PERKINELMER INC
Form DEF 14A
March 20, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant þ 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))**

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

PerkinElmer, Inc.

(Name of Registrant as Specified In Its Charter)

Not applicable.

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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þ No fee required.

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March 20, 2009

Dear Shareholder:

We cordially invite you to attend the 2009 annual meeting of shareholders of PerkinElmer, Inc. to be held on Tuesday, April 28, 2009, at 10:30 a.m. at the company s corporate offices at 940 Winter Street, Waltham, Massachusetts.

The enclosed notice of annual meeting and proxy statement contain information about matters to be considered at the annual meeting, and a map with directions to the meeting is on the back cover of the proxy statement. Only shareholders and their proxies are invited to attend the annual meeting.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the meeting, I hope you will review carefully the attached proxy materials and vote as soon as possible. We urge you to complete, sign and return the enclosed proxy card or to vote over the Internet or by telephone, so that your shares will be represented and voted at the annual meeting.

Thank you for your continued support of PerkinElmer.

Sincerely,
GREGORY L. SUMME
Executive Chairman of the Board

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Notice of Annual Meeting

and

Proxy Statement 2009

PerkinElmer, Inc.

Corporate Offices

940 Winter Street

Waltham, Massachusetts 02451

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NOTICE OF ANNUAL MEETING

To the Shareholders of PerkinElmer, Inc.:

The annual meeting of the shareholders of PerkinElmer, Inc. will be held at the company s corporate offices, located at 940 Winter Street, Waltham, Massachusetts 02451, on Tuesday, April 28, 2009, at 10:30 a.m., to consider and act upon the following:

1. A proposal to elect nine nominees for director for terms of one year each;

2. A proposal to ratify the selection of Deloitte & Touche LLP as PerkinElmer s independent auditors for the current fiscal year;

3. A proposal to approve the PerkinElmer, Inc. 2009 Incentive Plan; and

4. Such other matters as may properly come before the meeting or any adjournment or postponement thereof.

Our board of directors has no knowledge of any other business to be transacted at the meeting.

Our board of directors has fixed the close of business on March 2, 2009 as the record date for the determination of shareholders entitled to receive this notice and to vote at the meeting.

All shareholders are cordially invited to attend the meeting.

By Order of the Board of Directors,
GREGORY L. SUMME
Executive Chairman of the Board

March 20, 2009

Admission to the meeting will require an admission ticket and picture identification. If you are a shareholder of record, an admission ticket is attached to the proxy card sent with this notice of annual meeting. If you hold stock in street name through a nominee, a bank or a brokerage account, you are required to bring proof of your beneficial ownership of our common stock on the record date, as well as picture identification, to the meeting. If you arrive without the appropriate proof of ownership, you will not be admitted to the meeting unless we can verify that you were a PerkinElmer shareholder as of the record date for the meeting. Cameras, cell phones, recording equipment and other electronic devices will not be permitted at the meeting.

RETURN ENCLOSED PROXY CARD

Whether or not you expect to attend this meeting, please complete, date, and sign the enclosed proxy card and mail it promptly in the enclosed envelope. No postage is required if mailed in the United States. Prompt response is important and your cooperation will be appreciated. If the envelope is lost, return the card to BNY Mellon Shareowner Services, Proxy Processing, P.O. Box 358015, Pittsburgh, Pennsylvania 15252-8015.

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PROXY STATEMENT

General

PerkinElmer, Inc. has prepared this proxy statement to provide our shareholders with information pertaining to the matters to be voted on at our annual meeting of shareholders to be held on Tuesday, April 28, 2009 at 10:30 a.m., at our corporate offices, located at 940 Winter Street, Waltham, Massachusetts, and at any adjournment of that meeting. The date of this proxy statement is March 20, 2009, the approximate date on which we first sent or gave the proxy statement and form of proxy to our shareholders.

This proxy is solicited on behalf of our board of directors. Our board of directors requests that you sign and return your proxy card promptly. You have the right to revoke your proxy and change your vote at any time prior to its exercise at the meeting by filing written notice with the Secretary of PerkinElmer, by signing and delivering a new proxy card bearing a later date, or by casting your vote in person at the meeting. **It is important to sign and return your proxy card.** It helps to establish a quorum so that the meeting may be held and permits your votes to be cast in accordance with your directions.

