LABORATORY CORP OF AMERICA HOLDINGS
Form DEF 14A
April 01, 2010

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material

¨ CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Laboratory Corporation of America Holdings

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Laboratory Corporation of America® Holdings

358 South Main Street

Burlington, NC 27215

Telephone: 336-229-1127

April 1, 2010

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of Laboratory Corporation of America Holdings. The meeting will be held at The Paramount Theater, 128 East Front Street, Burlington, NC 27215, on Wednesday, May 12, 2010 at 9:00 a.m., Eastern Daylight Time.

The attached Notice of the Annual Meeting and Proxy Statement provide information concerning the matters to be considered at the meeting.

The Board of Directors recommends that the Company s stockholders approve each of the proposals set forth in the Notice. The enclosed Proxy Statement sets forth more detailed information regarding these proposals. Please carefully review the information in the Proxy Statement.

Whether or not you plan to attend the meeting in person, your shares should be represented and voted at the meeting. This year, we are continuing the practice of using the U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing the Company s stockholders a notice of Internet availability of the Company s proxy materials instead of a paper copy of this proxy statement and the Company s 2009 Annual Report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how stockholders can receive a paper copy of the Company s proxy materials, including this proxy statement, the Company s 2009 Annual Report and a form of proxy card or voting instruction card. We believe that this process will conserve natural resources and reduce the costs of printing and distributing the Company s proxy materials.

After reading the Proxy Statement, you may vote by proxy over the Internet or by telephone, or, if you receive paper copies of the proxy materials by mail, you can also vote by mail by following the instructions on the proxy card or voting instruction card. You may revoke your proxy at any time before it is exercised by sending a written notice that you would like to revoke your proxy to the Company at 358 South Main Street, Burlington NC 27215, Attention: F. Samuel Eberts III, by submitting a new proxy, or by attending the meeting and voting in person.

Sincerely,

David P. King

Chairman of the Board, President and Chief Executive Officer

LABORATORY CORPORATION OF AMERICA HOLDINGS

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of

Laboratory Corporation of America Holdings:

Notice is hereby given that the 2010 Annual Meeting (the Annual Meeting) of the Stockholders of Laboratory Corporation of America Holdings (the Company) will be held at The Paramount Theater, 128 East Front Street, Burlington, NC 27215, on Wednesday, May 12, 2010 at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect the members of the Company s Board of Directors to serve until the Company s next annual meeting and until such directors successors are elected and shall have qualified;

2. To ratify the Audit Committee s appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the year ending December 31, 2010; and

3. To take such other action as may properly come before the Annual Meeting or any adjournments thereof.

The accompanying proxy statement describes the matters to be considered at the Annual Meeting. Only stockholders of record at the close of business on March 15, 2010 are entitled to notice of, and to vote at, the Annual Meeting and at any adjournments thereof.

By Order of the Board of Directors

F. Samuel Eberts III

Secretary

April 1, 2010

PLEASE CAST YOUR VOTE USING THE INTERNET OR TELEPHONE VOTING OPTIONS AS SOON AS POSSIBLE, OR, IF REQUESTED, COMPLETE, SIGN, AND DATE THE PROXY CARD, AND RETURN IT PROMPTLY. THIS WILL ENSURE THAT YOUR SHARES ARE VOTED IN ACCORDANCE WITH YOUR WISHES.

LABORATORY CORPORATION OF AMERICA HOLDINGS

358 SOUTH MAIN STREET

BURLINGTON, NORTH CAROLINA 27215

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation by the Board of Directors of Laboratory Corporation of America Holdings, a Delaware corporation (the Company), of proxies to be voted at the 2010 Annual Meeting of Stockholders to be held at The Paramount Theater, 128 East Front Street, Burlington, NC 27215, on Wednesday, May 12, 2010 at 9:00 a.m., Eastern Daylight Time, and at any adjournments thereof (the Annual Meeting). The Company s Board of Directors has made this Proxy Statement and the accompanying Notice of Annual Meeting available on the Internet. The Company mailed a Notice of Internet Availability of Proxy Materials (the Notice) to each of the Company s stockholders entitled to vote at the Annual Meeting on or about April 1, 2010.

At the Annual Meeting, the Company s stockholders will be asked (i) to elect the following persons as directors of the Company to serve until the Company s next annual meeting and until such directors successors are elected and shall have qualified: David P. King, Kerrii B. Anderson, Jean-Luc Bélingard, Wendy E. Lane, Thomas P. Mac Mahon, Robert E. Mittelstaedt, Jr., Arthur H. Rubenstein, MBBCh, M. Keith Weikel, Ph.D. and R. Sanders Williams, M.D.; (ii) to ratify the Audit Committee s appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the year ending December 31, 2010; and (iii) to take such other action as may properly come before the Annual Meeting or any adjournments thereof.

GENERAL INFORMATION

Electronic Delivery of Proxy Materials

Pursuant to the rules adopted by the Securities and Exchange Commission (the SEC), the Company has elected to provide access to the Company s proxy materials over the Internet. Accordingly, the Notice was sent on or about April 1, 2010 to each of the Company s stockholders of record at the close of business on March 15, 2010. All stockholders may access the proxy materials on the website referred to in the Notice. Stockholders may also request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy can be found on the Notice. In addition, by following the instructions in the Notice, stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

Choosing to receive your future proxy materials by e-mail will save the Company the cost of printing and mailing documents to you and will reduce the impact of the Company s annual meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Solicitation and Voting of Proxies; Revocation; Record Date

All proxies duly executed and received by the Company will be voted on all matters presented at the Annual Meeting in accordance with the instructions given therein by the person executing such proxy or, in the absence of such instructions, will be voted in favor of the election to the Company s Board of Directors of the nine nominees for director identified in this Proxy Statement, and for the ratification of the appointment of

1

PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2010. Any stockholder may revoke his/her proxy at any time prior to the Annual Meeting before it is voted by written notice to such effect delivered to the Company at 358 South Main Street, Burlington, North Carolina 27215, Attention: F. Samuel Eberts III, Secretary, by delivery prior to the Annual Meeting of a properly executed and subsequently dated proxy or by attending the Annual Meeting and voting in person.

