LABORATORY CORP OF AMERICA HOLDINGS
Form DEF 14A
March 20, 2012

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 Filed by a Party other than the Registrant

Check the appropriate box:	
	Preliminary Proxy Statement
	CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))
	Definitive Proxy Statement
	Definitive Additional Materials
	Soliciting Material

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)

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LABORATORY CORPORATION OF AMERICA HOLDINGS

358 South Main Street

Burlington, North Carolina 27215

Notice of 2012 Annual Meeting of Stockholders
Tuesday, May 1, 2012

9:00 a.m., Eastern Daylight Time

The Paramount Theater, 128 East Front Street, Burlington, North Carolina 27215

ITEMS OF BUSINESS:

1.

To elect directors from among the nominees described in the attached Proxy Statement.

2.

To approve, on a non-binding advisory basis, executive compensation.

3.

To approve the Company's 2012 Omnibus Incentive Plan.

4.

To approve an amendment to the Company's 1997 Employee Stock Purchase Plan to increase the number of authorized shares from 4.5 million to 6.3 million and to extend the termination date of the plan from December 31, 2012 to December 31, 2022.

5.

To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the year ending December 31, 2012.

6.

To consider any other business properly brought before the Annual Meeting.

RECORD DATE:

March 5, 2012. Only stockholders of record at the close of business on the record date are entitled to receive notice of, and to vote at, the Annual Meeting.

PROXY VOTING:

Your vote is important. We encourage you to mark, date, sign and return the enclosed proxy/voting instruction card or, if you prefer, to vote by telephone or by using the Internet.

March 20, 2012

By Order of the Board of Directors

F. Samuel Eberts III

Secretary

Important notice regarding the availability of proxy materials for the Annual Meeting of Stockholders to be held on May 1, 2012. Our Proxy Statement and Annual Report to Stockholders are available at www.proxyvote.com.

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Dear Stockholder:

You are cordially invited to attend the 2012 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 Tuesday, May 1, 2012 at 9:00 a.m., Eastern Daylight Time. The attached Notice of the Annual Meeting and Proxy Statement provide details of the business to be conducted at the Annual Meeting.

Whether or not you plan to attend the meeting in person, it is important that your shares are represented and voted at the meeting. I urge you to promptly vote and submit your proxy via the Internet, by phone, 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. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy. Please review the Proxy Statement for further information about voting instructions and procedures.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in LabCorp. We look forward to your participation during the 2012 Annual Meeting.

March 20, 2012

Sincerely,

David P. King

Chairman of the Board, President and Chief Executive Officer

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Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are supplied to help you find further information in this Proxy Statement.

Annual Meeting of Stockholders

Date and Time:	9:00 a.m. on Tuesday, May 1, 2012, Eastern Daylight Time
Place:	The Paramount Theater 128 East Front Street Burlington, North Carolina 27215
Record Date:	March 5, 2012

Voting

Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

How to Cast Your Vote (page 9)

You can cast your votes by any of the following methods:

- Internet (www.proxyvote.com) until 11:59 p.m. on Monday, April 30, 2012;
- Telephone (1-800-690-6903) until 11:59 p.m. on Monday, April 30, 2012;
- Completing, signing and returning your proxy card or voting instruction card before May 1, 2012; or
- In person at the Annual Meeting –If your shares are held in the name of a broker, nominee or other intermediary, you must bring proof of ownership with you to the meeting.

Voting Matters and Vote Recommendation (page 8)

The following table summarizes the proposals to be considered at the Annual Meeting and the Board's voting recommendation with respect to each proposal.

Proposals	**Board Vote Recommendation**
Election of Directors	FOR EACH NOMINEE
Advisory vote to approve executive compensation	FOR
To approve the 2012 Omnibus Incentive Plan	FOR
To approve an amendment to the 1997 Employee Stock Purchase Plan	FOR
Ratification of PricewaterhouseCoopers LLP as independent auditor for fiscal year 2012	FOR

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Board Nominees (pages 17-19)

The following table provides summary information about each director nominee.

		Director			Other Public	Committee Memberships			
Name	**Age**	**Since**	**Occupation**	**Independent**	**Boards**	**AC**	**CC**	**QC**	**NC**
David P. King	55	2007	Chairman, President & CEO, LabCorp		1				
Kerrii B. Anderson	54	2006	Former CEO, Wendy's International, Inc.	X	3	C/F	M		
Jean-Luc Bélingard	63	1995	Chairman & CEO, bioMérieux	X	2		M	M	
N. Anthony Coles, Jr.	51	2011	President & CEO, Onyx Pharmaceuticals, Inc.	X	2			M	
Wendy E. Lane	60	1996	Chairman, Lane Holdings, Inc.	X	2	M/F			M
Thomas P. Mac Mahon	65	1995	Former Chairman, President & CEO, LabCorp	X	2			M	
Robert E. Mittelstaedt, Jr. Lead Independent Director	68	1996	Dean & Professor of Management, W.P. Carey School of Business, Arizona State University	X	2	M			C
Arthur H. Rubenstein	74	2004	Former Dean, Univ. of Penn. School of Medicine; Former EVP, Univ. of Penn. Health System	X	0	M		C	
M. Keith Weikel	74	2003	Former Senior EVP & COO, Manor Care, Inc.	X	1		C	M	
R. Sanders Williams	63	2007	President, J. David Gladstone Institutes; Professor of Medicine, Univ. of California San	X	1	M			M

Francisco

AC Audit Committee	*C Chair*
CC Compensation Committee	*M Member*
QC Quality and Compliance Committee	*F Financial Expert*
NC Nominating and Corporate Governance Committee	

Executive Compensation (page 31)

Compensation Philosophy and Principles (page 22)

Our compensation philosophy is to pay for performance. We believe that rewarding executives for delivering stockholder value attracts and retains the best executive talent. Our compensation program contains the following key principles:

- variable compensation should comprise a significant part of an executive's total compensation, with the percentage at-risk highest for the executive officers;

- the size and the realizable values of incentive awards provided to executive officers 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.

Pay for Performance (page 21)

We seek to drive outstanding corporate performance by aligning our executive's compensation with results. A substantial portion of their compensation is tied to short- and long-term incentives, including annual cash incentives and long-term equity awards (consisting of stock options, restricted stock and performance share awards). As discussed in further detail on page 30, we believe that our stockholders support this philosophy; we received an overwhelming level of stockholder support for the Company's 2011 say on pay vote.

Our 2011 results also demonstrate that our pay for performance philosophy works. We achieved our operational and financial goals for the year, including:

- 10.8% increase in Revenue to $5.5 billion;
- 6.5% increase in Adjusted Earnings Per Share Excluding Amortization to $6.37 per share (see page 25 for a description of how this measure is calculated and a reconciliation to GAAP earnings per share);
- 13.5% three year average return on invested capital;
- return of value to stockholders in the form of approximately $644 million in share repurchases; and
- $60 million in realized synergies relating to recent acquisitions.

Our financial and operational achievements directly affected the compensation earned by our named executive officers in 2011, as most of the performance goals underlying the annual cash incentive plan were achieved at or above target, resulting in payouts under that plan that ranged from 126% to 138% of target.

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2011 Executive Total Compensation Mix (page 23)

The two charts below show the target pay mix for our CEO and the other named executive officers for 2011:

Advisory Vote to Approve Executive Compensation (page 42)

We ask that our stockholders approve the advisory resolution to approve executive compensation. In addition to the pay for performance philosophy and financial results discussed above, our executive compensation program contains features that further align the interests of our executives with those of our stockholders, including:

- stock ownership guidelines for the Company’s executive officers;

- prohibition on executives engaging in speculative trades in Company stock, including short sales, put and call options, and hedging transactions;

- a cap on the annual bonus opportunity even for extraordinary performance so that executives are not provided incentives to take inappropriate risks;

- absence of employment agreements with the Company’s executive officers;

- limited perquisites, which were largely eliminated for 2011;

- severance under the Company’s Master Senior Executive Severance Plan requires a “double trigger”; and

- providing executives a mix of long-term incentive types, including stock options, restricted stock and performance shares, to encourage them to focus on long-term performance of the Company, in addition to seeking outstanding short-term results.

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2012 Omnibus Incentive Plan (page 44)

We ask that our stockholders adopt and approve the 2012 Omnibus Incentive Plan. The purpose of the 2012 Omnibus Incentive Plan is to (1) provide participants with an incentive to contribute to the Company’s success and to manage the Company’s business in a manner that will provide for the Company’s long-term growth and profitability to benefit its stockholders and other important stakeholders, and (2) provide a means of obtaining, rewarding and retaining key personnel. The key features of the 2012 Omnibus Incentive Plan include:

- granting of stock options or stock appreciation rights only at an exercise price at least equal to fair market value on the grant date;
- granting of cash incentive awards;
- a ten-year maximum term for stock options and stock appreciation rights;
- a three-year minimum vesting period for time-based restricted stock and stock unit awards;
- a one-year minimum vesting period for performance-based awards;
- no vesting in dividends or dividend equivalent rights paid on performance-based awards unless the underlying awards vest;
- no repricing of stock options or stock appreciation rights without prior stockholder approval; and
- no reload or “evergreen” share replenishment features.

Amendment to the 1997 Employee Stock Purchase Plan (page 55)

We ask that our stockholders adopt and approve an amendment to the 1997 Employee Stock Purchase Plan to increase the number of authorized shares from 4.5 million to 6.3 million and to extend the termination date of the plan from December 31, 2012 to December 31, 2022.

Auditors (page 57)

We ask that our stockholders ratify the selection of PricewaterhouseCoopers, LLP as our independent auditor for the year ending December 31, 2012. Below is summary information about PricewaterhouseCoopers' fees for services provided in fiscal years 2011 and 2010.

Year Ended December 31	**2011**	**2010**
Audit Fees	$1,293,800	$1,403,100
Audit Related Fees	22,000	18,000
Tax Fees	41,994	30,600
All Other Fees	1,800	-
TOTAL	**$1,359,594**	**$1,451,700**

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Proxy Statement

LabCorp is providing you with these proxy materials in connection with its 2012 Annual Meeting of Stockholders (the "Annual Meeting"). The Notice of Meeting (the "Notice"), this Proxy Statement and LabCorp's 2011 annual report on Form 10-K (the "2011 Annual Report") were first mailed to stockholders of record on or about March 20, 2012. As used in this Proxy Statement, "LabCorp," the "Company" and "we" may refer to Laboratory Corporation of America Holdings itself, one or more of its subsidiaries, or Laboratory Corporation of America Holdings and its consolidated subsidiaries, as applicable.