We will bear the expenses connected with this proxy solicitation. We expect to pay brokers, nominees, fiduciaries, and other custodians their reasonable expenses for forwarding proxy materials and annual reports to principals and obtaining their voting instructions. We have engaged Georgeson Inc. of New York, New York to assist us in soliciting proxies from brokers, nominees, fiduciaries, and custodians, and will pay Georgeson $7,500 and out-of-pocket expenses for its efforts. In addition to the use of the mails, our directors, officers, and employees may, without additional remuneration, solicit proxies in person or by use of other communications media.

Our board of directors has fixed the close of business on March 2, 2009 as the record date for determining the shareholders entitled to receive notice of, and to vote their shares at, the meeting. On the record date, there were 116,177,940 shares of our common stock outstanding and entitled to vote. Each share of common stock carries the right to cast one vote on each of the proposals presented for shareholder action, with no cumulative voting.

We previously mailed to shareholders or are enclosing with this proxy statement our annual report to shareholders for 2008. The annual report is not part of, or incorporated by reference in, this proxy statement.

Important Notice Regarding the Availability of Proxy Materials for

the Annual Meeting of Stockholders to be Held on April 28, 2009:

This proxy statement and the 2008 annual report to shareholders are available at http://bnymellon.mobular.net/bnymellon/pki for viewing, printing and downloading.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 28, 2008 as filed with the Securities and Exchange Commission, except for exhibits, will be furnished without charge to any shareholder upon written or oral request to PerkinElmer, Inc., 940 Winter Street, Waltham, Massachusetts 02451, Attention: Investor Relations, Telephone: (781) 663-6900.

Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements, annual reports and notices of Internet availability of proxy materials. This means that only one copy of these documents may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of any of these documents to you if you request one by writing or calling as follows: PerkinElmer, Inc., 940 Winter Street, Waltham, Massachusetts 02451, Attention: Investor Relations, Telephone: (781) 663-6900. If you want to receive separate copies of our annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

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Proposals

The proposals being presented for shareholder action are set forth on your proxy card and are discussed in detail on the following pages. Shares that you have the power to vote that are represented by proxy will be voted at the meeting in accordance with your instructions indicated on the enclosed proxy card.

The first proposal is to elect nine directors for terms of one year each. You may vote for or against each nominee, or may abstain from voting on any nominee, by marking the appropriate box on the proxy card. Your shares will be voted as you indicate on the proxy card. **If you sign and return your proxy card and make no indication on the proxy card concerning this item, your shares will be voted FOR electing all nine nominees named in this proxy statement.**

The second proposal is a proposal to ratify the selection of Deloitte & Touche LLP as our independent auditors for the current fiscal year ending January 3, 2010. The proxy card provides you with the opportunity to vote for or against this proposal or to abstain from voting on this proposal. Your shares will be voted as you indicate on the proxy card. **If you sign and return your proxy card and make no indication on the proxy card concerning this proposal, your shares will be voted FOR the second proposal.**

The third proposal is a proposal to approve the adoption of the PerkinElmer, Inc. 2009 Incentive Plan, further described on the following pages. The proxy card provides you with the opportunity to vote for or against this proposal or to abstain from voting on this proposal. Your shares will be voted as you indicate on the proxy card. **If you sign and return your proxy card and make no indication on the proxy card concerning this proposal, your shares will be voted FOR the third proposal.**

Management does not anticipate a vote on any other proposal at the meeting. If, however, another proposal is properly brought before the meeting, your shares will be voted in accordance with the discretion of the named proxies.

Votes Required

A majority in interest of all PerkinElmer common stock issued, outstanding and entitled to vote on each proposal being submitted for shareholder action at the meeting constitutes a quorum with respect to that proposal. Shares of common stock represented by executed proxies received by us will be counted for purposes of establishing a quorum, regardless of how or whether those shares are voted on the proposal. Therefore, abstentions and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote those shares as to a particular proposal (which we refer to as broker non-votes) will be counted for purposes of determining whether a quorum exists at the meeting for that proposal.

For a nominee to be elected as a director, more votes must be cast for such nominee s election than against such nominee s election. For the ratification of our independent auditors, more votes must be cast for the ratification than against such ratification. Shares abstaining and broker non-votes, if any, will have no effect on voting on these proposals.