Solicitation of proxies may be made by mail and may also be made by personal interview, telephone, e-mail and facsimile transmission, and by directors, officers, and regular employees of the Company without special compensation therefor. The Company will bear the expenses to prepare proxy materials and to solicit proxies for the Annual Meeting. The Company expects to reimburse banks, brokers, and other persons for their reasonable, out-of-pocket expenses in handling proxy materials for beneficial owners.

Only holders of record of common stock of the Company (the Common Stock) at the close of business on March 15, 2010 (the Record Date) will be entitled to notice of, and to vote at, the Annual Meeting. At the close of business on the Record Date, there were issued and outstanding 104,358,698 shares of Common Stock. Holders of Common Stock as of the Record Date will be entitled to one vote per share at the Annual Meeting.

A quorum for the Annual Meeting consists of a majority of the total number of shares of Common Stock outstanding on the Record Date and entitled to vote, present in person or represented by proxy. In accordance with the Company s Amended and Restated By-Laws (the By-Laws), director nominees must receive a majority of the votes cast for the election of directors, which under the By-Laws means that the number of shares voted FOR a director must exceed 50% of the votes cast with respect to that director. The Board has adopted a policy that a director who does not receive the required vote for election as provided in the By-Laws will submit his or her resignation for consideration by the Board. The affirmative vote of a majority of shares of Common Stock represented at the Annual Meeting and entitled to vote is required for the ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the year ending December 31, 2010. An abstention will have no effect on the election of the directors, but will have the same effect as a vote against the other proposals scheduled for the Annual Meeting. Under the current New York Stock Exchange (NYSE) rules, the proposal to ratify the appointment of independent auditors is considered a discretionary item. This means that brokerage firms may vote in their discretion on this matter on behalf of clients who have not furnished voting instructions at least 15 days before the date of the Annual Meeting. In contrast, the proposal to elect directors is a non-discretionary item. This means brokerage firms that have not received voting instructions from their clients on this matter *may not* vote on this proposal. These so-called broker non-votes will not be considered in determining the number of votes necessary for approval and, therefore, will have no effect on the outcome of the vote for the election of directors.

As of March 15, 2010, the directors and executive officers of the Company beneficially owned an aggregate of 1,848,907 shares of Common Stock, representing approximately 1.7% of the total number of shares of Common Stock outstanding and entitled to vote.

The Board of Directors of the Company recommends that stockholders vote FOR the election of each of the nominees for director of the Company (as specified below) and the ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2010.

PROPOSAL ONE: ELECTION OF DIRECTORS

The Company s directors will be elected at the Annual Meeting to serve until the next succeeding annual meeting of the Company and until their successors are elected and have been qualified. The Board of Directors is currently comprised of the nominees listed below. Except as herein stated, the proxies solicited hereby will be voted FOR the election of such nominees unless the completed proxy card directs otherwise.

Director Independence

Pursuant to Section 303A.02 of the NYSE Listing Standards (the Listing Standards), for a director to qualify as independent, the Board of Directors must affirmatively determine that the director has no material relationship with the Company that would impair the director s independence. The Listing Standards permit the Board of Directors to adopt categorical standards to be used in connection with this purpose, and the Board of Directors has adopted the standards for determining whether there is a material relationship that would impair independence.

The Board of Directors has determined that Ms. Anderson, Mr. Bélingard, Ms. Lane, Mr. Mittelstaedt, Dr. Rubenstein, Dr. Weikel and Dr. Williams each qualify as independent as defined in the Listing Standards. Mr. Mac Mahon is not independent because the consulting arrangement that he entered into after he retired as the Company s Chief Executive Officer on December 31, 2006 resulted in payments to him that under the Listing Standards means that he cannot be determined to be independent until 2012, at the earliest. Further, Mr. King (the Company s Chief Executive Officer) is not independent as he is an employee of the Company.

Identification, Evaluation and Qualification of Individual Director Candidates

The Nominating and Corporate Governance Committee recommends a slate of directors to the Board of Directors for election by the Company s stockholders at each annual meeting of stockholders and recommends candidates to the Board of Directors to fill vacancies on the Board of Directors.

When evaluating prospective candidates for director, including those nominated by stockholders, the Nominating and Corporate Governance Committee conducts individual evaluations against the criteria enumerated in the Company s Corporate Governance Guidelines. These criteria include, but are not limited to: personal and professional integrity; interest, capacity and willingness to serve the long-term interests of the Company s stockholders; ability and willingness to devote the required amount of time to the Company s affairs, including attendance at Board and Committee meetings; exceptional ability and judgment; and freedom from personal and professional relationships that would adversely affect the ability to serve the best interests of the Company and its stockholders. The Corporate Governance Guidelines provide that the Nominating and Corporate Governance Committee review with the Board the appropriate skills and characteristics required of Board members in the context of the Company s business needs and the current composition of the Board, including, among other characteristics, diversity. The Company believes that Board membership should reflect diversity in its broadest sense, including persons diverse in geography, gender, and ethnicity. The board seeks independent directors who represent a mix of backgrounds and experiences that will enhance the quality of the board s deliberations and decisions. Candidates shall have substantial experience with one or more publicly traded national, international or multinational companies or shall have achieved a high level of distinction in their chosen fields. The goal is to ensure that the Board composition reflects a balance of skills, experiences, diversity and expertise. Director candidates, other than sitting directors, may be interviewed by the Chairman of the Nominating and Corporate Governance Committee, other directors, the Chief Executive Officer and the Corporate Secretary. The results of those interviews, as well as any other materials received by the Nominating and Corporate Governance Committee that it deems appropriate, are considered by the Nominating and Corporate Governance Committee in making its recommendation to the Board of Directors.

The biographies of each of the nominees below contain information regarding the experiences, qualifications, attributes or skills that supported the Nominating and Corporate Governance Committee s and the Board s determination that the person should serve as a director for the Company.

The Board of Directors has been informed that all of the nominees listed below are willing to serve as directors, but if any of them should decline or be unable to act as a director, the individuals named in the proxies may vote for a substitute designated by the Board of Directors. The Company has no reason to believe that any nominee will be unable or unwilling to serve.