GENERAL INFORMATION

2012 Annual Meeting of Stockholders

LabCorp's 2012 Annual Meeting of Stockholders is scheduled to occur on Tuesday, May 1, 2012 at 9:00 a.m., Eastern Daylight Time. The Annual Meeting will be held at The Paramount Theater, 128 East Front Street, Burlington, North Carolina 27215. All owners of LabCorp's common stock, par value $0.10 per share (the "Common Stock"), on March 5, 2012, the record date (the "Record Date"), are eligible to receive notice of, and to vote at, the Annual Meeting. Representatives of PricewaterhouseCoopers LLP, independent auditor for LabCorp for the year ending December 31, 2011, will be present at the Annual Meeting and will be available to respond to appropriate questions.

Availability of Proxy Materials

LabCorp has elected to provide access to its proxy materials over the Internet. All stockholders may access the proxy materials on the website referred to in the Notice (www.proxyvote.com). Stockholders may request to receive a printed set of the proxy materials by following the instructions provided in the Notice.

Stockholders may also request to receive future proxy materials in printed form by mail or electronically by e-mail on an ongoing basis by following the instructions in the Notice. Choosing to receive proxy materials by e-mail will save LabCorp the cost of printing and mailing documents and will reduce the impact of LabCorp'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.

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Matters Subject to a Vote of the Stockholders

Current Proposals

The following matters are subject to a vote of the stockholders at the Annual Meeting:

- Election of directors from among the nominees described in the Proxy Statement (see page 17);
- Approval, on a non-binding advisory basis, of compensation for LabCorp's executives (see page 42);
- Approval of the Company's 2012 Omnibus Incentive Plan (the "2012 Omnibus Incentive Plan") (see page 44);
- Approval of an amendment to the 1997 Employee Stock Purchase Plan (see page 55); and
- Ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the year ending December 31, 2012 (see page 57).

Board Recommendations

The Board of Directors of the Company (the "Board") recommends that stockholders vote as follows:

- "FOR" the election of each of the nominees for director;
- "FOR" approval, on a non-binding basis, of the compensation for LabCorp's executives;
- "FOR" approval of the 2012 Omnibus Incentive Plan;
- "FOR" approval of an amendment to the 1997 Employee Stock Purchase Plan; and

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"FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2012.

Other Business

The Board does not intend to bring any other business before the Annual Meeting and is not aware of any other matters to be brought before the meeting. Additional matters or nominations for the Board may be presented by stockholders from the floor of the Annual Meeting to the extent that those additional matters or nominations were properly submitted. LabCorp's 2011 Proxy Statement describes the requirements for properly submitting proposals for the Annual Meeting. Please also see the section "Identification and Evaluation of Director Candidates" on page 12 for information about stockholder nominations to the Board.

Voting Procedures and Solicitation of Proxies

Quorum and Voting Requirements

The Board is soliciting your vote at the Annual Meeting or at any later meeting should the scheduled annual meeting be adjourned or postponed for any reason. By using a proxy, which authorizes specific people to vote on your behalf, you can vote whether or not you attend the Annual Meeting. At least a majority of the total number of shares of Common Stock outstanding on the Record Date must be present in person or by proxy at the Annual Meeting for a quorum to be established. At the close of business on the Record Date, there were 97,203,560 shares of Common Stock issued and outstanding.

Each share of Common Stock is entitled to one vote on each of the director nominees and one vote on each other matter that is properly presented at the Annual Meeting. In accordance with LabCorp'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 approval of the other proposals noted above provided that, with respect to the adoption of the 2012 Omnibus Incentive Plan, the total votes cast (which includes for and against votes and abstentions, but excludes broker non-votes) on this proposal must represent over 50 percent of the issued and outstanding shares of common stock. Abstentions 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.

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Voting by Record Holders

If your name is registered in LabCorp's stockholder records as the owner of shares, there are four ways that you can vote your shares:

- ***Over the Internet.*** Vote at www.proxyvote.com. The Internet voting system is available 24 hours a day until 11:59 p.m. Eastern Daylight Time on Monday, April 30, 2012. Once you enter the Internet voting system, you can record, confirm and change your voting instructions.

- ***By telephone.*** Call 1-800-690-6903. The telephone voting system is available 24 hours a day in the United States until 11:59 p.m. Eastern Daylight Time on Monday, April 30, 2012. Once you enter the telephone voting system, a series of prompts will tell you how to record, confirm and change your voting instructions.

- ***By mail.*** Mark your voting instructions on the proxy card, sign and date it, and return it in the prepaid envelope provided. For your mailed proxy card to be counted, it must be received before the polls close at the Annual Meeting on Tuesday, May 1, 2012.

- ***In person.*** Attend the Annual Meeting, or send a personal representative with an appropriate proxy, in order to vote.

You may change your vote or revoke a proxy at any time prior to the Annual Meeting by:

- Entering new instructions on either the telephone or Internet voting system before 11:59 p.m. Eastern Daylight Time on Tuesday, April 30, 2012.

- Sending a new proxy card with a later date than the previously submitted proxy card. The new proxy card must be received before the polls close at the Annual Meeting on Tuesday, May 1, 2012.

- Writing to LabCorp at 358 South Main Street, Burlington, North Carolina 27215, Attention: F. Samuel Eberts III, Secretary. Your letter should contain the name in which your shares are registered, the date of the proxy you wish to revoke or change, your new voting instructions, if applicable, and your signature. Your letter must be received before the Annual Meeting begins on Tuesday, May 1, 2012.

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Attending the Annual Meeting and voting in person or sending a personal representative with an appropriate proxy.

All proxies duly executed and received by LabCorp will be voted in accordance with the instructions provided by the person executing the proxy or, in the absence of any instruction, will be voted in accordance with the Board's recommendations on each proposal. Proxies will have the discretion to vote for or against any other matters that come before the Annual Meeting which are not otherwise specified in the Notice.

Voting by Holders in Street Name

If you hold shares through a bank, broker or other custodian (referred to as shares held "in street name"), they will provide you with a copy of the Proxy Statement and a voting instruction form. Banks, brokers and other holders of record have discretionary authority to vote shares without instructions from beneficial owners only on matters considered "routine" by the New York Stock Exchange, such as the advisory vote on the selection of the independent auditors. On non-routine matters, such as the election of directors and the proposals addressing the approval of the 2012 Omnibus Incentive Plan and the amendment to the 1997 Employee Stock Purchase Plan, these banks, brokers and other holders of record do not have discretion to vote uninstructed shares and thus are not "entitled to vote" on such proposals, resulting in a broker non-vote for those shares. We encourage you to provide voting instructions so that your shares can be counted in the election of directors and the other matters to be considered at the Annual Meeting.

Proxy Expenses

LabCorp will bear the expenses to prepare proxy materials and to solicit proxies for the Annual Meeting. LabCorp expects to reimburse banks, brokers, and other persons for their reasonable, out-of-pocket expenses in handling proxy materials for beneficial owners. LabCorp has also retained Morrow and Co., LLC for solicitation of holders of record as well as non-objecting beneficial owners. LabCorp paid Morrow and Co., LLC a fee of approximately $8,500 for these services, plus reimbursement of expenses.

Results of the Annual Meeting

The voting results of the Annual Meeting will be published no later than four business days after the Annual Meeting on a Form 8-K filed with the Securities and Exchange Commission (the "SEC").

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CORPORATE GOVERNANCE

Board Structure and Independence

Board Composition

LabCorp's By-Laws provide for a Board of no less than one nor more than fifteen directors. There are currently ten members of the Board. For more details about the current slate of directors and their biographies, please see "Proposal One: Election of Directors."

Director Independence

The Board has determined that Ms. Anderson, Mr. Bélingard, Dr. Coles, Ms. Lane, Mr. Mac Mahon, Mr. Mittelstaedt, Dr. Rubenstein, Dr. Weikel and Dr. Williams each qualify as "independent" as defined in the New York Stock Exchange Listing Standards (the "Listing Standards"). For a director to qualify as "independent" under the Listing Standards, the Board must affirmatively determine that the director has no material relationship with the Company that would impair the director's independence. The Board has adopted categorical standards for determining whether there is a material relationship that would impair independence. The Board has determined that Mr. King, the Company's President and Chief Executive Officer ("CEO") who also serves as Chairman of the Board, is not independent as he is an employee of the Company.

The Board established the position of Lead Independent Director to be filled at the Board's discretion when the Chief Executive Officer also serves as Chairman or the Chairman otherwise is not an independent director. The Board believes that appointing a Lead Independent Director 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 cohesive public face for the leadership of the Company. Mr. Mittelstaedt currently serves as our Lead Independent Director. 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 holds executive sessions without Company management and non-independent director participation. These sessions are generally held at each regularly scheduled meeting of the Board and at each special meeting at the request of any independent director 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. In 2011, Mr. Mittelstaedt in his capacity as the Lead Independent Director chaired six meetings of the independent and non-management directors to discuss strategy, compensation, succession planning and other matters.

Board Committees

The Board has four standing committees:

1)

Audit Committee;

2)

Compensation Committee;

3)

Quality and Compliance Committee; and

4)

Nominating and Corporate Governance Committee.

Charters for each of the Committees are available in print to any stockholder upon request submitted to the Corporate Secretary and are also available on the Company's website at www.labcorp.com on the Investor Relations page under the Corporate Governance Tab. Each Committee reviews its respective Charter on an annual basis.

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Audit Committee

Members: Ms. Anderson (Committee Chair, Financial Expert), Ms. Lane (Financial Expert), Mr. Mittelstaedt, Dr. Rubenstein, Dr. Williams

The Audit Committee is responsible for assisting the Board with the following functions:

- the selection, appointment, compensation and oversight of the work of any independent registered public accounting firm employed by the Company;
- reviewing the qualifications and independence of the Company’s independent registered public accounting firm;
- assisting the Board with oversight of the integrity of the financial statements of the Company;
- ensuring that the Company complies with legal and regulatory requirements as they impact the Company’s financial statements or reporting systems;
- overseeing the Company’s internal audit functions and internal controls;
- overseeing the Company’s management of financial risks; and
- producing an Audit Committee report as required by the SEC to be included in the Company’s annual proxy statement.

The Audit Committee has determined that Ms. Anderson and Ms. Lane are “audit committee financial experts” as defined by the SEC’s rules and have the “accounting or related financial management expertise” required by the Listing Standards.

Compensation Committee

Members: Dr. Weikel (Committee Chair), Ms. Anderson, Mr. Bélingard

The Compensation Committee is responsible for assisting the Board with the following functions:

- reviewing the Company's compensation and benefit policies, procedures and objectives, including any perquisites paid to the CEO and other executive officers and directors;

- performing an annual review of and making recommendations to the full Board regarding the goals and objectives for CEO compensation, evaluating the CEO's performance in light of those goals and objectives, and reviewing the compensation paid to the CEO and other executive officers;

- reviewing and evaluating the compensation paid to the Company's directors;

- reviewing and overseeing the Company's incentive compensation and equity plans;

- evaluating the Company's pay practices in relation to the Company's risk profile; and

- producing a Compensation Committee report as required by the SEC to be included in the Company's annual proxy statement.