Under our By-laws, the affirmative vote of the majority of the shares of common stock present or represented at the meeting and voting on the matter is required for the approval of our 2009 Incentive Plan. Accordingly, for purposes of approval under our By-laws, shares abstaining and broker non-votes will have no effect on voting on this proposal. However, for this proposal, the New York Stock Exchange requires not only the approval of a majority of the votes cast on the proposal, but also that the total votes cast on the proposal represent over 50% in interest of all of our common stock outstanding as of the record date. We understand that the New York Stock Exchange may treat abstentions, but not broker non-votes, as votes cast. Under this treatment, for purposes of approval under applicable rules of the New York Stock Exchange, an abstention would be treated as a vote cast against the proposal and a broker non-vote would not affect the determination of whether a majority of votes were cast to approve the proposal and would also not be counted towards the determination of whether over 50% in interest of all of our common stock outstanding as of the record date was represented by the votes cast.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our charter and By-laws provide that the shareholders or the board of directors will fix the number of directors to serve on our board at not fewer than three nor more than thirteen. We currently have ten directors, all of whose terms expire at this meeting. In accordance with the leadership succession plan announced in July 2007, and after serving as chairman for the last ten years, Mr. Summe will not be standing for re-election to our board. Our charter and By-laws provide that at each annual meeting of shareholders, our nominees for directors will be elected for a one-year term.

Our board of directors, upon the recommendation of its nominating and corporate governance committee, has nominated the following persons for election as directors for one-year terms, each expiring at the annual meeting of shareholders to be held in 2010. All of the nominees are currently directors of PerkinElmer and were elected by our shareholders at the 2008 annual meeting.

Robert F. Friel
Nicholas A. Lopardo
Alexis P. Michas
James C. Mullen
Dr. Vicki L. Sato
Gabriel Schmergel
Kenton J. Sicchitano
Patrick J. Sullivan
G. Robert Tod

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OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR

ELECTING THE NINE NOMINEES NAMED ABOVE FOR TERMS OF ONE YEAR EACH.

The persons named as proxies on the proxy card will vote shares represented by a proxy for the election of the nine nominees for terms of one year each, unless the shareholder instructs otherwise on its proxy card. Our board of directors knows of no reason why any nominee should be unable or unwilling to serve. However, if that becomes the case, the persons named as proxies on the proxy card may vote to elect a substitute. In no event will shares represented by proxies be voted for more than nine nominees. To apprise you of their qualifications to serve as directors, we include the following information concerning each of the director nominees.

ROBERT F. FRIEL: *Age 53; Principal Occupation: President and Chief Executive Officer of PerkinElmer. Director of PerkinElmer since 2006. Member of the executive and finance committees.*

Mr. Friel currently serves as President and Chief Executive Officer of PerkinElmer. Prior to being appointed President and Chief Executive Officer in February 2008, he had served as President and Chief Operating Officer since August 2007 and as Vice Chairman and President of our Life and Analytical Sciences unit since January 2006. Mr. Friel was our Executive Vice President and Chief Financial Officer, with responsibility for business development and information technology in addition to his oversight of our finance functions, since October 2004. Mr. Friel joined PerkinElmer in February 1999 as our Senior Vice President and Chief Financial Officer. From 1980 to 1999, he held several senior management positions with AlliedSignal, Inc., now Honeywell International. Mr. Friel received a Bachelor of Arts degree in economics from Lafayette College and a Master of Science degree in taxation from Fairleigh Dickinson University. Mr. Friel is a director of Fairchild Semiconductor Corp. and serves on the board of trustees for the March of Dimes Foundation.

NICHOLAS A. LOPARDO: *Age 62; Principal Occupation: Chairman and Chief Executive Officer of Susquehanna Capital Management Group, an investment holding company based in Swampscott, Massachusetts. Director of PerkinElmer since 1996. Chair of the finance committee and a member of the audit and the nominating and corporate governance committees.*

Mr. Lopardo has been Chairman and Chief Executive Officer of Susquehanna Capital Management Group, an investment holding company, since January 2002. Mr. Lopardo retired in December 2001 as Vice Chairman of State Street Bank and Trust Company and Chairman and Chief Executive Officer of State Street Global Advisors, the bank s investment management group. Mr. Lopardo had been associated with State Street Bank and Trust Company since 1987, and previously held several executive level positions including Executive Vice President. Mr. Lopardo has over 38 years of experience in the pension industry, having served in a variety of roles with Equitable Life Assurance Society related to pension marketing, client relationships, and pension investment advisory services. Mr. Lopardo is Chairman of the board of Myriad Entertainment and Resorts, Inc., and also serves as a director of several privately held companies. Since 1992, he has served as a member of the board of directors of Susquehanna University, holding the position of Chairman of that board in 2000 and 2001. He was also Chairman of the advisory board of the Weiss School of Business at Susquehanna University and is Chairman of the board of the Landmark School, a premier secondary school for dyslexic students. Mr. Lopardo is also a board member of the Boston Partners in Education and USA Hockey Foundation, and is an advisory board member of the Salvation Army. Mr. Lopardo received a Bachelor of Science degree in marketing and management from Susquehanna University.