Nominees For Election As Directors

The name, age as of March 15, 2010, principal occupation for the last five years, selected biographical information, and period of service as a director of the Company of each nominee are set forth below:

David P. King (53) has served as Chairman of the Board, President, and Chief Executive Officer of the Company since May 6, 2009; prior to that date he served as a director, President and Chief Executive Officer of the Company since January 1, 2007. Mr. King served as Executive Vice President and Chief Operating Officer from December 2005 to January 2007, as Executive Vice President of Strategic Planning and Corporate Development from January 2004 to December 2005 and was hired in September 2001 as Senior Vice President, General Counsel and Chief Compliance Officer. Prior to joining the Company, he was a partner with Hogan & Hartson LLP in Baltimore, Maryland from 1992 to 2001. Mr. King has over 9 years experience with the Company in a variety of roles of increasing responsibility in corporate operations, strategic planning, and corporate administration. As a result, he has a deep understanding of the clinical laboratory industry, strategy, sales and marketing, and operations.

Kerrii B. Anderson (52) has served as a director of the Company since May 17, 2006. Ms. Anderson was Chief Executive Officer of Wendy s International, Inc., a restaurant operating and franchising company from April 2006 until September 2008 when the company was merged with Triarc. Ms. Anderson served as Executive Vice President and Chief Financial Officer of Wendy s International from 2000 to 2006. Prior to this position, she was Chief Financial Officer, Senior Vice President of M/I Schottenstein Homes, Inc. from 1987 to 2000. Ms. Anderson is a director of Chiquita Brands International Inc. and a member of its Audit and Compensation Committees. She is also a director and a member of the Audit Committee of PF Chang s China Bistro, Inc. Ms. Anderson serves on the financial committee of Columbus Foundation and Ohio Health. Ms. Anderson was a director of Lancaster Colony Corporation from September 1998 to September 2005. She also was a director of Wendy s International from 2006 until September 30, 2008. She has a strong record of leadership in operations and strategy. Ms. Anderson is also an audit committee financial expert of a result of her experience as CEO and CFO of Wendy s International, Inc. She has extensive corporate governance experience through her service on other public company boards.

Jean-Luc Bélingard (61) has served as a director of the Company since April 28, 1995. Mr. Bélingard is Chairman and Chief Executive Officer of Ipsen SA, a diversified French health care holding company, and has served in that position since 2001. Prior to this position, Mr. Bélingard was Chief Executive Officer from 1999 to 2001 of bioMérieux-Pierre Fabre, a diversified French health care holding company, where his responsibilities included the management of that company s worldwide pharmaceutical and cosmetic business. Mr. Bélingard is also a director of Celera Corporation, a former division of Applera Corporation, Norwalk, Connecticut, a director and member of the Compensation Committee of bioMérieux SA, and a director and member of the Audit Committee of Nicox (France). Mr. Bélingard was a director of Applera Corporation, Norwalk, Connecticut from 1993 to June 2008. He has extensive CEO experience and a strong strategic and operational background. He also brings an important international perspective to the board s deliberations. Mr. Bélingard has extensive corporate governance experience through his service on other public company boards.

Wendy E. Lane (58) has served as a director of the Company since November 1996. Ms. Lane has been Chairman of Lane Holdings, Inc., an investment firm, since 1992. Prior to forming Lane Holdings, Inc., Ms. Lane was a Principal and a Managing Director of Donaldson, Lufkin & Jenrette, an investment banking firm, serving in these and other positions from 1980 to 1992. Ms. Lane is also a director and Audit Committee member of both Willis Group Holdings, Ltd. and UPM-Kymmene Corporation, and a Trustee of the U.S. Ski and Snowboard Team Foundation. With her extensive experience in various segments of the financial industry,

4

including investment banking and insurance, Ms. Lane is an audit committee financial expert. Ms. Lane has extensive corporate governance experience through her service on other public company boards in a variety of industries.

Thomas P. Mac Mahon (63) has served as a director of the Company since 1995. In addition, Mr. Mac Mahon served as a non-executive Chairman of the Board from January 2007 to May 2009. Mr. Mac Mahon served as executive Chairman of the Board from April 1996 to December 2006; prior to that date, he was Vice-Chairman of the Board since April 28, 1995. From January 1997 until his retirement on December 31, 2006, Mr. Mac Mahon served as President and Chief Executive Officer and a member of the Executive and Management Committees of the Company. Mr. Mac Mahon was Senior Vice President of Hoffmann-La Roche Inc. (Roche) from 1993 to December 1996 and President of Roche Diagnostics Group and a director and member of the Executive Committee of Roche from 1988 to December 1996. Mr. Mac Mahon is a director and Chairman of the Governance Committee of Express Scripts, Inc. Mr. Mac Mahon is also a director, member of the Compensation Committee and Chairman of the Board of PharMerica Corporation. Mr. Mac Mahon was a director of Golden Pond Healthcare, Inc. from November 2007 to November 2009. He has over 25 years of experience in the diagnostics industry including over 10 years of experience with the Company as its CEO. As a result, he has a deep understanding of the clinical laboratory industry, strategy, and operations and extensive experience with the laboratory industry. He also has significant corporate governance experience through his service on other public company boards.

Robert E. Mittelstaedt, Jr. (66) has been a director of the Company since November 1996. Mr. Mittelstaedt is Dean and Professor of the W.P. Carey School of Business at Arizona State University. Prior to June 30, 2004, he was Vice Dean, Executive Education of The Wharton School of the University of Pennsylvania and director of the Aresty Institute of Executive Education, an executive education program affiliated with The Wharton School of the University of Pennsylvania. Mr. Mittelstaedt had served with The Wharton School since 1973, with the exception of the period from 1985 to 1989 when he founded, served as President and Chief Executive Officer, and sold Intellego, Inc., a company engaged in practice management, systems development, and service bureau billing operations in the medical industry. Mr. Mittelstaedt serves as a director of W.P. Carey & Co., LLC and also serves as a director and Compensation Committee member of Innovative Solutions & Support, Inc. Mr. Mittelstaedt, Jr. is a recognized expert in business strategy and corporate governance issues and serves as lead independent director.

