. Celano: 6,295 RSs; Mr. Hobbs: 6,295 RSs; 5,000 SOs; Mr. Lancaster: 6,295 RSs; Mr. Patrick: 6,295 RSs; and Dr. Tang: 7,952 RSs; 18,334 SOs. The aggregate number of stock options and restricted shares held by Messrs. Michels and Spair are set forth in the table in the section entitled, Outstanding Equity Awards, in this Proxy Statement.

[3] The indicated amounts reflect the aggregate grant date fair value of restricted stock awards made to non-employee Directors during 2017, computed in accordance with FAS ASC Topic 718.

[4] The indicated amount reflects the aggregate grant date fair value of the stock option award made to Ms. Aspinall upon being elected as a Director, computed in accordance with FAS ASC Topic 718. Dr. Sarin received an initial stock option award for 40,000 shares upon joining the Board in February 2018. Certain assumptions used in the calculation of the indicated amounts are set forth in footnote 9 to the Company s audited consolidated financial statements for the fiscal year ended December 31, 2017, included in the Company s 2017 Annual Report on Form 10-K.

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## PROPOSALS REQUIRING YOUR VOTE

## PROPOSAL NO. 1. ELECTION OF DIRECTORS

**Background**

At the Annual Meeting, you will be asked to vote on the election of two Directors. A majority of the independent members of the Board have nominated Michael Celano and Charles W. Patrick for election as Class III Directors, for terms expiring at the Annual Meeting of Stockholders in 2021. Douglas A. Michels, who also currently serves as a Class III Director, has not been nominated for re-election by the Board because he will be retiring from the Company on March 31, 2018.

Each of the nominees for election as Directors is presently a member of our Board and has consented to continue to serve if re-elected to the Board. Mr. Celano joined the Board in 2006 and serves as Chairman of the Audit Committee and as a member of the Compensation Committee. He also previously served on the Nominating and Corporate Governance Committee. Mr. Patrick joined the Board in 2006 and serves as the Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee.

We do not know of anything that would preclude any nominee from serving. However, should any nominee for any reason become unable or unwilling to serve as a Director, the persons named in the enclosed Proxy Card will vote the shares represented by each Proxy for such substitute nominee as the Board may approve.

Any vacancy that occurs on the Board that results from an increase in the number of Directors may be filled by the affirmative vote of a majority of the Directors then in office, and any other vacancy on the Board may be filled by the affirmative vote of a majority of the Directors then in office, even though less than a quorum of the Board, or by a sole remaining Director.

Certain information with respect to each person nominated for election as a Director and each person whose term of office as a Director will continue after the Annual Meeting, including the particular experience, qualifications, attributes and skills they possess that led to the conclusion that they should serve as a Director, is set forth below.

| Name | Principal Occupation | Age | Director Since |
|---|---|---|---|
| ***Class I (Directors Whose Terms Expire in 2019):*** | | | |
| Eamonn P. Hobbs | President of Hobbs Medical Ventures, LLC | 59 | 2016 |
| Stephen S. Tang, Ph.D. | President and Chief Executive Officer of The University City Science Center | 57 | 2011 |

| | | | |
|---|---|---|---|
| ***Class II (Directors Whose Terms Expire in 2020):*** | | | |
| Mara G. Aspinall | President & Chief Executive Officer of Health Catalysts | 55 | 2017 |
| Ronny B. Lancaster | Senior Vice President for Federal Government Relations of Assurant, Inc. | 66 | 2003 |
| Ronald H. Spair | Chief Financial Officer and Chief Operating Officer of the Company | 62 | 2006 |
| Aradhana Sarin, M.D. | Senior Vice President, Head of Corporate Business Development and Strategy of Alexion Pharmaceuticals | 43 | 2018 |
| ***Class III (Nominees for Terms Expiring in 2021):*** | | | |
| Michael Celano | Chief Operating Officer of Recro Pharma, Inc. | 59 | 2006 |
| Charles W. Patrick | Principal, Patrick Consulting | 63 | 2006 |