ALEXIS P. MICHAS: *Age 51; Principal Occupation: Managing Partner and Director of Stonington Partners, Inc., a private investment firm based in New York, New York. Director of PerkinElmer since 2001. Member of the audit and finance committees.*

Mr. Michas has been the Managing Partner and a director of Stonington Partners, Inc. since 1994. Prior to that, Mr. Michas was a partner of Merrill Lynch Capital Partners, Inc. (MLCP), a wholly owned subsidiary of Merrill Lynch & Co., Inc., from 1993 to 1994 and Senior Vice President of MLCP from 1989 to 1993. He served on the board of directors of MLCP from 1989 to 2001 and was a consultant to MLCP from 1994 to 2001. Mr. Michas was also a Managing Director of the Investment Banking Division of Merrill Lynch, Pierce, Fenner & Smith Incorporated from 1991 to 1994. Mr. Michas received a Bachelor of Arts degree from Harvard College and a Master of Business Administration degree from Harvard Business School. Mr. Michas is also a director of BorgWarner Inc., Lincoln Educational Services Corporation, Air Tran Airways, Inc. and a number of privately held companies.

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JAMES C. MULLEN: *Age 50; Principal Occupation: President and Chief Executive Officer of Biogen Idec Inc., a biotechnology company based in Cambridge, Massachusetts. Director of PerkinElmer since 2004. Chair of the nominating and corporate governance committee and a member of the compensation and benefits committee.*

Mr. Mullen is President and Chief Executive Officer of Biogen Idec Inc. Mr. Mullen joined Biogen, Inc. in 1989. He was named Chairman of the board of directors of Biogen in July 2002, after being named Chief Executive Officer in 2000. Mr. Mullen has also held the positions of President and Chief Operating Officer (1999-2000); Vice President, International (1996-1999); Vice President, Operations (1992-1998); and Director, Facilities and Engineering (1989-1992). In 2003, Mr. Mullen helped to lead the merger of Biogen, Inc. and IDEC Pharmaceuticals Corporation, a global biotechnology leader that creates new standards of care in oncology, neurology and immunology. He holds a Bachelor of Science degree in chemical engineering from Rensselaer Polytechnic Institute and a Master of Business Administration degree from Villanova University. In addition to serving as a director of Biogen Idec, Mr. Mullen is a member of the board of directors of the Biotechnology Industry Organization (BIO), a member of the Biomedical Sciences Careers Program and a Trustee of The Rivers School.

DR. VICKI L. SATO: *Age 60; Principal Occupation: Professor of Management Practice, Harvard Business School and Professor of the Practice, Department of Molecular and Cell Biology, Harvard University, Cambridge, Massachusetts. Advisor, Atlas Ventures. Director of PerkinElmer since 2001. Member of the nominating and corporate governance committee.*

Dr. Sato was appointed Professor of Management Practice at Harvard Business School and Professor of the Practice in the Department of Molecular and Cell Biology of Harvard University in 2006. Prior to that, she had been the President of Vertex Pharmaceuticals Incorporated from 2000 until her retirement from that position in 2005, and had previously served eight years as Vertex s Chief Scientific Officer and Chair of the scientific advisory board. Prior to joining Vertex in 1992, she was with Biogen, Inc. from 1984 to 1992, most recently as Vice President of Research and a member of the scientific advisory board. Since 1993, Dr. Sato has served on the board of tutors, Department of Molecular and Cell Biology at Harvard University. Dr. Sato is also a business advisor to Atlas Ventures and other enterprises in the biotechnology and pharmaceutical industries. Dr. Sato serves as Chair of the overseers of the Isabella Stewart Gardner Museum. She is also a director of Bristol-Myers Squibb Company, Infinity Pharmaceuticals, Inc. and Alnylam Pharmaceuticals, Inc. She is the author of numerous professional publications and holds several issued or pending patents. Dr. Sato received her Bachelor, Master and Doctoral degrees from Harvard University.

