

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:	
<input type="checkbox"/>	Preliminary Proxy Statement
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LABORATORY CORPORATION OF AMERICA HOLDINGS

(Name of Registrant as Specified In Its Charter)

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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.

Name	Age	Since	Director Occupation	Independent	Other Public Boards	Committee Memberships			
						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.	68	1996	Dean & Professor of Management, W.P. Carey School of Business, Arizona State University	X	2	M			C
Lead Independent Director									
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

•
“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.

•

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 prov