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## Eamonn P. Hobbs

**Independent Director**

**Director since:** 2016

**Class I Director**

**Term Expires:** 2019

**Age:** 59

**Other Current Public Company Directorships:** None

Mr. Hobbs currently serves as President of Hobbs Medical Ventures, LLC, a consulting company in the healthcare field, which he founded. From December 2016 to June 2017, Mr. Hobbs served as President and CEO of Digital Cognition Technologies, Inc., an early stage medical device company. From July 2014 to January 2016, Mr. Hobbs served as the President and Chief Executive Officer of Antares Pharma, Inc., a specialty pharmaceutical company focused on self-injection pharmaceutical products and technologies. He also served on the Antares board of directors from 2009 to 2016. From 2009 to 2013, Mr. Hobbs served as President and Chief Executive Officer, and from 2008 to 2013 was a member of the board of directors, of Delcath Systems, Inc., a specialty pharmaceutical and medical device public company specializing in cancer treatment. Prior to Delcath Systems, Inc., Mr. Hobbs served as President and Chief Executive Officer of AngioDynamics, Inc., a company he co-founded in 1988 as a division of E-Z-EM, Inc. which grew into a leading medical technology public company with a highly diverse product line. From 1988 to 2004, Mr. Hobbs also served as Executive Vice President of Business Development of E-Z-EM, Inc., a NASDAQ-traded company. Before joining AngioDynamics, Mr. Hobbs was Director of Marketing and Product Development at NAMIC; founder, President and Chief Executive Officer of Hobbs Medical, Inc.; and a Product Development Engineer at Cook Incorporated. Mr. Hobbs received a B.S. in Plastics Engineering with a Biomaterials emphasis at the University of Massachusetts (Lowell). Mr. Hobbs has served on the Board of Directors of the Medical Device Manufacturers Association since 2009.

Skills and Qualifications leading to conclusion that he should serve on the Board:

Executive-level management experience as CEO of several public companies.

Extensive experience in the medical device, pharmaceutical and combination products industries.

Extensive experience managing operations in a cost-effective, efficient manner.

Experience with governance and policy development for the medical device industry.

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## Stephen S. Tang, Ph.D.

**Independent Director**

**(During 2017)**

**Director since:** 2011

**Class I Director**

**Term Expires:** 2019

**Age:** 57

**Other Current**

**Public Company**

**Directorships:** None

Stephen S. Tang, Ph.D. became a member of the Board in April 2011 and has served as the Company s Chairman of the Board since November 2016. Since January 2008, Dr. Tang has served as President and Chief Executive Officer of The University City Science Center, an urban research park and business incubator owned by over thirty leading universities, medical schools and health networks in the greater Philadelphia, Pennsylvania area. Dr. Tang will become the Company s President and CEO on April 1, 2018. Prior to his tenure at the University City Science Center, Dr. Tang held senior management and business development positions with several firms in the life sciences industry, including Olympus America, Inc., as well as Millennium Cell Inc. and A.T. Kearney Inc. Dr. Tang holds a B.S. degree in Chemistry from The College of William and Mary, an M.S. and Ph.D. in Chemical Engineering from Lehigh University and an MBA from The Wharton School of Business at the University of Pennsylvania.

Skills and Qualifications leading to conclusion that he should serve on the Board:

Extensive business experience, particularly in the life sciences industry.

Experience with strategic and business development matters.

Executive-level management experience.

## Mara G. Aspinall

**Independent Director**

**Director since:** 2017

**Class II Nominee**

**Term Expires:** 2020

**Age:** 55

Mara G. Aspinall joined the Board in June 2017. Since 2014, she has served as the President and Chief Executive Officer of Health Catalysts, an investment and advisory firm that focuses on growth of early stage life science and technology companies. She also currently serves as the Executive Chairman of GenePeeks, a computational genomics company offering proprietary technology to help identify the pre-conception risk of passing on monogenic disease to progeny. Prior to these positions, Ms. Aspinall served as President and CEO, Global Head of Roche Tissue Diagnostics/Ventana Medical Systems, a division of The Roche Group that provides tissue-based cancer diagnostic instruments, products and services. Prior to that, she founded and served as CEO and Director of On-Q-ity, Inc., a diagnostic research company focused on improving cancer treatment through the capture of circulating tumor cells in a patient s blood. Ms. Aspinall also spent 12 years with Genzyme Corporation, serving as President of the Genzyme Genetics division, a leading provider of esoteric and genetic tests for the reproductive, oncology and personalized medicine markets, and as President of the Genzyme Pharmaceuticals division, a custom pharmaceutical intermediates provider. Ms. Aspinall began her career as a management consultant with Bain & Company. Ms. Aspinall holds an M.B.A from Harvard Business School and a B.A. in International Relations from Tufts University. In addition to serving on the Board at GenePeeks, she previously served on the Board at Safeguard Scientific and currently serves on the Boards of Abcam Plc and Allscripts.