GABRIEL SCHMERGEL: *Age 68; Principal Occupation: Retired Chief Executive Officer and President of Genetics Institute, Inc. Director of PerkinElmer since 1999. Member of the compensation and benefits, executive, and nominating and corporate governance committees.*

Mr. Schmergel joined Genetics Institute, Inc. as President and Chief Executive Officer in 1981. Under his leadership, Genetics Institute became a fully integrated biopharmaceutical company with a portfolio of drugs for hemophilia, anemia and cancer. Genetics Institute was acquired by Wyeth (formerly known as American Home Products Corporation) in 1996, and Mr. Schmergel retired as President and Chief Executive Officer in 1997. Mr. Schmergel was recognized with an honorary Doctorate of Engineering degree from Worcester Polytechnic Institute in 1988, and in 1994 was elected to the National Academy of Engineering for his leadership in biotechnology. From 1992 to 1998, he was a member of the visiting committee of Harvard Business School. He also spent five years on the board of governors of the New England Medical Center and on the board of trustees of the Boston Ballet. Currently, Mr. Schmergel serves on the board of overseers for the Tufts Veterinary School.
Mr. Schmergel received a Bachelor of Science degree in mechanical engineering from Rensselaer Polytechnic Institute and a Master of Business Administration degree from Harvard Business School, where he was named a Baker Scholar.

KENTON J. SICCHITANO: *Age 64; Principal Occupation: Retired Global Managing Partner, PricewaterhouseCoopers LLP, a public accounting firm. Director of PerkinElmer since 2001. Chair of the audit committee and a member of the compensation and benefits and executive committees.*

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Mr. Sicchitano joined Price Waterhouse LLP, a predecessor firm of PricewaterhouseCoopers LLP, in 1970, and after becoming a partner in 1979, held various leadership positions within the firm until he retired in June 2001. Mr. Sicchitano is also a director of Analog Devices, Inc., MetLife, Inc. and its wholly owned subsidiary, Metropolitan Life Insurance Company. At various times from 1986 to 1995 he served as a director and/or officer of a number of not-for-profit organizations, including President of the Harvard Business School Association of Boston, Treasurer of the Harvard Club of Boston, member of the board of directors of the Harvard Alumni Association, member of the board of directors and Chair of the finance committee of New England Deaconess Hospital, and member of the board of directors of the New England Aquarium. Mr. Sicchitano holds a Bachelor of Arts degree from Harvard College and a Master of Business Administration degree from Harvard Business School.

PATRICK J. SULLIVAN: *Age 57; Principal Occupation: Retired Executive Chairman of Hologic, Inc., a women s health diagnostic and medical device company. Director of PerkinElmer since February 2008. Member of the audit committee.*

Mr. Sullivan has served as Executive Chairman and a director of Hologic from its merger with Cytyc Corporation in October 2007 until May 2008, having previously served Cytyc as Chief Executive Officer and a director since March 1994, Vice Chairman of the board of directors since January 2001, Chairman-elect since January 2002 and Chairman since May 2002. From March 1994 to January 2002, and from July 2002 to October 2007, Mr. Sullivan also served as President of Cytyc and from January 1991 to March 1994, as Vice President of Sales and Marketing of Cytyc. Prior to joining Cytyc, Mr. Sullivan was employed in several senior marketing positions for five years by Abbott Laboratories, a diversified healthcare company, and was a consultant with McKinsey & Company, an international management consulting firm. He holds a Bachelor of Science degree from the United States Naval Academy and a Master of Business Administration degree from Harvard Business School.

G. ROBERT TOD: *Age 69; Principal Occupation: Retired Vice Chairman, President and Chief Operating Officer and Director of the CML Group, Inc., a specialty marketing company. Director of PerkinElmer since 1984. Lead Director, Chair of the compensation and benefits committee and a member of the executive and finance committees.*

Mr. Tod was co-founder of the CML Group, Inc. and served as its Vice Chairman, President and Chief Operating Officer from 1969 to his retirement in 1998. Mr. Tod is currently non-executive Chairman of Allagash Brewing Co. and serves on the board of trustees of Rensselaer Polytechnic Institute and the Ida Cason Callaway Foundation. Mr. Tod is a former director of SCI Systems, Inc., US Trust, Walden Bancorp and Domain, Inc. He also previously served as a trustee of Emerson Hospital, the Middlesex School, the Fenn School, and as a Vice President of the Alumni Executive Council of the Harvard Business School. Mr. Tod received a Bachelor of Science degree in mechanical engineering from Rensselaer Polytechnic Institute and a Master of Business Administration degree from Harvard Business School.

