

ICON PLC /ADR/  
Form 20-F  
March 22, 2011

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

FORM 20-F

(Mark One)

— \_\_\_ Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934  
OR

\_X\_ Annual report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934  
For the fiscal year ended: December 31, 2010

OR

\_\_\_ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Commission File Number: 000-29714  
ICON PUBLIC LIMITED COMPANY

(Exact name of Registrant as Specified in its Charter)  
Ireland

(Jurisdiction of Incorporation or Organization)

SOUTH COUNTY BUSINESS PARK,  
LEOPARDSTOWN,  
DUBLIN 18, IRELAND

(Address of principal executive offices)

Ciaran Murray, CFO  
South County Business Park Leopardstown, Dublin 18, Ireland.  
Ciaran.Murray@iconplc.com  
011-353-1-291-2000

(Name, telephone number, email and/or facsimile number and address of Company contact person)  
Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
AMERICAN DEPOSITORY SHARES, REPRESENTING ORDINARY SHARES, PAR VALUE €0.06 EACH	NASDAQ GLOBAL SELECT MARKET

Securities registered or to be registered pursuant to section 12(g) of the Act:

Title of each class  
NONE

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

NONE  
(Title of class)

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 60,247,092 Ordinary Shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as determined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued  Other   
by the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

## TABLE OF CONTENTS

	Page
<u>General</u>	1
<u>Cautionary Statement</u>	1
<u>PART I</u>	
<u>Item 1. Identity of Directors, Senior Management and Advisors</u>	2
<u>Item 2. Offer Statistics and Expected Timetable</u>	2
<u>Item 3. Key Information</u>	3
<u>Item 4. Information on the Company</u>	11
<u>Item 5. Operating and Financial Review and Prospects</u>	24
<u>Item 6. Directors, Senior Management and Employees</u>	34
<u>Item 7. Major Shareholders and Related Party Transactions</u>	45
<u>Item 8. Financial Information</u>	47
<u>Item 9. The Offer and the Listing</u>	47
<u>Item 10. Additional Information</u>	48
<u>Item 11. Quantitative and Qualitative Disclosures about Market Risk</u>	56
<u>Item 12. Description of Securities Other than Equity Securities</u>	57
<u>PART II</u>	
<u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u>	57
<u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	57
<u>Item 15. Controls and Procedures</u>	57
<u>Item 16. Reserved</u>	58
<u>PART III</u>	
<u>Item 17. Financial Statements</u>	59
<u>Item 18. Financial Statements</u>	59
<u>Item 19. Financial Statements and Exhibits</u>	59

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## General

As used herein, “ICON plc”, “ICON”, the “Company” and “we” or “us” refer to ICON public limited company and consolidated subsidiaries, unless the context requires otherwise.

Unless otherwise indicated, ICON plc’s financial statements and other financial data contained in this Form 20-F are presented in United States dollars (“\$”) and are prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”).

In this Form 20-F, references to "U.S. dollars", "U.S.\$" or "\$" are to the lawful currency of the United States, references to "pounds sterling", "sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom, references to “Euro” or “€” are to the European single currency adopted by seventeen members of the European Union (including the Republic of Ireland, France, Germany, Spain, Italy, Finland and the Netherlands). ICON publishes its consolidated financial statements in U.S. dollars.

## Cautionary Statement Regarding Forward-looking Statements

Statements included herein which are not historical facts are forward-looking statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 (the “PSLRA”). Forward-looking statements may be identified by the use of future tense or other forward looking words such as “believe”, “expect”, “anticipate”, “should”, “may”, “strategy”, or other variations or comparable terminology. Forward looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, our results could be materially affected. The risks and uncertainties include, but are not limited to, dependence on the pharmaceutical industry and certain clients, the need to regularly win projects and then to execute them efficiently, the challenges presented by rapid growth, competition and the continuing consolidation of the industry, the dependence on certain key executives and other factors identified in the Company’s Securities and Exchange Commission filings and in the risk factors included on pages 5 to 11. The Company has no obligation under the PSLRA to update any forward looking statements and does not intend to do so.

Part I

Item 1. Identity of Directors, Senior Management and Advisors.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

## Item 3. Key Information.

## Selected Historical Consolidated Financial Data for ICON plc

The following selected financial data set forth below are derived from the Company's consolidated financial statements and should be read in conjunction with, and are qualified by reference to, Item 5 "Operating and Financial Review and Prospects" and the Company's consolidated financial statements and related notes thereto included elsewhere in this Form 20-F.

	Year Ended December 31,				
	2006	2007	2008	2009	2010
	(in thousands, except share and per share data)				
<b>S t a t e m e n t o f</b>					
<b>Operations Data:</b>					
Gross revenue	\$ 649,826	\$ 867,473	\$ 1,209,451	\$ 1,258,227	\$ 1,263,147
Reimbursable expenses (1)	(194,229 )	(236,751 )	(344,203 )	(370,615 )	(363,103 )
Net revenue	455,597	630,722	865,248	887,612	900,044
<b>Costs and expenses:</b>					
Direct costs	256,263	354,479	489,238	507,783	541,388
Selling, general and administrative	136,569	187,993	248,778	230,910	232,688
Depreciation and amortization	14,949	19,008	27,728	32,659	33,873
One-time net charges (2)	-	-	-	8,808	-
Total costs and expenses	407,781	561,480	765,744	780,160	807,949
Income from operations	47,816	69,242	99,504	107,452	92,095
Net interest income / (expense)	3,640	2,738	(1,224 )	(2,778 )	629
Income before provision for income taxes	51,456	71,980	98,280	104,674	92,724
Provision for income taxes	(12,924 )	(15,830 )	(19,967 )	(10,375 )	(5,653 )
Non-controlling interest	(228 )	(187 )	(193 )	-	-
Net income	\$ 38,304	\$ 55,963	\$ 78,120	\$ 94,299	\$ 87,071
<b>Net income per ordinary share (3):</b>					
Basic	\$ 0.68	\$ 0.97	\$ 1.34	\$ 1.61	\$ 1.46
Diluted	\$ 0.66	\$ 0.94	\$ 1.30	\$ 1.57	\$ 1.44
<b>Weighted average number</b>					

of ordinary shares outstanding:					
Basic	56,629,970	57,410,544	58,245,240	58,636,878	59,718,934
Diluted	57,726,668	59,495,928	60,221,587	59,900,504	60,637,103

3

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	Year Ended December 31,				
	2006	2007	2008	2009	2010
	(in thousands)				
Balance Sheet Data:					
Cash and cash equivalents	\$63,039	\$76,881	\$58,378	\$144,801	\$255,706
Short term investments	39,822	41,752	42,726	49,227	-
Working capital	160,321	193,271	185,957	235,906	329,350
Total assets	476,341	693,138	867,285	908,398	949,538
Total debt	5,000	94,829	105,379	-	-
Long term government grants	1,170	1,179	1,386	1,750	1,470
Long term liabilities	163	1,443	1,880	2,844	3,676
Ordinary share capital	4,789	4,843	4,921	4,965	5,063
Additional paid-in capital	131,307	143,639	162,057	174,188	196,960
Shareholders' equity	\$302,738	\$388,400	\$456,366	\$572,246	\$669,999

- (1) Reimbursable expenses are comprised of investigator payments and certain other costs reimbursed by clients under terms specific to each of the Company's contracts. See Note 2 (d) to the Audited Consolidated Financial Statements.
- (2) One-time net charges of \$8.8 million were recorded in the year ended December 31, 2009. In response to the globalization of clinical studies and its attendant impact on resources in existing and emerging markets, the Company conducted a review of its existing infrastructure to better align its resources with the needs of its clients. This realignment resulted in resource rationalizations in certain more mature markets in which the Company operates and the recognition of a restructuring charge of \$13.3 million. This was partially offset by research and development incentives of \$4.5 million received by the Company in certain European Union jurisdictions in which it operates.
- (3) Net income per ordinary share is based on the weighted average number of outstanding ordinary shares. Diluted net income per share includes potential ordinary shares from the exercise of options.



## Risk Factors

### Risk Related to Our Business and Operations

We depend on a limited number of clients and a loss of or significant decrease in business from them could affect our business.

We have in the past and may in the future derive a significant portion of our net revenue from a relatively limited number of major projects or clients. During the years ended December 31, 2010, December 31, 2009 and December 31, 2008 33%, 27% and 29% respectively of our net revenues were derived from our top five clients. No one client contributed more than 10% of net revenues during the years ended December 31, 2010, December 31, 2009 and December 31, 2008. The loss of, or a significant decrease in business from one or more of these key clients could have a material adverse impact on our results of operations.

Many of our contracts are long-term fixed-fee contracts. We would lose money in performing these contracts if the costs of performance exceed the fixed fees for these projects and we were unable to negotiate a change order for the value of work performed.

Many of our contracts are long-term fixed fee contracts. Revenues on these contracts are agreed on contract initiation between the Company and the customer and are based on estimated time inputs to the contract. Factors considered in estimating time requirements include the complexity of the study, the number of geographical sites where trials are to be conducted and the number of patients to be recruited at each site. The Company regularly reviews the estimated hours on each contract to determine if the budget accurately reflects the agreed tasks to be performed taking into account the state of progress at the time of review. The Company further ensures that changes in scope are appropriately monitored and change orders for additional revenue are promptly negotiated for additional work as necessary. If we were to fail to recognize and negotiate change orders for changes in the resources required or the scope of the work to be performed the Company could lose money if the costs of performance of these contracts exceeded their fixed fees.

If our clients discontinue using our services, or cancel or discontinue projects, our revenue would be adversely affected and we may not receive their business in the future or may not be able to attract new clients.

Our clients may discontinue using our services completely or cancel some projects either without notice or upon short notice. The termination or delay of a large contract or of multiple contracts could have a material adverse effect on our revenue and profitability. Historically, clients have cancelled or discontinued projects and may in the future cancel their contracts with us for reasons including:

- the failure of products being tested to satisfy safety or efficacy requirements;

- unexpected or undesired clinical results of the product;

- a decision that a particular study is no longer necessary;

- poor project performance, quality concerns, insufficient patient enrollment or investigator recruitment; or

- production problems resulting in shortages of the drug.

If we lose clients, we may not be able to attract new ones, and if we lose individual projects, we may not be able to replace them.

If we fail to attract or retain qualified staff, our performance may suffer.

Our business, future success and ability to expand operations depend upon our ability to attract, hire, train and retain qualified professional, scientific and technical operating staff. We compete for qualified professionals with other CROs, temporary staffing agencies and the in-house departments of pharmaceutical, biotechnology and medical device companies. Although we have not had any difficulty attracting or retaining qualified staff in the past, there is no guarantee that we will be able to continue to attract a sufficient number of clinical research professionals at an acceptable cost.

Our ability to perform clinical trials is dependant upon our ability to recruit suitable willing investigators and patients

We contract with physicians located in hospitals, clinics or other such sites, who serve as investigators in conducting clinical trials to test new drugs on their patients. Investigators supervise administration of the study drug to patients during the course of the clinical trial. The availability of suitable patients for enrolment on studies is dependent upon many factors including, amongst others, the size of the patient population, the design of the study protocol, eligibility criteria, the referral practices of physicians, the perceived risks and benefits of the drug under study and the availability of alternative medication, including medication undergoing separate clinical trial. Insufficient patient enrolment or investigator recruitment may result in the termination or delay of a study which could have a material adverse impact on our results of operations.

We are highly dependent on information technology. If our systems fail or are unreliable our operations may be adversely impacted.

The efficient operation of our business depends on our information technology infrastructure and our management information systems. Our information technology infrastructure includes both third party solutions and applications designed and maintained internally. Since our Company operates on multiple platforms, the failure of our information technology infrastructure and/or our management information systems to perform could severely disrupt our business and adversely affect our results of operation. In addition, our information technology infrastructure and/or our management information systems are vulnerable to damage or interruption from natural or man-made disasters, terrorist attacks, computer viruses or hackers, power loss, or other computer systems, Internet telecommunications or data network failures. Any such interruption could adversely affect our business and results of operations.

We may make acquisitions in the future, which may lead to disruptions to our ongoing business.

We have made a number of acquisitions and will continue to review new acquisition opportunities. If we are unable to successfully integrate an acquired company, the acquisition could lead to disruptions to the business. The success of an acquisition will depend upon, among other things, our ability to:

assimilate the operations and services or products of the acquired company;

integrate acquired personnel;

retain and motivate key employees;

retain customers; and

minimize the diversion of management's attention from other business concerns.

In the event that the operations of an acquired business do not meet our performance expectations, we may have to restructure the acquired business or write-off the value of some or all of the assets of the acquired business.

Our operations might be impacted by a disruption to the air travel system.

Many of our operations rely on the availability of air transportation for the distribution of clinical trial materials, study samples and personnel. A disruption to the air travel system could materially impact our operations. While we have developed contingency plans to minimize the impact of such events, a disruption to the availability of air transportation could have a material adverse impact on our activities and results of operations.

We rely on our interactive voice response systems to provide accurate information regarding the randomization of patients and the dosage required for patients enrolled in the trials.

We develop and maintain computer run interactive voice response systems to automatically manage the randomization of patients in trials, assign the study drug, and adjust the dosage when required for patients enrolled in trials we support. An error in the design, programming or validation of these systems could lead to inappropriate assignment or dosing of patients which could give rise to patient safety issues, invalidation of the trial, liability claims against the Company or all three.

We rely on various control measures to mitigate the risk of a serious adverse event resulting from healthy volunteer Phase I trials.

We conduct healthy volunteer Phase I trials including first-into-man trials. Due to the experimental nature of these studies, serious adverse events may arise. We mitigate such events by following Good Clinical Practice and ensuring appropriately trained and experienced clinical physicians are managing these trials and that internal Standard Operating Procedures and client protocols are rigorously adhered to. We also ensure that a signed contract is in place with the client in advance of clinical dosing with appropriate indemnifications and insurance coverage. We maintain our own no-faults clinical trial insurance. Following our internal review and submission, an Independent Ethics committee approves the study protocol and appropriate approval is obtained from the relevant regulatory body.

#### Risk Related to Our Industry

We are dependent on the continued outsourcing of research and development by the pharmaceutical, biotechnology and medical device industries.

We are dependent upon the ability and willingness of the pharmaceutical, biotechnology and medical device companies to continue to spend on research and development and to outsource the services that we provide. We are therefore subject to risks, uncertainties and trends that affect companies in these industries. We have benefited to date from the tendency of pharmaceutical, biotechnology and medical device companies to outsource clinical research projects. Any downturn in these industries or reduction in spending or outsourcing could adversely affect our business. For example, if these companies expanded upon their in-house clinical or development capabilities, they would be less likely to utilize our services. In addition, if governmental regulations were changed, it could affect the ability of our clients to operate profitably, which may lead to a decrease in research spending and therefore this could have a material adverse effect on our business.

## Risk Related to Our Financial Results

Our quarterly results are dependent upon a number of factors and can fluctuate from quarter to quarter.

Our results of operations in any quarter can fluctuate depending upon, among other things, the number and scope of ongoing client projects, the commencement, postponement, variation and cancellation or termination of projects in a quarter, the mix of revenue, cost overruns, employee hiring and other factors. Our net revenue in any period is directly related to the number and percentage of employees who were working on projects billable to the client during that period. We may be unable to compensate for periods of underutilization during one part of a fiscal period by augmenting revenues during another part of that period. We believe that operating results for any particular quarter are not necessarily a meaningful indication of future results.

Our exposure to exchange rate fluctuations could adversely affect our results of operations.

Our contracts with our clients are sometimes denominated in currencies other than the currency in which we incur expenses related to such contracts. Where expenses are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material adverse effect on our results of operations. This risk is partially mitigated by clauses in certain of our contracts which allow for price renegotiation with our clients if changes in the relative value of those currencies exceed predetermined tolerances.

In addition, we are also subject to translation exposures as our consolidated financial results are presented in U.S. dollars, while the local results of certain of our subsidiaries are prepared in currencies other than U.S. dollars, including, amongst others, the pound sterling and the euro. Accordingly, changes in exchange rates between the U.S. dollar and those other currencies will affect the translation of a subsidiary's financial results into U.S. dollars for purposes of reporting our consolidated financial results.

Our effective tax rate may fluctuate from quarter-to-quarter, which may affect our results of operations.

Our quarterly effective tax rate has depended and will continue to depend on the geographic distribution of our revenue and earnings amongst the multiple tax jurisdictions in which we operate. Changes in the geographic mix of our results of operations amongst these jurisdictions may have a significant impact on our effective tax rate from quarter to quarter. In addition, as we operate in multiple tax jurisdictions, we may be subject to audits in certain jurisdictions. These audits may involve complex issues which could require an extended period of time for resolution. While we believe that adequate provisions for income taxes have been made in our financial statements, the resolution of audit issues may lead to differences which could have a significant impact on our effective tax rate.

Our backlog may not convert to net revenue and the rate of conversion may slow

Our backlog at any date is not necessarily a meaningful predictor of future results, due to the potential for the cancellation or delay of projects underlying the backlog. No assurances can be given that we will be able to realize this backlog as net revenue. A failure to realize backlog as net revenue could have a material adverse impact on our results of operations. In addition, as the length and complexity of projects underlying our backlog increases, the rate at which backlog converts to net revenue may be slower than in the past. A significant reduction in the rate at which backlog converts to net revenue could have a material impact on our results of operations.

### Risk Related to Political, Legal or Regulatory Environment

We may lose business opportunities as a result of health care reform and the expansion of managed care organizations.

Numerous governments, including the U.S. government and governments outside of the U.S., have undertaken efforts to control growing health care costs through legislation, regulation and voluntary agreements with medical care providers and drug companies. If these efforts are successful, pharmaceutical, biotechnology and medical device companies may react by spending less on research and development and therefore this could have a material adverse effect on our business.

In addition to healthcare reform proposals, the expansion of managed care organizations in the healthcare market may result in reduced spending on research and development. Managed care organizations' efforts to cut costs by limiting expenditures on pharmaceuticals and medical devices could result in pharmaceutical, biotechnology and medical device companies spending less on research and development. If this were to occur, we would have fewer business opportunities and our revenues could decrease, possibly materially.

Failure to comply with the regulations of the U.S. Food and Drug Administration and other regulatory authorities could result in substantial penalties and/or loss of business.

The U.S. Food and Drug Administration, or FDA, and other regulatory authorities inspect us from time to time to ensure that we comply with their regulations and guidelines, including environmental and health and safety matters. In addition, we must comply with the applicable regulatory requirements governing the conduct of clinical trials in all countries in which we operate. If we fail to comply with any of these requirements we could suffer:

- termination of any research;

- disqualification of data;

- denial of the right to conduct business;

- criminal penalties;

- other enforcement actions.

- loss of clients or business.

- litigation from clients if clinical trials have not been conducted in accordance with best practice.

In December 2009, we received a warning letter from the U.S. Food and Drug Administration (FDA) regarding clinical study management services provided by the company to one of its clients in relation to two studies conducted between 2004 and 2006. These studies related to the development of an antibiotic for the treatment of complicated skin and skin-structure infections. The FDA letter arose from its inspections of the company's client and selected clinical sites and follows a similar letter issued to that client. On January 13, 2010 we submitted a response to the FDA and received a letter from the FDA on September 27, 2010 acknowledging receipt of our response and requesting further clarification around some details set out in our letter of January 13, 2010. We made a further submission to the FDA on November 22, 2010 addressing matters from the September 27, 2010 letter from the FDA. We remain committed to working cooperatively and expeditiously with the FDA to address the matters raised in the warning letter. We are unable to predict at this time the financial consequences, if any, of the issues raised by the letter.





We may lose business as a result of changes in the regulatory environment

Various regulatory bodies throughout the world may enact legislation which could introduce changes to the regulatory environment for drug development and research. The adoption and implementation of such legislation is difficult to predict and therefore could have a material adverse effect on our business.

Liability claims brought against us could result in payment of substantial damages to plaintiffs and decrease our profitability.

We contract with physicians who serve as investigators in conducting clinical trials to test new drugs on their patients. This testing creates the risk of liability for personal injury to or death of the patients. Although investigators are generally required by law to maintain their own liability insurance, we could be named in lawsuits and incur expenses arising from any professional malpractice actions against the investigators with whom we contract. To date, we have not been subject to any liability claims that are expected to have a material effect on us.

Indemnifications provided by our clients against the risk of liability for personal injury to or death of the patients vary from client to client and from trial to trial and may not be sufficient in scope or amount or the providers may not have the financial ability to fulfill their indemnification obligations. Furthermore, we would be liable for our own negligence and negligence of our employees and such negligence could lead to litigation from clients.