Arthur H. Rubenstein, MBBCh (72) has served as a director of the Company since August 1, 2004. Dr. Rubenstein is the Dean of the University of Pennsylvania School of Medicine and Executive Vice President for the University of Pennsylvania Health System. Previously, Dr. Rubenstein was Dean and Gustave L. Levy Distinguished Professor at the Mount Sinai School of Medicine in New York from 1997 to 2001. He has also been a faculty member and chairman of the Department of Medicine at the University of Chicago. He is a distinguished member of the American Academy of Arts and Sciences and the American Association for the Advancement of Science. Dr. Rubenstein serves as a director of Glycadia and Diasome. Dr. Rubenstein was a director of the Association of Academic Health Centers from October 2004 until September 2009. As a prominent medical clinician and academician he has extensive experience in health care delivery systems and brings an important practicing physician s perspective to the board s deliberation.

M. Keith Weikel, Ph.D. (72) has served as a director of the Company since July 16, 2003. On December 31, 2006, Dr. Weikel retired as a Senior Executive Vice President and Chief Operating Officer of Manor Care, Inc., a health-care provider, where he began his career in 1984 with Manor HealthCare Corporation, an operating subsidiary of Manor Care, Inc. Dr. Weikel is currently a member of the Federation of American Hospitals and the Alliance for Quality Long Term Care and serves as Director Emeritus for Manor Care, Inc. and as a director for Direct Supply, Inc. As a result of his experience as Commissioner of the Medical Services Administration of the Department of Health and Human Services and his years of business experience as an executive leader, Dr. Weikel has a deep understanding of the health care system. Dr. Weikel has a strong record of leadership in large healthcare company operations and as the former COO of Manor HealthCare brings an important perspective to his service as a director for the Company.

R. Sanders Williams, M.D. (61) has served as a director of the Company since May 16, 2007. Dr. Williams is President of The J. David Gladstone Institutes, and Professor of Medicine (pending) at the University of California San Francisco. Prior to this appointment, Dr. Williams served Duke University between 2001 and 2009 as Dean of the School of Medicine, Senior Vice Chancellor, Senior Advisor for International Strategy, and founding Dean of the Duke-NUS Graduate Medical School Singapore. He has served previously as President of the Association of University Cardiologists, Chairman of the Research Committee of the American Heart Association, on the editorial boards of leading biomedical journals, on the Advisory Committee to the Director of the National Institutes of Health and on the Board of External Advisors of the National Heart, Lung and Blood Institute. He is a Director of Bristol-Myers Squibb, a member of the Institute of Medicine of the National Academy of Sciences, and a Fellow of the American Association for the Advancement of Science. His experience as a physician, a biomedical scientist, and executive leader brings important perspective to his service to the Company as a director.

The Board of Directors of the Company recommends that stockholders vote FOR the election of each of the nominees for director listed above.

Board of Directors and its Committees

To begin 2009, the Board of Directors had ten members, consisting of the current directors and Mr. Bradford T. Smith. Mr. Smith did not stand for reelection at the Company s 2009 Annual Meeting, held on May 6, 2009, and since the 2009 Annual Meeting the Board of Directors has been comprised of its current nine members. During 2009, the Board of Directors held eleven meetings and acted six times by unanimous written consent. The Compensation Committee held five meetings; the Audit Committee held eight meetings; the Nominating and Corporate Governance Committee held four meetings; and the Quality and Compliance Committee held four meetings. All of the committees are comprised entirely of independent directors as defined in the Listing Standards. During 2009, all of the directors attended 100% of the total meetings of the Board of Directors and the committees of which he or she was a member.

Currently, the Chairman of the Board of Directors is also the Company s Chief Executive Officer and President. The Company has also created a formal Lead Independent Director position that is filled when considered desirable by the Board. The Board has concluded, as reflected in the Company s Corporate Governance Guidelines, that it is desirable to have someone in the Lead Independent Director position at all times when the Chief Executive Officer also serves as Chairman or the Chairman is otherwise not an independent director. The Board of Directors named Mr. King as the Chairman of the Board and created this current governance structure in May 2009 to reflect the Board s belief that it provides an efficient and effective leadership model for the Company by fostering clear accountability, effective decision-making, alignment on corporate strategy between the Board and management and a single public face for the leadership of the Company. The Lead Independent Director, among other tasks assigned in the Company s Corporate Governance Guidelines, presides at executive sessions of the Board; serves as a liaison between the Chairman and the other directors, and advises the Chairman with respect to the schedule, agenda and information for Board meetings. The Board believes that under some circumstances it may be desirable to separate the roles of Chairman and Chief Executive Officer and reserves the right to do so when, in its judgment, such circumstances occur.

On October 16, 2002, the Board of Directors began holding executive sessions without Company management and non-independent director participation. These sessions are generally held at each regularly scheduled meeting of the Board of Directors and at each special meeting upon the request of a majority of the independent directors attending the special meeting. The Company s Corporate Governance Guidelines provide that the independent Directors shall meet on a periodic basis, but no fewer than four times a year on the same day as the regularly scheduled Board meetings. Prior to the creation of a Lead Independent Director position, these meetings were chaired by one of the Independent Directors who was elected by a majority vote of the other independent directors immediately following each annual stockholders meeting. In 2009, until the appointment of a Lead Independent Director, the Board of Directors elected Mr. Mittelstaedt to chair meetings of the independent directors, as well as meetings of the non-management directors. In 2009, the Board held executive sessions of independent directors and executive sessions of non-management directors from time to time to discuss compensation, succession planning and other matters.

Members of the Board of Directors are encouraged to and usually attend the annual meeting of stockholders. Seven of the independent, non-management directors, and Messrs. King, Mac Mahon, and Smith attended the 2009 annual meeting.

The Board of Directors has an Audit Committee, a Compensation Committee, a Quality and Compliance Committee, and a Nominating and Corporate Governance Committee, the Charters for which are available in print to any shareholder upon request and are also available on the Company s website at www.labcorp.com on the Investor Relations page under the Corporate Governance Tab. The Committees of the Board of Directors review their respective Charters on an annual basis.