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INFORMATION RELATING TO OUR BOARD OF DIRECTORS

AND ITS COMMITTEES

Determination of Independence

Our common stock is listed on the New York Stock Exchange. Under current NYSE rules, a director of PerkinElmer qualifies as independent only if our board of directors affirmatively determines that the director has no material relationship with PerkinElmer, either directly or as a partner, shareholder or officer of an organization that has a relationship with PerkinElmer. In evaluating potentially material relationships, our board considers commercial, industrial, banking, counseling, legal, accounting, charitable and familial relationships, among others. Our board of directors has determined that none of Messrs. Lopardo, Michas, Mullen, Schmergel, Sicchitano, Sullivan or Tod, or Dr. Sato has a material relationship with PerkinElmer, and also that each of these directors is independent as determined under Section 303A.02(b) of the NYSE Listed Company Manual.

Director Candidates

Our shareholders may recommend director candidates for inclusion by the board of directors in the slate of nominees the board recommends to our shareholders for election. The qualifications of recommended candidates will be reviewed by the nominating and corporate governance committee. If the board determines to nominate a shareholder-recommended candidate and recommends his or her election as a director by the shareholders, the name will be included on our proxy card for the shareholders meeting at which his or her election is recommended.

Shareholders may recommend individuals for the nominating and corporate governance committee to consider as potential director candidates by submitting their names, together with appropriate biographical information and background materials, and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to the PerkinElmer Nominating and Corporate Governance Committee c/o Office of the General Counsel, PerkinElmer, Inc., 940 Winter Street, Waltham, Massachusetts 02451. The nominating and corporate governance committee will consider a proposed director candidate only if appropriate biographical information and background material is provided on a timely basis. The process followed by the nominating and corporate governance committee to identify and evaluate candidates may include requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the nominating and corporate governance committee and the board of directors. Assuming that appropriate biographical and background material is provided for candidates recommended by shareholders, the nominating and corporate governance committee will evaluate those candidates by following substantially the same process as outlined above, and applying substantially the same criteria, as for candidates submitted by board members.

In considering whether to recommend any candidate for inclusion in the board of directors slate of recommended director nominees, including candidates recommended by shareholders, the nominating and corporate governance committee will apply the criteria set forth in PerkinElmer s corporate governance guidelines and such other factors as the committee deems appropriate. These criteria include the candidate s experience, skills, and independence. In evaluating a candidate s experience and skills, the nominating and corporate governance committee may also consider qualities such as an understanding of technologies, marketing, finance, regulation and public policy, and international issues. In evaluating a candidate s independence, the nominating and corporate governance committee will consider the applicable independence standards of the NYSE and the Securities and Exchange Commission. The nominating and corporate governance committee will evaluate each director candidate in the context of the perceived needs of the board and the best interests of PerkinElmer and its shareholders. The nominating and corporate governance committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow our board to fulfill its responsibilities.

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Shareholders also have the right under our By-laws to nominate director candidates directly, without any action or recommendation on the part of the nominating and corporate governance committee or our board, by following the process for shareholder proposals for election of directors set forth in our By-laws and discussed in Shareholder Proposals for 2010 Annual Meeting of Shareholders, below. Candidates nominated by shareholders in accordance with these procedures will not be included in our proxy card for the shareholder meeting at which his or her nomination is recommended.

Communications from Shareholders and Other Interested Parties

Our board of directors will give appropriate attention to written communications on issues that are submitted by shareholders and other interested parties, and will respond if and as appropriate.

Shareholders and other interested parties who wish to communicate with our entire board may do so by writing to Gregory L. Summe, Executive Chairman, PerkinElmer, Inc., 940 Winter Street, Waltham, Massachusetts 02451. Shareholders and other interested parties who wish to communicate with our non-management directors should address such communications to G. Robert Tod, Lead Director, c/o Office of the General Counsel, PerkinElmer, Inc., 940 Winter Street, Waltham, Massachusetts 02451. Communications will be forwarded to other directors if they relate to substantive matters that the Executive Chairman or the Lead Director, as the case may be, in consultation with our General Counsel, considers appropriate for attention by the other directors. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances or matters as to which PerkinElmer tends to receive repetitive or duplicative communications.