The Compensation Committee has delegated to Mr. King the task of designing annual incentive plans for the other executive officers using targets established by and input provided by the Compensation Committee. For a discussion of Mr. King's role in determining executive compensation, see the "Compensation Discussion and Analysis" section below (page 21).

The Compensation Committee has the sole authority to retain and terminate outside compensation consultants to evaluate executive officer and director compensation. The Compensation Committee has retained Frederic W. Cook & Co., Inc. ("Cook & Co.") as an outside independent compensation consultant since August 2004. Cook & Co. does no other work for the Company or its management without approval from the Chairman of the Compensation Committee. See the "Compensation Discussion and Analysis" section below (page 21) for more information about Cook & Co.'s role in recommending the amount or form of executive compensation.

Quality and Compliance Committee

Members: Dr. Rubenstein (Committee Chair), Mr. Bélingard, Dr. Coles, Mr. Mac Mahon, Dr. Weikel

The Quality and Compliance Committee is responsible for assisting the Board in carrying out its oversight responsibility with respect to quality and compliance issues. This oversight responsibility includes ensuring that management adopts and implements policies and procedures that require the Company's employees to act in accordance with high ethical standards, deliver high quality services and comply with health care and other legal requirements. The Committee meets regularly with the Chief Medical Officer and the Chief Legal Officer to review the Company's quality management systems, discuss emerging scientific and medical issues and evaluate the

Company's programs for compliance with applicable legal and regulatory requirements.

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Nominating and Corporate Governance Committee

Members: Mr. Mittelstaedt (Committee Chair), Ms. Lane, Dr. Williams

The Nominating and Corporate Governance Committee is responsible for assisting the Board with the following functions:

- identifying individuals qualified to become Board members, consistent with criteria approved by the Board;
- recommending to the Board the director nominees for the annual meeting of stockholders and the director nominees for each Board Committee;
- developing and recommending to the Board a set of corporate governance principles; and
- leading the Board in its annual self-assessment.

Further information about the policies and guidelines for identifying and evaluating director candidates is described below in the section entitled “Identification and Evaluation of Director Candidates.”

Board and Committee Meetings

During 2011, the Board held ten meetings and acted three times by unanimous written consent. The Audit Committee held eight meetings, the Compensation Committee held six meetings, the Nominating and Corporate Governance Committee held two meetings, and the Quality and Compliance Committee held four meetings. During 2011, none of the directors attended fewer than 86% of the total meetings of the Board and the Committees of which he or she was a member. Members of the Board are encouraged to attend the Annual Meeting of Stockholders and all of the directors attended the 2011 Annual Meeting of Stockholders.

Annual Board Self-Assessment

The Board conducts a self-assessment of its performance and effectiveness on an annual basis. The purpose of the self-assessment is to track progress in certain areas targeted for improvement from year to year and to identify ways to enhance the Board’s effectiveness. As part of the assessment, each director completes a questionnaire developed by the Nominating and Corporate Governance Committee. The collective ratings and comments of the directors from the questionnaires are compiled and presented by the Chair of the Nominating and Corporate Governance Committee to the full Board for discussion. In addition, each Board Committee also conducts an annual self-evaluation of its performance. The Committee self-evaluations are focused on each Committee’s ability to perform its respective functions as identified in the Committee charters. Feedback from the Committee self-evaluations is also presented to the full Board for discussion.

Identification and Evaluation of Director Candidates

Identification of Director Candidates

The Nominating and Corporate Governance Committee recommends a slate of directors to the Board for election by the Company's stockholders at each annual meeting of stockholders and recommends candidates to the Board to fill any vacancies. The Nominating and Corporate Governance Committee is authorized to engage professional search firms at the Company's expense to assist with the identification, evaluation and due diligence on potential nominees for Board vacancies. No professional search firms were engaged in 2011.

Stockholders may also nominate individuals to the Board. A stockholder may make a nomination for consideration at the 2013 Annual Meeting of Stockholders by providing certain information as set forth in the 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 December 31, 2012 and no later than March 1, 2013. 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.

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Evaluation of Director Candidates

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 (see description below). These criteria include, but are not limited to:

- substantial business or professional experience in an area of importance to the Board and the Company;
- 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, including experience with publicly traded national, international or multinational companies, executive or financial management experience and/or achievement with distinction in their chosen fields. The Board believes that its composition reflects a balance of skills, experiences, diversity and expertise that provides strong and broad oversight, practical experience and strategic vision to the Company.

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.

Communications with the Board

Stockholders and interested parties may communicate with the Board, 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.

All communications with the Board will be reviewed initially by the Corporate Secretary, who will relay all communications to the appropriate director or directors unless the communication is:

- an advertisement or other commercial solicitation or communication;
- obviously frivolous or obscene;
- unduly hostile, threatening, or illegal; or
- related to trivial matters (in which case it will be delivered to the intended recipient for review at the next regularly scheduled Board meeting).

Each director has the discretion to determine whether any of the communications addressed to their attention should be presented to the full Board, to one or more of its committees or to the Company's management. Each director also has the discretion to determine whether 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 procedures and is responsible for recommending changes to the procedures as necessary.

Corporate Governance Policies and Procedures

Corporate Governance Guidelines

The Board has adopted a set of Corporate Governance Guidelines that address a number of topics, including composition of the Board, director independence, annual self-assessment by the Board and its Committees, retirement of directors and succession planning. The Nominating and Corporate Governance Committee reviews the Corporate Governance Guidelines on a regular basis and any proposed additions or amendments are submitted to the full Board for its consideration. Stockholders may request a printed copy of the Corporate Governance Guidelines from the Corporate Secretary or access a copy on LabCorp's website at www.labcorp.com on the Investor Relations page under the Corporate Governance tab.

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Code of Business Conduct and Ethics

The Board has also adopted a Code of Business Conduct and Ethics which is 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 reporting and handling any potential violation of the Code, conflicts of interest and the appearance of any conflict of interest. The Code is regularly reviewed by management, the Audit Committee and the Quality and Compliance Committee and proposed additions or amendments are considered by the full Board. Stockholders may request a printed copy of the Corporate Governance Guidelines from the Corporate Secretary or access a copy on LabCorp's website at www.labcorp.com on the Investor Relations page under the Corporate Governance tab. In addition, any waivers for directors, officers and employees of the Company or amendments to the Code will also be posted on LabCorp's website.

Board's Role in Risk Oversight

As detailed in the Company's Corporate Governance Guidelines, the Board oversees the Company's risk management in several ways. LabCorp has an ongoing Enterprise Risk Management process that identifies key risks to the business and appropriate actions to manage those risks. The Board receives regular reports directly from officers responsible for management of financial reporting, legal and regulatory compliance, information technology and medical and scientific standards of care. The Board also oversees risks through the Audit Committee, the Quality and Compliance Committee and the Compensation Committee.

The Compensation Committee regularly reviews the Company's compensation policies and procedures to ensure that those practices are consistent with emerging best practices, are aligned with the stockholders' interests and support the Company's objective to attract and retain skilled and talented employees. Throughout the year, management reviews compensation policies, practices and changes in applicable regulations with the Compensation Committee, including the impact of the Company's pay practices on the Company's risk profile. The Compensation Committee also works directly with its independent compensation consultants, Cook & Co., to evaluate the Company's compensation philosophy and objectives to identify potential risks in the Company's pay practices. After reviewing the Compensation Committee's findings, the Board concluded that our compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

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. The Company's Directors and key employees, including all members of senior management, complete annual reports disclosing or certifying the absence of any related party transactions. The Audit Committee reviews all material transactions involving related parties, as such transactions are defined by Item 404(a) of Regulation S-K as promulgated by the SEC, before allowing the Company to enter into any such transaction. The Company has not adopted a static set of criteria to be applied to evaluate a related party transaction and instead tailors the scope of its review to the particular circumstances presented by each transaction to ensure that any such transaction is thoroughly reviewed and evaluated.

In 2011, the Audit Committee considered and approved one related party transaction with Dr. Andrew J. Conrad, a former executive officer whose employment with LabCorp ended in February 2011. At the time that Dr. Conrad's employment ended, he waived his right to receive severance under the Amended and Restated Master Senior Executive Severance Plan and entered into an agreement with LabCorp to provide consulting services related to clinical trials, expanding the Company's international presence and evaluating and advising the Company on scientific developments in the field of diagnostic medicine. The consulting agreement, which has an initial two year term and renews automatically for successive one year terms unless terminated by either party, provides that Dr. Conrad will receive compensation based on performance of the Company's clinical trials business as measured by growth in revenue, excluding pass through expenses. Dr. Conrad has agreed to customary non-compete and non-solicitation provisions in his consulting agreement.

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DIRECTOR COMPENSATION

The Company's director compensation is designed to attract and retain highly qualified, independent directors to represent stockholders on the Board and act in their best interest. The Compensation Committee, which consists solely of independent directors, has primary responsibility for setting our director compensation program. Frederic W. Cook & Co. (Cook & Co.), the Committee's independent advisors, assists the Compensation Committee in evaluating our director compensation program.

Elements of Non-Employee Director Compensation

For 2011, elements of non-employee director compensation included the following:

- ***Annual Retainer.*** An annual retainer in the amount of $40,000 paid to each non-employee director in monthly installments.

- ***Meeting Fees.*** A fee of $2,000 paid to each non-employee director for each Board and Committee meeting attended.

- ***Committee Chair Retainer.*** The Chair of the Audit Committee received $15,000, paid on a monthly basis. The Chairs of all other Committees received $10,000, paid on a monthly basis.

- ***Lead Independent Director Retainer.*** The Lead Independent Director received $20,000, paid on a monthly basis.

- ***Equity Compensation.*** Each non-employee director received, on the date of the Annual Meeting, grants of non-qualified stock options and restricted stock each having a value of approximately $70,000. The number of stock options granted is determined by using a Black-Scholes valuation. The stock options vest in equal allotments over three years beginning on the first anniversary of the grant date and expire 10 years after the grant date unless earlier terminated. The number of shares of restricted stock granted is determined by the grant date fair value (using the average price for the 10 days preceding the grant date). The restricted stock awards vest in equal allotments over three years beginning on the first anniversary of the grant date.

On December 6, 2011 the Compensation Committee approved changes to director compensation, effective January 1, 2012. These changes were designed to align director compensation with emerging best practices and reflect the Board's belief that director compensation is not dependent upon the number of meetings held but rather compensates directors for their ongoing work and oversight throughout the year. These changes include:

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Annual Retainer. An annual retainer in the amount of $90,000 paid to each non-employee director in quarterly installments.

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Committee Chair Retainer. The Chair of the Compensation Committee will receive $12,500 annually, paid on a quarterly basis. The Lead Independent Director retainer and all other chair retainers will be paid on a quarterly basis.

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Equity Compensation. Each non-employee director will receive on an annual basis, on the date of the Annual Meeting, a grant of restricted stock having a value of $150,000, subject to the Director Stock Ownership Program (as described below). The number of shares of restricted stock granted is determined by using the average share price for the 10 days preceding the grant date. The restricted stock awards vest in equal allotments over three years beginning on the first anniversary of the grant date.