Audit Committee

The Audit Committee, consisting of Ms. Anderson (Committee Chair), Ms. Lane, Mr. Mittelstaedt and Dr. Rubenstein, is responsible for the selection, appointment, compensation and oversight of the work of any independent registered public accounting firm employed by the Company and assists in Board oversight of the integrity of the financial statements of the Company; the compliance by the Company with legal and regulatory requirements as they impact the Company s financial statements or reporting systems; the production of an audit committee report as required by the Securities and Exchange Commission (the SEC) to be included in the Company s annual proxy statement; the qualifications and independence of the Company s independent registered public accounting firm and the oversight of the Company s internal audit functions, internal controls, and independent registered public accounting firm. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934.

Compensation Committee

The Compensation Committee, consisting of Ms. Anderson, Mr. Bélingard and Dr. Weikel (Committee Chair) is responsible for:

- reviewing the Company s compensation and benefit policies and objectives, including any perquisites paid to the Company s Chief Executive Officer (CEO), other executive officers and directors;

- annual reviews and recommendations to the full Board for approval of the goals and objectives relevant to CEO compensation, evaluation of the CEO s performance in light of those goals and objectives, and recommendations to the full Board for the compensation paid to the CEO and other executive officers;

- review and recommendations to the full Board for approval of any employment agreements entered into between the Company and any executive officer and annual review thereof, including any perquisites and other personal benefits provided to executive officers;

- annual review and recommendations to the full Board for approval of compensation paid to the Company s directors;

- review and oversight of the Company s incentive compensation and equity plans; and production of a compensation committee report as required by the SEC to be included in the Company s annual proxy statement.

The Committee has the sole authority to retain and terminate any compensation consultant to be used to assist in evaluating executive officer compensation. The Committee has retained Frederic W. Cook & Co., Inc. as an outside compensation consultant to assist in evaluating the Company s executive compensation programs since August 2004. Frederic W. Cook & Co., Inc. does no other work for the Company or its management. The outside compensation consultant reported directly to the Committee during 2009. At the request of the Committee, in December 2008, in anticipation of setting the 2009 compensation, Frederic W. Cook & Co., Inc. provided the Committee with an annual update on emerging market trends and best practices in long-term incentive

7

compensation. In connection with the Committee s review, the compensation consultant also advised the Committee on the continued use of a peer group that was originally set in 2006. The consultant s role in recommending the amount or form of executive compensation paid to the Company s named executive officers during 2009 is described in the Compensation Discussion and Analysis Elements of Compensation section below.

The Committee may form and delegate authority to subcommittees as it determines necessary or advisable. The Compensation Committee has also delegated to the CEO, Mr. King, the design of the annual incentive plans for the other executive officers, including the named executive officers, using targets established by the Compensation Committee and based on discussions between Mr. King and the members of the Compensation Committee. For a discussion of Mr. King s role in determining or recommending the executive compensation paid to the Company s named executive officers during 2009, see the Compensation Discussion and Analysis Elements of Compensation section below.

Quality and Compliance Committee

The Quality and Compliance Committee, consisting of Mr. Bélingard, Dr. Rubenstein (Committee Chair), Dr. Weikel and Dr. Williams, is responsible for assisting the Board in carrying out its oversight responsibility with respect to quality and compliance issues and oversight of management s efforts to adopt and implement policies and procedures that require the Company s employees to act in accordance with high ethical standards, to deliver high quality services and to ensure compliance with health care and other legal requirements of the Company.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, consisting of Mr. Mittelstaedt (Committee Chair), Ms. Lane, and Dr. Williams, is responsible for assisting the Board by identifying individuals qualified to become Board members, consistent with criteria approved by the Board and by recommending to the Board the director nominees for the next annual meeting of stockholders; for developing and recommending to the Board a set of corporate governance principles applicable to the Company; for leading the Board in its annual review of the Board s performance; and for recommending to the Board director nominees for each Board committee.

Board s Role in Risk Oversight

The Board of Directors conducts oversight of risks that may affect the Company primarily through the Audit Committee and the Quality and Compliance Committee, as disclosed in the descriptions of each of these committees above and in the charters of each committee. Each of the Audit Committee and the Quality and Compliance Committee make full reports to the Board of Directors at each quarterly meeting, regarding the committee s considerations and actions. The Board of Directors also receives regular reports directly from officers responsible for oversight of financial and systemic risks within the Company.

In addition, the Board of Directors has received a report from the Company s management on compensation policies and practices. The Company discusses compensation policies and procedures with management and considers the incentives these pay practices create in relation to the Company s risk profile. The Board of Directors also takes into account the characteristics of the Company s compensation program that may reduce the likelihood of or mitigate excessive risk taking in order to determine whether these pay practices present a material risk to the Company. Based on this review, the Board of Directors concluded that the Company s compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

The Board of Directors annually reviews the Company s Corporate Governance Guidelines and Code of Business Conduct and Ethics (the Code). The Corporate Governance Guidelines address a number of topics, including composition of the Board of Directors, director independence, Board of Directors and Committee self- assessment, retirement, evaluation of the Chief Executive Officer and succession planning. The Nominating and

Corporate Governance Committee reviews the Corporate Governance Guidelines on a regular basis and any proposed additions or amendments to the Corporate Governance Guidelines are submitted to the Board of Directors for its consideration.

The Code is a code of business conduct and ethics applicable to all directors, officers and employees of the Company. The Code sets forth Company policies and expectations on a number of topics, including but not limited to, conflicts of interest, confidentiality, compliance with laws (including insider trading laws), preservation and use of Company assets, and business ethics. The Code also sets forth procedures for communicating and handling any potential conflict of interest or the appearance of any conflict of interest. The Company has enhanced its annual procedures for verifying compliance with the Code for directors and executive officers and for the confidential communication and handling of issues regarding accounting, internal controls and auditing matters. Management of the Company regularly reviews the Code and may propose additions or amendments to the Code to be considered for approval by the Audit Committee, the Quality and Compliance Committee and the Board of Directors. Additionally, the Audit Committee and the Quality and Compliance Committee review the Code and may propose additions or amendments to the Code to be considered for approval by the Board of Directors.

To provide stockholders with greater knowledge regarding the Board of Directors processes, the Corporate Governance Guidelines and the Code adopted by the Board of Directors are available in print to any shareholder upon request and are also posted on the Company s website at www.labcorp.com on the Investor Relations page under the Corporate Governance tab. In addition, any amendment to the Code or any waiver of the Code that applies to the Company s Chief Executive Officer, Chief Financial Officer, principal accounting officer or controller, or persons performing similar functions, will be posted on the Company s website.