**Other Current Public Company Directorships:** 2

Skills and Qualifications leading to conclusion that she should serve on the Board:

Executive level experience as a CEO.

Executive experience in the life sciences industry.

Extensive experience in molecular diagnostics.

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## Ronny B. Lancaster

**Independent Director**

**Director since:** 2003

**Class II Nominee**

**Term Expires:** 2020

**Age:** 66

**Other Current Public Company Directorships:** None

Ronny B. Lancaster became a member of the Board in May 2003. Since September 2005, Mr. Lancaster has served as Senior Vice President, Federal Government Relations of Assurant, Inc., a provider of specialty insurance and insurance-related products and services. Prior to that, Mr. Lancaster served as Chief Operating Officer of the Morehouse School of Medicine, Executive Assistant to the Secretary and Principal Deputy Assistant Secretary for Planning and Evaluation at the U.S. Department of Health and Human Services, General Counsel of Hamilton Enterprises, Inc., Senior Washington Representative for Blue Cross/Blue Shield Association, and Chief of the Division of Fee-For-Service Plans at the U.S. Office of Personnel Management. Mr. Lancaster received a B.A. in Economics from the Catholic University of America, an M.B.A. from the Wharton School of the University of Pennsylvania, and a J.D. from The Georgetown University Law Center. He is admitted to the Bars of Pennsylvania and the District of Columbia. Mr. Lancaster previously served on the board of directors of Immucor, Inc.

Skills and Qualifications leading to conclusion that he should serve on the Board:

- Expertise in government affairs and political matters.
- Extensive medical and healthcare experience.
- Legal training.

## Ronald H. Spair

For biographical information on Mr. Spair, see the Section entitled, Executive Officers, in this Proxy Statement.

**Chief Financial Officer & Chief Operating Officer**

Skills and Qualifications leading to conclusion that he should serve on the Board:

Service as Chief Financial Officer and Chief Operating Officer of the Company.

**Director since:** 2006

Financial and accounting expertise.

**Class II Nominee**

Extensive business and investor relations experience.

**Term Expires:** 2020

**Age:** 62

**Other Current Public Company Directorships:** 1

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## Michael Celano

**Independent Director**

**Director since:** 2006

**Class III Director**

**Term Expires:** 2021

**Age:** 59

**Other Current Public Company Directorships:** None

Michael Celano became a member of the Board in October 2006. Since January 2018, Mr. Celano has served as the Chief Operating Officer of Recro Pharma, Inc. and between July 2016 and January 2018, Mr. Celano served as its Chief Financial Officer. Between 2015 and June 2016 Mr. Celano was self-employed providing consulting services to healthcare companies. Prior to that, Mr. Celano served as the Chief Financial Officer of Kensey Nash Corporation, a biomaterials company from 2009 to 2012. From 2007 to 2008, Mr. Celano also served as Chief Financial Officer for BioRexis Pharmaceutical Corporation, a biopharmaceutical company. Before joining BioRexis, Mr. Celano served as a partner with KPMG LLP, where he was co-leader of its National Life Science Practice. Mr. Celano also was co-leader of the Life Science Practice for Arthur Andersen before he joined KPMG. Mr. Celano holds a B.S. in Accounting from St. Joseph s University.

Skills and Qualifications leading to conclusion that he should serve on the Board:

Long career in public accounting focused in the life sciences area.

Accounting and financial expertise.

Extensive business experience.

## Douglas A. Michels

For biographical information on Mr. Michels, see the Section entitled, Executive Officers, in this Proxy Statement.

**President & Chief Executive Officer**

Skills and Qualifications leading to conclusion that he should serve on the Board:

**Director since:** 2004

Service as President and Chief Executive Officer of the Company.

**Class III Director**

Extensive business and executive-level management experience in the medical device and diagnostics field.

**Term Expires:** 2021

Public, private and non-profit board experience.