Reimbursement of Expenses

Each director is reimbursed for his or her reasonable out-of-pocket expenses incurred in connection with travel to and from, and attendance at, meetings of the Board or its Committees, as well as for related activities such as director education courses and materials consistent with our policies concerning reimbursement for travel, entertainment and other expenses.

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Summary of 2011 Compensation to Non-Employee Directors

The compensation paid by the Company to the non-employee directors for 2011 is set forth in the table below. Information on compensation for Mr. King is set forth in the "Executive Compensation" section below.

Name	Fees Earned or Paid in Cash ($)[(1)]	Restricted Stock Awards ($)[(2)]	Option Awards ($)[(3)]	Non-Equity Incentive Plan Compensation ($)	Change in Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)[(4)]	Total ($)
Kerrii B. Anderson	$95,000	$68,943	$71,364	$-	$-	$-	$235,307
Jean-Luc Bélingard	$72,000	$68,943	$71,364	$-	$-	$-	$212,307
N. Anthony Coles, Jr.	$64,000	$95,820	$96,285	$-	$-	$-	$256,105
Wendy E. Lane	$80,000	$68,943	$71,364	$-	$-	$-	$220,307
Thomas P. Mac Mahon	$68,000	$68,943	$71,364	$-	$-	$41,665	$249,972
Robert E. Mittelstaedt, Jr.	$110,000	$68,943	$71,364	$-	$-	$-	$250,307
Arthur H. Rubenstein	$94,000	$68,943	$71,364	$-	$-	$-	$234,307
M. Keith Weikel	$82,000	$68,943	$71,364	$-	$-	$-	$222,307
R. Sanders Williams	$78,000	$68,943	$71,364	$-	$-	$-	$218,307

(1) Includes annual retainer payments of $40,000 each. Also includes Committee Chair retainer payments of $15,000 to Ms. Anderson, $10,000 to Mr. Mittelstaedt, $10,000 to Dr. Rubenstein and $10,000 to Dr. Weikel. Mr. Mittelstaedt also received $20,000 for serving as Lead Director.

(2) Amounts represent the aggregate grant date fair value for restricted stock awards to each director in 2011. For a discussion of the assumptions made in these valuations, see Note 14 to the Company's audited financial statements included in its 2011 Annual Report on Form 10-K for the year ended

December 31, 2011. The aggregate number of shares of restricted stock held by each director as of December 31, 2011 was 1,667, except for Dr. Coles, who held 1,000 shares of restricted stock at December 31, 2011.

(3) Amounts in the table represent the aggregate grant date fair value for stock option awards to each director in 2011. For a discussion of the assumptions made in these valuations, see Note 14 to the Company's audited financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2011.

The aggregate number of vested and exercisable stock options held by each director as of December 31, 2011 was as follows: Ms. Anderson—11,087; Mr. Bélingard—18,502; Dr. Coles— 0; Ms. Lane—13,530; Mr. Mac Mahon—9,791; Mr. Mittelstaedt—17,149; Dr. Rubenstein—14,185; Dr. Weikel—16,659; and Dr. Williams—3,499. The aggregate number of unvested stock options held by each director as of December 31, 2011 was 5,901, except for Dr. Coles, who had 3,600 unvested stock options at December 31, 2011.

(4) For Mr. Mac Mahon, this amount represents payment for his consulting services in 2011 pursuant to a consulting agreement originally entered into in connection with Mr. Mac Mahon's 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, as well as other matters. From time to time, the Company has amended the agreement to extend the term and revise compensation, which it most recently did on May 12, 2011, when the Company amended the Agreement extending the term to one year and providing for reasonable compensation based on specific work Mr. Mac Mahon performed at the request of the CEO.

Board Stock Ownership Program

Maintaining a significant personal level of stock ownership ensures that each director is financially aligned with the interests of our stockholders. The Board believes that by holding an equity position in the Company, directors demonstrate their commitment to and belief in the long-term success of the Company. Based on the recommendations of Cook & Co. and the Compensation Committee, the Board amended the Director Stock Ownership Program on December 6, 2011 to increase the required financial commitment by members of the Company's Board. Pursuant to revised stock ownership requirements, each director must acquire and maintain a level of ownership of Common Stock equivalent to a number of shares having a value of $300,000 as of the date he or she became subject to the stock ownership program. Until the ownership requirement is met, a director is required to hold 50% of any shares of Common Stock acquired upon the lapse of restrictions on any stock grant and upon the exercise of stock options, net of any shares utilized to pay for the exercise price of the option and any tax withholding, if applicable. If a director fails to meet or show progress towards satisfying these requirements, the Compensation Committee may reduce future equity grants or other incentive compensation to that director. Each director is required to maintain this level of stock ownership for his or her entire tenure of service on the Board.

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Proposal One Election of Directors

Each member of the Board has been nominated by the Nominating and Corporate Governance Committee and the full Board for election at the Annual Meeting to hold office until the next annual meeting of stockholders or until their earlier resignation or removal. All nominees have consented to serve, and the Board does not know of any reason why any nominee would be unable to serve. If a nominee becomes unavailable or unable to serve before the Annual Meeting, the Board can either reduce its size or designate a substitute nominee. If the Board designates a substitute, your proxy will be voted for the substitute nominee.

Information about each nominee is included below, including details about their qualifications, skills and experiences that supported the determination by the Nominating and Corporate Governance Committee and the Board that the person should serve as a director of LabCorp.

Nominees to the Board of Directors

David P. King

Chairman and Chief Executive Officer

David P. King (55) 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 (now Hogan Lovells US LLP) in Baltimore, Maryland from 1992 to 2001. Mr. King was appointed to the board of directors of Cardinal Health, Inc. in 2011 and serves on the Audit Committee as a financial expert. Mr. King has over 10 years' experience with the Company in a variety of roles of increasing responsibility in corporate operations, strategic planning, and corporate administration. Mr. King has a deep understanding of the clinical laboratory industry, business strategy, sales and marketing and executive management of the Company and its operations.

Kerrii B. Anderson

Director

Kerrii B. Anderson (54) 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 the Lead Independent Director of Chiquita Brands International Inc., and the Chairperson of the Nominating and Corporate Governance Committee and a member of the Compensation Committee. Ms. Anderson is a director and a member of the Audit Committee and the Nominating and Governance Committee of PF Chang's China Bistro, Inc. She is also a director and a member of the Compensation Committee and Audit Committee of Worthington Industries, Inc. Ms. Anderson serves on the financial committee of Columbus Foundation and Board of Trustees of 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 as a result of her experience as CEO and CFO of Wendy's International, Inc. Through her service on other public company boards, Ms. Anderson brings extensive financial, corporate governance and executive compensation experience to the Company's Board.

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Jean-Luc Bélingard

Director

Jean-Luc Bélingard (63) has served as a director of the Company since April 28, 1995. Since 2011, Mr. Bélingard has been Chairman of bioMérieux, the worldwide leader of the IVD microbiology segment. Since July 2011, Mr. Bélingard has also taken over the CEO position of bioMérieux. Mr. Bélingard retired as Chairman and Chief Executive Officer of Ipsen SA, a diversified French health care holding company, on November 22, 2010. He had 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 Stallergenes (France). Mr. Bélingard was also a director of Celera Corporation, a former division of Applera Corporation, Norwalk, Connecticut from May 2008 to May 2010. Mr. Bélingard served as a director and member of the Audit Committee of Nicox (France) from December 2002 to August 2010. Mr. Bélingard was a director of Applera Corporation, Norwalk, Connecticut from 1993 to June 2008. From 1990 to 1999, Mr. Bélingard was CEO of Roche Diagnostics and a member of the Hoffman La Roche group Executive Committee. Mr. Belingard's long tenure at Roche, Ipsen and BioMérieux provides valuable business, leadership and management experience, including leading a large organization with global operations. He brings a strong strategic, operational and financial 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.

N. Anthony Coles, Jr., M.D.

Director

N. Anthony Coles, Jr., M.D. (51) has served as a director of the Company since January 2011. Dr. Coles is the President and Chief Executive Officer of Onyx Pharmaceuticals, Inc. He is also a member of its board of directors. Prior to joining Onyx in 2008, he was President, Chief Executive Officer, and a member of the board of directors of NPS Pharmaceuticals, Inc. Before joining NPS Pharmaceuticals in 2005, Dr. Coles was Senior Vice President of Commercial Operations at Vertex Pharmaceuticals Incorporated, which he joined in 2002. Beginning in 1996, he held a number of executive positions while at Bristol-Myers Squibb Company, including Senior Vice President of Strategy and Policy; Senior Vice President of Marketing and Medical Affairs, Neuroscience/Infectious Diseases/Dermatology; Vice President, Western Area Sales Cardiovascular and Metabolic Business Unit for U.S. Primary Care; and Vice President, Cardiovascular Global Marketing. Dr. Coles completed his cardiology and internal medicine training at Massachusetts General Hospital and was a research fellow at Harvard Medical School. He earned an M.D. degree from Duke University, a master's degree in public health from Harvard University, and an undergraduate degree from Johns Hopkins University. Dr. Coles currently serves as a trustee and member of the Executive Committee for the Johns Hopkins University Board of Trustees, as well as a member of the board of trustees for Johns Hopkins Medicine. Dr. Coles is also a member of the board of the Biotechnology Industry Organization (BIO), as well as a director for Campus Crest Communities, Inc., a NYSE traded company. He has extensive CEO and operational experience including sales and marketing, strategy and corporate governance. His experience as a physician and his extensive knowledge of the health care industry brings an important industry- specific perspective to the Company as a director.

Wendy E. Lane

Director

Wendy E. Lane (60) 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 a director and sits on the Executive Committee of the board of directors of Willis Group Holdings, Ltd. and is also an Audit Committee member and chairs the Compensation Committee. She is also a director and member of the Audit Committee of 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, including investment banking and insurance, Ms. Lane is an audit committee financial expert bringing critical insight to, among other things, the Company's financial statements, accounting principles and practices, internal controls over financial reporting and risk management practices. She has extensive compensation, audit and corporate governance experience through her service on other public company boards in a variety of industries. Ms. Lane also has extensive international experience through her service on the boards of Willis Group and UPM-Kymmene, two broad-based multinational corporations.

Thomas P. Mac Mahon

Director

Thomas P. Mac Mahon (65) 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 past 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, financial and executive compensation experience through his service on other public company boards.

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Robert E. Mittelstaedt, Jr.