Related Party Transactions

In accordance with the Company s Audit Committee charter, the Audit Committee is responsible for reviewing and approving the terms and conditions of all related party transactions. It is the Company s policy that any related party transaction needs to be approved by the Audit Committee prior to the Company entering into such transaction. The Company s senior management annually reports to the Company s Audit Committee all related parties that are employed by the Company and related parties that are employed by other companies with whom the Company had a material relationship during that year, if any.

All directors and officers are required to provide a written certification each year with respect to their knowledge of related party transactions. The Audit Committee s review of related party transactions, including the information in the report to the Audit Committee and the written certifications, encompasses transactions with related persons within the meaning of Item 404(a) of Regulation S-K as promulgated by the Securities and Exchange Commission. The policies and procedures for handling related party transactions have not been adopted in a written form, and the Audit Committee has not developed enumerated standards to be applied. Instead, the Audit Committee reviews each potential related party transaction on its underlying merit.

On July 20, 2006, Mr. Mac Mahon entered into a consulting agreement with the Company effective January 1, 2007, (in this paragraph, Agreement), following the announcement of his retirement as President and CEO on December 31, 2006. The Agreement provided for additional services to be provided by Mr. Mac Mahon following the termination of his employment as CEO to assist the Company during a transition period. The Agreement also provided for an additional five years of age for purposes of calculating pension benefits. The Agreement had an initial term of six months up to sixteen months and could be extended by the Company for an additional sixteen months. On February 28, 2008, the Company s Board of Directors renewed and extended this agreement effective May 1, 2008 through May 6, 2009 and on May 6, 2009 the Company s Board of Directors renewed and extended this agreement effective May 6, 2009 through the Annual Meeting. See Director Compensation below for a further discussion of the compensation to Mr. Mac Mahon under the consulting agreement.

On October 15, 2008, Mr. Smith entered into a consulting agreement with the Company effective January 1, 2009, (in this paragraph, Agreement), following the announcement of his retirement as Executive Vice President and Secretary on December 31, 2008. The Agreement provided for additional services to be provided by Mr. Smith following the termination of his employment as Executive Vice President and Secretary to assist the Company during a transition period. Mr. Smith remained as Vice Chairman of the Board until the Annual Meeting on May 6, 2009. Under the Agreement, Mr. Smith received $7,500 per month for consulting services provided. The Agreement provided for an unreduced benefit at age 55 under the Company s Pension Equalization Plan. The Agreement was terminated on December 31, 2009.

The Board of Directors appointed Andrew J. Conrad as Executive Vice President, Chief Scientific Officer of the Company, effective August 3, 2009, which was the date of the one-time payment described below. In anticipation of his appointment as an executive officer of the Company, the Board of Directors, prior to his appointment as an executive officer and in accordance with the Company s related party policies and procedures described above, determined that it was advisable to wind up and settle certain business relationships with Mr. Conrad and to continue other business relationships subject to ongoing review of these arrangements. Mr. Conrad received a one-time payment of $6,500,000, the value of which reflected the winding up and settlement of the following: (i) termination of a consulting agreement between Mr. Conrad and the Company with a term which would have been continued through December 31, 2009, under which Mr. Conrad rendered services to the Company including work as its chief scientist and service in a leadership role with the Company s clinical trials division, (ii) a $1,000,000 milestone payment that, based on revenue earned as of the date of its termination, would have likely been earned and due to Mr. Conrad during the term of the consulting agreement should Mr. Conrad not have become an employee of the Company, (iii) a joint venture agreement for New Molecular Diagnostics, an entity in which Mr. Conrad held a 10% interest that was transferred to the Company concurrently with the one-time payment; and (iv) transfer to the Company of 40,000 shares of common stock owned by Mr. Conrad in Main Point Systems, Inc, a software company that performs services for the Company s National Genetics Institute and clinical trials business. This one-time payment was completed in full on August 3, 2009, and Mr. Conrad s appointment as an executive officer was effective as of that date. Should Mr. Conrad s employment with the Company cease for any reason prior to August 1, 2013, other than for a qualifying termination (as such term is defined in the Company s Amended and Restated Master Senior Executive Severance Plan), Mr. Conrad will be required to repay certain portions of the one-time payment amount that decrease per year until July 31, 2013. Further, the Company has ongoing relationships with two entities either partially owned or controlled by Mr. Conrad. The first, New Imaging Diagnostics (NID), is a joint venture with the Company held in equal parts by the Company and Mr. Conrad. NID lost approximately $2,700,000 during 2009, approximately $1,400,000 of which was funded by the Company. NID leases certain equipment from General Electric Capital Corporation (GECC), and the Company guaranteed that obligation. If NID had defaulted on its payment obligations as of January 1, 2009, the Company would have been required to pay $3,895,530 to GECC. The second entity is the California Health and Longevity Institute at Westlake (CHLI), for which Mr. Conrad is the chief executive officer and President. CHLI purchases lab services from the Company in the ordinary course of business and on an arm s length basis. NID also subleases certain facilities for its operations from CHLI, for which the Company, as a 50% member of NID, pays one-half of the payments due to CHLI. These sublease payments for the Company s last fiscal year totaled approximately, $636,000, $318,000 of which was paid for by the Company.

Board Evaluation

Each year, the Board of Directors conducts a self-assessment of its performance and effectiveness. This process commences with each director completing a Board Evaluation Questionnaire. This questionnaire was developed by the Nominating and Corporate Governance Committee and provides for a range of grades and trend indicators to be completed by each director, as well as written commentary.

The collective ratings and comments of the directors are compiled and presented by the Chair of the Nominating and Corporate Governance Committee to the full Board of Directors for discussion, for the assessment of progress in the areas targeted for improvement a year earlier, and for the development of recommendations to enhance the Board of Directors effectiveness over the next year.

In addition, each Board Committee conducted a self-evaluation of its performance for fiscal 2009, with performance criteria for each Committee developed on the basis of its purposes and mission, as set forth in its charter and developed recommendations and a follow-up plan similar to that of the Board of Directors as a whole.