**Age:** 61

**Other Current Public Company Directorships:** 1

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## Charles W. Patrick

**Independent Director**

**Director since:** 2006

**Class III Director**

**Term Expires:** 2021

**Age:** 63

**Other Current Public Company Directorships:** None

Charles W. Patrick became a member of the Board in January 2006. Since 2000, Mr. Patrick has served as Principal of Patrick Consulting, a management consulting firm that helps diagnostic, medical device and technology companies develop sales, marketing and distribution strategies. From 2001 through 2011, Mr. Patrick also served as the President and Co-owner of ADS Golf, Inc., a golf equipment supplier. Prior to that time, he served as the President and Chief Executive Officer of CallNexus, Inc., a provider of virtual call center services, and Vice President of Sales and Marketing for Biosite, Inc., a medical diagnostics company, where he had primary responsibility for developing and achieving Biosite s strategic sales, marketing and distribution objectives. Prior to his time at Biosite, Mr. Patrick served as World Wide Group Marketing Manager and held several other sales and marketing positions for the Diagnostics Division of Abbott Laboratories. Mr. Patrick also previously served on the board of directors for DiaDexus, Inc., Accumentrics, Inc. and Seamless Medical Systems, Inc. Mr. Patrick received his undergraduate degree from the University of Central Florida.

Skills and Qualifications leading to conclusion that he should serve on the Board:

- Extensive sales and marketing background.
- More than 40 years of experience in the medical diagnostics industry.
- Entrepreneurial skills.

## Aradhana Sarin, M.D.

Aradhana Sarin became a member of the Board in January 2018. Since November 2017, she has served as the Senior Vice President, Head of Corporate Business Development &

**Independent Director**

**Director since:** 2018

**Class II Nominee**

**Term Expires:** 2020

**Age:** 43

**Other Current Public Company Directorships:** None

Strategy for Alexion Pharmaceuticals, a global biopharmaceutical company. Dr. Sarin also serves as Co-Chair of the Executive Management Committee overseeing Science and Innovation at Alexion. Prior to that, Dr. Sarin served as the Managing Director of Healthcare Corporate & Investment Banking at Citi Global Banking, focusing on clients in the diagnostics, life sciences and biopharmaceutical sectors. Prior to her tenure at Citi, Dr. Sarin held various positions in the investment banking industry, including with UBS and JP Morgan. Prior to her career in investment banking, Dr. Sarin spent two years as a medical resident practicing in both India and Africa. Dr. Sarin received her MBA from Stanford Business School and obtained her medical training from the University of Delhi in India.

Skills and Qualifications leading to conclusion that she should serve on the Board:

Extensive experience in the healthcare and life sciences sectors.

Scientific and medical background and experience.

Extensive experience at global financial institutions, involving M&A and equity and debt financing transactions

Extensive knowledge of global healthcare systems.

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**Vote Required; Board Recommendation**

If a quorum is present, each nominee will be elected if he or she receives a majority of the votes cast by shares present in person or by Proxy and entitled to vote at the Annual Meeting. Shares voted in person or represented by proxy which are not voted for a nominee (by voting no or abstaining) will have the effect of voting against the nominee. Broker non-votes will have no effect on the required vote. In the absence of instructions to the contrary, shares of Common Stock represented by properly executed Proxies will be voted for the nominees, each of whom has consented to be named and to serve if elected.

**Your Board recommends that you vote FOR the election of the Director nominees.**

## PROPOSAL NO. 2. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**Background**

The Audit Committee of the Board of Directors has approved the reappointment of KPMG LLP ( KPMG ) as our independent registered public accounting firm for the 2018 fiscal year. The Audit Committee has also recommended that the Board submit the appointment of KPMG for ratification by stockholders at the Annual Meeting. Although action by the stockholders on this matter is not legally required, the Audit Committee and the Board believe it is appropriate to seek stockholder ratification of this appointment in light of the important role played by the independent registered public accounting firm in reporting on the Company s consolidated financial statements. If this appointment is not ratified by stockholders, the Audit Committee may reconsider its appointment of KPMG for the 2018 fiscal year or in the future.

One or more representatives of KPMG are expected to attend the Annual Meeting electronically. They will have an opportunity to make a statement and will be available to respond to appropriate questions.

**Vote Required; Board Recommendation**

Ratification of the appointment of KPMG requires the affirmative vote of a majority of shares present in person or by Proxy and entitled to vote at the Annual Meeting. Shares voted in person or represented by Proxy which are not voted for this ratification (by voting no or abstaining) will have the effect of voting against this proposal. In the absence of instructions to the contrary, shares of Common Stock represented by properly executed Proxies will be voted for ratification of the appointment of KPMG as our independent registered public accounting firm for the 2018 fiscal year.

**Your Board recommends that the stockholders vote FOR ratification of the appointment of KPMG.**

## PROPOSAL NO. 3. ADVISORY (NON-BINDING) VOTE TO APPROVE EXECUTIVE COMPENSATION

**Background**

Section 14A of the Exchange Act, enacted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ( Dodd-Frank Act ), requires that stockholders be given the opportunity to vote to approve, on an advisory (non-binding) basis, no less frequently than once every three years, the compensation of our NEOs. Based on feedback received at our 2017 Annual Meeting, the Board determined that such a vote will continue to be held on an annual basis until the next advisory vote on frequency.