In addition, we maintain what we believe is an appropriate level of worldwide Professional Liability/Error and Omissions Insurance. The amount of coverage we maintain depends upon the nature of the trial. We may in the future be unable to maintain or continue our current insurance coverage on the same or similar terms. If we are liable for a claim that is beyond the level of insurance coverage, we may be responsible for paying all or part of any award.

We are subject to political, regulatory and legal risks associated with our international operations.

We are one of a small group of organizations with the capability and expertise to conduct clinical trials on a global basis. We believe that this capability to provide our services globally in most major and developing pharmaceutical markets enhances our ability to compete for new business from large multinational pharmaceutical, biotechnology and medical device companies. We have expanded geographically and operate from 73 locations in 39 countries and intend to continue expanding in regions that have the potential to increase our client base or increase our investigator and patient populations. We expect that revenues earned in emerging markets will continue to account for an increasing portion of our total revenues. However, emerging market operations may present several risks, including civil disturbances, health concerns, cultural differences such as employment and business practices, volatility in gross domestic product, economic and governmental instability, the potential for nationalization of private assets and the imposition of exchange controls.

Changes in the political and regulatory environment in the international markets in which we operate such as price or exchange controls could impact our revenue and profitability, and could lead to penalties, sanctions and reputational damages if we are not compliant with those regulations. Political uncertainty and a lack of institutional continuity in some of the emerging and developing countries in which we operate could affect the orderly operation of markets in these economies. In addition, in countries with a large and complicated structure of government and administration, national, regional, local and other governmental bodies may issue inconsistent decisions and opinions that could increase our cost of regulatory compliance.

Uncertainty of the legal environment in some emerging countries could also limit our ability to enforce our rights. In certain emerging and developing countries we enjoy less comprehensive protection for some of our rights, including intellectual property rights, which could undermine our competitive position.

Finally, we operate in some countries where national laws may require not only accurate books and records, but also sufficient controls, policies and processes to ensure business is conducted without the influence of bribery and corruption. Given the high level of complexity of these laws, however, there is a risk that some provisions may be inadvertently breached, for example through negligent behavior of individual employees, or failure to comply with certain formal documentation requirements or otherwise. Any violation of these laws or allegations of such violations, whether merited or not, could have a material adverse effect on our reputation and could cause the trading price of our common stock to decline.

If any of the above risks or similar risks associated with our international operations were to materialize, our results of operations and financial condition could be materially adversely affected.

## Risk Related to Our Common Stock

Volatility in the market price of our common stock could lead to losses by investors

The market price of our common stock has experienced and may experience volatility in the future which could lead to losses for investors. Factors impacting volatility in the market price of our common stock include, amongst others, our results of operations, analyst expectations, developments impacting the industry or our competitors and general market and economic conditions. In addition, stock markets have from time to time experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. Future fluctuations in stock markets may lead to volatility in the market price of our common stock which could lead to losses by investors.

## Item 4. Information on the Company.

### Business

We are a contract research organization (“CRO”), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. We specialize in the strategic development, management and analysis of programs that support Clinical Development - from compound selection to Phase I-IV clinical studies.

We believe that we are one of a select group of CRO’s with the capability and expertise to conduct clinical trials in most major therapeutic areas on a global basis. At December 31, 2010, we had 7,735 employees, in 73 locations in 39 countries, providing Phase I-IV Clinical Trial Management, Drug Development Support Services, Data Management and Biostatistical, Central Laboratory, Imaging and Contract Staffing services. We have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated “full service” solution.

Headquartered in Dublin, Ireland, we began operations in 1990 and have expanded our business through internal growth and strategic acquisitions. ICON plc’s principal executive office is located at: South County Business Park, Leopardstown, Dublin 18, Republic of Ireland. The contact telephone number of this office is 353 (1) 291 2000. For the year ended December 31, 2010 we derived approximately 42.3%, 46.9 % and 10.8% of our net revenue in the United States, Europe and Rest of World respectively.

On January 14, 2011 the Company acquired Oxford Outcomes, a leading international health outcomes consultancy, headquartered in Oxford, UK, and with offices in the USA and Canada. Oxford Outcomes provides specialist services in the areas of patient reported outcomes (PRO), health economics, epidemiology and translation and linguistic validation.

On May 17, 2010 the Company acquired Timaq Medical Imaging, a European provider of advanced imaging services to the pharmaceutical and biotechnology industry, headquartered in Zurich, Switzerland.

### Industry Overview

The CRO industry provides independent product development services for the pharmaceutical, biotechnology and medical device industries. Companies in these industries outsource product development services to CROs in order to manage the drug development process more efficiently and to cost-effectively maximize the profit potential of both patent-protected and generic products. The CRO industry has evolved since the 1970s from a small number of companies that provided limited clinical services to a larger number of CROs that offer a range of services that encompass the entire research and development process, including pre-clinical development, clinical trials management, clinical data management, study design, biostatistical analysis, post marketing surveillance, central

laboratory and regulatory affairs services. CROs are required to provide these services in accordance with good clinical and laboratory practices, as governed by the applicable regulatory authorities.

The CRO industry is highly fragmented, consisting of several hundred small, limited-service providers and a limited number of medium-sized and large CROs with global operations. Although there are few barriers to entry for small, limited-service providers, we believe there are significant barriers to becoming a CRO with global capabilities. Some of these barriers include the infrastructure and experience necessary to serve the global demands of clients, the ability to manage simultaneously complex clinical trials in numerous countries, broad therapeutic expertise and the development and maintenance of the complex information technology systems required to integrate these capabilities. In recent years, the CRO industry has experienced consolidation, resulting in the emergence of a select group of CROs that have the capital, technical resources, integrated global capabilities and expertise to conduct multiple phases of clinical trials on behalf of pharmaceutical, biotechnology and medical device companies. We believe that some large pharmaceutical companies, rather than utilizing many CRO service providers, are selecting a limited number of CROs who are invited to bid for projects. We believe that this trend will further concentrate the market share among CROs with a track record of quality, speed, flexibility, responsiveness, global capabilities and overall development experience and expertise.

#### New Drug Development – Ethical Pharmaceuticals and Biologics - An Overview

Before a new drug or biologic may be marketed, it must undergo extensive testing and regulatory review in order to determine that it is safe and effective. The following discussion primarily relates to the FDA approval process for such products. Similar procedures must be followed for product development with other global regulatory agencies. The stages of this development process are as follows:

**Preclinical Research** (approximately 1 to 3.5 years). “In vitro” (test tube) and animal studies must be conducted in accordance with applicable regulations to establish the relative toxicity of the drug over a wide range of doses and to detect any potential to cause birth defects or cancer. If results warrant continuing development of the drug or biologic, the manufacturer will file for an Investigational New Drug Application, or IND, which must become effective by the FDA before starting the proposed clinical studies.

**Clinical Trials** (approximately 3.5 to 6 years).

**Phase I** (6 months to 1 year). Consists of basic safety and pharmacology testing in 20 to 80 human subjects, usually healthy volunteers, and includes studies to determine how the drug works, if it is safe, how it is affected by other drugs, where it goes in the body, how long it remains active and how it is broken down and eliminated from the body.

**Phase II** (1 to 2 years). Includes basic efficacy (effectiveness) and dose-range testing in a limited patient population (usually) 100 to 200 patients to help determine the best effective dose, confirm that the drug works as expected, and provide additional safety data. If the Phase II results are satisfactory and no clinical hold is enforced by the FDA, the Sponsor may proceed to Phase III studies.

**Phase III** (2 to 3 years). Efficacy and safety studies in hundreds or thousands of patients at many investigational sites (hospitals and clinics). These studies can be placebo-controlled trials, in which the new drug is compared with a “sugar pill”, or studies comparing the new drug with one or more drugs with established safety and efficacy profiles in the same therapeutic category.

**TIND** (may span late Phase II, Phase III, and FDA review). When results from Phase II or Phase III show special promise in the treatment of a serious condition for which existing therapeutic options are limited or of minimal value, the FDA may allow the Sponsor to make the new drug or biologic available to a larger number of patients through the regulated provision of a Treatment Investigational New Drug, or TIND. Although less scientifically rigorous than a controlled clinical trial, a TIND may enroll and collect a substantial amount of data from tens of thousands of patients.

NDA or BLA Preparation and Submission. Upon completion of Phase III trials, the Sponsor assembles the statistically analyzed data from all phases of development into a single large submission along with the Chemistry and Manufacturing and preclinical data and the proposed labeling into the New Drug Application (NDA), or Biologics License Application (BLA) which today comprises, on average, approximately 100,000 pages.

FDA Review & Approval of NDA or BLA (1 to 1.5 years). Data from all phases of development (including a TIND) is scrutinized to confirm that the manufacturer has complied with all applicable regulations and that the drug or biologic is safe and effective for the specific use (or “indication”) under study. The FDA may refuse to accept the NDA or BLA if the Sponsor’s application has certain administrative or content criteria which do not meet FDA standards. The FDA may also deny approval of the drug or biologic product if applicable regulatory requirements are not satisfied.

Post-Marketing Surveillance and Phase IV Studies. Federal regulation requires the Sponsor to collect and periodically report to the FDA additional safety and efficacy data on the drug or biologic for as long as the Sponsor markets it (post-marketing surveillance). If the product is marketed outside the U.S., these reports must include data from all countries in which the drug is sold. Additional studies (Phase IV) may be undertaken after initial approval to find new uses for the drug, to test new dosage formulations, or to confirm selected non-clinical benefits, e.g. increased cost-effectiveness or improved quality of life. Additionally, the FDA and other regulatory agencies are requiring Sponsors of marketed drugs or biologics to prepare Risk Management plans which are aimed at assessing areas of product risk and plans for managing such risk should they occur. The FDA Amendment Act of 2007 has imposed additional regulatory requirements on Sponsors which address product safety, to conduct post-marketing surveillance studies and to submit the clinical trial information, including clinical study results, of investigational and marketed products to a databank managed and maintained by the National Institutes of Health. The information is accessible to the public via the worldwide web. This action was taken as a result to increase “public transparency” of Sponsor’s clinical studies and respective clinical results.

#### Key Trends Affecting the CRO Industry

CROs derive substantially all of their revenue from the research and development expenditures of pharmaceutical, biotechnology and medical device companies. Based on industry surveys and investment analyst research, we estimate that clinical development expenditures outsourced by pharmaceutical and biotechnology companies worldwide in 2009 was approximately \$23.5 billion. We believe that the following trends create further growth opportunities for global CROs, although there is no assurance that growth will materialize.

#### Innovation driving new Drug Development activity.

Technologies such as combinational chemistry and high throughput screening, together with improved understanding of disease pathology (driven by scientific advances such as the mapping of the human genome) have greatly increased the number of new drug candidates being investigated in early development and greatly broadened the number of biological mechanisms being targeted by such candidates. This has led to significant increased activity in both Preclinical and Phase I development which we believe will lead to more treatments in Phase II-III clinical trials. As the number of trials that need to be performed increases, we believe that drug developers will increasingly rely on CROs to manage these trials in order to continue to focus on drug discovery.

#### Declining productivity within Research and Development programs.

Whilst the total number of compounds that have entered clinical development has risen over the last few years, the number of novel drugs that have successfully been approved for marketing has remained relatively stable. Pharmaceutical and biotechnology companies have responded in a number of ways including looking to extend the product life cycle of existing drugs and initiating programs to drive efficiency in the development process. One example of this has been the efforts to achieve a more seamless transition across development phases, particularly Phase I-III. In parallel regulatory initiatives such as the FDA’s “Critical Path” and the emergence of techniques such as adaptive trial design are focused on ensuring unsafe or ineffective drugs are eliminated from the development process earlier, allowing effective treatments to get to patients quicker at potentially reduced development costs.





**Pressure to Accelerate Time to Markets; Globalization of the Marketplace.**

Reducing product development time maximizes the client's potential period of patent exclusivity, which in turn maximizes potential economic returns. We believe that clients are increasingly using CROs that have the appropriate expertise to improve the speed of product development to assist them in improving economic returns. In addition, applying for regulatory approval in multiple markets and for multiple indications simultaneously, rather than sequentially, reduces product development time and thereby maximizes economic returns. We believe that CROs with global operations and experience in a broad range of therapeutic areas are a key resource to support a global regulatory approval strategy. Alongside this, the increasing need to access pools of new patients is leading to the conduct of clinical trials in new "emerging regions" such as Eastern Europe, Latin America, Asia-Pacific, South America and India. We believe that having access to both traditional and emerging clinical research markets gives global CROs a competitive advantage.

**Emergence of the Biotechnology Sector.**

The nature of the drugs being developed is changing. Biotechnology is enabling the development of targeted drugs with diagnostic tests to determine whether a drug will be effective given a patient's genomic profile. An increasing proportion of research and development ("R&D") expenditure is being spent on the development of highly technical drugs to treat very specific therapeutic areas. Much of this discovery expertise is found in smaller biotechnology firms. We believe that it is to these organizations that the large pharmaceutical companies will look for an increasing proportion of their new drug pipelines. Whether it is through licensing agreements, joint ventures or equity investment, we believe we will see the emergence of more strategic relationships between small discovery firms and the larger pharmaceutical groups. As the majority of these biotechnology companies do not have a clinical development infrastructure, we believe that the services offered by CROs will continue to be in demand from such companies.

**Funding of Research and Development Activities of the Biotechnology Sector.**

The emergence of the Biotechnology sector and the increasing number of highly technical drugs being developed by these companies has resulted in increased funding for research and development in recent years. Much of this funding was aimed at small biotechnology companies who do not derive revenues from the sale of other product lines and are dependent on external funding and investment to support their research activities. The current global downturn has reduced the availability of funding to support research and development activities which may reduce the number of treatments in Phase II-III clinical trials in future years. As many of these companies are dependent on the CRO industry to manage their trials the reduction in funding may impact demand for such activities.

**Cost Containment Pressures.**

Over the past several years, drug companies have sought more efficient ways of conducting business due to margin pressures stemming from patent expirations, greater acceptance of generic drugs, pricing pressures caused by the impact of managed care, purchasing alliances and regulatory consideration of the economic benefit of new drugs. Consequently, drug companies are centralizing research and development, streamlining their internal structures and outsourcing certain functions to CROs, thereby converting previously fixed costs to variable costs. The CRO industry, by specializing in clinical trials management, is often able to perform the needed services with greater focus and at a lower cost than the client could perform internally, although the CRO industry is itself facing increased cost containment pressures as drug companies seek to further reduce their cost base.

**Increasing Number of Large Long-Term Studies.**

We believe that to establish competitive claims, to obtain reimbursement authorization from bodies such as the National Institute for Health and Clinical Excellence in the UK, and to encourage drug prescription by physicians in some large and competitive categories, more clients need to conduct outcome studies to demonstrate, for example, that mortality rates are reduced by certain drugs. To verify such outcomes, very large patient numbers are required and they must be monitored over long time periods. We believe that as these types of studies increase there will be a

commensurate increase in demand for the services of CROs who have the ability to quickly assemble large patient populations, globally if necessary, and manage this complex process throughout its duration.

#### A focus on long-term product safety

In the wake of a number of high profile recalls of previously approved drugs, regulatory authorities, such as the FDA and the European Medicines Agency (“EMA”), are increasingly demanding that sponsors make arrangements to track the long-term safety of their products. The clinical trial approval process can only detect major and common adverse side effects of drugs; less common but no less serious effects may only become apparent after many years of use. As a result, there is an increase in the number of drugs given “conditional approvals” where further ‘post-approval’ studies are being mandated. In addition, prudent sponsors undertake similar studies to detect early warning signs of any potential problems with their products. Such studies may take the form of prospective long-term safety studies, simpler observational studies or registries where patients meeting specific criteria for disease or drug use are followed for long periods to detect any safety issues. CROs are well positioned to perform these studies on behalf of sponsors. Furthermore, a variety of healthcare databases containing medical and prescribing records can be “data mined” to collect patient data from very large populations in support of on-going safety and efficacy assessments. Again, this sort of data management and biostatistical activity is well performed by CROs.

#### Increasing Regulatory Demands.

We believe that regulatory agencies are becoming more demanding with regard to the data required to support new drug approvals and are seeking more evidence that new drugs are safer and more effective than existing products. As a result, the complexity of clinical trials and the size of regulatory submissions are driving the demand for services provided by CROs.

#### The ICON Strategy

The Company’s mission is to provide flexible, superior quality, global pharmaceutical development services, that enable clients to expedite development, reduce costs and establish the benefits of treatments that enhance people’s lives.

The Company has achieved exceptional growth since its founding in 1990. The impact of the International Conference on Harmonisation, and the globalization of clinical research that followed was a key driver, while at the same time there was acceleration in the understanding of human/molecular biology, which has led to many new treatment paths being explored.

However, despite the increase in development activity, the number of compounds actually reaching the market has declined in recent years, putting pressure on pharmaceutical companies’ revenues and costs. This has been generally positive for CROs as outsourcing has been adopted to make costs more flexible. Regulatory conservatism, health budget constraints, and extraordinary economic and financial conditions are now putting even more pressure on the industry, and may conspire to create market volatility for CROs over the next couple of years, although we expect the increasing adoption of outsourcing as a core strategy by our customers to create further growth opportunities in the near-term. In addition, advances in molecular biology, we believe, will drive further growth in innovation in the long term which in turn will create further growth opportunities for the Company.

One consequence of the above pressures will be even more emphasis on early stage development, as companies seek to filter compounds early to lower attrition rates, and therefore costs, in later phases. Regulatory pressures will also increase the emphasis on late stage (post marketing) surveillance.

As outsourcing penetration increases, we believe clients will seek a greater level of integration (although some will continue to purchase piecemeal). Therefore, creating greater connectivity and “seamlessness” between our services and divisions will be an important goal.

The Company will continue to grow by increasing our market share with our existing client base and adding new clients within the Phase I-IV outsourced development services market; the aim being to ensure we will be considered for all major Phase I-IV projects.

We plan to do this by the following core strategies :

Building deep strategic relationships with large clients.

These will be clients that can contribute significant revenues per annum. To support this objective we are developing an expanded relationship management programme. We are also focused on developing closer data integration across our service lines and enhancing our project management capabilities.

Creating stronger differentiation across our services.

No one “silver bullet” exists to drive differentiation, rather we need to continue to focus our efforts on driving better project execution; develop process and systems which can better integrate services; deepen our scientific expertise and innovate using technology

Maintaining our company culture is also an important element toward differentiation, hence developing a pool of talent that will be the future leaders of the organization and guardians of this culture is critical to our success.

Retaining a flexible business model to respond to differing client outsourcing strategies.

Strategic client relationships will manifest themselves in many different forms. Hence we need the flexibility to offer both standalone and “full service” solutions through innovative commercial agreements. Many of these relationships will require new forms of collaboration across ICON divisions and departments.

Build Scale in Early Phase Development

The Company has historically been sub-scale relative to our competition in Phase 1. Recent acquisitions and investments have addressed this scale issue and in parallel we have been building our scientific base in areas such as biomarker and large molecule bioanalysis. This scientific knowledge will be important as increasingly clients will be looking to their partners for advice and guidance on how to identify promising drug candidates (and kill off others) earlier in the development process. Having the right blend of scientific and commercial leadership in this area will be important as it grows.

Building scale in our post approval business.

We continue to build additional expertise in this area (epidemiological, outcomes and regulatory), as evident from our recent acquisition of Oxford Outcomes, and may make further acquisitions to accelerate growth in this field.

Entering new / growing positions in selected markets.

We continue to build our position in emerging markets and have expanded our presence in Asia Pacific in places such as China and Japan. Additionally we are taking steps to address new and emerging markets such as the market for biosimilars and government sponsored research programmes.

Underpinning all the above strategies is the need to grow and retain talent within the organization. The Company’s talent review and succession planning processes are core to this objective.

Services

ICON specializes in the strategic development, management and analysis of programs that support Clinical Development - from compound selection to Phase I-IV clinical studies.