Recommendation of Director Candidates

If needed, the Company may pay a professional search firm to assist the Nominating and Corporate Governance Committee in identifying, evaluating and conducting due diligence on potential nominees for Board vacancies. The Nominating and Corporate Governance Committee is authorized to engage one or more firms, at the Company s expense, to provide similar services in the future, however, no such engagement occurred in 2009.

In addition to finding prospective candidates for director through a professional search firm or upon recommendations received from non-management directors, the Nominating and Corporate Governance Committee will consider properly submitted nominations for Board of Directors candidates made by stockholders. A stockholder may recommend a person for nomination to the Board of Directors at the 2011 annual meeting of stockholders by giving notice thereof and providing certain information set forth in the Company s By-Laws, in writing, to the Corporate Secretary of the Company at 358 South Main Street, Burlington, NC 27215. Such nominations must be received no earlier than January 6, 2011 and no later than March 7, 2011. The By-Laws may be obtained free of charge by writing to the Company s Corporate Secretary and were included as Exhibit 3.1 to the Company s Current Report on Form 8-K filed with the SEC on March 31, 2008.

Communications with the Board

Stockholders and interested parties may communicate with the Board of Directors, individually or as a group, by submitting written communications to the appropriately addressed Board member(s), c/o Corporate Secretary, Laboratory Corporation of America Holdings, 358 South Main Street, Burlington, North Carolina 27215.

Pursuant to the direction of the Board of Directors, all communications received in accordance with the above procedure will be reviewed initially by the Corporate Secretary, who will relay all such communications to the appropriate director or directors unless the communication:

- is an advertisement or other commercial solicitation or communication;
- is obviously frivolous or obscene;
- is unduly hostile, threatening, illegal; or

relates to trivial matters (in which case it will be delivered to the intended recipient for review at the next regularly scheduled Board meeting).

The director or directors who receive any such communication has the discretion to determine whether the subject matter of the communication should be brought to the attention of the full Board of Directors, to one or more of its committees or to the Company s management and whether or not a response to the person sending the communication is appropriate. Any response will be made through the Company s Corporate Secretary in accordance with the Company s policies and procedures and applicable law and regulations relating to the disclosure of information.

The Nominating and Corporate Governance Committee, comprised entirely of independent, non-management directors, has reviewed and approved the foregoing process and has been delegated the responsibility by the full Board of Directors for reviewing the effectiveness of these procedures from time to time and, as necessary, recommending changes.

EXECUTIVE OFFICERS

The following table sets forth as of the date hereof the Executive Officers of the Company.

Name	Age	Office
David P. King	53	President and Chief Executive Officer
James T. Boyle, Jr.	52	Executive Vice President, Chief Operating Officer
Andrew J. Conrad	46	Executive Vice President, Chief Scientific Officer
William B. Hayes	44	Executive Vice President, Chief Financial Officer, and Treasurer
Andrew S. Walton	43	Executive Vice President, Esoteric Business
Mark E. Brecher, M.D.	53	Senior Vice President, Chief Medical Officer
F. Samuel Eberts III	50	Senior Vice President, Chief Legal Officer, Secretary
Lidia L. Fonseca	41	Senior Vice President, Chief Information Officer

In addition to Mr. King who is identified above under the heading Election of Directors, following is information on the business experience for each of these executive officers for at least the last five years.

James T. Boyle, Jr. has served as Executive Vice President, Chief Operating Officer since October 2009. He is responsible for the day to day supervision of all operations and sales of the Company. Prior to October 2009, Mr. Boyle was Senior Vice President, Managed Care since May 2006. In December of 2008, Mr. Boyle also assumed operating responsibility for the Company s Occupational Testing/Employer Group Services in his then current role of Senior Vice President of Managed Care/OTS. Mr. Boyle previously held the position of Vice President of Managed Care from August 2004 to May 2006. Prior to that Mr. Boyle was the Director of Litigation and Assistant General Counsel from 1999 to 2004. Prior to joining the Company in 1999, Mr. Boyle was engaged in the private practice of law for more than 15 years, specializing in litigation.

Andrew J. Conrad, Ph.D. has served as Executive Vice President, Chief Scientific Officer since August 2009. Dr. Conrad served as the Company s Chief Scientist since May 2008 and as the Executive Director of Oncology and Pathology for DIANON/US LABS since December 2008. He also served as the Global Head of Esoterix Clinical Trials since August 2005. In addition, Dr. Conrad co-founded LabCorp s National Genetics Institute in September 1991 and continues to serve as its Chief Scientific Officer. He also serves as the Chief Scientific Officer of North Carolina Research Campus (NCRC) in Kannapolis, North Carolina. Dr. Conrad is a member of the Board of Directors of Dole Food Company, Inc. and Castle & Cooke, Inc. He founded the California Health and Longevity Institute where he serves as the CEO and President.

William B. Hayes has served as Executive Vice President, Chief Financial Officer and Treasurer since June 2005. Mr. Hayes served as Senior Vice President, Investor Relations from July 2004 to June 2005. Prior to this date, Mr. Hayes was Senior Vice President, Finance since 2000. Mr. Hayes is responsible for the day-to-day supervision of the finance and billing functions of the Company. Prior to joining the Company in 1996, Mr. Hayes was in the audit department at KPMG LLP for 9 years.

Andrew S. Walton has served as Executive Vice President, Esoteric Business since October 2009. Mr. Walton has operating responsibility for the Company s esoteric business units including National Genetics Institute, Viro-Med, Endocrine Sciences, Colorado Coagulation, Litholink, Monogram, and the Center for Esoteric Testing. Mr. Walton served as Executive Vice President, Strategic Planning and Corporate Development from January 2007 to October 2009, Chief Information Officer of the Company from May 2006 to May 2008, and Vice President of Strategic Planning from May 2005 to May 2006. Prior to joining the Company in 2005, Mr. Walton was a partner at Subsidium Health Advisors, a healthcare consultancy, from 2002 to 2005.