Lead Independent Director

Robert E. Mittelstaedt, Jr. (68) has served as a director of the Company since November 1996. Mr. Mittelstaedt is Dean and Professor of Management at the W.P. Carey School of Business, Arizona State University. Prior to June 30, 2004, he was Vice Dean, Executive Education of The Wharton School, University of Pennsylvania. Mr. Mittelstaedt has 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 and Compensation Committee member of W.P. Carey & Co., LLC and also serves as a director and compensation committee member of Innovative Solutions & Support, Inc. Mr. Mittelstaedt brings to the Board experience as a recognized expert in business strategy, corporate governance and executive compensation issues. Mr. Mittelstaedt serves as the Board’s Lead Independent Director and brings a deep understanding of the role of the Board and its oversight of corporate governance and business strategy.

Arthur H. Rubenstein, MBBCh

Director

Arthur H. Rubenstein, MBBCh (74) has served as a director of the Company since August 1, 2004. Dr. Rubenstein was the Dean of the University of Pennsylvania School of Medicine and Executive Vice President for the University of Pennsylvania Health System from 2001 until June 31, 2011. 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 is Chair of the Medical/Scientific Board of Catabasis Pharmaceuticals, Inc. He served as a director of Diasome from May 2009 to June 2011. 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, Dr. Rubenstein’s health care policy, regulatory and quality management experience with large health care delivery systems brings an important industry specific and practicing physician’s perspective to the Board’s deliberation.

M Keith Weikel, Ph.D.

Director

M. Keith Weikel, Ph.D. (74) has served as a director of the Company since July 16, 2003. On December 31, 2006, Dr. Weikel retired as 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 health care company operations and his tenure on the Company’s Board provides him with a deep familiarity with the Company’s business and industry. As the former COO of Manor Care, Dr. Weikel brings an important perspective to his service as a director for the Company due to his extensive operations experience.

R. Sanders Williams, M.D.

Director

R. Sanders Williams, M.D. (63) 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 at the University of California San Francisco. Prior to this appointment, Dr. Williams served Duke University between 2001 and 2010 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. Dr. Williams is also a member of the Western Association of Physicians, an association of physicians-scientists that promotes research, collaboration and education. His experience as a physician, biomedical scientist, and executive leader brings important perspective to his service to the Company as a director.

The Board unanimously recommends that stockholders vote "FOR" the election of the nominees listed above.

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EXECUTIVE OFFICERS

Information regarding each of LabCorp's executive officers and their relevant business experience is summarized below.

David P. King

President and Chief Executive Officer

See "Proposal One: Election of Directors" for information about Mr. King.

James T. Boyle, Jr.

Executive Vice President, Chief Operating Officer

Mr. Boyle (55) 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.

William B. Hayes

Executive Vice President, Chief Financial Officer and Treasurer

Mr. Hayes (46) 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 and operating responsibility for the Integrated Genzyme/Integrated Oncology (f/k/a Genzyme Genetics) business. Prior to joining the Company in 1996, Mr. Hayes was in the audit department at KPMG LLP for 9 years.

Andrew S. Walton

Executive Vice President, Esoteric Business

Mr. Walton (45) 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, Senior Vice President, 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 health care consultancy, from 2002 to 2005.

Mark E. Brecher, M.D.

Senior Vice President, Chief Medical Officer

Dr. Brecher (56) 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 Laboratory Information Systems and the Director of Clinical Pathology. Dr. Brecher is a member of the editorial board of Transfusion and is an associate editor of the Journal of Clinical Apheresis. He is a 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

Senior Vice President, Chief Legal Officer and Secretary

Mr. Eberts (52) 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 Associate 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

Senior Vice President, Chief Information Officer

Ms. Fonseca (43) 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 various factories and logistics operations.

In addition to the current executive officers listed above, Dr. Andrew J. Conrad served as Executive Vice President, Chief Scientific Officer during the first quarter of 2011. On February 28, 2011, Dr. Conrad ceased his employment with the Company and subsequently entered into a consulting agreement as described under the "Related Party Transactions" section on page 14.

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COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Overview

LabCorp's executive compensation program is designed to attract, motivate and retain executives in a highly competitive environment. We reward our executives for achieving high levels of performance and delivering superior returns for our stockholders. We believe our executive compensation program avoids unnecessary risk taking and aligns the interests of our stockholders with the performance of our executives. This program reflects our strong commitment to a transparent and results driven compensation program.

Pay For Performance

The Company seeks to achieve outstanding performance for our stockholders through a focus on increased revenue, Earnings Per Share ("EPS"), cash flow and operating income. To encourage our executives to drive these results, they are rewarded for achieving goals set for these financial measures as well as for increasing the Company's share price. A substantial majority of the named executives' compensation was in the form of performance based cash compensation (the Management Incentive Bonus, "MIB"), stock options, restricted stock and performance shares, providing a strong incentive to drive company performance and increase stockholder value. Approximately 67% of each named executives' target total direct compensation for 2011 was performance based. We have historically placed a greater emphasis on the long-term component of compensation. Consistent with the emphasis on long-term strategy, the Company's cash compensation is generally below-median of its select group of peer companies and surveys, and above median in total compensation when long-term incentives are included.

Our executive compensation program also contains a number of features that enhance the alignment of the interests of our executive officers and our stockholders, such as:

- our annual bonus plan only provides payments if performance goals are met;

- all executive officers must meet significant stock ownership requirements that increase with their level of responsibility within the Company;

- we prohibit profiting from short-term speculative swings in the value of the Company's stock, including, but not limited to, "short sales", "put" and "call" options, and hedging transactions;

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tax gross-ups on perquisites were phased out in 2011, and we do not provide any other tax gross-ups to the named executive officers;

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there are no employment agreements with our executive officers; and

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the Master Senior Executive Severance Plan that provides financial protection for our executives in circumstances involving a change in control is a “double trigger” plan, requiring termination following a change in control for severance payouts.

2011 Financial and Business Performance

We delivered strong performance in 2011, made possible by disciplined execution of our five-pillar strategy to grow the business and increase stockholder value. These five strategic pillars are:

•

Deploy capital first to acquisitions and business development that enhance our footprint and test menu, then to repurchase shares;

•

Enhance our IT capabilities to improve the physician and patient experience;

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Continue to improve efficiency to remain the most efficient and highest value provider of laboratory services;

•

Continue scientific innovation to offer new tests at reasonable and appropriate pricing; and

•

Participate in the development of alternative delivery models to improve patient outcomes and reduce the cost of care.

Despite a macroeconomic environment that remained challenging, we achieved our operational and financial goals across a broad range of measures. We generated solid increases in test volumes, revenues and earnings in 2011, achieving growth both organically and through strategic acquisitions. The Company increased revenue 10.8 percent, to $5.5 billion, and Adjusted Earnings Per Share Excluding Amortization increased by 6.5 percent to $6.37. (Adjusted Earnings Per Share Excluding Amortization for 2011 is a non-GAAP measure calculated by excluding the effects of the impact of restructuring and other special charges ($0.72 per share), loss on divestiture of assets ($0.03 per share) and amortization expense ($0.51 per share) from the GAAP diluted earnings per share of $5.11.) These results are especially noteworthy in a market environment in which total net U. S. jobs and managed care enrollment, key metrics for our industry, remained stagnant.

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The leadership and discipline of the Company's management team contributed heavily to our performance in 2011:

- We achieved a three-year average return on invested capital of 13.5%, a decrease in bad debt as a percentage of sales, an increase of testing volume of 3.5 percent and an increase in revenue per requisition of 7.0 percent.

- We used our free cash flow to make acquisitions that enhanced the Company's test menu and expanded the Company's geographic footprint.

- We returned value to our stockholders, repurchasing approximately $644.0 million of our shares during 2011.

- We realized over $60.0 million in synergies relating to recent acquisitions, including Genzyme Genetics, Westcliff Medical Laboratories, and Clearstone.

- We continued to increase our overall efficiency by making changes to the business to maintain a low cost structure. Our emphasis on continually improving productivity extends throughout all phases of our operations – from specimen collection, to processing and testing, to result reporting and to billing.

- We continued to excel in scientific innovation, bringing new assays to the market for infectious disease, reproductive genetics and oncology. The company introduced more than 100 new assays as we collaborated with leading companies and academic institutions to provide our physicians and patients with the most scientifically advanced testing in the industry.

We are proud of these accomplishments. This performance extended a strong growth record that has been sustained through several years of economic distress. In fact, for the period of 2001 through 2011, LabCorp's compound annual growth rates for Revenue, Adjusted Earnings Per Share Excluding Amortization and Free Cash Flow Per Share are 9.7, 15.5 and 16.8 percent, respectively.

These financial and operational achievements are reflected in the earnings of the Company's executives under our MIB Plan. As shown below, most of the Company's financial goals under the MIB Plan were achieved at or above "target." In addition, each named executive officer generally met or exceeded his or her individual performance goals. As a result, each of our named executive officers received MIB Plan payouts in excess of the target levels, ranging from 126% to 138% of target goal, reflecting our philosophy that compensation should be directly tied to company and individual performance achievements.

Investors have also been rewarded by our performance over time. The graph below shows comparisons of the cumulative total return for an investment of $100 on December 31, 2006 in the Company's common stock, the Standard & Poor's (the "S&P") Composite-500 Stock Index and the S&P 500 Health Care Index, assuming that all dividends were reinvested. Information on The S&P400 Health Care Index is also presented, which is an index the Company previously used for comparison purposes.

Compensation Philosophy and Objectives

Our executive compensation philosophy is to pay for performance by rewarding the achievement of specific short-term and long-term operational and strategic goals. We believe that through an effective executive compensation program, we can attract and retain talented employees who will sustain our financial performance and continue creation of stockholder value.

In support of the Company's compensation philosophy, our executive compensation program features the following principles:

- variable compensation should comprise a significant part of an executive's total compensation, with the percentage of at-risk compensation highest for the executive officers;

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- the size and the realizable values of incentive awards provided to executive officers 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.

We remain committed to our executive compensation program and its emphasis on long-term alignment with our stockholders. The charts below show the percentage of total direct compensation for 2011 that was performance based:

Compensation Committee Process and Input of Executive Officers

Annually, 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 individual performance and contribution. This input from Mr. King is then taken into consideration by the Compensation Committee’s independent consultant and the Compensation Committee. Mr. King also makes recommendations for the performance goals and allocations in the MIB Plan for the executive officers. In addition, other members of management may interact with the compensation consultant or the Compensation Committee.

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Fiscal 2011 Compensation

Compensation Review

The role of the Compensation Committee is to set appropriate and supportable pay programs that are in the Company's best interests and aligned with its business mission and strategy. The Company is committed to transparency and consistency of analysis over time with respect to our methodology for evaluating executive compensation.