Our core Clinical Research business specializes in the planning, management, execution and analysis of Phase I – IV clinical trials, ranging from small studies to complex, multinational projects. Specific clinical research services offered include:

- o Investigator Recruitment
- o Study Monitoring and Data Collection
- o Case Report Form ("CRF") Preparation
- o Patient Safety Monitoring
- o Clinical Data Management
- o IVR (Interactive Voice Response)
- o Electronic Patient Reported Outcomes
- o Medical Reporting
- o Patient Registries
- o Outcomes Research
- o Health Economics
- o Strategic Analysis and Data Operations
- o Clinical Pharmacology
- o Bioanalysis
- o Immunoassay development
- o Pharmacokinetic and Pharmacodynamic analysis
- o Study Protocol Preparation
- o Regulatory Consulting
- o Product Development Planning
- o Strategic Consulting
- o Medical Imaging
- o Contract Staffing
- o Electronic Endpoint Adjudication

An important element in monitoring patient safety during a clinical trial is the conduct of various laboratory tests on the patient's blood, urine and other bodily fluids at appropriate intervals during the trial. The analysis of these samples must be standardized and the results must be promptly transmitted to the investigator. ICON Central Laboratories provides global central laboratory services dedicated exclusively to clinical trials. Specific services offered by ICON Central Laboratories include:

- o Sample analyses
- o Safety testing
- o Microbiology
- o Custom flow cytometry
- o Electronic transmission of test results
- o Biomarker Development

## Sales and Marketing

Our global sales and marketing strategy is to focus our business development efforts on pharmaceutical, biotechnology and medical device companies whose development projects are advancing. By developing and maintaining strategic relationships with our clients, we gain repeat business, can leverage a full service portfolio and achieve lateral penetration into other therapeutic indications where applicable. Simultaneously, we are actively establishing new client relationships.

While our sales and marketing activities are carried out locally by executives in each of the major locations, the sales and marketing process is coordinated centrally to ensure a consistent and differentiated market positioning for ICON and ongoing development of the ICON brand. In addition, all our business development professionals, senior executives and project team leaders share responsibility for the maintenance of key client relationships and business development activities.

## Information Systems

Our information technology strategy is built around deploying IT systems to enable the delivery of our business services in a global environment. The focus is to provide ease of access to information for our staff and clients globally. Our current information systems are built on open standards and leading commercial business applications from vendors including Microsoft, Oracle, EMC, SAS, Phase Forward and Medidata. IT expenditure is authorized by strict IT Governance policies requiring senior level approval of all strategic IT expenditure. All critical business systems are formally delivered following a structured project management and systems delivery life cycle approach. Critical clinical information systems, which manage clinical data, are validated in accordance with FDA regulations and those of other equivalent regulatory bodies throughout the world.

In Clinical Operations, we have deployed a suite of software applications that assist in the management and tracking of our clinical trial activities. These software applications are both internally developed and commercially available applications from leading vendors in the industry. These include a clinical trial management application that tracks all relevant data in a trial and automates all management and reporting processes. In our Data Management function, we have deployed leading clinical data management solutions including Electronic Data Capture (EDC) and Clinical Data Warehouse solutions from leading industry vendors. This allows us to guarantee the integrity of client data and provide consolidated information across client studies.

Our state of the art workflow technology allows us to process clinical trial data seamlessly throughout the Company. We have also developed an interactive voice response system to increase the efficiency of clinical trials. This system provides features such as centralized patient randomization, drug inventory management, patient diary collection and provides our clients with a fully flexible data retrieval solution which can be utilized via telephone, internet browser or a WAP enabled device. In our central laboratory, we utilize a comprehensive suite of software, including a laboratory information management system (LIMS), a kit/sample management system and a web interface system to allow clients to review results online.

Recognizing that each client has its own requirements and systems, we seek to ensure an entirely flexible approach to client needs. An example of this flexibility is in the provision of portal solutions that allow clients access to study related information via a secure web based environment. We also provide secure remote access to client systems for clients who require us to utilize their internal platforms.

The majority of the Company's global finance operations utilize the Oracle ebusiness suite to serve the organization's financial and project accounting requirements.

The Company's strategy of using technology to enhance our global processes can be seen from our deployment of a global SOP Document Management system and a WEB based training delivery solution.

Our IT systems are operated from two centralized hubs in Philadelphia, Pennsylvania and Dublin, Ireland. Other offices are linked to these hubs through a resilient network that is managed by a tier one global telecommunications provider. Traveling staff can also access all systems via secure remote access facilities. A global corporate intranet portal provides access to all authorized data and applications for our internal staff as well as providing an internal platform for company wide communication.



## Contractual Arrangements

We are generally awarded contracts based upon our response to requests for proposals received from companies in the pharmaceutical, biotechnology and medical device industries or work orders received under strategic partnership agreements.

Our revenues are earned from contracts which are generally either fixed price or units-based, based on certain activities and performance specifications. Payment terms usually provide either for payments based on the achievement of certain identified milestones or units delivered or monthly payments according to a fixed payment schedule over the life of the contract. Where clients request changes in the scope of a trial or in the services to be provided by us, a change order or amendment is issued which may result either in an increase or decrease in the contract value. We also contract on a "fee-for-service," or "time and materials" basis, but this accounts for a small portion of overall project activities.

Contract terms may range from several weeks to several years depending on the nature of the work to be performed. In most cases, a portion of the contract fee, typically 10% to 20%, is paid at the time the study or trial is started. The balance of the contract fee is generally payable in installments over the study or trial duration and may be based on the achievement of certain performance targets or "milestones" or, based on units delivered, or on a fixed monthly payment schedule. For instance, installment payments may be based on patient enrollment or delivery of the database. During the course of the study, the Company will generally incur reimbursable expenses. Reimbursable expenses are typically estimated and budgeted within the contract and invoiced on a monthly basis. Reimbursable expenses include payments to investigators, travel and accommodation costs and various other direct costs incurred in the course of the clinical trial which are fully reimbursable by the client.

As the currency in which contracts are priced can be different from the currencies in which costs relating to those contracts are incurred, we usually negotiate currency fluctuation clauses in our contracts which allow for price negotiation if changes in the relative value of those currencies exceed predetermined tolerances.

Most of our contracts are terminable immediately by the client with justifiable cause or with 30 to 90 days notice without cause. In the event of termination, we are entitled to all sums owed for work performed through the notice of termination and certain costs associated with termination of the study. Termination or delay in the performance of a contract occurs for various reasons, including, but not limited to, unexpected or undesired results, production problems resulting in shortages of the drug, adverse patient reactions to the drug, the client's decision to de-emphasize a particular trial or inadequate patient enrollment or investigator recruitment.

## Clients

Our clients included all of the top 20 pharmaceutical companies as ranked by 2009 global revenues. During the year ended December 31, 2010 revenue was earned from over 640 clients.

We have in the past and may in the future derive a significant portion of our net revenue from a relatively limited number of major projects or clients. During the years ended December 31, 2010, December 31, 2009 and December 31, 2008, 33%, 27% and 29% respectively of our net revenues were derived from our top five clients. No one client contributed more than 10% of net revenues during the years ended December 31, 2010, December 31, 2009 and December 31, 2008. We believe that the importance of certain clients reflects our success in penetrating our client base. The loss of, or a significant decrease in business from one or more of these key clients could result in a material adverse effect.

## Backlog

Our backlog consists of potential net revenue yet to be earned from projects awarded by clients. At December 31, 2010 we had a backlog of approximately \$1.9 billion, compared with approximately \$1.8 billion at December 31, 2009. We believe that our backlog as of any date is not necessarily a meaningful predictor of future results, due to the potential for cancellation or delay of the projects underlying the backlog, and no assurances can be given that we will be able to realize this backlog as net revenue.

## Competition

The CRO industry is highly fragmented, consisting of several hundred small, limited-service providers and a limited number of medium-sized and large CROs with global operations. We compete against in-house departments of pharmaceutical companies and other CROs with global operations. Some of these competitors have substantially greater capital, technical and other resources than us. CROs generally compete on the basis of previous experience, the quality of contract research, the ability to organize and manage large-scale trials on a global basis, the ability to manage large and complex medical databases, the ability to provide statistical and regulatory services, the ability to recruit suitable investigators and patients, the ability to integrate information technology with systems to improve the efficiency of contract research, an international presence with strategically located facilities, financial viability, medical and scientific expertise in specific therapeutic areas and price. We believe that we compete favorably in these areas. Our principal CRO competitors are Covance Inc., PAREXEL International Corporation, Pharmaceutical Product Development Inc., and Quintiles Transnational Corporation. Globalization is driving market share to global CRO's while the trend toward CRO industry consolidation has resulted in heightened competition among the larger CROs for clients and acquisition candidates.

## Potential Liability and Insurance

We contract with physicians who serve as investigators in conducting clinical trials to test new drugs on their patients. Such testing creates a risk of liability for personal injury to or death of the patients resulting from adverse reactions to the drugs administered. In addition, although we do not believe that we are legally accountable for the medical care rendered by third party investigators, it is possible that we could be subject to claims and expenses arising from any professional malpractice of the investigators with whom we contract.

We also could be liable for errors and/or omissions in connection with the services we perform and this could result in us being liable to make large payments to sponsor(s) or other parties.

From time to time, we are asked to act as the legal representative of a client in certain jurisdictions where the client does not itself have a legal entity but where legislation requires it to do so. As we believe that acting as legal representative of clients might expose us to a higher risk of liability, there is an entity within the ICON Group designated to provide this service in relevant jurisdictions subject to certain preconditions being met. The preconditions relate to obtaining protections such as specific insurance and indemnities from the client to cover the nature of the exposure.

We believe that the risk of liability to patients in clinical trials is mitigated by various regulatory requirements, including the role of institutional review boards and the need to obtain each patient's informed consent. The FDA requires each human clinical trial to be reviewed and approved by the institutional review board at each study site. An institutional review board is an independent committee that includes both medical and non-medical personnel and is obligated to protect the interests of patients enrolled in the trial. After the trial begins, the institutional review board monitors the protocol and measures designed to protect patients, such as the requirement to obtain informed consent.

We further attempt to reduce our risks through seeking contractual indemnification provisions with clients and through insurance maintained by clients, investigators and us. However, the contractual indemnifications from our clients generally do not protect us in certain circumstances or against our own actions such as our negligence or poor performance. The terms and scope of such indemnification vary from client to client and from trial to trial, and the financial performance of these indemnities is not secured. Therefore, we bear the risk that the indemnity may not be sufficient or that the indemnifying party may not have the financial ability to fulfill its indemnification obligations. In addition, we also indemnify our clients where our performance does not reach the required contractual standard, such as our negligence or poor performance. We maintain worldwide professional liability insurance and while we believe

that our insurance coverage is adequate there can be no assurance that we will continue to be able to maintain such insurance coverage on terms acceptable to us, if at all. We could be materially adversely affected if we were required to pay damages or bear the costs of defending any claim outside the scope of or in excess of a contractual indemnification provision or beyond the level of insurance coverage or in the event that an indemnifying party does not fulfill its indemnification obligations.

## Government Regulation

### Regulation of Clinical Trials

The clinical investigation of new drugs is highly regulated by government agencies. The standard for the conduct of clinical research and development studies is Good Clinical Practice, which stipulates procedures designed to ensure the quality and integrity of data obtained from clinical testing and to protect the rights and safety of clinical subjects.

Regulatory authorities, including the FDA, have promulgated regulations and guidelines that pertain to applications to initiate trials of products, the approval and conduct of studies, report and record retention, informed consent, applications for the approval of drugs and post-marketing requirements. Pursuant to these regulations and guidelines, service providers that assume the obligations of a drug sponsor are required to comply with applicable regulations and are subject to regulatory action for failure to comply with such regulations and guidelines. In the United States and Europe, the trend has been in the direction of increased regulation and enforcement by the applicable regulatory authority.

In providing our services in the United States, we are obligated to comply with FDA requirements governing such activities. These include ensuring that the study is approved by an appropriate independent review board (“IRB”)/Ethics Committee, obtaining patient informed consents, verifying qualifications of investigators, reporting patients’ adverse reactions to drugs and maintaining thorough and accurate records. We must maintain critical documents for each study for specified periods, and such documents may be reviewed by the study sponsor and the FDA during audits.

The services we provide outside the United States are ultimately subject to similar regulation by the relevant regulatory authority, including the Medicines Control Agency in the United Kingdom and the Bundesinstitut für Arzneimittel und Medizinprodukte in Germany. In addition, our activities in Europe are affected by the European Medicines Evaluation Agency, which is based in London, England.

We must retain records for each study for specified periods for inspection by the client and by the applicable regulatory authority during audits. If such audits document that we have failed to comply adequately with applicable regulations and guidelines, it could result in a material adverse effect. In addition, our failure to comply with applicable regulation and guidelines, depending on the extent of the failure, could result in fines, debarment, termination or suspension of ongoing research, the disqualification of data or litigation by clients, any of which could also result in a material adverse effect.

In December 2009, we received a warning letter from the U.S. Food and Drug Administration (FDA) regarding clinical study management services provided by the company to one of its clients in relation to two studies conducted between 2004 and 2006. These studies related to the development of an antibiotic for the treatment of complicated skin and skin-structure infections. The FDA letter arose from its inspections of the company’s client and selected clinical sites and follows a similar letter issued to that client. On January 13, 2010 we submitted a response to the FDA and received a letter from the FDA on September 27, 2010 acknowledging receipt of our response and requesting further clarification around some details set out in our letter of January 13, 2010. We made a further submission to the FDA on November 22, 2010, addressing matters from the September 27, 2010 letter from the FDA. We remain committed to working cooperatively and expeditiously with the FDA to address the matters raised in the warning letter. We are unable to predict at this time the financial consequences, if any, of the issues raised by the letter.

## Organizational Structure

Name	Country of incorporation	Group ownership*
ICON Clinical Research Limited	Republic of Ireland	100%
ICON Clinical Research Inc.	USA	100%
ICON Clinical Research (UK) Limited	United Kingdom	100%
ICON Clinical Research GmbH	Germany	100%
ICON Clinical Research SARL	France	100%
ICON Clinical Research Israel Limited	Israel	100%
ICON Clinical Research Espana S.L.	Spain	100%
ICON Clinical Research Kft	Hungary	100%
ICON Clinical Research S.R.L.	Romania	100%
ICON Clinical Research LLC	Ukraine	100%
ICON Holdings	Republic of Ireland	100%
ICON Holdings Clinical Research International Limited	Republic of Ireland	100%
ICON Clinical Research S.R.O.	Czech Republic	100%
ICON Clinical Research (Canada) Inc.	Canada	100%
ICON Clinical Research Pty Limited	Australia	100%
ICON Clinical Research (New Zealand) Limited	New Zealand	100%
ICON Japan K.K.	Japan	100%
ICON Clinical Research Pte. Limited	Singapore	100%
ICON Clinical Research Korea Yuhan Hoesa	Korea	100%
ICON Clinical Research India Private Limited	India	100%
ICON Clinical Research S.A.	Argentina	100%
ICON Pesquisas Clinicas LTDA	Brazil	100%
ICON Clinical Research México, S.A. de C.V.	Mexico	100%

ICON Chile Limitada	Chile	100%
ICON Clinical Research Peru SA	Peru	100%
ICON Clinical Research Sucursal Colombia	Colombia	100%
ICON Development Solutions Limited	UK	100%

ICON Contracting Solutions, Inc.	USA	100%
DOCS International BV	Netherlands	100%
ICON Development Solutions Inc.	USA	100%
ICON Central Laboratories Inc.	USA	100%
Beacon Bioscience, Inc.	USA	100%
Healthcare Discoveries Inc	USA	100%
Prevalere Life Sciences Inc	USA	100%
Timaq Medical Imaging AG	Switzerland	100%

\* All shareholdings comprise ordinary shares.

#### Description of Property

Our principal executive offices are located in South County Business Park, Leopardstown, Dublin, Republic of Ireland, where we own an office facility of approximately 16,000 square meters. We lease all other properties under operating leases.

We maintain three offices in New York and Pennsylvania, two offices in each of the following US cities: Chicago and San Antonio, and one office in each of the following U.S. cities: San Francisco, Nashville, Wilmington, Raleigh, Baltimore, San Diego, Omaha and Houston.

Our European operations maintain two offices in Amsterdam, Frankfurt and Stockholm and one office in each of the following cities: Southampton, Marlow, Manchester, Edinburgh, Munich, Helsinki, Milan, Barcelona, Riga, Budapest, Vilnius, Prague, Kiev, Bucharest, Moscow, Novosibirsk, Tel Aviv, Paris, Warsaw, Zurich and Madrid.

We also maintain two offices in Singapore and Bangalore and one office in each of the following cities: Auckland, Sydney, Tokyo, Osaka, Seoul, Beijing, Taipei, Hong Kong, Bangkok, Chennai, Tianjin, Shanghai, Manila, Trivandrum, New Delhi, Johannesburg, Montreal, Mexico City, Sao Paulo, Lima, Buenos Aires, Bogota and Santiago.

#### Unresolved Staff Comments

Not applicable.



## Item 5. Operating and Financial Review and Prospects

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements, accompanying notes and other financial information, appearing in Item 18. The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States.

### Overview

We are a contract research organization (“CRO”), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. We specialize in the strategic development, management and analysis of programs that support Clinical Development - from compound selection to Phase I-IV clinical studies. We have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated “full service” solution. We can implement a range of resourcing models to suit client requirements, and increasingly our teams are flexibly applied to minimize costs for our clients.

In a highly fragmented industry, we are one of a small number of companies with the capability and expertise to conduct clinical trials in all major therapeutic areas on a global basis. Currently, we have 7,735 employees, in 73 locations in 39 countries, providing Phase I-IV Clinical Trial Management, Drug Development Support Services, Data Management, Biostatistics, Central Laboratory, Imaging and Contract Staffing services.

Revenue consists primarily of fees earned under contracts with third-party clients. In most cases, a portion of the contract fee is paid at the time the study or trial is started, with the balance of the contract fee generally payable in installments over the study or trial duration, based on the achievement of certain performance targets or "milestones". Revenue from contracts is recognized on a proportional performance method based on the relationship between time incurred and the total estimated duration of the trial or on a fee-for-service basis according to the particular circumstances of the contract. As is customary in the CRO industry, we contract with third party investigators in connection with clinical trials. All investigator fees and certain other costs, where reimbursed by clients, are, in accordance with industry practice, deducted from gross revenue to arrive at net revenue. As these costs vary from contract to contract, we view net revenue as our primary measure of revenue growth.

Our backlog consists of potential net revenue yet to be earned from projects awarded by clients. At December 31, 2010 we had a backlog of approximately \$1.9 billion, compared with approximately \$1.8 billion at December 31, 2009. We believe that our backlog as of any date is not necessarily a meaningful predictor of future results, due to the potential for cancellation or delay of the projects underlying the backlog, and no assurances can be given that we will be able to realize this backlog as net revenue.

As the nature of our business involves the management of projects having a typical duration of one to four years, the commencement or completion of projects in a fiscal year can have a material impact on revenues earned with the relevant clients in such years. In addition, as we typically work with some, but not all, divisions of a client, fluctuations in the number and status of available projects within such divisions can also have a material impact on revenues earned from such clients from year to year.

Although we are domiciled in Ireland, we report our results in U.S. dollars. As a consequence the results of our non-U.S. based operations, when translated into U.S. dollars, could be materially affected by fluctuations in exchange rates between the U.S. dollar and the currencies of those operations.

In addition to translation exposures, we are also subject to transaction exposures because the currency in which contracts are priced can be different from the currencies in which costs relating to those contracts are incurred. We have 17 operations operating in U.S. dollars, 11 trading in Euros, 5 in Indian Rupee, 4 in pounds Sterling, 3 in Chinese

Yuan Renminbi, 2 each in Russian Rouble, Japanese Yen, Swedish Krona and Singapore dollars and 1 each in Polish Zloty, Israeli New Shekels, Latvian Lats, Hungarian Forint, Czech Koruna, Ukraine Hryvnia, Romanian New Leu, Lithuanian Litas, South African Rand, Australian dollars, Hong Kong dollar, Taiwan dollar, South Korean Won, Thai Baht, New Zealand dollars, Argentine Peso, Mexican Peso, Brazilian Real, Chilean Peso, Colombian Peso, Peruvian Neuvo Sol, Swiss Franc, Philippines Peso, and Canadian dollar . Our operations in the United States are not materially exposed to such currency differences as the majority of our revenues and costs are in U.S. dollars. However, outside the United States the multinational nature of our activities means that contracts are usually priced in a single currency, most often U.S. dollars, Euros or pounds Sterling, while costs arise in a number of currencies, depending, among other things, on which of our offices provide staff for the contract, and the location of investigator sites. Although many such contracts benefit from some degree of natural hedging due to the matching of contract revenues and costs in the same currency, where costs are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material effect on our results of operations. We regularly review our currency exposures and usually negotiate currency fluctuation clauses in our contracts which allow for price negotiation if changes in the relative value of those currencies exceed predetermined tolerances.