Board of Directors Meetings and Committees

Our board of directors has responsibility for establishing broad corporate policies and reviewing our overall performance rather than day-to-day operations. The board s primary responsibility is to oversee the management of the company and, in so doing, serve the best interests of our company and its shareholders. The board selects, evaluates and provides for the succession of our executive officers. It reviews and approves corporate objectives and strategies, and evaluates significant policies and proposed major commitments of corporate resources. It participates in decisions that have a potential major economic impact on PerkinElmer. Management keeps the directors informed of company activity through regular written reports and presentations at board and committee meetings.

Our board of directors met six times in fiscal 2008. During fiscal 2008, each director attended 75% or more of the total number of meetings of the board and the committees of which such director was a member. We expect, barring extenuating circumstances, that the members of the board of directors will attend our annual meeting of shareholders. In 2008, all but one of our ten directors attended our annual meeting of shareholders.

Our board of directors has appointed G. Robert Tod Lead Director to, among other responsibilities set forth in our corporate governance guidelines, preside at all executive sessions of non-management directors, as defined under the rules of the NYSE. Our board holds executive sessions of non-management directors preceding or following each regularly scheduled board meeting.

Mr. Summe and Mr. Friel are the only directors who are also employees of PerkinElmer. They do not participate in the portions of any meetings at which their compensation is determined.

Our board s standing committees are audit, executive, finance, nominating and corporate governance, and compensation and benefits. Each committee has a charter that has been approved by the board. Each committee must review the appropriateness of its charter and perform a self-evaluation at least annually. You can access our committee charters, corporate governance guidelines, and standards of business conduct under Corporate Governance in the Investors section of our website, *www.perkinelmer.com*, or request a copy by writing to PerkinElmer, Inc., 940 Winter Street, Waltham, Massachusetts 02451, Attention: Investor Relations.

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Audit Committee

Our audit committee assists the board of directors in overseeing the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent auditor s qualifications and independence, and the performance of our internal audit function and independent auditors. The current members of our audit committee are Messrs. Sicchitano (Chair), Lopardo, Michas and Sullivan. Our board of directors has determined that Mr. Sicchitano qualifies as an audit committee financial expert as defined by applicable rules of the Securities and Exchange Commission. Each of Messrs. Sicchitano, Lopardo, Michas and Sullivan is an independent director under the rules of the NYSE governing the qualifications of the members of audit committees, including the additional independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934. In addition, our board has determined that each member of the audit committee is financially literate and that Mr. Sicchitano has accounting and/or related financial management expertise as required under the rules of the NYSE. None of Messrs. Sicchitano, Lopardo, Michas or Sullivan serves on the audit committees of more than two other public companies. The audit committee held nine meetings during fiscal 2008.

Executive Committee

Our executive committee, which acts as needed during intervals between board meetings, has been delegated all of the powers of our board of directors, except those powers which by law or under our charter or By-laws the board is prohibited from delegating. The current members of the executive committee are Messrs. Summe (Chair), Friel, Schmergel, Sicchitano and Tod. The board has determined that each of Messrs. Schmergel, Sicchitano and Tod is independent as defined under the rules of the NYSE. Mr. Summe is our Executive Chairman and Mr. Friel is our President and Chief Executive Officer. Our executive committee did not meet during fiscal 2008.

Finance Committee

Our finance committee considers and approves the specific terms of debt and equity securities to be issued by PerkinElmer, and indebtedness and off-balance sheet transactions to be entered into by PerkinElmer. The finance committee also considers and approves transactions affecting our capital structure. The current members of our finance committee are Messrs. Lopardo (Chair), Friel, Michas, Summe and Tod. The board of directors has determined that each of Messrs. Lopardo, Michas and Tod is independent as defined under the rules of the NYSE. Mr. Summe is our Executive Chairman and Mr. Friel is our President and Chief Executive Officer. Our finance committee held four meetings during fiscal 2008.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee identifies qualified director candidates, recommends to the board of directors the persons to be nominated by the board as directors at the annual meeting of shareholders, reviews and recommends changes to our corporate governance principles, and oversees the evaluation of the board. Our nominating and corporate governance committee also adopted and oversees our related party transactions policy. The current members of the nominating and corporate governance committee are Messrs. Mullen (Chair), Lopardo and Schmergel, and Dr. Sato. The board has determined that each of Messrs. Mullen, Lopardo and Schmergel and Dr. Sato is independent as defined under the rules of the NYSE. The nominating and corporate governance committee has the authority under its charter to retain, review fees for, and terminate advisers and consultants as it deems necessary to assist in the fulfillment of its responsibilities. For information relating to nominations of directors by our shareholders, see Director Candidates above. For information concerning our related party transactions policy, see Certain Relationships and Policies on Related Party Transactions below. Our nominating and corporate governance committee held three meetings during fiscal 2008.