In evaluating executive compensation, we consider both absolute performance and performance relative to an established peer group. The comparative peer group is selected, based on input from Cook & Co., to include public companies in the healthcare services industry that are closest to LabCorp in terms of scope of services and are of a similar size in terms of revenue, profitability, cash flow, market capitalization and number of employees. Each year, with the support of Cook & Co., the Committee reviews the peer group to ensure it remains valid for benchmarking purposes and will make adjustments as needed to reflect changes in business strategy and peer circumstances (e.g. acquisitions). The peer group used in 2011 remained the same as that in 2010, with the exception of Millipore, which was removed after it was acquired by Merck KGaA. The companies included in the 2011 comparative peer group were:

- Agilent Technologies, Inc.
- Beckman Coulter, Inc.
- Becton, Dickinson & Company
- Biogen Idec Inc.
- Boston Scientific Corporation
- Covance Inc.
- DaVita Inc.
- Express Scripts, Inc.
- Genzyme Corporation
- Life Technologies Corporation
- Omnicare, Inc.
- Owens & Minor, Inc.
- Quest Diagnostics Incorporated
- St. Jude Medical, Inc.
- Stryker Corporation

We also use a consistent methodology to value long-term equity compensation (restricted stock, performance share and option awards) based upon the accepted accounting standards for stock based compensation. The value for restricted stock and performance share awards is calculated by multiplying the number of shares granted by the closing price per share of Common Stock on the day of the grant. The value for stock options is calculated using the Black-Scholes option pricing model. We apply this valuation methodology consistently from period to period.

Annually, Cook & Co., the Committee's independent consultant, prepares a review of competitive total compensation for the proxy officers versus similar positions at the publicly traded peer companies and utilizes national survey data for executives for whom there is insufficient comparable information included in the peer company proxy statements. The competitive review confirmed that, for 2011, the Company continues to meet its objectives of paying competitively versus its peers, with somewhat lower cash compensation and somewhat higher long-term incentives. We have historically emphasized higher long-term incentives to more closely align our executives' interests with the long-term performance of the Company.

We recognize that different outcomes can be reached based upon the peer group selected for comparison and the valuation methodology used for long-term equity compensation. We believe that the valuation of long-term equity compensation should be consistent regardless of purpose. To apply one valuation methodology for purposes of compensation analysis and another for financial reporting purposes can lead to inconsistent outcomes and conclusions. Similarly, to utilize a peer group that is not as well aligned as the peer group developed by the Compensation Committee in terms of revenue, profitability, cash flow, market capitalization or number of employees can misrepresent relative executive compensation. Finally, we believe that consistently applying this same methodology to evaluate executive compensation allows stockholders to make a more meaningful long-term evaluation of our executive compensation program.

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Fiscal 2011 Compensation Decisions

Base Salary

In 2011, base salary was brought closer to the median of the peer group to ensure competitiveness 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 close to the median of the peer group, it retains the flexibility to adjust individual compensation to take into account variations in the individual's job experience and responsibility, as reviewed and recommended to the Committee by Mr. King. Annual changes in base salaries are determined using several factors including the peer group's practices, our performance, the individual's performance, increases in cost of living indices and increases provided to our employees.

The Compensation Committee believes that the base salaries for the Company's executives are generally conservative compared to the peer group. In particular, Mr. King's salary was below the 25th percentile. Therefore, the Committee increased his base salary 12.5% for 2011 to make his salary more competitive, although still below median. His 2010 salary rate was $900,000 and his 2011 salary rate was $1,012,560. For other Company executives, Mr. King recommended, and the Committee approved, increases based on the factors set forth above that ranged from 3% to 12.5%.

Annual Cash Incentive Pay (MIB)

Our MIB Plan is designed to compensate the named executive officers for achieving in-year goals that further the Company's strategy and create stockholder value. Target MIB Plan award amounts for 2011 for named executive officers ranged from 60% to 150% of base salary.

Certain performance measures under the MIB Plan may be achieved at a threshold, target or superior level. If the actual performance measures fall between either the threshold and target levels or the target and superior levels, the payouts are pro-rated accordingly. If the threshold level of performance for a particular goal was not achieved, the payout for that goal would have been zero. In 2011, a superior level of achievement for the adjusted earnings per share goal ("Adjusted EPS") made each named executive officer eligible for 200% of the target related to that measure. For other performance measures under the MIB Plan, the goal is either achieved or not achieved, meaning that there is a yes/no outcome (*i.e.,* the goal was either achieved, a "yes" outcome earning a 100% target payment or was not achieved, resulting in a 0% payment).

Threshold	**Target**	**Superior**
50% payout of Target amount	100% payout of Target amount	150% payout of Target amount

For 2011, each of our named executive officers shared four goals:

- Revenue;
-

Adjusted EPS (a non-GAAP measure calculated consistent with the adjusted EPS measure used by the Company in its quarterly earnings releases filed on Form 8-K by deducting the impact of restructuring and other special charges and loss on divestiture of assets from the GAAP measure of diluted earnings per share);

- Return on Invested Capital (ROIC); and

- Acquisition Synergies.

The revenue and Adjusted EPS performance measures were selected as common performance measures because they are the top-line and bottom-line measures used by the Company and the investment community to evaluate our performance. In 2011, the acquisition synergies and ROIC performance measures were added as important strategic goals and risk mitigation pay practices because they compensate executives for successfully integrating acquisitions and allocating the Company's capital to profitable investments. These common goals represented 70% to 75% of the target amount of each executive's opportunity under the MIB Plan. The performance measures used for the remaining 30% to 25% of the target amount are directed to specific areas of focus for the executive officers for 2011, tying individual performance that will contribute to our overall success. Performance goals are evaluated and typically change annually to reflect the financial and operational priorities of the Company.

The threshold, target and superior goals for revenue, Adjusted EPS, ROIC and acquisition synergies performance measures were based on various outcomes considered by the Compensation Committee, with the target amounts most closely approximating the Company's operating budget. Because annual targets for performance goals are set at levels based on our expected financial performance for the year and business opportunities in the clinical laboratory industry, the Compensation Committee believes that paying at 150% of a performance measure's target for the named executive officers for superior performance provides appropriate incentive to achieve outcomes clearly exceeding target expectations. The Compensation Committee further believes that threshold amounts represent sufficient performance to warrant incentive compensation and that a 50% potential payout is appropriate. For those individual goals that have a "yes/no" outcome, there is no threshold level of performance and no separate superior level of performance, and the goal is set based on the Compensation Committee's determination that the individual goal is important to achieving the Company's operational goals for the year. Performance levels are determined annually by the Compensation Committee based upon its collective experience and reasoned business judgment. The Compensation Committee determines the performance measures, performance targets and allocation for Mr. King. In turn, the Committee has delegated to Mr. King the responsibility of determining the incentive plans for each of the other named executive officers, using substantially the same Company targets established by the Compensation Committee.

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The 2011 goals that were common for each of the named executive officers were:

- Revenue—$5.29 billion would pay at threshold, $5.54 billion would pay at target and $5.80 billion would pay at the superior level.

- Adjusted EPS—$6.12 would pay at threshold, $6.24 would pay at target and $6.32 would pay at the superior level.

- ROIC—12.7% would pay at threshold, 13.2% would pay at target and 13.7% would pay at the superior level.

- Acquisition synergies— $32 million would pay at threshold, $40 million would pay at target and $48 million would pay at the superior level.

The goals and MIB targets for each named executive officer in 2011 are discussed below. In measuring the success of the named executive officers, the financial performance measures are compared to actual results. For each named executive officer, the charts below show the following: the total target bonus opportunity; the goals, as well as the allocation of the target bonus among those goals; the payout for each goal at varying levels of achievement; and the actual payment for each goal, which reflects the level of achievement relative to the threshold, target, and superior bonus measures. For example, each of the named executive officers achieved above threshold but below target performance for the revenue goal, above target but below superior performance for ROIC and achieved superior performance for the Adjusted EPS goal and acquisition synergies. The achievement of performance measures that are not financially based is determined by the Committee in its discretion, after discussion with Mr. King.

Mr. King

As Chief Executive Officer, Mr. King's individual goals for 2011 were focused on the importance of executing key elements of our strategic plan. As a result of the achievements reflected in the table below, Mr. King's earned annual bonus payment was approximately 133% of his 2011 target goal.

	Target Bonus		**Allocation by Goal**		**Bonus Opportunity by Goal by Level of Achievement**			
Base Salary	**% of Base**	**$ Target**	**%**	**Goal**	**Threshold**	**Target**	**Superior**	**Actual Payout**
$1,012,560	150%	$1,518,840	25%	Revenue	$189,855	$379,710	$569,565	$379,189
			30%	Adjusted EPS	$227,826	$455,652	$911,304	$911,304
			10%	Laboratory Benefit Management[(1)]	$75,942	$151,884	$227,826	$75,942
			10%	Acquisition Synergies	$75,942	$151,884	$227,826	$227,826

10%	Update and Execution of Strategic Plan		$151,884		$151,884
10%	ROIC	$75,942	$151,884	$227,826	$197,449
5%	Succession Planning		$75,942		$75,942
100%	**TOTAL**	**$645,507**	**$1,518,840**	**$2,392,173**	**$2,019,536**

(1) The Laboratory Benefit Management targets were determined by the Compensation Committee based on the development and implementation of the Laboratory Benefit Model. When setting the goals, the Compensation Committee believed that the threshold, target and superior levels were set to generally provide the same degree of difficulty as achieving the comparable levels for the Company's other financial goals.

Mr. Boyle

As Chief Operating Officer, Mr. Boyle's individual goals for 2011 were based on operational matters in line with his major responsibilities. As a result of the achievements reflected in the table below, Mr. Boyle's earned annual bonus payment was approximately 126% of his 2011 target goal.

	Target Bonus		**Allocation by Goal**		**Bonus Opportunity by Goal by Level of Achievement**			
Base Salary	**% of Base**	**$ Target**	**%**	**Goal**	**Threshold**	**Target**	**Superior**	**Actual Payout**
$512,280	125%	$640,350	25%	Revenue	$80,044	$160,088	$240,131	$159,868
			25%	Adjusted EPS	$80,044	$160,088	$320,175	$320,175
			10%	ROIC	$32,018	$64,035	$96,053	$83,246
			15%	Development and successful implementation of Acquisition Integration Management Process(1)		$96,052		$96,052
			15%	Laboratory Benefit Management(2)	48,026	$96,052	$144,079	$48,026
			10%	Acquisition Synergies	$32,018	$64,035	$96,053	$96,053
			100%	**TOTAL**	**$272,149**	**$640,350**	**$992,544**	**$803,421**

(1) This goal was based on the successful implementation of an acquisition integration management process.

(2) The Laboratory Benefit Management targets were determined by the Compensation Committee based on the development and implementation of the Laboratory Benefit Model. When setting the goals, the Compensation Committee believed that the threshold, target and superior levels were set to generally provide the same degree of difficulty as achieving the comparable levels for the

Company's other financial goals.

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Ms. Fonseca

As Senior Vice President, Chief Information Officer, Ms. Fonseca's individual goals for 2011 were based on the improvement of the effectiveness of her areas of responsibility and delivery of the patient portal in line with her major responsibilities. As a result of the achievements reflected in the table below, Ms. Fonseca earned an annual bonus payment that was approximately 133% of her target goal.