As we conduct operations on a global basis, our effective tax rate has depended and will depend on the geographic distribution of our revenue and earnings among locations with varying tax rates. Our results of operations therefore may be affected by changes in the tax rates of the various jurisdictions. In particular, as the geographic mix of our results of operations among various tax jurisdictions changes, our effective tax rate may vary significantly from period to period.

### Operating Results

The following table sets forth for the periods indicated certain financial data as a percentage of net revenue and the percentage change in these items compared to the prior comparable period. The trends illustrated in the following table may not be indicative of future results.

	2009		Year Ended December 31, 2010		2009		2010	
	Percentage of Net Revenue				Percentage Increase/(Decrease)			
Net revenue	100	%	100	%	2.6	%	1.4	%
Costs and expenses:								
Direct costs	57.2	%	60.1	%	3.8	%	6.6	%
Selling, general and administrative	26.0	%	25.9	%	(7.2	%)	0.8	%
Depreciation and amortization	3.7	%	3.8	%	17.8	%	3.7	%
One-time net charges	1.0	%	-		100	%	(100	%)
Income from operations	12.1	%	10.2	%	8.0	%	(14.3	%)

### Year ended December 31, 2010 compared to year ended December 31, 2009

Net revenue for the year increased by \$12.4 million, or 1.4%, from \$887.6 million for the year ended December 31, 2009 to \$900.0 million for the year ended December 31, 2010. Net revenue in our clinical research segment increased by 2.4% from \$816.9 million for the year ended December 31, 2009 to \$836.2 million for the year ended December 31, 2010. In our central laboratory business net revenue decreased by 9.8% from \$70.7 million for the year ended December 31, 2009 to \$63.8 million for the year ended December 31, 2010. This decrease was primarily attributable to a slower rate of conversion on central laboratory business awards, due to both a delay in study start-ups and an increase in the average duration of central laboratory studies. For the year ended December 31, 2010 we derived approximately 42.3%, 46.9% and 10.8% of our net revenue in the United States, Europe and Rest of World, respectively.

Direct costs for the year increased by \$33.6 million, or 6.6%, from \$507.8 million for the year ended December 31, 2009 to \$541.4 million for the year ended December 31, 2010. Direct costs comprise compensation, associated fringe benefits and share based compensation expense for project related employees, together with other direct project driven costs. The increase in direct costs during the year was primarily attributable to an increase in compensation costs for project related employees of \$32.5 million. Travel costs for project-related employees increased by \$6.5 million while other direct project-related expenses decreased by \$5.4 million. In our clinical research segment, direct costs increased by 6.1 % or \$28.5 million during the year. The Company has entered a number of strategic relationships with sponsors and expanded operations in certain territories, requiring significant upfront investment in personnel and a corresponding increase in direct costs. In our central laboratory business, direct costs increased by 12.0% or \$5.0 million during the year, primarily attributable to increased investment in personnel and systems in this business. As a percentage of net revenue, direct costs have increased from 57.2% for the year ended December 31, 2009 to 60.1% for the year ended December 31, 2010.

Selling, general and administrative expenses for the year increased by \$1.8 million, or 0.8%, from \$230.9 million for the year ended December 31, 2009 to \$232.7 million for the year ended December 31, 2010. Selling, general and administrative expenses comprise compensation, related fringe benefits and share based compensation expense for non-project related employees, professional service costs, recruitment expenditure, advertising costs and all costs related to facilities and information systems. Compensation, related fringe benefits and share-based compensation expense increased by \$3.0 million during the year, travel costs increased by \$2.1 million, while recruitment expenditure, for both project and non-project related employees, increased by \$2.6 million. These increases were offset by decreases in facilities related expenditure of \$2.3 million and decreases in other general overheads of \$3.6 million. In our clinical research segment, selling, general and administrative expenses decreased by \$3.3 million or 1.6% during the year. This was offset by an increase in our central laboratory business, where selling general and administrative expenses increased by \$5.1 million or 25.6%, a result of our significant investment in personnel and systems in this business during the year. As a percentage of net revenue, selling, general and administrative expenses, decreased from 26.0% for the year ended December 31, 2009 to 25.9% for the year ended December 31, 2010.

Total share based compensation expense recognized during the years ended December 31, 2010 and December 31, 2009 amounted to \$7.4 million.

Depreciation and amortization expense for the year increased by \$1.2 million, or 3.7%, from \$32.7 million for the year ended December 31, 2009 to \$33.9 million for the year ended December 31, 2010. As a percentage of net revenue, depreciation and amortization increased from 3.7% of net revenues for the year ended December 31, 2009 to 3.8% for the year ended December 31, 2010. This increase relates primarily to our continued investment in facilities and equipment to support the Company's growth.

One-time net charges of \$8.8 million were recognized during the year ended December 31, 2009. In response to the globalization of clinical studies and its attendant impact on resources in existing and emerging markets, the Company conducted a review of its existing infrastructure during the early months of 2009 to better align its resources with the needs of its clients. This realignment resulted in resource rationalizations in certain more mature markets and the recognition of a restructuring charge of \$13.3 million in the second quarter of 2009. This was offset by research and development incentives of \$4.5 million received by the Company in certain European Union jurisdictions in which it operates.

Income from operations for the year decreased by \$15.4 million, or 14.3%, from \$107.5 million for the year ended December 31, 2009 to \$92.1 million for the year ended December 31, 2010. As a percentage of net revenue, income from operations decreased from 12.1% of net revenues for the year ended December 31, 2009 to 10.2% of net revenues for the year ended December 31, 2010. In our clinical research segment, income from operations for the year increased by \$2.4 million, or 2.4%, from \$102.4 million for the year ended December 31, 2009 to \$104.8 million for

the year ended December 31, 2010. As a percentage of net revenue income from operations was 12.5% of net revenues in both years. In our central laboratory business, income/(loss) from operations for the year decreased by \$17.8 million, from income of \$5.0 million for the year ended December 31, 2009 to a loss of \$12.8 million for the year ended December 31, 2010. As a percentage of net revenue income/(loss) from operations decreased from 7.1% for the year ended December 31, 2009 to (20.0)% for the year ended December 31, 2010. The Company's significant investment in personnel and systems, together with the slower than expected conversion of business awards, has negatively impacted the central laboratory's operating margin during the year ended December 31, 2010. During the year ended December 31, 2009 the Company's income from operations, excluding the impact of one-time net charges, was 13.1%, being 13.6% for our clinical research segment and 7.6% for our central laboratory business.

Net interest income for the year ended December 31, 2010 was \$0.6 million, compared with net interest expense of \$2.8 million for the year ended December 31, 2009. Interest income for the period increased from \$0.8 million for the year ended December 31, 2009 to \$1.8 million for the year ended December 31, 2010. This increase arose from an increase in cash balances during the year, together with an increase in the rate of return earned on those balances. Interest expense for the period decreased from \$3.5 million for the year ended December 31, 2009 to \$1.1 million for the year ended December 31, 2010. During the year ended December 31, 2009 the Company repaid amounts previously drawn under negotiated facilities.

Provision for income taxes decreased from \$10.4 million for the year ended December 31, 2009 to \$5.7 million for the year ended December 31, 2010. During the year ended December 31, 2010 the Company recognized \$9.7 million in unrecognized tax benefits for uncertain tax positions, arising from both the settlement of positions with the relevant tax authorities and the expiration of the relevant statute of limitations in certain jurisdictions, thereby allowing for the recognition of these benefits during the current year. During the year ended December 31, 2009 corporation tax refunds related to research and development tax credits were received by the Company in certain European Union jurisdictions. The Company recognized a net benefit of \$10.6 million in its provision for income taxes for the year ended December 31, 2009 for research and development tax credits related to prior years but received during 2009. The Company's effective tax rate for the year ended December 31, 2010 was 6.1% compared with 9.9% for the year ended December 31, 2009. Excluding the impact of the release of uncertain tax provisions during the year ended December 31, 2010 and the impact of research and development tax credits recognized during the year ended December 31, 2009, the Company would have had an effective tax rate of 17.0% for the year ended December 31, 2010, compared to an effective tax rate of 20.0% for the year ended December 31, 2009.

Year ended December 31, 2009 compared to year ended December 31, 2008

Net revenue for the year increased by \$22.4 million, or 2.6%, from \$865.2 million for the year ended December 31, 2008 to \$887.6 million for the year ended December 31, 2009. Net revenue in our central research segment increased by 2.9% from \$794.1 million for the year ended December 31, 2008 to \$816.9 million for the year ended December 31, 2009. In our central laboratory business, net revenue decreased by 0.6% from \$71.1 million for the year ended December 31, 2008 to \$70.7 million for the year ended December 31, 2009. For the year ended December 31, 2009 we derived approximately 46.0%, 45.4% and 8.6% of our net revenue in the United States, Europe and Rest of World, respectively. The rate of increase in net revenue has reduced over prior periods as a result of the global economic downturn, its impact on market confidence and the availability of funding for drug development.

Direct costs for the year increased by \$18.6 million, or 3.8%, from \$489.2 million for the year ended December 31, 2008 to \$507.8 million for the year ended December 31, 2009. Direct costs consist primarily of compensation, associated fringe benefits and share based compensation expense for project-related employees and other direct project driven costs. This increase was primarily due to increased compensation costs for project related employees of \$15.7 million, increased laboratory expenses of \$1.6 million and an increase in other direct project related costs of \$6.5 million. These increases were offset by a reduction in travel costs for project related employees of \$5.2 million. Direct costs as a percentage of net revenue increased to 57.2% in the year ended December 31, 2009 compared to 56.5% in the year ended December 31, 2008.

Selling, general and administrative expenses for the year reduced by \$17.8 million, or 7.2%, from \$248.8 million for the year ended December 31, 2008 to \$231.0 million for the year ended December 31, 2009. Selling, general and administrative expenses consist of compensation, related fringe benefits and share based compensation expense for selling and administrative employees, professional service costs, recruitment costs, advertising costs and all costs related to facilities and information systems. The decrease in selling, general and administrative expenses arises principally from decreases of \$7.0 million in personnel related costs, comprising salary and travel costs for non project-related employees and recruitment expenditure. Facility and information system costs decreased by \$2.1

million, principally as a result of a reduction in utility costs and support and maintenance costs. The remainder of the decrease arises from a decrease in other general overhead costs. As a percentage of net revenue, selling, general and administrative expenses, decreased from 28.8% for the year ended December 31, 2008 to 26.0% for the year ended December 31, 2009.

Total share based compensation expense recognized during the year ended December 31, 2009 amounted to \$7.4 million compared to \$6.1 million during the year ended December 31, 2008.

Depreciation and amortization expense for the year increased by \$5.0 million, or 17.8%, from \$27.7 million for the year ended December 31, 2008 to \$32.7 million for the year ended December 31, 2009. As a percentage of net revenue, depreciation and amortization expense increased from 3.2% of net revenues for the year ended December 31, 2008 to 3.7% for the year ended December 31, 2009. This increase relates primarily from our continued investment in facilities and equipment to support the Company's growth.

One-time net charges of \$8.8 million were recognized during the year ended December 31, 2009. In response to the globalization of clinical studies and its attendant impact on resources in existing and emerging markets, the Company conducted a review of its existing infrastructure during the early months of 2009 to better align its resources with the needs of its clients. This realignment resulted in resource rationalizations in certain more mature markets and the recognition of a restructuring charge of \$13.3 million in the second quarter of 2009. This was partially offset by research and development incentives of \$4.5 million received by the Company in certain European Union jurisdictions in which it operates.

Income from operations for the year increased by \$8.0 million, or 8.0%, from \$99.5 million for the year ended December 31, 2008 to \$107.5 million for the year ended December 31, 2009. As a percentage of net revenue, income from operations increased from 11.5% of net revenues for the year ended December 31, 2008 to 12.1% for the year ended December 31, 2009. Excluding the impact of one-time net charges recognized during the period, income from operations as a percentage of net revenue increased from 11.5% for the year ended December 31, 2008 to 13.1% for the year ended December 31, 2009.

Net interest expense for the year ended December 31, 2009 was \$2.8 million, compared with net interest expense of \$1.2 million for the year ended December 31, 2008. Interest expense for the period decreased from \$4.1 million for the year ended December 31, 2008 to \$3.5 million for the year ended December 31, 2009. Interest income for the period decreased from \$2.9 million for the year ended December 31, 2008 to \$0.8 million for the year ended December 31, 2009.

Provision for income taxes decreased from \$20.0 million for the year ended December 31, 2008 to \$10.4 million for the year ended December 31, 2009. The Company's effective tax rate for the year ended December 31, 2009 was 9.9% compared with 20.3% for the year ended December 31, 2008. The decrease in the effective tax rate during the period arose principally from corporation tax refunds relating to research and development tax credits received in certain European Union jurisdictions. The Company recognized a net benefit of \$10.6 million in its 2009 tax charge for research and development tax credits relating to previous years, but received in 2009. Excluding the impact of these research and development tax credits recognized during the period, the Company's effective tax rate decreased from 20.3% for the year ended December 31, 2008 to 20.0% for the year ended December 31, 2009.

#### Liquidity and Capital Resources

The CRO industry is generally not capital intensive. The Company's principal operating cash needs are payment of salaries, office rents, travel expenditures and payments to investigators. Investing activities primarily reflect capital expenditures for facilities, information systems enhancements, the purchase of short term investments and acquisitions.

Our clinical research and development contracts are generally fixed price with some variable components and range in duration from a few weeks to several years. Revenue from contracts is generally recognized as income on the basis of the relationship between time incurred and the total estimated contract duration or on a fee-for-service basis. The cash



flow from contracts typically consists of a down payment of between 10% and 20% paid at the time the contract is entered into, with the balance paid in installments over the contract's duration, in some cases on the achievement of certain milestones. Accordingly, cash receipts do not correspond to costs incurred and revenue recognized on contracts.

The Company's total cash balances at December 31, 2010 amounted to \$255.7 million compared with total cash balances of \$194.0 million at December 31, 2009. Cash balances at December 31, 2010 comprised cash and cash equivalents of \$255.7 million. Cash balances at December 31, 2009 comprised cash and cash equivalents of \$144.8 million and short term investments of \$49.2 million. Working capital, comprising total current assets less total current liabilities, increased by \$93.5 million during the year from \$235.9 million at December 31, 2009 to \$329.4 million at December 31, 2010. This increase arose primarily from an increase in cash and cash equivalents. Additional borrowings available to the Group under negotiated facilities at December 31, 2010 amounted to \$55.9 million compared with \$162.5 million at December 31, 2009.

Net cash provided by operating activities amounted to \$87.4 million for the year ended December 31, 2010 compared with net cash provided by operating activities of \$255.1 million for the year ended December 31, 2009. The most significant influence on our operating cash flow is revenue outstanding, which comprises accounts receivable and unbilled revenue, less payments on account. The dollar values of these amounts and the related days revenue outstanding can vary due to the achievement of contractual milestones, including contract signing, and the timing of cash receipts. Improved working capital management during the year ended December 31, 2009 resulted in a significant increase in cash inflows from operating activities and a corresponding decrease in the number of days revenue outstanding, from 70 days at December 31, 2008 to 33 days at December 31, 2009. The number of days revenue outstanding at December 31, 2010 was 37 days.

Net cash provided by investing activities amounted to \$14.6 million for the year ended December 31, 2010 compared to net cash used in investing activities of \$65.7 million for the year ended December 31, 2009. Cash flows from investing activities during the year ended December 31, 2010 arose principally from the sale of short term investments offset by capital expenditure and cash paid to acquire subsidiary undertakings. During the year ended December 31, 2010 the Company received a net \$49.2 million from the sale of its short term investments. The Company actively manages its available cash resources to try to ensure optimum returns. Amounts received from the sale of short term investments during the year were reinvested in cash and cash equivalents. Capital expenditure for the year ended December 31, 2010 amounted to \$30.9 million, and was comprised mainly of expenditure on global infrastructure and information technology systems to support the Company's growth. Cash paid on acquisitions during the year ended December 31, 2010 amounted to \$3.7 million. \$1.5 million was paid by the Company during the year ended December 31, 2010 in respect of the acquisition of Timaq Medical Imaging. In addition, \$2.2 million was paid to the former shareholders of Healthcare Discoveries in full and final settlement of certain performance milestones payable.

Net cash provided by financing activities during the year ended December 31, 2010 amounted to \$15.3 million compared with net cash used of \$105.1 million for the year ended December 31, 2009. Cash provided by financing activities during the year ended December 31, 2010 comprised mainly of proceeds received from the exercise of share options. During the year ended December 31, 2009 the Company repaid \$109.6 million, net, in respect of amounts previously drawn under negotiated facilities.

As a result of these cash flows, cash and cash equivalents increased by \$110.9 million for the year ended December 31, 2010 compared to \$86.4 million for the year ended December 31, 2009.

On July 9, 2007 the Company entered into a five year committed multi-currency facility agreement for €35 million (\$46.8 million) with Bank of Ireland. The facility bears interest at an annual rate equal to EURIBOR plus a margin and is secured by certain composite guarantees, indemnities and pledges in favor of the bank. Amounts available to be drawn reduce over the life of this facility in accordance with agreed payment terms. At December 31, 2010 €17.5 million (\$23.4 million) was available to be drawn under this facility.

On December 22, 2008 a committed three year US dollar credit facility was negotiated with Allied Irish Bank plc for \$50 million. On April 21, 2010 the Company reduced this facility to \$25 million. On December 9, 2010 the Company

further reduced this facility to \$12.5 million. The facility bears interest at LIBOR plus a margin and is secured by certain composite guarantees and pledges in favor of the bank. At December 31, 2010 \$12.5 million was available to be drawn under this facility.

On January 2, 2009 an additional four year committed credit facility was negotiated with Bank of Ireland for \$25 million. The facility bore interest at LIBOR plus a margin and was secured by certain composite guarantees, indemnities and pledges in favor of the bank. On December 2, 2010 the Company terminated this facility.

On May 29, 2009 a 364 day committed credit facility of \$10 million was negotiated with Citibank Europe. This facility lapsed during 2010 and was not renewed by the Company. On May 29, 2009 a three year committed credit facility was also negotiated with Citibank Europe for \$10 million. The facility bears interest at LIBOR plus a margin and is secured by certain composite guarantees and pledges in favor of the bank. At December 31, 2010 \$10.0 million was available to be drawn under the facility.

On May 29, 2009 a committed 364 day credit facility of \$30 million was negotiated with JP Morgan for \$30 million. On September 3, 2010 a committed 364 day credit facility was negotiated with J.P. Morgan for \$10 million, partially replacing the 2009 facility. The facility bears interest at LIBOR plus a margin and is secured by certain composite guarantees and pledges in favor of the bank. At December 31, 2010 \$10.0 million was available to be drawn under the facility.

On May 17, 2010 the Company acquired Timaq Medical Imaging, a European provider of advanced imaging services to the pharmaceutical and biotechnology industry, headquartered in Zurich, Switzerland for an initial cash consideration of CHF 1.3 million (\$1.2 million). Certain performance milestones were built into the acquisition agreement requiring potential additional consideration of up to CHF 2.9 million (\$3.1 million) if these milestones are achieved during the years ended December 31, 2010 to December 31, 2013. On December 31, 2010 CHF 0.3 million (\$0.3 million) was paid to the former shareholders in respect of certain milestones for the year ended December 31, 2010.

#### Contractual obligations table

The following table represents our contractual obligations and commercial commitments as of December 31, 2010:

	Total	Payments due by period			
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
(U.S. \$ in millions)					
Operating lease obligations	184.1	39.4	64.5	44.3	35.9
Capital lease obligations	0.2	0.2	-	-	-
Non-current tax liabilities	10.2	3.2	6.8	-	0.2
<b>Total (U.S.\$ in millions) \$</b>	<b>194.5</b>	<b>\$ 42.8</b>	<b>\$ 71.3</b>	<b>\$ 44.3</b>	<b>\$ 36.1</b>

We expect to spend approximately \$47.5 million in the next twelve months on further investments in information technology, the expansion of existing facilities and the addition of new offices. We believe that we will be able to fund our additional foreseeable cash needs for the next twelve months from cash flow from operations and existing cash balances. In the future, we may consider acquiring businesses to enhance our service offerings and global presence. Any such acquisitions could require additional external financing and we may from time to time seek to obtain funds from public or private issues of equity or debt securities. There can be no assurance that such financing will be available on terms acceptable to us.

#### Critical Accounting Policies

The preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

We base our estimates and judgments on historical experience and on the other factors that we believe are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purposes of such estimates. The following is a discussion of the accounting policies used by us, which we believe are critical in that they require estimates and judgments by management.