The vote on the resolution recommended below is not intended to address any specific element of compensation, but rather relates to the overall compensation of our NEOs. As described more fully under the CD&A Section of this Proxy Statement and the related tables and narrative, our compensation program is performance-based and is designed to pay executives for performance by offering rewards for the achievement of pre-determined

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objectives. In addition, our program is designed to align the interests of executives with the interests of our stockholders, provide long-term incentives and set compensation at levels sufficiently competitive to attract, retain and motivate high quality executives, and meet strong corporate governance principles. You are urged to carefully review the CD&A Section of this Proxy Statement which contains a detailed discussion of our executive compensation program, including the 2017 compensation of our NEOs.

**Compensation Program Features**

As described more fully in the CD&A, there are many important features to our compensation program that illustrate our commitment to pay-for-performance and good corporate governance. A summary of some of the more significant of these features is set forth below:

| | |
|---|---|
| Compensation is market driven and performance-based. | Total compensation targeted at 50th percentile of peer group. |
| Balanced mix of cash/equity, fixed/variable, short-term/long-term compensation components. | Use of peer company benchmarking and tally sheets. |
| Threshold financial performance objectives for annual bonus pool funding meet or exceed fiscal performance for the prior fiscal year. | Compensation recoupment policy. |
| Equity awards provide long-term incentive with three year vesting. | No hedging or pledge of our Common Stock. |
| 50% of annual equity is performance-vested. | Robust stockholder outreach on compensation/governance matters. |

**Vote Required; Board Recommendation**

If a quorum is present, the affirmative vote of a majority of shares present, in person or by Proxy and entitled to vote at the Annual Meeting, is required to approve, on an advisory (non-binding) basis, the compensation paid to NEOs. Shares voted in person or represented by Proxy which are not voted for approval of our executive compensation (by voting no or abstaining) will have the effect of voting against this proposal. Broker non-votes will not count toward the determination of whether this proposal is approved and will have no impact on the vote. In the absence of instructions to the contrary, shares of Common Stock represented by properly executed Proxies will be voted for approval of our executive compensation, as disclosed in this Proxy Statement. Because this stockholder vote is advisory, it will not be binding on the Company or the Board of Directors. However, the Compensation Committee and Board will take into account the outcome of the vote when considering future executive compensation programs and arrangements.

Based on the foregoing, the Board is requesting that stockholders vote on the following resolution:

**RESOLVED**, that the compensation paid to the Company s named executive officers, as disclosed in the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

**Your Board recommends that the stockholders vote FOR the approval of our executive compensation as described in the preceding resolution.**

ANNUAL REPORT

**Our Annual Report to Stockholders for the year ended December 31, 2017 accompanies this Proxy Statement. Following receipt of a written request, we will provide, without charge, a copy of our Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC (including a list briefly describing the exhibits thereto), to any record holder or beneficial owner of our Common Stock on**

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**March 15, 2018, the record date for the Annual Meeting, or to any person who subsequently becomes such a record holder or beneficial owner. Requests should be directed to the attention of the Corporate Secretary of the Company at our address set forth in the Notice of Annual Meeting of Stockholders immediately preceding this Proxy Statement.**

## DEADLINE FOR STOCKHOLDER PROPOSALS

You may submit proposals for inclusion in the proxy materials for the Company s 2019 Annual Meeting of Stockholders. Any such proposals must meet the stockholder eligibility and other requirements imposed by rules issued by the SEC and must be received by the Company at 220 East First Street, Bethlehem, Pennsylvania 18015, Attention: Corporate Secretary, in accordance with Rule 14a-8 promulgated under the Exchange Act, not later than December 6, 2018.