	Target Bonus		**Allocation by Goal**		**Bonus Opportunity by Goal by Level of Achievement**			
Base Salary	**% of Base**	**$ Target**	**%**	**Goal**	**Threshold**	**Target**	**Superior**	**Actual Payout**
$349,365	60%	$209,619	10%	ROIC	$10,481	$20,962	$31,443	$27,251
			25%	Revenue	$26,203	$52,405	$78,608	$52,333
			25%	Adjusted EPS	$26,203	$52,405	$104,810	$104,810
			15%	Digital Pathology (Iris Phase I) (1)		$31,443		$31,443
			15%	Delivery of Patient Portal(2)		$31,443		$31,443
			10%	Acquisition Synergies	$10,481	$20,962	$31,443	$31,443
			100%	**TOTAL**	**$73,368**	**$209,619**	**$309,190**	**$278,723**

(1) This goal was based on the completion of Phase 1 of the Digital Pathology Project (Iris). This measure generally provided the same degree of difficulty as achieving the comparable levels for the other performance measures.

(2) This goal was based on the delivery of the Patient Portal. This measure generally provided the same degree of difficulty as achieving the comparable levels for the other performance measures.

Mr. Hayes As Chief Financial Officer, Mr. Hayes' individual goals for 2011 were based on his responsibility for financial management, as well as his responsibility for completing certain strategic acquisitions. As a result of the achievements reflected in the table below, Mr. Hayes earned an annual bonus payment that was approximately 134% of his target goal.

	Target Bonus		**Allocation by Goal**		**Bonus Opportunity by Goal by Level of Achievement**			
Base Salary	**% of Base**	**$ Target**	**%**	**Goal**	**Threshold**	**Target**	**Superior**	**Actual Payout**
$470,149	100%	$470,149	10%	Free Cash Flow(1)	$23,507	$47,015	$70,522	$39,446
			25%		$58,769	$117,537	$235,074	$235,074

	Adjusted EPS				
10%	ROIC	$23,507	$47,015	$70,522	$61,120
25%	Revenue	$58,769	$117,537	$176,306	$117,376
15%	Successful Integration of Genzyme(2)		$70,522		$70,522
15%	Acquisition Synergies	$35,261	$70,522	$105,783	$105,783
100%	**TOTAL**	**$199,813**	**$470,149**	**$728,729**	**$629,321**

(1) Free cash flow performance levels provided that $727 million would pay at threshold, $773 million would pay at target and $819 million would pay at the superior. This measure generally provided the same degree of difficulty as achieving the comparable levels for the other performance measures.

(2) This goal was based on the achievement of specific goals of the integration of Genzyme Genetics. This measure generally provided the same degree of difficulty as achieving the comparable levels for the other performance measures.

Mr. Walton

As Executive Vice President, Esoteric Business, Mr. Walton's individual goals were based on his responsibility for the Company's esoteric business initiatives. As a result of the achievements reflected in the table below, Mr. Walton earned an annual bonus payment that was approximately 138% of his target goal.

	Target Bonus		**Allocation by Goal**		**Bonus Opportunity by Goal by Level of Achievement**			
Base Salary	**% of Base**	**$ Target**	**%**	**Goal**	**Threshold**	**Target**	**Superior**	**Actual Payout**
$372,645	85%	$316,748	10%	Operating Income – Esoteric Business Units(1)	$15,837	$31,675	$47,512	$47,512
			25%	Revenue	$39,594	$79,187	$118,781	$79,078
			25%	Adjusted EPS	$39,594	$79,187	$158,374	$158,374
			10%	ROIC	$15,838	$31,675	$47,513	$41,178
			10%	Successful completion of the branding strategy and roll-out plan(2)		$31,675		$31,675
			10%	Continued successful expansion of		$31,675		$31,675

	the Segment Management Organization[3]				
10%	Acquisition Synergies	$15,838	$31,675	$47,513	$47,513
100%	**TOTAL**	**$126,701**	**$316,748**	**$483,043**	**$437,005**

(1) Operating Income - esoteric business units was determined based on the levels viewed as necessary to achieve the outcomes in the Company's operations plan. When setting the goals, the threshold, target and superior levels were set to generally provide the same degree of difficulty as achieving the comparable levels for the other Company's financial goals.

(2) This goal was based on the successful completion of the branding strategy and roll-out plan. When setting the goal, the threshold, target and superior levels were set to generally provide the same degree of difficulty as achieving the comparable levels for the other Company's financial goals.

(3) This goal was based on the successful expansion of the segment management organization. When setting the goal, the threshold, target and superior levels were set to generally provide the same degree of difficulty as achieving the comparable levels for the other Company's financial goals.

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Long-Term Incentive Compensation

In 2011, we continued our practice of using stock options (40% of target value), restricted stock (20% of target value) and performance share awards (40% of target value). The Compensation Committee believes that a balanced program using these three award types achieves all of the following:

- rewards stock-price growth, particularly through the use of stock options;
- delivers performance-based, “at-risk” compensation through performance shares;
- ensures longer-term business focus through the use of multi-year operational performance goals to determine the number of performance share awards ultimately earned;
- provides attractive retention features through multi-year vesting and the use of restricted stock;
- aligns the interests of the executive officers, including the named executive officers, with the interests of all stockholders; and
- aligns with emerging practices of the market and is supported by the peer group data.

Award values for 2011 were determined so that total direct compensation levels was generally positioned between the 50^{th} and 75^{th} percentiles of the peer group. This level was selected based on the Company’s desire to attract and retain executive talent, and its performance results compared to its peer group.

Targets for the 2011 performance awards were established by the Compensation Committee and are based on Company growth in EPS and sales during the three-year performance period which began January 1, 2011 and ends December 31, 2013, with growth measured as compared to December 31, 2010. EPS growth was selected as a target because of its close alignment with stockholder value. Sales growth was selected based on the importance of this measure to the market price of our stock. Achievement of amounts between the measures are pro-rated based on the level of performance. Failure to achieve threshold would result in the executives receiving no performance shares for the period in question. The Compensation Committee believes that the EPS and sales goals at the target level are realistically achievable but would represent a level of performance that would result in significant return to stockholders.

Equity Grant Practices

Generally, the Compensation Committee approves equity grants at the beginning of the year in connection with a regularly scheduled Compensation Committee meeting. Under the 2008 Stock Incentive Plan used for these awards, the grant date of an option award is the date the Compensation Committee approves the award and the exercise price is based on the closing market price on the grant date. The Compensation Committee does not time awards with the release of information concerning the Company.

Stock Ownership Guidelines

The Board believes that requiring senior management to maintain a significant personal level of stock ownership ensures that each member of senior management is financially aligned with the interests of our stockholders. Pursuant to the executive stock ownership program, each member of senior management (defined as those individuals who serve on the Management Committee) must acquire and maintain a level of ownership in the Company's Common Stock equivalent to a number of shares having a value that is a multiple of that executive's base salary using the salary and stock price as of the date he or she became subject to the stock ownership level. This level will be adjusted if the executive's position changes and the new position has a different ownership requirement. An executive is required to maintain this level of stock ownership throughout his or her tenure with the Company until near retirement. The ownership requirements for each position are:

Position	**Company Stock Ownership Requirements as a Multiple of Base Salary**
Chief Executive Officer	4x
Executive Vice Presidents	2x
All Other Senior Leadership	1x

Until the ownership requirement is met, an executive is required to hold 50% of any shares of Company Stock acquired upon the lapse of restrictions on any stock grant and upon the exercise of stock options, net of taxes and shares used to pay the exercise price. If an executive fails to meet or show progress towards satisfying these requirements, the Compensation Committee may reduce future equity grants or other incentive compensation for that executive. Once an executive reaches the age of 62, the ownership requirement is reduced by 50%, and once an executive reaches the age of 64, the ownership requirement is reduced by 75%.

Perquisites

The Compensation Committee believes the perquisites that have historically been offered are conservative. These perquisites are necessary to attract and retain the Company's executive talent and are competitive and consistent with our overall executive compensation objectives. In 2010, these perquisites included: an annual car allowance, financial counseling, long-term disability insurance, personal liability insurance, health checkup allowance, home security system allowance and club membership allowance. Beginning in 2011, the Compensation Committee phased out certain perquisites for the named executive officers that were not considered consistent with emerging compensation practices, which resulted in discontinuing the annual car allowance, home security system allowance and club membership allowance. The Compensation Committee determined that financial counseling, long-term disability and personal liability insurance and a health check-up allowance were appropriate to continue because these benefits help ensure that the Company's named executive officers maintain appropriate fiscal and physical health, which contributes to stable executive leadership for the Company. The aggregate value of these perquisites for 2011 is approximately $18,310 for Mr. King and an average aggregate value of approximately $15,069 for the other named executive officers. While the Compensation Committee believes that the remaining perquisites are conservative and provide unique benefits to the Company, tax gross-up payments associated with these perquisites have been eliminated for

2011. For more information on perquisites in 2011, including the valuation and amounts, see the "Summary Compensation Table" below.

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Ban on Hedging Transactions

The Company maintains an Insider Trading Policy that prohibits executive officers and key employees from profiting from short-term speculative swings in the value of our stock, including, but not limited to, “short sales”, “put” and “call” options, and hedging transactions.

Termination and Change-in-Control Payments

The Company has had a severance plan in place since 1996 that provides participants financial protection in circumstances involving a qualifying termination, with a higher level of payment if the qualifying termination occurs within 3 years of a change in control (a “double trigger”). The severance plans are comprised of the Amended and Restated Master Senior Executive Severance Plan (the “Amended and Restated Severance Plan”) and a Master Senior Executive Change-in-Control Severance Plan (the “Change-in-Control Plan”). The Company originally adopted the severance plans to provide a competitive benefit necessary to attract and retain executive officers, and so that in the context of a change in control the executive would consider corporate actions that would benefit stockholders without regard to personal finances.

We amended the severance plans to provide for severance payments that reflect the actual performance of the executive over prior periods by basing severance payments on actual, rather than target, annual MIB Plan payments. The Change-in-Control Plan was amended to reduce the payment to executive vice presidents to two times their cash compensation. We have eliminated tax gross-up payments associated with change-in-control payments. For additional information on the termination and change-in-control benefits under the Amended and Restated Severance Plan and the Change-in-Control Plan, see “Potential Payments Upon Termination or Change-in-Control” at page 38.

The 2012 Omnibus Incentive Plan proposed to be adopted at the Annual Meeting (see Proposal 3 to this Proxy Statement) provides that if awards are assumed or substituted in a change in control, a double trigger is required for accelerated vesting. We believe this is appropriate in light of emerging compensation trends and there are no gross-up payments provided for in the plan.