### Revenue Recognition

Significant management judgments and estimates must be made and used in connection with the recognition of revenue in any accounting period. Material differences in the amount of revenue in any given period may result if these judgments or estimates prove to be incorrect or if management's estimates change on the basis of development of the business or market conditions. To date there have been no material differences arising from these judgments and estimates.

We earn revenues by providing a number of different services to our clients. These services include clinical trials management, biometric activities, consulting, laboratory, imaging and contract staffing services. Revenue for services, as rendered, are recognized only after persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collectability is reasonably assured.

Clinical trials management revenue is recognized on a proportional performance method. Depending on the contractual terms, revenue is either recognized on the percentage of completion method, based on the relationship between hours incurred and the total estimated hours of the trial, or on the unit of delivery method. Contract costs equate to the product of labor hours incurred and compensation rates. For the percentage of completion method, the input (effort expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Contract revenue is the product of the aggregated labor hours required to complete the specified contract tasks at the agreed contract rates. Where revenue is recognized on the unit of delivery method, the basis applied is the number of units completed as a percentage of the total number of contractual units.

We recognize biometric revenues on a fee-for-service basis as each unit of data is prepared. Imaging revenue is recognized on a fee-for-service basis recognizing revenue for each image completed. Consulting revenue is recognized on a fee-for-service basis recognizing revenue as each hour of the related service is performed. Contract staffing revenue is recognized on a fee-for-service basis, over the time the related service is performed, or in the case of permanent placement, once the candidate has been placed with the client.

Laboratory service revenue is recognised on a fee-for-service basis. The Company accounts for laboratory service contracts as multiple element arrangements, with contractual elements comprising laboratory kits and laboratory testing, each of which can be sold separately. Sales prices for contractual elements are determined by reference to objective and reliable evidence of their sales price. Revenues for contractual elements are recognised on the basis of the number of deliverable units completed in the period.

We invoice our customers upon achievement of specified contractual milestones. This mechanism, which allows us to receive payment from our customers throughout the duration of the contract, is not reflective of revenue earned. We recognize revenues over the period from the awarding of the customer's contract to study completion and acceptance. This requires us to estimate total expected revenue, time inputs, contract costs, profitability and expected duration of the clinical trial. The Company regularly reviews the estimate of total contract time to ensure such estimates remain appropriate taking into account actual contract stage of completion, remaining time to complete and any identified changes to the contract scope. Remaining time to complete depends on the specific contract tasks and the complexity of the contract and can include geographical site selection and initiation, patient enrolment, patient testing and level of results analysis required. While we may routinely adjust time estimates, estimates and assumptions historically have

been accurate in all material respects in the aggregate.

If we do not accurately estimate the resources required or the scope of the work to be performed, or do not manage our projects properly within the planned cost or satisfy our obligations under the contracts, then future results may be significantly and negatively affected.

31

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## Goodwill

We review our goodwill for impairment annually, or more frequently if facts or circumstances warrant such a review. We evaluate goodwill for impairment by comparing the fair value of each reporting segment to its carrying value. Fair value is determined using the market approach, by assessing the market value of each reporting unit, and the income approach, based on estimated discounted future cash flows. Estimates and judgments used include those relating to commercial risk, revenue and cost projections, our intention with respect to the acquired goodwill, the impact of competition, the impact of any reorganization or change of our business focus, the level of third party interest in our operations and market conditions.

If the implied fair value of reporting unit goodwill is lower than its carrying amount, goodwill is impaired and written down to its implied fair value. If we were to use different estimates or judgments, particularly with respect to expected revenue and cost projections or the impact of any reorganization or change of business focus, a material impairment charge to the statement of operations could arise. We believe that we have used reasonable estimates and judgments in assessing the carrying value of our goodwill.

## Taxation

Given the global nature of our business and the multiple taxing jurisdictions in which we operate, the determination of the Company's provision for income taxes requires significant judgments and estimates, the ultimate tax outcome of which may not be certain. Although we believe our estimates are reasonable, the final outcome of these matters may be different than those reflected in our historical income tax provisions and accruals. Such differences could have a material effect on our income tax provision and results in the period during which such determination is made.

Deferred tax assets and liabilities are determined using enacted tax rates for the effects of net operating losses and temporary differences between the book and tax bases of assets and liabilities. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. While management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment, there can be no assurance that these deferred tax assets may be realizable.

In addition, we may also be subject to audits in the multiple taxing jurisdictions in which we operate. These audits can involve complex issues which may require an extended period of time for resolution. Management believe that adequate provisions for income taxes have been made in the financial statements.



### Impact of New Accounting Pronouncements

In December 2010 the FASB issued ASU No. 2010-29 Business Combinations (Topic 805): Disclosure of supplementary pro-forma information for Business Combinations, a consensus of the FASB Emerging Issues Task Force (“EITF”). ASU 2010-29 requires that the pro forma information be presented at if the business combination occurred at the beginning of the prior annual reporting period for purposes of calculating both the current reporting period and the prior reporting period pro-forma financial information. The ASU also requires that this disclosure be accompanied by a narrative description of the amount and nature of material nonrecurring pro forma adjustments. The amendments in the ASU are effective for fiscal years beginning on or after December 15, 2010. The Company does not expect the adoption of ASU 2010-09 to have a material impact on the financial statements.

In December 2010 the FASB issued ASU No. 2010-28 Intangibles – Goodwill and Other (Topic 350): When to perform Step 2 of the Goodwill Impairment test for reporting units with zero or negative carrying amounts, a consensus of the FASB Emerging Issues Task Force (“EITF”). ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years beginning after December 15, 2010. The Company does not expect the adoption of ASU 2010-28 to have a material impact on the financial statements.

In April 2010 the FASB issued ASU No. 2010-13 Compensation-Stock Compensation (Topic 718): Effect of denominating exercise price of a share-based payment award in the currency of the market in which the underlying equity security trades, a consensus of the FASB Emerging Issues Task Force (“EITF”). ASU 2010-13 amends FASB ASC Topic 718, Compensation-Stock Compensation, to clarify that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify an award with such a feature as a liability if it otherwise qualifies as equity. The amendments should be applied by recording a cumulative effect adjustment to the opening balance of retained earnings. The amendments in the ASU are effective for fiscal years beginning on or after December 15, 2010. The Company does not expect the adoption of ASU 2010-13 to have a material impact on the financial statements.

In January 2010 the FASB issued ASU No. 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving disclosures about Fair Value Measurements, a consensus of the FASB Emerging Issues Task Force (“EITF”). ASU 2010-06 amends FASB ASC Topic 820 to require new disclosures and to clarify certain existing disclosures relating to fair value measurements. The new disclosures about purchases, sales, issuances, and settlements in the roll forward activity for Level 3 fair-value measurements are effective for fiscal years beginning after December 15, 2010.

In October 2009, the FASB issued ASU No. 2009-13 Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements – a consensus of the FASB Emerging Issues Task Force, which amends the revenue recognition guidance for arrangements with multiple deliverables. The amendments to FASB ASC 605-25 allow vendors to account for products and services separately rather than as a combined unit. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company does not expect the adoption of ASU 2009-13 to have a material impact on the financial statements.

### Inflation

We believe that the effects of inflation generally do not have a material adverse impact on our operations or financial conditions.



## Item 6. Directors, Senior Management and Employees.

## Directors and Senior Management

The following table and accompanying biographies set forth certain information concerning each of ICON plc's directors, officers and other key employees as of March 22, 2011.

Name	Age	Position
Dr. Bruce Given (2) (4) (5)	56	Chairman of the Board, Director
Peter Gray (1) (5)	56	Chief Executive Officer, Director
Ciaran Murray (1) (5)	48	Chief Financial Officer
Dr. John Climax	58	Director
Dr. Ronan Lambe (6)	71	Director
Thomas Lynch (2) (3) (4)	54	Director
Professor Dermot Kelleher (3) (5) (6)	55	Director
Dr. Anthony Murphy (2) (4)	60	Director
Declan McKeon (3)	59	Director
Cathrin Petty (3)	37	Director
Alan Morgan	46	Group President Clinical Research Services

- (1) Executive Officer of the Company.  
(2) Member of Compensation and Organization Committee.  
(3) Member of Audit Committee.  
(4) Member of Nominating and Governance Committee.  
(5) Member of Execution Committee.  
(6) Member of Quality Committee

Dr. Bruce Given was appointed Chairman of the Board of the Company in January 2010. He has served as an outside director of the Company since September 2004. From March 2002 until June 2007 he served as President and Chief Executive Officer of Encysive Pharmaceuticals Inc. Dr. Given previously held various positions in Johnson & Johnson group companies. Dr. Given obtained his doctorate from the University of Chicago in 1980.

Peter Gray has served as the Chief Executive Officer of the Company since November 2002. He served as the Group Chief Operating Officer from June 2001 to November 2002, and was Chief Financial Officer from June 1997 to June 2001. He has been a director of the Company since June 1997. Mr. Gray has over 20 years experience in the pharmaceutical services industry and has also worked in the engineering and food sectors. Mr. Gray received a degree in Law from Trinity College Dublin in 1977 and became a chartered accountant in 1980.

Ciaran Murray has served as Chief Financial Officer of the Company since October 2005. Mr. Murray developed his experience working in senior financial positions in Ireland, Italy and the United Kingdom, in the food sector with Kraft Foods Inc, Cantrell and Cochrane plc and Northern Foods plc, and in the technology sector with Novell Inc and Codec Systems. Mr. Murray obtained a Bachelor of Commerce degree from University College Dublin in 1982. He qualified as a Chartered Accountant with PwC and is a Fellow of the Institute of Chartered Accountants in Ireland.

Dr. John Climax, one of the Company's co-founders, served as Chairman of the Board of the Company from November 2002 to December 2009, and Chief Executive Officer from June 1990 to October 2002. From January 2010 he has held a position as an outside director of the Company. Dr. Climax has over 25 years of experience in the contract research industry. Dr. Climax received his primary degree in pharmacy in 1977 from the University of

Singapore, his masters in applied pharmacology in 1979 from the University of Wales and his PhD. in pharmacology from the National University of Ireland in 1982. He has authored a significant number of papers and presentations, and holds adjunct professorship at the Royal College of Surgeons of Ireland.

Dr. Ronan Lambe, one of the Company's co-founders, served as Chairman of the Board of the Company from June 1990 to November 2002. He has served as an outside director of the Company since January 2008. Dr. Lambe has over 30 years of experience in the contract research industry. Dr. Lambe attended the National University of Ireland where he received his Bachelor of Science degree in chemistry in 1959, his masters in biochemistry in 1962 and his PhD. in pharmacology in 1976.

Thomas Lynch has served as an outside director of the Company since January 1996. Mr. Lynch served as Chairman of Amarin Corporation plc from 2000 to 2009 and as its Chief Executive Officer from 2007 to 2009. Between 1993 and 2004, he held a number of senior management positions in Elan Corporation plc. Mr Lynch is an investor in, and serves on the board of, a number of biotechnology companies. He has also served as a board member of IDA Ireland (an agency of the Irish Government) since 2000.

Professor Dermot Kelleher has served as an outside director of the Company since May 2008. Professor Kelleher is currently Head of the School of Medicine at Trinity College, Dublin, Ireland and Director of the Institute of Molecular Medicine in Dublin. His research interests are broad ranging in the fields of Gastroenterology, Immunology and Molecular Biology and over a distinguished thirty year career he has led significant research projects in this field. Alongside his notable academic appointments he has served as a visiting research scientist with a major pharmaceutical company and has been a founder of a number of biotechnology companies.

Dr. Anthony Murphy has served as an outside director of the Company since April 2009. Dr. Murphy was the Senior Vice President of Human Resources for Eli Lilly & Co., prior to his retirement in May 2009. Born in Cardiff, Wales, Mr. Murphy received a bachelor's degree in psychology from University College Dublin in 1970 and a doctorate in psychology from the University of Wales in 1975. Dr. Murphy joined Lilly (in the United Kingdom) in 1980, and held increasingly senior positions in HR with the company until his retirement. Prior to joining Lilly he had lectured in industrial relations and worked as a consultant and researcher at the University of Bath, England. Mr. Murphy is a fellow of the Institute of Personnel and Development (U.K.) and a Chartered Psychologist.

Declan McKeon has served as an outside director of the Company since April 2010. Mr. McKeon was a partner in PricewaterhouseCoopers (PwC) from 1986 to 2007. His roles included leadership of the audit and business advisory team for PwC Ireland, membership on the PwC Europe audit and business advisory services executive and market sector lead for consumer and industrial products. Mr. McKeon is a non-executive director of Ryanair plc, remains a consultant to PwC and sits on the audit committee of the Royal College of Surgeons in Ireland. Mr. McKeon holds a Bachelor of Commerce and Masters in Business Studies from University College Dublin and is a Fellow of The Institute of Chartered Accountants in Ireland.

Cathrin Petty has served as an outside director of the Company since October 2010. Ms. Petty is a Special Partner at Vitruvian Partners LLP and is an outside director for Circassia Ltd. Ms. Petty is an advisor to the pharmaceutical industry and formerly served as an outside director for the NHS (Strategic Health Authority for Greater London). Between 2000 and 2010, Ms. Petty was a Healthcare Partner in Apax Partners LLP with responsibility for originating, executing, monitoring and exiting healthcare private equity investments. Her early career included Senior Associate and Research Analyst roles at Schroder Ventures Life Sciences and Schrodgers Investment Management.

Alan Morgan was appointed Group President Clinical Research Services in August 2010. Since joining the Company in August 2006, he has held positions of increasing responsibility, including Vice President of Process Development, President ICON Clinical Europe, and Chief Operating Officer of the global Clinical Research Division. In January 2010 he was appointed Group President Early Clinical Research and Laboratories Services, responsible for oversight of the Central Laboratory and Development Services divisions. Prior to joining the Company Mr. Morgan worked for MDS Pharma Services where he held positions of increasing responsibility since joining the company in 2002, including Global General Manager and Vice President of their Phase II-IV business. Mr. Morgan started his

career in clinical research organizations with Covance, where he held a number of leadership positions from 1998 including General Manager of their Phase II/IV business in Europe, Asia, and Latin America. His initial career was in pharma, including seven years with Glaxo Wellcome and two years with ICI Pharmaceuticals in various business and financial roles. He is a graduate of the City University Business School in London, and a Fellow of the Chartered Association of Certified Accountants.

Executive Officers and Directors Remuneration  
Compensation Discussion & Analysis

Remuneration policy

The Compensation and Organization Committee seeks to achieve the following goals with the Company's executive compensation programs: to attract, motivate and retain key executives and to reward executives for value creation. The Committee seeks to foster a performance-oriented environment by ensuring that a significant portion of each executive's cash and equity compensation is based on the achievement of performance targets that are important to the Company and its shareholders.

The Company's executive compensation program has three elements: base salary, a bonus plan and equity incentives in the form of stock related awards granted under the Company's equity incentive plans. All elements of key executives compensation are determined by the Committee based on the achievement of the Group's objectives.

Outside Directors' remuneration

Outside directors are remunerated by way of Directors' fees and in addition are also eligible for participation in the share option scheme. Non-Executive Directors are not eligible for performance related bonuses and no pension contributions are made on their behalf. The Board of Directors as a whole sets outside directors' remuneration.

Executive Directors' and Key Executive Officers' remuneration

Total cash compensation is divided into a base salary portion and a bonus incentive portion. Base salary is established based on peer group and is adjusted based on individual performance and experience. The Committee targets total cash compensation at the peer group median of comparable Irish companies and peer CRO companies, adjusted upward or downward based on individual performance and experience. The Committee believes that the higher the executive's level of responsibility within the Company, the greater the percentage of the executive's compensation that should be tied to the Company's performance. Target bonus incentive for executive officers is up to 80% of base salary.

The Company's executives are eligible to receive equity incentives, including stock options and restricted share units, granted under the Company's equity incentive plans. If executives receive equity incentive grants, they are normally approved annually at the first regularly scheduled meeting of the Committee in the fiscal year and awarded at the closing price on the second full day following the release of the Company's prior year results. Newly hired executives may receive sign-on grants, if approved by the Committee. In addition, the Committee may, in its discretion, issue additional equity incentive awards to executives if the Committee determines such awards are necessary to ensure appropriate incentives are in place. The number of equity awards granted to each participant is determined primarily based on an award range determined by the Committee at the start of each year. The extent of existing options is not generally considered in granting equity awards, except that the Company occasionally grants an initial round of equity awards to newly recruited executives to provide them a stake in the Company's success from the commencement of their employment. The Company granted equity incentive awards, in the form of share options, to executive officers in its fiscal years ended December 31, 2009 and December 31, 2010. All executive officers are eligible to participate in a defined contribution pension plan. The Company's contributions are generally a fixed percentage of their annual compensation, supplementing contributions by the executive. The Company has the discretion to make additional contributions if deemed appropriate by the Committee. Contributions to this plan are recorded as an expense in the Statement of Operations.

## Executive Compensation

Summary compensation table - Year ended December 31, 2010

Name & principal position	Year	Salary	Bonus	Pension contribution	All other compensation	Subtotal	Subtotal	Share-based compensation	Total compensation
		€'000	€'000	€'000	€'000	€'000	\$'000	\$'000	\$'000
Peter Gray, Chief Executive Officer	2010	525	105	53	37	720	958	460	1,418
Ciaran Murray, Chief Financial Officer	2010	400	100	38	18	556	740	158	898
<b>Total</b>	<b>2010</b>	<b>925</b>	<b>205</b>	<b>91</b>	<b>55</b>	<b>1,276</b>	<b>1,698</b>	<b>618</b>	<b>2,316</b>

Summary compensation table - Year ended December 31, 2009

Name & principal position	Year	Salary	Bonus	Pension contribution	All other compensation	Subtotal	Subtotal	Share-based compensation	Total compensation
		€'000	€'000	€'000	€'000	€'000	\$'000	\$'000	\$'000
Peter Gray, Chief Executive Officer	2009	500	388	49	38	975	1,358	112	1,470
Ciaran Murray, Chief Financial Officer	2009	309	208	27	18	562	785	118	903
John Climax*, Chairman	2009	600	350	440	954	2,344	3,352	527	3,879
<b>Total</b>	<b>2009</b>	<b>1,409</b>	<b>946</b>	<b>516</b>	<b>1,010</b>	<b>3,881</b>	<b>5,495</b>	<b>757</b>	<b>6,252</b>

\* Further information is set out in the Disclosure of Compensation Agreements section on pages 39 and 40 of this report.





## Director Compensation

## Summary compensation table - Year ended December 31, 2010

Name	Year	Salary €'000	Company	All other	Subtotal €'000	Subtotal \$'000	Share-based	Director's	Total \$'000
			pension contribution €'000	compensation €'000			compensation \$'000	fees \$'000	
B r u c e Given	2010	-	-	-	-	-	26	317	343
Peter Gray	2010	525	53	142	720	958	460	-	1,418
J o h n Climax*	2010	-	-	53	53	68	3	48	119
R o n a n Lambe	2010	-	-	-	-	-	20	52	72
T h o m a s Lynch	2010	-	-	-	-	-	23	78	101
E d w a r d Roberts	2010	-	-	-	-	-	68	18	86
D e r m o t Kelleher	2010	-	-	-	-	-	25	65	90
A n t h o n y Murphy	2010	-	-	-	-	-	7	75	82
D e c l a n McKeon	2010	-	-	-	-	-	4	40	44
C a t h r i n Petty	2010	-	-	-	-	-	1	12	13
<b>Total</b>		<b>525</b>	<b>53</b>	<b>195</b>	<b>773</b>	<b>1,026</b>	<b>637</b>	<b>705</b>	<b>2,368</b>

Summary compensation table - Year ended December 31,  
2009

Name	Year	Salary €'000	Company	All other	Subtotal €'000	Subtotal \$'000	Share-based	Director's	Total \$'000
			pension contribution €'000	compensation €'000			compensation \$'000	fees \$'000	
J o h n Climax*	2009	600	440	1,304	2,344	3,352	527	-	3,879
Peter Gray	2009	500	49	426	975	1,358	112	-	1,470
R o n a n Lambe	2009	-	-	-	-	-	19	48	67
T h o m a s Lynch	2009	-	-	-	-	-	23	78	101
E d w a r d Roberts	2009	-	-	-	-	-	23	78	101
B r u c e Given	2009	-	-	-	-	-	23	66	89
D e r m o t Kelleher	2009	-	-	-	-	-	22	52	74
A n t h o n y Murphy	2009	-	-	-	-	-	2	42	44

S h u j i 2009	-	-	-	-	-	21	-	21
Higuchi								
Total	1,100	489	1,730	3,319	4,710	772	364	5,846

\* Further information is set out in the Disclosure of Compensation Agreements section on pages 39 and 40 of this report.