In addition, our Bylaws provide that a stockholder proposal must meet certain predetermined requirements in order to be considered at the Annual Meeting. These requirements are separate from, and in addition to, the requirements discussed above to have the stockholder proposal included in the proxy materials pursuant to the SEC s rules and regulations. In order to be considered, a stockholder s proposal must be made in writing to the Company s Secretary and must be delivered to or received at our principal executive offices not less than ninety (90) days nor more than one hundred twenty (120) days prior to the meeting. However, if less than one hundred (100) days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received no later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. The notice to the Secretary must set forth, with respect to each matter the stockholder proposes to bring before the meeting, a brief description of the matter and the reasons for considering that matter at the Annual Meeting. The notice must also include, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf notice of the proposed business is made: (i) the name and address of the stockholder and such beneficial owner; (ii) any material interest of such stockholder and such beneficial holder in such business; (iii) the class and number of shares of capital stock of the Company which are held of record or beneficially owned by the stockholder and such beneficial owner and any other direct or indirect pecuniary or economic interest in any capital stock of the Company of such stockholder and such beneficial owner, including without limitation, any derivative instrument, swap, option, warrant, short interest, hedge, profit sharing arrangement or borrowed or loaned shares; (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to propose the business described in its notice; and (v) any other information relating to such business matter that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. To the extent the Board of Directors or the SEC, or a court of competent jurisdiction, deems these Bylaw provisions to be inconsistent with the right of stockholders to request inclusion of a proposal in the Company s proxy materials pursuant to Rule 14a-8 promulgated under the Exchange Act, such rule shall prevail.

The SEC has promulgated rules relating to the exercise of discretionary voting authority under proxies solicited by the Board. If a stockholder intends to present a proposal at our 2019 Annual Meeting without inclusion of that proposal in the Company s proxy materials and written notice of the proposal is not received by the Secretary of the Company by February 12, 2019 (the date that is 45 days before the one-year anniversary of the date on which the Company first sent its proxy materials for the Annual Meeting), or if the Company meets other requirements of the applicable SEC rules and regulations, the proxies solicited by the Board for use at the 2019 Annual Meeting will confer discretionary authority to vote on the proposal should it then be raised at the 2019 Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Jack E. Jerrett

*Secretary*

*March 29, 2018*

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*220 EAST FIRST STREET*

*BETHLEHEM, PA 18015*

**VOTE BY INTERNET**

*Before The Meeting* **- Go to www.proxyvote.com or scan the QR Barcode above**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

*During The Meeting* **- Go to www.virtualshareholdermeeting.com/OSUR2018**

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

**VOTE BY PHONE - 1-800-690-6903**
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E38313-P03935 KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.** DETACH AND RETURN THIS PORTION ONLY

**ORASURE TECHNOLOGIES, INC.**

**The Board of Directors recommends you vote FOR each of the following nominees:**

1. ELECTION OF DIRECTORS

Class III (Expiring 2021)

| **Nominees:** | **For** | **Against** | **Abstain** |
|---|---|---|---|
| 1a. Michael Celano | | | |
| 1b. Charles W. Patrick | | | |

| **The Board of Directors recommends you vote FOR items 2 and 3.** | **For** | **Against** | **Abstain** |
|---|---|---|---|
| 2. Ratification of Appointment of KPMG LLP as the Independent Registered Public Accounting Firm for Fiscal Year 2018. | | | |
| 3. Advisory (Non-Binding) Vote to Approve Executive Compensation. | | | |

Mark Here for Address Changes or Comments SEE REVERSE

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature [PLEASE SIGN WITHIN BOX] Signature (Joint Owners) Date

Date

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**OraSure Technologies, Inc.**

**2018 Annual Meeting of Stockholders**

**Tuesday, May 8, 2018**

**Important notice regarding the Internet availability of proxy materials for the**

**Annual Meeting of Stockholders.**

The Notice and Proxy Statement and 2017 Annual Report to Stockholders

are available at www.proxyvote.com.

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**PROXY**

**2018 Annual Meeting of Stockholders**

**PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Jack E. Jerrett and Mark L. Kuna, and each of them, proxies with full power of substitution, to vote all of the shares which the undersigned is entitled to vote at the 2018 Annual Meeting of Stockholders of OraSure Technologies, Inc. (the Company ), on Tuesday, May 8, 2018, at 10:00 a.m. (Eastern Time), and at any adjournment or adjournments thereof, with all the powers the undersigned would possess if personally present, with respect to the matters listed on the reverse side.

**The shares represented by this Proxy, if properly executed, will be voted (i) FOR the election of the nominees listed on the reverse side as directors, (ii) FOR the ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2018, and (iii) FOR**

**approval of the compensation of the Company s named executive officers. If any other business properly comes before the meeting, the proxies named above will have discretionary authority to vote thereon in accordance with their best judgment.**

**PLEASE MARK, DATE, SIGN AND RETURN THE PROXY CARD PROMPTLY.**

**Address Changes/Comments: _____**
**_____**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**(Continued and to be marked, dated and signed, on the other side)**