

<i>Physicians</i>	<p>Our pathologists are required to hold a valid license to practice medicine in the jurisdiction in which they practice.</p> <p>Many of our pathologists enter into an employment agreement. These agreements have varying terms, but generally can be terminated at any time, upon advance notice. Most of the agreements contain covenants generally limiting the activities of the pathologist within a defined geographic area for a limited period of time after termination of employment; the enforceability of these covenants may be limited under state law.</p> <p>Several jurisdictions, including some in which our businesses are located, prohibit business corporations from engaging in the practice of medicine. In certain jurisdictions, business corporations are prohibited from employing licensed healthcare professionals to provide services on behalf of the corporation; these laws vary. In some jurisdictions, anatomic pathology services are delivered through physician-owned entities that employ the practicing pathologists. The manner in which licensed physicians can be organized to perform medical services may be governed by the laws of the jurisdictions in which medical services are provided and by the medical boards or other entities authorized by these jurisdictions to oversee the practice of medicine.</p>
<i>Privacy and Security of Health and Personal Information</i>	<p>We are subject to laws and regulations regarding protecting the security and privacy of certain healthcare and personal information, including the federal Health Insurance Portability and Accountability Act and the regulations thereunder, which establish (i) a complex regulatory framework including requirements for safeguarding protected health information and (ii) comprehensive federal standards regarding the uses and disclosures of protected health information.</p> <p>A healthcare provider may be required to notify individuals or the government if the provider discovers certain breaches of personal information or protected health information.</p>
<i>Drug Testing; Controlled Substances</i>	<p>All U.S. laboratories that perform drug testing for certain public sector employees and employees of certain federally regulated businesses are required to be certified as meeting the detailed performance and quality standards of the Substance Abuse and Mental Health Services Administration.</p> <p>To obtain access to controlled substances used to perform drugs-of-abuse testing in the United States, laboratories must be licensed by the Drug Enforcement Administration.</p>

Compliance. We strive to conduct our business in compliance with all applicable laws and regulations. All of our laboratories and, where applicable, patient service centers, are licensed and accredited as required by the appropriate federal and state agencies. We have a long-standing and well-established compliance program. The Quality, Safety and Compliance Committee of our Board of Directors oversees, and receives periodic management reports regarding, our compliance program. Our program includes detailed policies and procedures and training programs intended to ensure the implementation and observance of all applicable laws, regulations and Company policies. Further, we conduct in-depth reviews of procedures and facilities to assure regulatory compliance throughout our operations. We conduct annual training of our employees on these compliance policies and procedures.

Many of the laws and regulations applicable to us, including many of those relating to billing, reimbursement for tests and relationships with clinicians and hospitals, are vague or indefinite or have not been interpreted by the courts. The applicability or interpretation of laws and regulations also may not be clear in light of emerging changes in clinical testing science, healthcare technology and healthcare organizations. They may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could require us to make changes in our operations, including our pricing and/or billing practices. Such occurrences, regardless of their outcome, could, among other things:

- increase our administrative, billing or other operating costs;
- decrease the amount of reimbursement related to diagnostic information services performed;
- damage our reputation; or
- adversely affect important business relationships with third parties.

If we fail to comply with applicable laws and regulations, we could suffer civil and criminal penalties, fines, exclusion from participation in governmental healthcare programs and the loss of various licenses, certificates and authorizations necessary to operate our business, as well as incur additional liabilities from third-party claims, all of which could have a material adverse effect on our business. Certain federal and state statutes, regulations and other laws, including the *qui tam* provisions of federal and state false claims acts, allow private individuals to bring lawsuits against healthcare companies on behalf of government payers, private payers and/or patients alleging inappropriate billing practices.