#### Disclosure of Compensation Agreements

##### Employment Contracts, Termination of Employment and Change in Control Arrangements

The Company does not have any termination or change of control agreements with its named executive officers.

##### Directors' and Executive Officers' service agreements and letters of engagement

###### Dr. Bruce Given

Dr. Bruce Given was appointed Chairman of the Board of the Company in January 2010. He has served as an outside director of the Company since September 2004. The arrangements with Dr. Given provide for the payment to him of annual fees of \$316,932 per annum plus reasonable expenses properly incurred in carrying out his duties for the Company. He was previously granted and held at March 22, 2011 24,000 ordinary share options at exercise prices ranging from \$8.60 to \$35.33.

###### Mr. Peter Gray

Mr. Peter Gray has served as the Chief Executive Officer since November 2002. He served as the Chief Operating Officer of the Company from June 2001 to November 2002 and as an Executive Director of the Company since June 1997. The service agreement with Mr. Gray is terminable on 12 months notice by either party. He is entitled to receive a bonus to be agreed by the Compensation and Organization Committee. He is also entitled to receive a pension contribution, company car and medical insurance cover for himself and his dependants. He was previously granted and held at March 22, 2011 288,000 ordinary share options at exercise prices ranging from \$11.00 to \$35.33 per share. His service agreement requires him to devote his full time and attention to his duties for the Company excepting certain outside director positions authorized by the Board. The agreement includes certain post termination clauses including non-disclosure, non-competition and non-solicitation provisions.

###### Mr. Ciaran Murray

Mr. Ciaran Murray has served as the Chief Financial Officer since October 2005. The service agreement with Mr. Murray is terminable on 12 months notice by either party. He is entitled to receive a bonus to be agreed by the Compensation and Organization Committee. He is also entitled to receive a pension contribution, a company car and medical insurance cover for himself and his dependants. He was previously granted and held at March 22, 2011 145,000 ordinary share options at exercise prices ranging from \$10.42 to \$35.33 per share. His service agreement requires him to devote his full time and attention to his duties for the Company excepting certain outside director positions authorized by the Board. The agreement includes certain post-termination clauses including non-disclosure, non-competition and non-solicitation provisions.

###### Dr. John Climax

Dr. John Climax, one of the Company's co-founders, served as Chairman of the Board of the Company from November 2002 to December 2009. He also served as Chief Executive Officer of the Company from June 1990 to October 2002 and as an Executive Director from June 1990 to December 2009. On December 31, 2009 Dr. Climax retired as Chairman of the Board of the Company and his service agreement with the Company (the "Dr. Climax Service Agreement") ended. Since January 2010 he has held a position as an outside director of the Company.

The Dr. Climax Service Agreement provided for a bonus, a pension contribution, a twelve month notice period, two company cars and medical insurance cover for himself and his dependants. The new arrangements with Dr. Climax, in his position as an outside director provide for the payment to him of director fees of \$48,000 per annum plus reasonable expenses properly incurred in carrying out his duties for the Company. He was previously granted and held at March 22, 2011 108,000 ordinary share options at exercise prices ranging from \$8.88 to \$35.33 per share.

The arrangements relating to Dr. Climax's retirement were set out in an agreement entered into between the Company and Dr. Climax in December 2009 (the "December Agreement"). Pursuant to the December Agreement, Dr. Climax

received, having regard to the Dr. Climax Service Agreement (which terminated pursuant to the December agreement), a payment of €830,000 (\$1,200,620) and a pension contribution of €170,000 (\$252,620). In addition, and also pursuant to the December Agreement, he received an ex-gratia pension contribution for past service of €220,308 (\$327,378), the acceleration of vesting of unvested share options and the transfer of two company cars at a cost to the Company of €52,706 (\$68,063).

The Company has also entered a three year agreement with Rotrua Limited, a company controlled by Dr. Climax, for the provision of consultancy services at an agreed fee of €262,500 (\$348,968) per annum. Pursuant to the consultancy agreement, Dr. Climax also agreed to certain restrictions that will apply to him after the termination of the consultancy agreement including non-disclosure, non-competition and non-solicitation. The consultancy agreement provides that the Company will provide, during the term of the agreement, permanent disability and life insurance cover for Dr. Climax and medical insurance cover for himself and his dependants.

**Dr. Ronan Lambe**

Dr. Ronan Lambe, one of the Company's co-founders, served as Chairman of the Board of the Company from June 1990 to November 2002 and is currently an outside director of the Company. The arrangements with Dr. Lambe provide for the payment to him of director fees of \$52,000 per annum plus reasonable expenses properly incurred in carrying out his duties for the Company. He was previously granted and held at March 22, 2011 24,000 ordinary share options at exercise prices ranging from \$8.60 to \$35.33 per share.

**Mr. Thomas Lynch**

Mr. Thomas Lynch has served as an outside director of the Company since January 1996. The arrangements with Mr. Lynch provide for the payment to him of director fees of \$78,000 per annum plus reasonable expenses properly incurred in carrying out his duties for the Company. He was previously granted and held at March 22, 2011 20,000 ordinary share options at exercise prices ranging from \$8.60 to \$35.33 per share.

**Professor Dermot Kelleher**

Professor Dermot Kelleher has served as an outside director of the Company since May 2008. The arrangements with Professor Kelleher provide for the payment to him of director fees of \$73,000 per annum (pre February 23, 2010: \$53,000 per annum). He was previously granted and held at March 22, 2011 12,000 ordinary share options at an exercise price ranging from \$22.26 to \$36.04.

**Dr. Anthony Murphy**

Dr. Anthony Murphy has served as an outside director of the Company since April 2009. The arrangements with Dr. Murphy provide for the payment to him of directors fees of \$78,000 per annum (pre February 23, 2010: \$53,000 per annum). He was previously granted and held at March 22, 2011 7,000 ordinary share options at exercise prices ranging from \$15.84 to \$24.46.

**Mr. Declan McKeon**

Mr. Declan McKeon has served as an outside director of the Company since April 2010. The arrangements with Mr. McKeon provide for the payment to him of directors fees of \$53,000 per annum. He was previously granted and held at March 22, 2011 5,000 ordinary share options at exercise prices ranging from \$20.28 to \$29.45.

**Ms Cathrin Petty**

Ms. Cathrin Petty has served as an outside director of the Company since October 2010. The arrangements with Ms. Petty provide for the payment to her of directors fees of \$53,000 per annum. She was previously granted and held at March 22, 2011 5,000 ordinary share options at exercise prices ranging from \$19.45 to \$20.28.

## Board Practices

### Board of Directors

The Company's Articles of Association provide that, unless otherwise determined by the Company at a general meeting, the number of directors shall not be more than 15 nor less than 3. At each annual general meeting, one third of the directors who are subject to retirement by rotation, rounded down to the next whole number if it is a fractional number, shall retire from office. The directors to retire shall be those who have been longest in office, but as between persons who became or were last re-appointed on the same day, those to retire shall be determined, unless otherwise agreed, by lot. Any additional director appointed by the Company shall hold office until the next annual general meeting and will be subject to re-election at that meeting. Accordingly, at the annual general meeting of the Company to be held in 2011, it is anticipated that two directors will retire by rotation and offer themselves for re-election. In addition, Catherin Petty, having been appointed a Director by the Company in October 2010, will also offer herself for re-election.

The Board comprises one executive and eight outside directors at the date of this report. The outside directors bring independent judgment to bear on issues of strategy, performance, resources, key appointments and standards. The Company considers all of its outside directors to be of complementary expertise. The Board meets regularly throughout the year and all Directors have full and timely access to the information necessary for them to discharge their duties. There is a formal schedule of matters reserved to the Board for consideration and decision including approval of strategic plans, financial statements, acquisitions, material capital expenditures and review of the effectiveness of the Company's system of internal controls, thereby maintaining control of the Company and its future direction. The Directors have access to the advice and services of the Company Secretary and may seek external independent professional advice where required.

Certain other matters are delegated to Board Committees, as detailed below. The Company maintains an appropriate level of insurance cover in respect of legal action against its Directors. All Board Committees report to the Board. The Board, through the Nomination and Governance Committee, engages in succession planning and in so doing considers the strength and depth, and levels of knowledge, skills and experience necessary to achieve its objectives. The Board normally meets at least four times each year. During the year ended December 31, 2010 the Board met on four occasions. Additional meetings, to consider specific issues, are held as and when required.

### Board committees

The Board has delegated some of its responsibilities to Board Committees. There are five permanent Committees. These are the Audit Committee, the Compensation and Organization Committee, the Nominating and Governance Committee, the Execution Committee and the Quality Committee, which was established in February 2010. Each Committee has been charged with specific responsibilities and each has written terms of reference that are reviewed periodically. Minutes of Committee meetings are circulated to all members of the Board. The Company Secretary is available to act as secretary to each of the Board Committees if required.

### Audit Committee

The Audit Committee meets a minimum of four times a year. It reviews the quarterly and annual financial statements, the effectiveness of the system of internal control and approves the appointment and removal of the external auditors. It monitors the adequacy of internal accounting practices and addresses all issues raised and recommendations made by the external auditors. It pre-approves on an annual basis, the audit and non-audit services provided to the Company by its external auditors. Such annual pre-approval is given with respect to particular services. The Audit Committee, on a case by case basis, may approve additional services not covered by the annual pre-approval, as the need for such services arises. The Audit Committee reviews all services which are provided by the external auditors regularly to review the independence and objectivity of the external auditors taking into consideration relevant professional and regulatory requirements so that these are not impaired by the provisions of

permissible non-audit services. The Chief Financial Officer and the external auditors normally attend all meetings of the Audit Committee and have direct access to the Committee Chairman at all times.

At the Company's Board meeting on February 23, 2010 the composition of the Audit Committee was amended to comprise Thomas Lynch (Chairman), Edward Roberts, and Professor Dermot Kelleher, having previously comprised Edward Roberts (Chairman), Thomas Lynch, Bruce Given and Professor Dermot Kelleher. On April 19, 2010 Edward Roberts resigned as a member of the Audit Committee and was replaced by Declan McKeon. On October 18, 2010 Cathrin Petty was appointed as a member of the Audit Committee.



#### Compensation and Organization Committee

The Compensation and Organization Committee is responsible for senior executive remuneration. The committee aims to ensure that remuneration packages are competitive so that individuals are appropriately rewarded relative to their responsibility, experience and value to the Group. Annual bonuses for executive directors are determined by the committee based on the achievement of the Company's objectives.

At the Company's Board meeting on February 23, 2010 composition of the Compensation and Organization Committee was amended to comprise Dr Anthony Murphy (Chairman), Dr. Bruce Given and Thomas Lynch, having previously comprised Dr. Anthony Murphy (Chairman), Edward Roberts, Dr. Bruce Given and Thomas Lynch.

#### Nominating and Governance Committee

The Nominating and Governance Committee reviews the membership of the board of directors and board committees on an ongoing basis. It identifies and recommends individuals to fill any vacancy that is anticipated or arises on the board of directors. It reviews and recommends the corporate governance principles of the Company.

At the Company's Board meeting on February 23, 2010 composition of the Nominating and Governance Committee was amended to comprise Dr. Anthony Murphy (Chairman), Dr. Bruce Given and Thomas Lynch, having previously comprised Thomas Lynch (Chairman), Dr. Bruce Given and Dr. Anthony Murphy.

#### Execution Committee

The Execution Committee is responsible for the management of the Company in intervals between meetings of the Board and exercises business judgment to act in what the Committee members reasonably believe to be in the best interest of the Company and its shareholders. All powers exercised by the Execution Committee are ratified at board meetings. This Committee convenes as often as it determines to be necessary or appropriate.

At the Company's Board meeting on February 23, 2010 composition of the Execution Committee was amended to comprise Peter Gray (Chairman), Dr. Bruce Given and Ciaran Murray, having previously comprised Peter Gray (Chairman), Dr. John Climax and Ciaran Murray.

#### Quality Committee

On February 23, 2010 the Company established a Quality Committee. The purpose of this committee is to oversee compliance with the Company's quality initiatives. The committee comprises Professor Dermot Kelleher (Chairman) and Dr. Ronan Lambe.

#### Employees

We employed 7,735, 7,170 and 6,975 people for the years ended December 31, 2010, December 31, 2009 and December 31, 2008 respectively. Our employees are not unionized and we believe we have a satisfactory relationship with our employees.

#### Share Ownership

The following table sets forth certain information regarding beneficial ownership of our ordinary shares (including American Depositary Securities, ADS's) as of February 23, 2011 by all of our current directors and executive officers. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their ordinary shares, except to the extent authority is shared by spouses under applicable law.



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Name of Owner or Identity of Group	No. of Shares (1)	% of total Shares	No. of Options (2)	Exercise price	Expiration Date
Dr. Bruce Given	500	-	4,000	\$ 8.60	February 24, 2013
			4,000	\$ 11.00	February 3, 2014
			4,000	\$ 21.25	February 16, 2015
			2,000	\$ 35.33	February 26, 2016
			2,000	\$ 22.26	February 25, 2017
			4,000	\$ 24.46	March 4, 2018
			4,000	\$ 20.28	March 3, 2019
Mr. Peter Gray	376,288	0.6 %	12,000	\$ 11.00	February 3, 2014
			12,000	\$ 21.25	February 16, 2015
			14,000	\$ 35.33	February 26, 2016
			50,000	\$ 15.84	April 30, 2017
			50,000	\$ 24.25	March 8, 2018
			100,000	\$ 24.25	March 8, 2018
			50,000	\$ 20.28	March 3, 2019
Mr. Ciaran Murray	-	-	20,000	\$ 10.42	January 17, 2014
			18,000	\$ 11.00	February 3, 2014
			16,000	\$ 21.25	February 16, 2015
			14,000	\$ 35.33	February 26, 2016
			17,000	\$ 22.26	February 25, 2017
			30,000	\$ 24.46	March 4, 2018
			30,000	\$ 20.28	March 3, 2019
Dr. John Climax	1,607,568	2.7 %	20,000	\$ 8.88	February 4, 2012
			12,000	\$ 11.00	February 3, 2014
			12,000	\$ 21.25	February 16, 2015
			10,000	\$ 35.33	February 26, 2016
			50,000	\$ 15.84	April 30, 2017
			2,000	\$ 24.46	March 4, 2018
			2,000	\$ 20.28	March 3, 2019
Dr. Ronan Lambe	400	-	6,000	\$ 8.88	February 4, 2012
			4,000	\$ 8.60	February 24, 2013
			4,000	\$ 11.00	February 3, 2014
			2,000	\$ 21.25	February 16, 2015
			2,000	\$ 35.33	February 26, 2016
			2,000	\$ 22.26	February 25, 2017
			2,000	\$ 24.46	March 4, 2018
			2,000	\$ 20.28	March 3, 2019
Mr. Thomas Lynch	1,204	-	2,400	\$ 8.88	February 4, 2012
			2,400	\$ 8.60	February 24, 2013
			3,200	\$ 11.00	February 3, 2014
			4,000	\$ 21.25	February 16, 2015

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2,000	\$	35.33	February 26, 2016
2,000	\$	22.26	February 25, 2017
2,000	\$	24.46	March 4, 2018
2,000	\$	20.28	March, 3, 2019

Name of Owner or Identity of Group	No. of Shares (1)	% of total Shares	No. of Options (2)	Exercise price	Expiration Date
Professor Dermot Kelleher	-	-	6,000	\$ 36.04	May 27, 2016
			2,000	\$ 22.26	February 25, 2017
			2,000	\$ 24.46	March 4, 2018
			2,000	\$ 20.28	March 3, 2019
Dr. Tony Murphy	200	-	3,000	\$ 15.84	April 30, 2017
			2,000	\$ 24.46	March 4, 2018
			2,000	\$ 20.28	March 3, 2019
Mr. Declan McKeon	-	-	3,000	\$ 29.45	April 29, 2018
			2,000	\$ 20.28	March 3, 2019
Ms. Cathrin Petty	-	-	3,000	\$ 19.45	October 26, 2018
			2,000	\$ 20.28	March 3, 2019

(1) As used in this table, each person has the sole or shared power to vote or direct the voting of a security, or the sole or shared investment power with respect to a security (i.e. the power to dispose, or direct the disposition, of a security). A person is deemed as of any date to have "beneficial ownership" of any security if that such person has the right to acquire such security within 60 days after such date.

(2) The title of securities covered by all of the above options are non-revenue qualified.

#### Employee Share Option Schemes

On July 21, 2008 the Company adopted the Employee Share Option Plan 2008 (the "2008 Employee Plan") pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may grant options to any employee, or any director holding a salaried office or employment with the Company or a Subsidiary for the purchase of ordinary shares. On the same date, the Company also adopted the Consultants Share Option Plan 2008 (the "2008 Consultants Plan"), pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may grant options to any consultant, adviser or non-executive director retained by the Company or any Subsidiary for the purchase of ordinary shares. Each option granted under the 2008 Employee Plan or the 2008 Consultants Plan (together the "2008 Option plans") will be an employee stock option, or NSO. Each grant of an option under the 2008 Option Plans will be evidenced by a Stock Option Agreement between the optionee and the Company. The exercise price will be specified in each Stock Option Agreement. An aggregate of 6.0 million ordinary shares have been reserved under the 2008 Employee Plan as reduced by any shares issued or to be issued pursuant to options granted under the 2008 Consultants Plan under which a limit of 400,000 shares applies. Further, the maximum number of ordinary shares with respect to which options may be granted under the 2008 Employee Plan during any calendar year to any employee shall be 400,000 ordinary shares. There is no individual limit under the 2008 Consultants Plan. No options may be granted under the plans after July 21, 2018.

On July 21, 2008 the Company adopted the the 2008 Employees Restricted Share Unit Plan (the "2008 RSU Plan") pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may select any employee, or any director holding a salaried office or employment with the Company or a Subsidiary to receive an award under the plan. An aggregate of 1.0 million ordinary shares have been reserved for issuance under the 2008 RSU Plan. Awards under the 2008 RSU may be settled in cash or shares.

On January 17, 2003 the Company adopted the Share Option Plan 2003, (“the 2003 Plan”), pursuant to which the Compensation and Organization Committee of the Company’s Board of Directors may grant options to employees of the Company or its subsidiaries for the purchase of ordinary shares. Each option will be an employee stock option, or NSO. Each grant of an option under the 2003 Plan will be evidenced by a Stock Option Agreement between the optionee and the Company. The exercise price will be specified in each Stock Option Agreement. An aggregate of 6.0 million ordinary shares have been reserved under the 2003 Plan and, in no event will the number of ordinary shares that may be issued pursuant to options awarded under the 2003 Plan exceed 10% of the outstanding shares, as defined in the 2003 Plan, at the time of the grant. Further, the maximum number of ordinary shares with respect to which options may be granted under the 2003 Plan during any calendar year to any employee shall be 400,000 ordinary shares. No options can be granted under the 2003 Plan after January 17, 2013.

## Item 7. Major Shareholders and Related Party Transactions.

The following table sets forth certain information regarding beneficial ownership of ICON's ordinary shares (including ADSs) as of March 22, 2011 (i) by each person that beneficially owns more than 5% of the outstanding ordinary shares, based upon publicly available information; and (ii) by all of our current directors and executive officers as a group. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their ordinary shares, except to the extent authority is shared by spouses under applicable law.

Name of Owner or Identity of Group	No. of Shares (1)	Percent of Class
Fidelity Group Companies (2)	7,503,978	12.4%
Neurberger Berman LLC (2)	5,354,480	8.9%
Wasatch Advisors, Inc. (2)	3,166,273	5.2%
All directors and officers as a group (3)	2,624,160	4.4%

(1) As used in this table, each person has the sole or shared power to vote or direct the voting of a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose, or direct the disposition, of a security). A person is deemed as of any date to have "beneficial ownership" of any security if that such person has the right to acquire such security within 60 days after such date. Note that all figures have been amended to reflect the Bonus Issues which took place with an effective date of October 13, 2006 and August 8, 2008.

(2) Neither the Company nor any of its officers, directors or affiliates holds any voting power in this entity.

(3) Includes 638,000 ordinary shares issuable upon the exercise of stock options granted by the Company. ICON plc, is not directly or indirectly, owned or controlled by another corporation or by any government.