In 2004, the Board approved the Senior Executive Transition Policy (the “Transition Policy”) to reflect the belief that a strong succession planning process ensures the continued success of the Company, in anticipation of several members of the then-current management team retiring in the near future and knowing that failure to ensure a smooth transition of leadership would have an adverse effect on the Company and its stockholders. The Compensation Committee continues to believe that the Transition Policy is important to strong succession planning for the Company’s most senior positions. Eligibility requirements for the Transition Policy include, (a) being an Executive Committee member (“EC”) and designated as a participant by the CEO and the Compensation Committee, (b) having five years of service as an EC member, (c) having 10 years of service with the Company, and (d) approval from the Board of a plan that ensures a smooth and effective transition of the departing executive’s management team. Currently, the only individuals designated for participation in the Transition Policy are Messrs. King and Hayes. The eligibility requirements of the Transition Policy are designed to ensure the retention of the executive over a period of time, to provide the Company with the ability to limit participation to the most senior executives and to ensure the goal of strong succession planning. The Transition Policy also provides additional protection to the Company in the form of a non-compete and non-solicitation agreement, and the policy sets forth the treatment of long-term incentive awards made under the Company’s stock incentive plans in the event of a voluntary termination before age 65.

Deferred Compensation Program

In 2001, the Board approved the Deferred Compensation Plan (“DCP”) under which certain of the Company’s executives, including the named executive officers, may elect to defer up to 100% of their annual cash incentive pay and/or up to 50% of their annual base salary subject to annual limits established by the federal government. The deferral limits were based on the Compensation Committee’s assessment of best practices at the time the DCP was established. The DCP provides executives a tax efficient strategy for retirement savings and capital accumulation without significant cost to the Company. For additional information on the DCP, see the “Nonqualified Deferred Compensation Table” and accompanying narrative below.

Retirement Plans

The Company previously adopted a supplemental retirement plan, the Pension Equalization Plan (the “PEP”) for executive officers, including the named executive officers. The PEP is an unfunded, non-contributory, non-qualified plan that was designed to provide income continuation benefits at retirement and work in conjunction with the Company’s Cash Balance Retirement Plan (the “Cash Balance Plan”), a qualified and funded defined benefit plan available to substantially all employees. The PEP was intended to provide additional retirement benefits to a select group of management employees as an integral part of a total compensation package designed to attract and retain top executive performers. Requirements of participation when the PEP was established included (a) approval of participation by the CEO, (b) being named as a Senior or Executive Vice President or operating in the capacity of one, or (c) being named as the President or CEO. Effective January 1, 2010, both the PEP and the Cash Balance Plan were frozen; no new participants will be admitted and no further service credits will be awarded to current participants.

The Company also offers a defined contribution retirement savings plan (i.e., 401(k) plan) called the Employees’ Retirement Savings Plan. Participation in this plan is available to all US-based employees, including the named executive officers. Company contribution information is reflected in the “Summary Compensation Table” below for the named executive officers.

Tax and Accounting Treatments

Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) limits the corporate federal income tax deduction for certain “non-performance based” compensation paid to the chief executive officer and, pursuant to IRS guidance, each of the three highest paid employees (other than the chief financial officer) of public companies to $1 million per year. The Compensation Committee has carefully considered the Company’s executive compensation program in light of the applicable tax rules. Accordingly, the 2008 Stock Incentive Plans and the MIB Plan have been designed to meet the requirements of Section 162(m). The Compensation Committee believes that tax deductibility is but one factor to be considered in fashioning an appropriate compensation package for executives. As a result, the Compensation Committee reserves and will exercise its discretion in this area to design a compensation program that serves the long-term interests of the Company. The non-deductible portion of executive compensation paid in 2011 was $2,175,000, which the Compensation Committee has determined to be in the best interests of the Company and its stockholders.

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Say on Pay Vote

The Company provides its stockholders with the opportunity to cast an annual advisory vote to approve executive compensation (a "say-on-pay proposal"). At our 2011 annual meeting of stockholders, over 98% of the votes cast at that meeting were in favor of the say-on-pay proposal. While the vote on the 2011 say on pay vote proposal occurred in May 2011, the Committee established executive compensation for 2011 earlier in the year. The Committee did not change executive compensation directly as a result of that vote and for 2012 did not change its overall approach to compensation. However, the Compensation Committee noted a significant level of support for our 2011 say-on-pay proposal, and we believe that it reflects support for our pay for performance philosophy. The Compensation Committee will continue to consider the outcome of votes on the Company's say-on-pay proposals when making future compensation decisions for the named executive officers.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of the Company has reviewed and discussed the Compensation Discussion and Analysis with management pursuant to Item 402(b) of Regulation S-K. Based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's annual report on Form 10-K (including through incorporation by reference to this Proxy Statement).

THE COMPENSATION COMMITTEE

M. Keith Weikel, Chairman

Kerrii B. Anderson

Jean-Luc Bélingard

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EXECUTIVE COMPENSATION

Summary Compensation Table

The compensation paid and amounts required to be recognized during the year ended December 31, 2011 to the Company's named executive officers, which includes the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers serving at year-end is set forth below:

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)[2]	Stock Awards ($)[3]	Option Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)[4]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[5]	All Other Compensation ($)[6]	Total ($)
David P. King	2011	$993,800	$-	$4,546,074	$3,285,146	$2,019,536	$188,782	$25,660	$11,058,998
	2010	$885,333	$-	$4,040,640	$2,653,089	$1,902,675	$131,722	$59,287	$9,672,746
Chief Executive Officer	2009	$810,000	$-	$4,034,688	$2,425,833	$1,422,384	$199,040	$46,869	$8,938,814
James T. Boyle	2011	$501,900	$-	$1,460,914	$1,055,543	$803,421	$92,006	$27,489	$3,941,273
	2010	$450,000	$	$1,725,175	$852,393	$702,782	$66,044	$64,488	$3,860,882
Chief Operating Officer									
Lidia L. Fonseca	2011	$344,687	$-	$299,442	$214,812	$278,723	$15,295	$21,350	$1,174,309
Senior Vice President, Chief Information Officer									
William B. Hayes	2011	$465,151	$-	$1,442,766	$1,044,432	$629,321	$152,046	$26,350	$3,760,066
	2010	$436,800	$-	$1,367,925	$901,024	$589,490	$96,199	$52,331	$3,443,769

Executive Vice President and Chief Financial Officer	2009	$419,333	$-	$1,476,984	$887,524	$577,496	$93,978	$46,094	$3,501,409
Andrew S. Walton	2011	$368,778	$-	$780,364	$562,956	$437,005	$40,121	$19,385	$2,208,608
	2010	$347,200	$-	$750,605	$491,713	$412,682	$24,916	$50,799	$2,077,915
Executive Vice President	2009	$335,000	$24,750	$768,512	$461,785	$290,077	$26,860	$43,474	$1,950,458

(1) Values reflect the amounts actually paid to the named executive officers in each year. Base salary adjustments, if any, typically occur in February of each year, and are normally effective on March 1. Any base salary adjustments are not retroactive to the beginning of the year.

(2) Represents the amounts paid as discretionary bonuses. In 2009, Mr. Walton was paid a discretionary bonus in connection with his unique contribution to the completion of a specific strategic acquisition.

(3) Represents the aggregate grant date fair value of option, restricted and performance awards for each named executive officer during each respective year. Performance awards included in the above totals are valued assuming achievement at target. The value of restricted and performance awards assuming maximum achievement of performance awards is as follows: 2011 grants – Mr. King-$6,819,111; Mr. Boyle-$2,189,103; Ms. Fonseca-$449,163; Mr. Hayes-$2,164,149; and Mr. Walton-$1,168,278. 2010 grants – Mr. King-$6,060,960; Mr. Boyle-$2,692,859; Mr. Hayes-$2,051,888; and Mr. Walton-$1,124,154. 2009 grants – Mr. King-$6,052,032; Mr. Hayes-$2,215,476; and Mr. Walton $1,151,267.

(4) Represents the amounts earned by each named executive officer during 2011 pursuant to the Company's MIB Plan. For additional information on these awards for 2011, see the "Grants of Plan-Based Awards" table below and the "Compensatio Discussion & Analysis – Annual Cash Incentive Pay" above.

(5) Represents solely the aggregate change in the actuarial present value of each named executive officer's accumulated benefit under the Company's pension plans from December 31, 2008 to December 31, 2009; December 31, 2009 to December 31, 2010 and December 31, 2010 to December 31, 2011 respectively. For the assumptions made in the 2011 valuations, see Note 16 to the Company's audited financial statements included within its Annual Report on Form 10-K for the year ended December 31, 2011. These assumptions change from year to year to reflect current market conditions.

(6) Includes the value of the following perquisites: financial services, executive long-term disability premiums, car allowance, personal liability insurance premiums, annual physical, club membership, and security monitoring of home pursuant to the policies in effect for a particular year. Also includes Company 401(k) contributions.

Financial services amounts are based on the actual amounts paid by the Company to its third party vendor for financial planning services. Club membership reimbursements range from $2,000 to $6,000 depending on the executive level. Use of the corporate jet is provided by the Company to the named executive officers for business trips. Any personal use of the corporate jet is strongly discouraged and subject to review and prior approval by the CEO and designated directors. The incremental cost to the Company of any personal use of the corporate jet would be included in the All Other Compensation column of the Summary Compensation Table; however, in 2010 and 2011 none of the named executive officers had any personal use of the corporate jet.

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Perquisites

The table below details the perquisites including those that exceeded 10% of the total perquisites offered to the named executive officer during 2011, plus the Company contributions into each executive's 401(k) account during 2011 and the total of any tax gross-ups on perquisites, as applicable.

Name	Year	Financial Services (b)	Long Term Disability (b)	Car Allowance (a,c)	Personal Liability Insurance (b)	Annual Physical (b)	Club Membership (a)	Security Monitoring (a)	Company-paid 401-K	Tax Gross-up (d)
David P. King	2011	$12,660	$2,340	$2,400	$910	$-	$-	$-	$7,350	$-
James T. Boyle	2011	$13,155	$1,950	$2,000	$585	$-	$-	$-	$9,800	$-
Lidia L. Fonseca	2011	$10,000	$1,950	$1,600	$450	$-	$-	$-	$7,350	$-
William B. Hayes	2011	$12,015	$1,950	$2,000	$585	$-	$-	$-	$9,800	$-
Andrew S. Walton	2011	$7,500	$1,950	$2,000	$585	$-	$-	$-	$7,350	$-

(a) Eliminated as of March 1, 2011.

(b) Represents the actual cost of each perquisite, the value of which is taxable to the named officer.

(c) Reflects actual pre-tax amount paid to the executive for car allowance through February 2011. Taxes and withholding are deducted from the amount shown in this column.

(d) Tax gross-ups were eliminated in 2011.

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Grants of Plan-Based Awards

During 2011, the following stock option, restricted stock, performance share awards, and annual cash incentive awards pursuant to the MIB Plan were made to the named executive officers:

e	Award Type	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)(2)	Target (#)(2)	Maximum (#)(2)	All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($/Sh)	G V of S Op Aw
d	Restricted Stock	2/9/11										