Mark E. Brecher joined the Company in March 2009 as Senior Vice President, Chief Medical Officer. Prior to joining the Company, Dr. Brecher served as Vice Chair of the Department of Pathology and Laboratory Medicine at the McLendon Clinical Laboratories, University of North Carolina Hospitals from July 2006 to

February 2009. From July 2003 to July 2006, Dr. Brecher was the Acting Director of the Laboratory Information Systems and the Director of Clinical Pathology. Dr. Brecher is a member of the editorial boards of Transfusion and Blood Therapies in Medicine and is an associate editor of the Journal of Clinical Apheresis. He is the immediate past chair of the Department of Health and Human Services Advisory Committee on Blood Safety and Availability and a past president of the American Society for Apheresis.

F. Samuel Eberts III has served as Senior Vice President, Chief Legal Officer, Secretary and Chief Compliance Officer since January 1, 2009. Prior to that time he served as Senior Vice President, General Counsel since August 2004. Prior to joining the Company, he was Vice President, Secretary, and General Counsel of Stepan Company. Before joining Stepan Company, he was Assistant General Counsel for Cardinal Health, Inc. from 1998 to 2001 and Assistant General Counsel for Allegiance Healthcare Corporation (Allegiance Healthcare Corporation was purchased by Cardinal Health in 1998). Prior to that time he was Chief Counsel of the Biotech North America division of Baxter International Inc.

Lidia L. Fonseca joined the Company in May 2008 as Senior Vice President, Chief Information Officer. Prior to joining the Company she served as Executive Vice President Global Operations and Technology at Synarc Inc. from 2005 to early 2008. Prior to Synarc, Ms. Fonseca worked at Philips Medical Systems from 1997 to 2005 in various roles including, the global CIO for Phillips Medical Systems and Vice President Supply Chain Management in the Nuclear Medicine Division from 2003-2005, managing the various factories to production and materials levels, and equipment installations.

In addition to the officers above, during 2009 Don M. Hardison served as the Company s Executive Vice President, Chief Operating Officer. On December 31, 2009, Mr. Hardison resigned as an executive officer and the Company entered into a Separation Agreement with Mr. Hardison as described below Potential Payments Upon Termination or Change-in-Control Agreement with Mr. Hardison.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives. The Company s executive compensation philosophy is to reward the achievement and surpassing of specific short-term and long-term operational and strategic goals. By paying for performance, the Company believes we align the Company s executive officers interests with those of the Company s stockholders. The Company believes that through an effective executive compensation program, we can be successful in attracting and retaining talented employees who will continue to sustain the Company s financial performance and drive the continued creation of shareholder value.

To execute the Company s compensation philosophy, we adhere to the following principles:

- variable compensation should comprise a significant part of an executive s total compensation, with the percentage at-risk highest for the executive officers;
- both the size of compensation awards provided to executive officers and the realizable values of those awards should vary significantly with performance achievements;
- an emphasis on stock-based compensation aligns the long-term interests of executive officers and stockholders;

compensation opportunities for executive officers must be evaluated against those offered by companies in similar industries and similar in size and scope of operations; and

differences in executive compensation within the Company should reflect varying levels of responsibility and/or performance.

***Compensation Review*.** At the request of the Compensation Committee, a review of competitive total compensation was conducted by the Company s compensation consultant at the end of 2008 to ensure market competitiveness, consistency with emerging best practices, support of the business strategy and continued alignment with the interests of the Company s stockholders. The consultant reviewed salary, annual incentives and long-term incentives for the proxy officers at the publicly traded peer companies and used national survey data for executives for which there was insufficient comparable information included in the peer company proxy statements. Based on the results of the competitive review, in February, the Company adjusted executive compensation targets for 2009 to reflect the competitive market, the executive s responsibilities, and to reflect the current economic environment. Salary increases for all employees for 2009 were modest and the executive salary increases were in line with those for the general population.

Benchmarking. A key reference in determining the overall levels of executive officer compensation and each element of compensation that the Company pays (base salary, annual cash incentive pay and long-term equity incentive compensation) is an assessment of pay practices and levels among certain groups of public companies that have been identified as compensation peers. The peer group used in 2009 was the same group used in 2008 except for Applied Biosystems where public data was not available for 2009 due to its pending merger with Invitrogen. The peer group was developed by the Compensation Committee in 2006, with input from its independent compensation consultant, to include public companies in the health care services industry that are of similar size and scope to the Company and that engage in diagnostics, genomic research, and/or distribution and logistics. The companies included in the 2009 comparative peer group were:

Agilent Technologies	Boston Scientific Corp.	Millipore Corp.
Amgen	Covance	Omnicare
Applied Biosystems (Applera)	Express Scripts	Owens & Minor
Apria Healthcare Group	Genentech	Quest Diagnostics
Beckman Coulter	Genzyme	St. Jude Medical
Becton, Dickinson & Co.	Medtronic	Stryker Corporation
Biogen		

Compensation Committee Process and Input of Executive Officers. On an annual basis, the Compensation Committee reviews the elements of executive compensation (base salary, annual cash incentive pay and long-term incentive opportunities), reviews any recommendations of the compensation consultant, and determines the manner in which it will make compensation decisions for the year. Mr. King, after consultation with the Chairman of the Compensation Committee, is invited to provide input on the Compensation Committee s executive compensation decisions, as well as propose awards for the other executive officers based on his assessment of past and expected future individual performance and contribution. This input from Mr. King is then taken into consideration by the consultant and the Compensation Committee. Mr. King also makes recommendations for the performance goals and allocations in the annual cash incentive plans for the named executive officers as well as the other executive officers using Company targets established by the Compensation Committee. In addition, other members of management may interact with Mr. King, the compensation consultant or the Compensation Committee.

Elements of Compensation. The compensation earned by the Company s named executive officers in 2009 was a mix of base salary, annual cash incentives, and long-term equity in the form of stock options, restricted stock, and performance shares.

Base Salary. As discussed above, while a significant portion of compensation paid to the Company s executive officers, including named executive officers, is variable and tied to performance, the Company also believes it must pay competitive base salaries to retain its executive talent and provide an appropriate level of immediately available compensation. In 2009, base salary was targeted at the median of the peer group practice to ensure competitiveness with the peer group as well as appropriateness given the performance, role and responsibilities of each executive officer. While the Compensation Committee targets salary levels of the executive officers at the median of the peer group, it retains the flexibility to adjust individual levels of compensation to take into account variations in the individual s job experience and responsibility, as reviewed