Given that certain of the ordinary shares and American Depositary Shares ("ADRs") are held by brokers or other nominees, the number of holders of record or registered holders in the United States is not representative of the number of beneficial holders or of the residence of beneficial holders. Based on management's review of relevant filings with the Securities and Exchange Commission and other publicly available information, the Company believes that the number of ordinary shares (including ADSs) held by holders of record that are residents of the United States is below 50% and may include Fidelity Group Companies, Neurberger Berman LLC and Wellington Management Co LLC. The Company notes that of a total of 60,317,660 ordinary shares (including ADSs) of the Company which were issued and outstanding at March 22, 2010 16,024,731 ordinary shares (including ADSs) were held by holders of record in the United States.

Related Party Transactions

Year ended December 31, 2010

On December 31, 2009 Dr. John Climax retired as Chairman of the Board of the Company. From January 2010 he has held the position as an outside director of the Company. The Company has entered into a three year agreement with Rotrua Limited, a company controlled by Dr. Climax, for the provision of consultancy services at an agreed fee of €262,500 (\$348,968) per annum. The consultancy agreement provides that the Company will provide during the term of the agreement permanent disability and life insurance cover for Dr. Climax and medical insurance cover for himself and his dependants.

Year ended December 31, 2009

Mr Edward Roberts, who resigned as a Director of the Company in April 2010, previously served as Chairman of Merz GmbH. Merz is an independent German pharmaceutical company focused on the development of drugs for the treatment of illnesses in the fields of neurology and psychiatry. ICON Clinical Research Limited, a wholly owned subsidiary of the Company, has entered into a number of contracts with Merz for the provision of consulting and clinical trial related activities. The total potential value of these contracts is \$43.5 million. During the year ended December 31, 2009 the Company recognized a total of \$9.8 million of revenue in relation to these activities. At December 31, 2009 \$1.2 million was outstanding to be received from Merz GmbH.

Dr. Bruce Given previously served as Acting Chief Medical Officer of Sembiosys Genetics Inc. ("Sembiosys"). Sembiosys is a plant biotechnology company specializing in the production of high-value pharmaceutical and non-pharmaceutical products. During the year ending December 31, 2008 Sembiosys engaged ICON Development Solutions, a wholly owned subsidiary of ICON, in consulting and clinical trial related activities. The total potential value of this study was \$0.8 million. During the year ending December 31, 2009 ICON recognized a total of \$0.3 million of revenue in relation to these activities. There were no amounts outstanding as at December 31, 2009.



## Item 8. Financial Information.

## Financial Statements

See Item 18.

## Legal Proceedings

The Company is not party to any litigation or other legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, results of operations and financial condition.

## Dividends

We have not paid cash dividends on our ordinary shares and do not intend to pay cash dividends on our ordinary shares in the foreseeable future.

## Item 9. The Offer and the Listing

The Company's ADSs are traded on the NASDAQ National Market under the symbol "ICLR". Our Depository for the ADSs is The Bank of New York Mellon. The Company also has a secondary listing on the Official List of the Irish Stock Exchange. No securities of the Company are traded in any other market. The following table sets forth the trading price for the dates indicated for the Company's ADSs as reported by NASDAQ.

Year Ending	High Sales Price During Period	Low Sales Price During Period
December 31, 2006	\$ 20.18	\$ 10.25
December 31, 2007	\$ 32.40	\$ 18.34
December 31, 2008	\$ 44.78	\$ 15.64
December 31, 2009	\$ 26.85	\$ 12.17
December 31, 2010	\$ 30.31	\$ 18.93
Quarter Ending	High Sales Price During Period	Low Sales Price During Period
Mar 31, 2009	\$ 24.77	\$ 15.07
June 30, 2009	\$ 22.46	\$ 12.17
Sept 30, 2009	\$ 25.35	\$ 20.25
Dec 31, 2009	\$ 26.85	\$ 21.00
Mar 31, 2010	\$ 27.56	\$ 21.20
June 30, 2010	\$ 30.31	\$ 25.29
Sept 30, 2010	\$ 28.90	\$ 20.33
Dec 31, 2010	\$ 22.28	\$ 18.93
Month Ending	High Sales Price During Period	Low Sales Price During Period
July 31, 2010	\$ 28.90	\$ 22.71
Aug 31, 2010	\$ 24.71	\$ 21.22
Sept 30, 2010	\$ 24.10	\$ 20.33
Oct 31, 2010	\$ 22.18	\$ 18.93
Nov 30, 2010	\$ 20.79	\$ 19.11
Dec 31, 2010	\$ 22.28	\$ 19.07



Item 10. Additional Information

Memorandum and Articles of Association

We hereby incorporate by reference the description of our Memorandum and Articles of Association located under the heading “Description of the Memorandum and Articles of Association of the Company” in exhibit 3.1.

On July 19, 2010 at the Company’s Annual General Meeting, the Articles of Association of ICON plc were amended as follows:

- to clarify and extend the provisions in relation to the holding of board meetings by amending provisions in the Articles of Association which permit Directors to attend board meetings by telephone, video-conference or other electronic means;
- to allow for the fixing of the record date and time which shall determine the eligibility of members to participate and vote at the AGM;
- to require that any request by a Member to table a draft resolution under section 133B(1)(b) of the Companies Act, 1963 must be received by the Company in hard copy form or in electronic form at least 14 clear days before the meeting to which it relates;
- to incorporate procedures for the appointment of proxies electronically, and to allow the Directors to implement procedures for shareholders voting electronically;
- to permit members to appoint more than one proxy or corporate representative and, in doing so, to designate the shares which relate to such an appointment;
- to clarify the provisions in relation to the eligibility requirements for the appointment of Directors, and to make the provisions relating to the right to propose resolutions to appoint Directors at general meetings consistent with the other provisions of the Articles of Association of the Company relating to tabling resolutions at such meetings;
  - to clarify and extend the provisions in relation to the service of notices and other documents; and
  - to update legislative citations and cross-references.

Material Contracts

On August 13, 2001 the Company’s subsidiary, ICON Clinical Research (UK) Limited, entered into a lease agreement with Capital Business Parks Globeside Limited. The lease is for office space at an initial annual rate of £988,350, subject to adjustment every five years. The term of the lease is 16 years.

On November 29, 2002 the Company’s subsidiary, ICON Laboratories Inc., entered into a lease agreement with MSM Reality Co., LLC, Davrick, LLC and Sholom Blau Co., LLC. The lease is for office and laboratory space at an annual rate of approximately \$2,220,000. The term of the lease is 15 years and ICON Laboratories Inc. has the option to extend the term of the lease for an additional 10 year term upon notice to the landlord at least 24 months prior to the expiration date.

On February 17, 2003 the Company’s subsidiary, ICON Clinical Research Inc. (“ICLR”), entered into a lease agreement with Highwoods Reality Limited Partnership. The lease is for office space at a monthly rate of approximately \$155,000 for the term of the lease. The term of the lease is 10 years and ICLR has the option to extend the lease for up to two additional five year terms upon notice to the landlord at least 12 months prior to the then current expiration date. This lease was amended on October 22, 2009 to reduce the size of the leased property, effective January 1, 2011 and to correspondingly reduce the monthly rent to approximately \$123,000 for the term of the lease. The amendment also extended the initial term of the lease for an additional 5 years, to 2018. On September 30, 2010 the Company filed the amended lease agreement on a Form 6-K.

On January 11, 2005 ICLR entered into an amended and restated lease agreement with 212 C Associates, L.P. The lease is for office space at a monthly rent of approximately \$175,000 for the term of the lease. The amendment and restatement of the previously existing lease agreement extended the term of the lease for 10 years from the date of the amendment and restatement. ICLR has the right to extend the term of the lease for an additional five years upon notice to the landlord at least 12 months prior to the expiration date. ICLR also has the right to terminate the lease at any time after the seventh anniversary of the amendment and restatement date by paying the landlord a \$1,250,000 termination fee.

On April 20, 2010 the Company's subsidiary, Beacon Bioscience Inc. entered into an amended lease agreement with Stone Manor Partners, L.P. The lease is for office space at a monthly rent of approximately \$114,000 for the term of the lease. The amendment of the previously existing lease agreement extended the term of the lease for 10 years from the date of the amendment.

#### Exchange Controls and Other Limitations Affecting Security Holders

Irish exchange control regulations ceased to apply from and after December 31, 1992. Except as indicated below, there are no restrictions on non-residents of Ireland dealing in domestic securities, which includes shares or depository receipts of Irish companies. Except as indicated below, dividends and redemption proceeds also continue to be freely transferable to non-resident holders of such securities.

The Financial Transfers Act, 1992 gives power to the Minister for Finance of Ireland to make provision for the restriction of financial transfers between Ireland and other countries and persons. Financial transfers are broadly defined, and include all transfers which would be movements of capital or payments within the meaning of the treaties governing the European Communities. The acquisition or disposal of ADSs or ADRs representing shares issued by an Irish incorporated company and associated payments may fall within this definition. In addition, dividends or payments on redemption or purchase of shares and payments on a liquidation of an Irish incorporated company would fall within this definition. At present, the Financial Transfers Act, 1992 prohibits financial transfers involving certain persons connected with the former regime in Iraq, certain persons indicted by the International Criminal Tribunal for the former Yugoslavia and certain associated persons, Zimbabwe, the Islamic Republic of Iran, the Democratic Peoples Republic of Korea, the Republic of Lebanon, the Taliban of Afghanistan, Osama bin Laden and Al-Qaeda, Liberia, Burma/Myanmar, Uzbekistan, Sudan, Somalia, Cote D'Ivoire, the Democratic Republic of Congo, President Lukashenko and certain other officials of Belarus, and countries that harbor certain terrorist groups, without the prior permission of the Central Bank of Ireland.

Any transfer of, or payment in respect of an ADS involving the government of any country or any person which is currently the subject of United Nations sanctions, any person or body controlled by any of the foregoing, or by any person acting on behalf of the foregoing, may be subject to restrictions pursuant to such sanctions as implemented into Irish law. The following countries and persons are currently the subject of such sanctions: Somalia, Sierra Leone, Sudan, Cote D'Ivoire, Democratic Republic of Congo, Liberia, individuals designated by the international independent investigation Commission or the Government of Lebanon, Democratic Peoples Republic of Korea, the Islamic Republic of Iran, Iraq, the Taliban of Afghanistan, Osama bin Laden and Al-Qaeda. There are no restrictions under the Company's Articles of Association or under Irish Law that limit the right of non-residents or foreign owners to hold or vote the Company's ordinary shares or ADSs.

## Taxation

### General

The following discussion is based on existing Irish tax law, Irish court decisions and the practice of the Revenue Commissioners of Ireland, and the convention between the United States and Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to income and capital gains (the "Treaty"). This discussion does not purport to deal with the tax consequences of owning the ordinary shares for all categories of investors, some of which may be subject to special rules. Prospective purchasers of ordinary shares are advised to consult their own tax advisors concerning the overall tax consequences arising in their own particular situations under Irish law. Each prospective investor should understand that future legislative, administrative and judicial changes could modify the tax consequences described below, possibly with retroactive effect.

As used herein, the term "U.S. Holder" means a beneficial owner of ordinary shares that (i) owns the ordinary shares as capital assets; (ii) is a U.S. citizen or resident, a U.S. corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust that meets the following two tests: (A) a U.S. court is able to exercise primary supervision over the administration of the trust, and (B) one or more U.S. persons have the authority to control all substantial decisions of the trust; and for the purpose of the discussion under Irish Taxation of U.S. Holders (A) is not a resident of, or ordinarily resident in, Ireland for the purposes of Irish tax; and (B) is not engaged in trade or business in Ireland through a permanent establishment.

AS USED HEREIN, REFERENCES TO THE ORDINARY SHARES SHALL INCLUDE ADSs REPRESENTING SUCH ORDINARY SHARES AND ADRs EVIDENCING OWNERSHIP OF SUCH ADSs.

### Irish Taxation

#### Irish corporation tax on income

ICON is a public limited company incorporated and resident for tax purposes in Ireland.

For Irish tax purposes, the residence of a company is generally in the jurisdiction where the central management and control of the company is located. Subject to certain exceptions, all Irish incorporated companies are deemed to be Irish tax resident. Companies which are resident in the Republic of Ireland are subject to Irish corporation tax on their total profits (wherever arising and, generally, whether or not remitted to the Republic of Ireland). The question of residence, by virtue of management and control, is essentially one of fact. It is the present intention of the Company's management to continue to manage and control the Company from the Republic of Ireland, so that the Company will continue to be resident in the Republic of Ireland.

The standard rate of Irish corporation tax on trading income (with certain exceptions) is currently 12.5%.

The exemption from Irish corporation tax which was available to Irish resident companies whose income was derived from qualifying royalties or license fees paid in respect of qualifying patents, no longer applies to payments received on or after November, 24 2010.

A research and development tax credit is available in Ireland where an Irish resident company incurs qualifying expenditure on research and development activities and this expenditure exceeds the qualifying expenditure spent by the company in 2003. The qualifying excess expenditure results in a tax credit of 25% of that excess.

Corporation tax is charged at the rate of 25% on a company's non-trading income and certain types of trading income not eligible for the lower rates discussed above.



Capital gains arising to an Irish resident company are liable to tax at 25% (22% for disposals made in 2009 on or before April 7, 2009). However, a capital gains tax exemption is available in Ireland in respect of disposals of certain qualifying shareholdings.

The exemption from capital gains tax on the disposal of shares by an Irish resident company will apply where certain conditions are met. These conditions principally are:

- The company claiming the exemption must hold (directly or indirectly) at least 5% of the ordinary share capital of the company in which the interest is being disposed of, throughout the period of at least one year, within the two year period prior to disposal.
- The shares being disposed of must be in a company, which at the date of disposal, is resident in a Member State of the European Communities or in a country with which Ireland has signed or made specific arrangements to sign a double tax agreement (together a “Relevant Territory”)
- The shares must be in a company which is primarily a trading company or the company making the disposal together with its “5% plus subsidiaries” should be primarily a trading group.
- The shares must not derive the greater part of their value from land or mineral rights in the State.

#### Taxation of Dividends - Withholding Tax

Unless exempted, all dividends paid by ICON, other than dividends paid before November 24, 2010 entirely out of exempt patent income received before 24 November 2010 (subject to conditions), will be subject to Irish withholding tax at the standard rate of income tax in force at the time the dividend is paid, currently 20%.

An individual shareholder who is neither resident nor ordinarily resident for tax purposes in Ireland, but is resident in a Relevant Territory, will be exempt from withholding tax provided he or she makes the requisite declaration.

No dividend withholding tax will apply on the payment of a dividend from an Irish resident company to its Irish resident 51% parent company. Where the Irish company receiving the dividend does not hold at least 51% of the shares of the paying company, the dividend will be exempt from withholding tax provided the Irish corporate shareholder makes the requisite declaration.

Non-Irish resident corporate shareholders that:

- are ultimately controlled by residents of a Relevant Territory;
- are resident in a Relevant Territory and are not controlled by Irish residents;
- have the principal class of their shares, or shares of a 75% parent, substantially and regularly traded on one or more recognized stock exchanges in a Relevant Territory (including Ireland) or Territories; or
- are wholly owned by two or more companies, each of whose principal class of shares is substantially and regularly traded on one or more recognized stock exchanges in a Relevant Territory (including Ireland) or Territories;

will be exempt from withholding tax on the production of the appropriate certificates and declarations.



U.S. Holders of ordinary shares (as opposed to ADSs: see below) should note, however, that these documentation requirements may be burdensome. As described below, these documentation requirements do not apply in the case of ADSs.

Special arrangements are available in the case of an interest in shares held in Irish companies through American depositary banks using ADSs. The depositary bank will be allowed to receive and pass on a dividend from the Irish company without any deduction for withholding tax in the following circumstances:

- the depositary has been authorized by the Irish Revenue Commissioners as a qualifying intermediary and such authorization has not expired or been revoked; and either
  - the depositary bank's ADS register shows that the beneficial owner has a U.S. address on the register; or
- if there is a further intermediary between the depositary bank and the beneficial owner, where the depositary bank receives confirmation from the intermediary that the beneficial owner's address in the intermediary's records is in the U.S.

#### Taxation of dividends - Income Tax

Irish resident or ordinarily resident shareholders will generally be liable to Irish income tax on dividend income at their marginal rate of tax. This income may also be liable to Pay Related Social Insurance (PRSI), and an additional Universal Social Charge ("USC") (which applies from January 1, 2011 and replaces the health levy and income levy) of up to 14% in total.

Under certain circumstances, non-Irish resident shareholders will be subject to Irish income tax on dividend income. This liability is limited to tax at the standard rate of 20% and therefore, where withholding tax has been deducted, this will satisfy the tax liability. No PRSI or USC should apply in these circumstances.

However, a non-Irish resident shareholder will not have an Irish income tax liability on dividends from the Company if the holder is neither resident nor ordinarily resident in the Republic of Ireland and the holder is:

- an individual resident in the U.S. or in a Relevant Territory;
- a corporation that is ultimately controlled by persons resident in the U.S. or in a Relevant Territory;
- a corporation whose principal class of shares (or its 75% or greater parent's principal class of shares) is substantially and regularly traded on a recognized stock exchange in an EU country or in a Relevant Territory;
- a corporation resident in another EU member state or in a Relevant Territory, which is not controlled directly or indirectly by Irish residents; or
- a corporation that is wholly owned by two or more corporations each of whose principal class of shares is substantially and regularly traded on a recognized stock exchange in an EU country or in a Relevant Territory.

U.S. Holders that do not fulfill the documentation requirements or otherwise do not qualify for the withholding tax exemption may be able to claim treaty benefits under the treaty. U.S. Holders that are entitled to benefits under the treaty will be able to claim a partial refund of the 20% withholding tax from the Irish Revenue Commissioners.

Certain non-Irish resident individuals that are either domiciled in Ireland or Irish nationals will be subject to an annual levy of €200,000 if their Irish-located capital exceeds €5,000,000, their worldwide annual income exceeds €1,000,000 and their liability to Irish Income Tax in that year is less than €200,000.

#### Taxation of Capital Gains

Irish resident or ordinarily resident shareholders will be liable to capital gains tax at 25% on gains arising from the disposal or part disposal of their shareholding.

A person who is not resident or ordinarily resident in Ireland, has not been an Irish resident within the past five years and who does not carry on a trade in Ireland through a branch or agency will not be subject to Irish capital gains tax on the disposal of ordinary shares or ADSs, so long as the ordinary shares or ADSs, as the case may be, are either quoted on a stock exchange or do not derive the greater part of their value from Irish land or mineral rights.

There are provisions to subject a person who disposes of an interest in a company while temporarily being non-Irish resident, to Irish capital gains tax. This treatment will apply to Irish domiciled individuals -:

- who cease to be Irish resident;
- who own the shares when they cease to be resident;
- if there are not more than 5 years of assessment between the last year of Irish tax residence prior to becoming temporarily non-resident and the tax year that he/she resumes Irish tax residency;
  - who dispose of an interest in a company during this temporary non-residence; and
- the interest disposed of represents 5% or greater of the issued share capital of the company or is worth at least €500,000.

In these circumstances the person will be deemed, for Irish capital gains tax purposes, to have sold and immediately reacquired the interest in the company on the date of his or her departure and will be subject to tax at 25% of the taxable gain.

#### Irish Capital Acquisitions Tax

Irish capital acquisitions tax (referred to as CAT) applies to gifts and inheritances. Subject to certain tax – free thresholds, gifts and inheritances are liable to tax at 25%.

Where a gift or inheritance is taken under a disposition made after December 1, 1999, it will be within the charge to CAT:

- to the extent that the property of which the gift or inheritance consists is situated in the Republic of Ireland at the date of the gift or inheritance;
- where the person making the gift or inheritance is or was resident or ordinarily resident in the Republic of Ireland at the date of the disposition under which the gift or inheritance is taken;
- in the case of a gift taken under a discretionary trust where the person from whom the gift is taken was resident or ordinarily resident in the Republic of Ireland at the date he made the settlement, or at the date of the gift or, if he is dead at the date of the gift, at his death; or
- where the person receiving the gift or inheritance is resident or ordinarily resident in the Republic of Ireland at the date of the gift or inheritance.

For these purposes a non-Irish domiciled individual will not be regarded as resident or ordinarily resident in the Republic of Ireland on a particular date unless they are resident or ordinarily resident in the Republic of Ireland on that date and have been resident for the 5 consecutive tax years immediately preceding the year of assessment in which the date falls.

The person who receives the gift or inheritance (“the beneficiary”) is primarily liable for CAT. In the case of an inheritance, where a beneficiary and personal representative of the deceased are both non-residents, a solicitor must be appointed to be responsible for paying inheritance tax. Taxable gifts or inheritances received by an individual since December 5, 1991 from donors in the same threshold class are aggregated and only the excess over a specified

tax-free threshold is taxed. The tax-free threshold is dependent on the relationship between the donor and the donees and the aggregation since December 5, 1991 of all previous gifts and inheritances, within the same tax threshold.

The tax-free threshold amounts that apply with effect from December 8, 2010 are:

- €16,604 ((2010: €20,740 pre December 8, 2010/€16,604 post December 8, 2010) in the case of persons who are not related to one another;

- €33,208 (2010: €41,481 pre December 8, 2010/€33,208 post December 8, 2010) in the case of gifts or inheritances received from inter alia a brother or sister or from a brother or sister of a parent or from a grandparent; and
- €332,084 (2010: €414,799 pre December 8, 2010/€332,084 post December 8, 2010) in the case of gifts and inheritances received from a parent (or from a grandparent by a minor child of a deceased child) and specified inheritances received by a parent from a child.

Gifts and inheritances passing between spouses are exempt from CAT.

A gift or inheritance of ordinary shares or ADSs will be within the charge to Irish capital acquisitions tax, notwithstanding that the person from whom or by whom the gift or inheritance is received is domiciled or resident outside Ireland.

The Estate Tax Convention between Ireland and the United States generally provides for Irish capital acquisitions tax paid on inheritances in Ireland to be credited against U.S. federal estate tax payable in the United States and for tax paid in the United States to be credited against tax payable in Ireland, based on priority rules set forth in the Estate Tax Convention. The Estate Tax Convention does not apply to Irish capital acquisitions tax paid on gifts.

#### Irish Stamp Duty - Ordinary Shares

Irish stamp duty, which is a tax on certain documents, is payable on all transfers of ordinary shares (other than between spouses) whenever a document of transfer is executed. Where the transfer is attributable to a sale, stamp duty will be charged at a rate of 1%, rounded to the nearest Euro. The stamp duty is calculated on the amount or value of the consideration (i.e. purchase price) or, if the transfer is by way of a gift (subject to certain exceptions) or for consideration less than the market value, on the market value of the shares. Where the consideration for the sale is expressed in a currency other than Euro, the duty will be charged on the Euro equivalent calculated at the rate of exchange prevailing on the date of the transfer. No stamp duty shall arise on the transfer of ordinary shares where the consideration for the transfer does not exceed €1,000, provided the instrument contains a statement certifying that the transaction does not form part of a larger transaction or a series of larger transactions, in respect of which the amount of the total consideration attributable to the shares would exceed €1,000.

Transfers of ordinary shares between associated companies (broadly, companies within a 90% group relationship, and subject to the satisfaction of certain conditions) are exempt from stamp duty in the Republic of Ireland. In the case of transfers of ordinary shares where no beneficial interest passes (e.g. a transfer of shares from a beneficial owner to his nominee), no stamp duty arises.

#### Irish Stamp Duty - ADSs Representing Ordinary Shares

A transfer by a shareholder to the depositary or custodian of ordinary shares for deposit under the deposit agreement in return for ADSs and a transfer of ordinary shares from the depositary or the custodian upon surrender of ADSs for the purposes of the withdrawal of the underlying ordinary shares in accordance with the terms of the deposit agreement will be stampable at the ad valorem rate if the transfer relates to a sale or contemplated sale or any other change in the beneficial ownership of such ordinary shares. However, it is not certain whether the mere withdrawal of ordinary shares in exchange for ADSs or ADSs for ordinary shares would be deemed to be a transfer of or change in the beneficial ownership which would be subject to stamp duty at the ad valorem rate. Where the transfer merely relates to a transfer where no change in the beneficial ownership in the underlying ordinary shares is effected or contemplated, no stamp duty should arise.

Transfers of ADSs are exempt from Irish stamp duty if the ADSs are dealt in on the NASDAQ National Market or any recognized stock exchange in the United States or Canada.

The person accountable for payment of stamp duty is the transferee or, in the case of a transfer by way of gift, or for a consideration less than the market value, all parties to the transfer. A late or inadequate payment of stamp duty will result in a liability to pay interest, penalties and fines.

## Documents on Display

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and file reports and other information with the SEC. You may read and copy any of our reports and other information at, and obtain copies upon payment of prescribed fees from, the Public Reference Room maintained by the SEC at 100 F Street N.E., Washington, D.C. 20549. In addition, the SEC maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

We “incorporate by reference” information that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this report and more recent information automatically updates and supersedes more dated information contained or incorporated by reference in this report. Our SEC file number for Exchange Act reports is 333-08704.

As a foreign private issuer, we are exempt from certain rules under the Exchange Act, prescribing the furnishing and content of proxy statements to shareholders.

We will provide without charge to each person, including any beneficial owner, on the written or oral request of such person, a copy of any or all documents referred to above which have been or may be incorporated by reference in this report (not including exhibits to such incorporated information that are not specifically incorporated by reference into such information). Requests for such copies should be directed to us at the following address: ICON plc, South County Business Park, Leopardstown, Dublin 18, Ireland, Attention: Ciaran Murray, telephone number: (353) 1 291 2000.

## Exemptions From Corporate Governance Listing Requirements Under the NASDAQ Marketplace Rules

NASDAQ may provide exemptions from the NASDAQ corporate governance standards to a foreign private issuer when those standards are contrary to a law, rule or regulation of any public authority exercising jurisdiction over such issuer or contrary to generally accepted business practices in the issuer’s country of domicile, except to the extent that such exemptions would be contrary to United States federal securities laws. The Company, as a foreign private issuer, was granted an exemption in 1998 from provisions set forth in NASDAQ Rule 4350(f), which requires each issuer to provide for a quorum in its by-laws for any meeting of the holders of common stock, which shall in no case be less than 33.33% of the outstanding shares of the issuer’s outstanding voting stock. The Company’s Articles of Association require that only 3 members be present, in person or by proxy, at a shareholder meeting to constitute a quorum. This quorum requirement is in accordance with Irish law and generally accepted business practices in Ireland.



## Item 11. Quantitative and Qualitative Disclosures about Market Risk

Qualitative Disclosure of Market Risk. The principal market risks (i.e. risk of loss arising from adverse changes in market rates and prices) to which we are exposed are:

- Interest rate changes on cash and cash equivalents,
- Foreign currency risk on non-U.S. dollar denominated cash.

We use derivative financial instruments solely to hedge exposure to these market risks and we do not enter into these instruments for trading or speculative purposes. The Company had no interest rate instruments or derivatives during the year ended December 31, 2010.

Our primary foreign currency exchange risk relates to movements in rates between the U.S. dollar, Sterling and the Euro. At December 31, 2010 we had cash denominated in non-U.S. dollar denominated currencies. In order to reduce the foreign currency exchange risk, we may enter into certain derivative instruments to reduce our exposure to adverse changes in exchange rates. We held no foreign exchange forward contracts during the year ended December 31, 2010.

Quantitative disclosure of Market Risk. The analysis below presents the sensitivity of the market value, or fair value of our financial instruments to selected changes in market rates and prices. The changes chosen represent our view of changes that are reasonable over a one year period.

The hypothetical changes in fair value are estimated based on the same methodology used by the third party financial institutions to calculate the fair value of the original instruments, keeping all variables constant except the relevant exchange rate, as the case may be, which has been adjusted to reflect the hypothetical change. Fair value estimates by their nature are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined precisely.

## Foreign Currency Exchange Risk

The sensitivity analysis below represents the hypothetical change in fair value based on an immediate 10% movement in the exchange rates.

	Fair value at December 31, 2010 (in thousands)	Fair value Change +10% movement in foreign exchange rate (in thousands)	Fair value Change -10% movement in foreign exchange rate (in thousands)
Non-U.S. Dollar denominated cash	\$65,144	\$6,514	(\$6,514)

## Interest Rate Risk

The sensitivity analysis below represents the hypothetical change in our interest income based on an immediate 1% movement in market interest rates.

	Interest Income for the year ended December 31, 2010 (in thousands)	Interest Income Change 1% increase in market interest rate (in thousands)	Interest Income Change 1% decrease in market interest rate (in thousands)
Interest Income	\$1,761	\$3,943	\$-

## Item 12. Description of Securities Other than Equity Securities

Not applicable.

## Part II

## Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

## Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

We hereby incorporate by reference the description of the amendment to our Memorandum and Articles of Association described under the heading “Memorandum and Articles of Association” from Item 10 of this Form 20-F.

## Item 15. Controls and Procedures

## (a) Evaluation of disclosure controls and procedures

An evaluation was carried out under the supervision and with the participation of the Company’s management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures as at December 31, 2010. Based on that evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

## (b) Management’s Annual Report

Reference is made to page 61 of this Form 20-F.

## (c) Report of Independent Registered Public Accounting Firm

Reference is made to page 62 of this Form 20-F.

## (d) Changes in internal controls

There were no changes in our internal controls over financial reporting that occurred during the period covered by this Form 20-F that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Item 16. Reserved.

Item 16A. Audit Committee Financial Expert

Mr. Thomas Lynch acts as the Audit Committee financial expert serving on our Audit Committee and Board of Directors. Mr. Lynch is an independent Board member and serves as one of our non-executive directors.

Item 16B. Code of Ethics

Our Board of Directors adopted its code of ethics in 2003, which applies to the Chief Executive Officer, the Chief Financial Officer and any persons performing similar functions, if any, of the Company.

There are no material modifications to, or waivers from, the provisions of such code, which are required to be disclosed.

This code is available on our website at the following address:

<http://www.iconplc.com>

Item 16C. Principal Accountant Fees and Services

Our principal accountants for the years ended December 31, 2010 and December 31, 2009, were KPMG.

The table below summarizes the fees for professional services rendered by KPMG for the audit of our annual financial statements for the years ended December 31, 2010 and December 31, 2009 and fees billed for other services rendered by KPMG.

	12 month period ending December 31, 2009 (in thousands)		12 month period ending December 31, 2010 (in thousands)	
Audit fees (1)	\$1,735	65%	\$1,554	57%
Audit related fees (2)	24	1%	185	7%
Tax fees (3)	928	34%	963	36%
Total	\$2,687	100%	\$2,702	100%

(1) Audit fees include annual audit fees for the Company and its subsidiaries.

(2) Audit related fees principally consisted of fees for financial due diligence services and fees for audit of the financial statements of employee benefit plans.

(3) Tax fees are fees for tax compliance and tax consultation services.

The Audit Committee pre-approves on an annual basis the audit and non-audit services provided to the Company by its auditors.

Such annual pre-approval is given with respect to particular services. The Audit Committee, on a case-by-case basis, may approve additional services not covered by the annual pre-approval, as the need for such services arises.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

58

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Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Changes in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

See Item 10 "Exemptions from Corporate Governance Listing Requirements under the NASDAQ Marketplace Rules"

Part III

Item 17. Financial Statements

See item 18.

Item 18. Financial Statements

Reference is made to pages 61 to 103 of this Form 20-F.

Item 19. Financial Statements and Exhibits

Financial statements of ICON plc and subsidiaries

Management's Report on Internal Control over Financial Reporting

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as at December 31, 2009 and December 31, 2010

Consolidated Statements of Operations for the years ended December 31, 2008, December 31, 2009 and December 31, 2010

Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended December 31, 2008, December 31, 2009 and December 31, 2010

Consolidated Statements of Cash Flows for the years ended December 31, 2008, December 31, 2009 and December 31, 2010

Notes to the Consolidated Financial Statements

Exhibits of ICON plc and subsidiaries

Exhibit Number	Title
3.1	Description of the Memorandum and Articles of Association of the Company.
10.1(d)	Amendment Number 2 to the Amended and Restated Office Space Lease, dated January 11, 2005, between ICON Clinical Research, Inc. and 212 C Associates, L.P. (incorporated by reference to Exhibit 10.1(d) to the Form 20-F (File No. 333-08704) filed on March 31, 2009).
10.2	Agreement of Lease, dated August 13, 2001, between ICON Clinical Research (UK) Limited, ICON plc and Capital Business Parks Globeside Limited (incorporated by reference to Exhibit 10.2 to the Form 20-F (File No. 333-08704) filed on March 31, 2009).
10.3	Agreement of Lease, dated November 29, 2002, between ICON Laboratories, Inc. and MSM Reality Co. LLC, Davrick, LLC and Sholom Blau Co. LLC (together, the “Landlord”). (incorporated by reference to Exhibit 10.3 to the Form 20-F (File No. 333-08704) filed on March 31, 2009).
10.4	Highwoods Properties Office Lease, dated February 17, 2003, between ICON Clinical Research, Inc. and Highwoods Realty Limited Partnership (incorporated by reference to Exhibit 10.4 to the Form 20-F (File No. 333-08704) filed on March 31, 2009).
10.5	Amendment Number 4 to the Amended Office Space Lease, dated April 20, 2010 between Beacon Bioscience, Inc. and Stone Manor Partners, L.P.
12.1*	Section 302 certifications.
12.2*	Section 906 certifications.
21.1	List of Subsidiaries (incorporated by reference to Item 4 of Form 20-F filed herewith).
23.1	Consent of KPMG, Independent Registered Public Accounting Firm
101.1	Interactive Data Files (XBRL - Related Documents)

## Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's executive and financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitation due to, for example, the potential for human error or circumvention of control, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework. Based upon the assessment performed, we determined that, as of December 31, 2010 the Company's internal control over financial reporting was effective. In addition, there have been no changes in the Company's internal control over financial reporting during 2010 that have materially affected, or are reasonably likely to affect materially, the Group's internal control over financial reporting.

KPMG, which has audited the consolidated financial statements of the Company for the year ended December 31, 2010 has also audited the effectiveness of the Company's internal control over financial reporting under Auditing Standard No. 5 of the Public Company Accounting Oversight Board (United States).



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Directors and Shareholders of ICON plc:

We have audited the accompanying consolidated balance sheets of ICON plc and subsidiaries (“the Company”) as of December 31, 2010 and 2009 and the related consolidated statements of operations, shareholders’ equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2010. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ICON plc and subsidiaries as of December 31, 2010 and 2009 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), ICON plc’s internal control over financial reporting as of December 31, 2010 based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 22, 2011 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

KPMG

Dublin, Ireland  
March 22, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Directors and Shareholders of ICON plc:

We have audited ICON plc's internal control over financial reporting as of December 31, 2010 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). ICON plc's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, ICON plc maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of ICON plc and subsidiaries as of December 31, 2010 and 2009 and the related consolidated statements of operations, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2010 and our report dated March 22, 2011 expressed an unqualified opinion on those consolidated financial statements.

KPMG

Dublin, Ireland  
March 22, 2011



ICON plc  
CONSOLIDATED BALANCE SHEETS

	December 31, 2009	December 31, 2010
	(in thousands)	
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 144,801	\$ 255,706
Short term investments - available for sale (Note 3)	49,227	-
Accounts receivable	191,924	164,907
Unbilled revenue	92,080	101,431
Other receivables	13,016	12,451
Deferred tax asset (Note 12)	9,625	5,623
Prepayments and other current assets	20,126	20,592
Income taxes receivable (Note 12)	14,627	18,966
<b>Total current assets</b>	<b>535,426</b>	<b>579,676</b>
<b>Other Assets:</b>		
Property, plant and equipment, net (Note 6)	178,989	170,861
Goodwill (Note 4)	173,568	175,860
Non-current other assets	3,082	4,353
Non-current income taxes receivable (Note 12)	483	482
Non-current deferred tax asset (Note 12)	6,890	10,028
Intangible assets (Note 5)	9,960	8,278
<b>Total Assets</b>	<b>\$ 908,398</b>	<b>\$ 949,538</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 12,123	\$ 12,314
Payments on account	165,198	134,240
Other liabilities (Note 7)	119,666	100,182
Deferred tax liability (Note 12)	751	956
Income taxes payable (Note 12)	1,782	2,634
<b>Total current liabilities</b>	<b>299,520</b>	<b>250,326</b>
<b>Other Liabilities:</b>		
Non-current other liabilities	2,844	3,676
Non-current government grants (Note 10)	1,750	1,470
Non-current income taxes payable (Note 12)	19,350	10,205
Non-current deferred tax liability (Note 12)	12,688	13,862
<b>Shareholders' Equity:</b>		
Ordinary shares, par value 6 euro cents per share; 100,000,000 shares authorized (Note 11) 59,007,565 shares issued and outstanding at December 31, 2009 and 60,247,092 shares issued and outstanding at December 31, 2010	4,965	5,063
Additional paid-in capital	174,188	196,960
Accumulated other comprehensive income (Note 18)	12,584	396
Retained earnings	380,509	467,580
<b>Total Shareholders' Equity</b>	<b>572,246</b>	<b>669,999</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 908,398</b>	<b>\$ 949,538</b>

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



ICON plc  
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2008	2009	2010
	(in thousands, except share and per share data)		
Revenue:			
Gross revenue	\$1,209,451	\$1,258,227	\$1,263,147
Reimbursable expenses	(344,203 )	(370,615 )	(363,103 )
Net revenue	865,248	887,612	900,044
Costs and expenses:			
Direct costs	489,238	507,783	541,388
Selling, general and administrative	248,778	230,910	232,688
Depreciation and amortization	27,728	32,659	33,873
One-time net charges (Note 13)	-	8,808	-
Total costs and expenses	765,744	780,160	807,949
Income from operations	99,504	107,452	92,095
Interest income	2,881	752	1,761
Interest expense	(4,105 )	(3,530 )	(1,132 )
Income before provision for income taxes	98,280	104,674	92,724
Provision for income taxes (Note 12)	(19,967 )	(10,375 )	(5,653 )
Non-controlling interest	(193 )	-	-
Net income	\$78,120	\$94,299	\$87,071
Net income per ordinary share:			
Basic	\$1.34	\$1.61	\$1.46
Diluted	\$1.30	\$1.57	\$1.44
Weighted average number of ordinary shares outstanding:			
Basic (Note 2)	58,245,240	58,636,878	59,718,934
Diluted (Note 2)	60,221,587	59,900,504	60,637,103

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

\*Comparative figures have been amended to reflect the Bonus Issue (Stock Split) which took place with an effective date of August 8, 2008

ICON plc  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME  
(in thousands, except share and per share data)

	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at December 31, 2007	57,670,488	\$ 4,843	\$ 143,639	\$ 31,828	\$ 208,090	\$ 388,400
Comprehensive Income:						
Net income	-	-	-	-	78,120	78,120
Currency translation adjustment	-	-	-	(30,582 )	-	(30,582 )
Currency impact on long-term funding (net of tax)	-	-	-	2,976	-	2,976
Actuarial loss on defined benefit pension plan (net of nil taxation)	-	-	-	(1,044 )	-	(1,044 )
Total comprehensive income						49,470
Exercise of share options	847,707	78	8,438	-	-	8,516
Share based compensation expense	-	-	6,058	-	-	6,058
Share issue costs	-	-	(138 )	-	-	(138 )
Tax benefit on exercise of options	-	-	4,060	-	-	4,060
Balance at December 31, 2008	58,518,195	\$ 4,921	\$ 162,057	\$ 3,178	\$ 286,210	\$ 456,366
Comprehensive Income:						
Net income	-	-	-	-	94,299	94,299
Currency translation adjustment	-	-	-	7,797	-	7,797
Currency impact on long-term funding (net of tax)	-	-	-	2,251	-	2,251
Actuarial loss on defined benefit pension plan (net of nil taxation)	-	-	-	(642 )	-	(642 )
Total comprehensive income						103,705
Exercise of share options	489,370	44	4,375	-	-	4,419
Share based compensation expense	-	-	7,353	-	-	7,353
Share issue costs	-	-	(84 )	-	-	(84 )

Tax benefit on exercise of options	-	-	487	-	-	487
Balance at December 31, 2009	59,007,565	\$ 4,965	\$ 174,188	\$ 12,584	\$ 380,509	\$ 572,246



ICON plc

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME  
(in thousands, except share and per share data)

	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at December 31, 2009	59,007,565	\$ 4,965	\$ 174,188	\$ 12,584	\$ 380,509	\$ 572,246
Comprehensive Income:						
Net income	-	-	-	-	\$ 87,071	\$ 87,071
Currency translation adjustment	-	-	-	(9,701 )	-	(9,701 )
Currency impact on long-term funding (net of tax)	-	-	-	(1,278 )	-	(1,278 )
Actuarial loss on defined benefit pension plan (net of nil taxation)	-	-	-	-	-	-