Compensation and Benefits Committee

Our compensation and benefits committee discharges the responsibilities of our board of directors relating to the compensation of our Chief Executive Officer and our other executive officers, and reviews and makes recommendations to the nominating and corporate governance committee regarding director compensation. The compensation and benefits committee also oversees the performance evaluation of our Chief Executive Officer by the board. In addition, the compensation and benefits committee grants stock options and other stock incentives to our officers, and administers our incentive compensation and executive benefit plans.

The current members of the compensation and benefits committee are Messrs. Tod (Chair), Mullen, Schmergel, and Sicchitano. The board has determined that each of Messrs. Tod, Mullen, Schmergel, and Sicchitano is independent as defined under the rules of the NYSE. Our compensation and benefits committee held six meetings during fiscal 2008.

The compensation and benefits committee has the authority under its charter to retain, review fees for, and terminate advisors and consultants as it deems necessary to assist in the fulfillment of its responsibilities. The committee has engaged Mercer (US), Inc., which we refer to as Mercer, an external global human resources consulting firm, to conduct annual reviews of the total compensation program for executive officers. The committee has also engaged Mercer to provide reviews of director compensation and other topics relevant to executive and board compensation. Mercer provides data and analyses that serve as the basis for setting executive officer and director compensation levels, and advises the committee on compensation decisions. Mercer also advises the committee on the structure of executive officer and director compensation programs, including the design of incentive plans and the forms and mix of compensation. In order to maintain objectivity, Mercer does not provide other compensation consulting services to PerkinElmer without the prior approval of the chair of the compensation and benefits committee. Other units within Mercer may provide nominal services to PerkinElmer that are not related to compensation consulting.

The agenda for meetings of the compensation and benefits committee is proposed by the Chair of the committee with assistance from our Chief Administrative Officer. Agenda topics are also proposed by committee members. At the invitation of the Chair of the committee, compensation and benefits committee meetings are regularly attended by our Chief Executive Officer and the Chief Administrative Officer, as well as the Mercer consultant. During 2008, our Executive Chairman also attended committee meetings. For part of each meeting, the committee meets in executive session without the Executive Chairman, the Chief Executive Officer and Chief Administrative Officer present. The Mercer consultant attends executive session as requested by the committee. The committee s Chair regularly reports the committee s recommendations and decisions on executive compensation to our board of directors. Our Chief Executive Officer, the Chief Administrative Officer, and other officers may be delegated authority by the committee to fulfill certain administrative duties regarding compensation programs.

Compensation Committee Interlocks and Insider Participation

For the fiscal year ended December 28, 2008, the members of the compensation and benefits committee were Messrs. Tod (Chair), Mullen, Schmergel and Sicchitano.

None of our executive officers has served as a director or member of the compensation committee of any other entity while any executive officer of that entity served as a director or member of our compensation and benefits committee.

Report of the Audit Committee

The audit committee has:

Reviewed and discussed with management our audited financial statements as of and for the fiscal year ended December 28, 2008;

Discussed with Deloitte & Touche LLP, our independent auditors, the matters required to be discussed by Statement on Auditing Standards 61, as amended, Communication with Audit Committees;

Discussed with Deloitte & Touche LLP the matters required to be reviewed pursuant to Rule 207 of Regulation S-X;

Received and reviewed the written disclosures and the letter from Deloitte & Touche LLP pursuant to applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the audit committee concerning the independent auditor s independence; and

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Based on the review and discussions referred to above, recommended to the board of directors that the audited financial statements referred to above be included in our annual report on Form 10-K for the fiscal year ended December 28, 2008 for filing with the Securities and Exchange Commission.

The audit committee is pleased to submit this report to the shareholders.

By the audit committee of the board of directors:

Kenton J. Sicchitano, Chair

Nicholas A. Lopardo

Alexis P. Michas

Patrick J. Sullivan

Independent Auditors Fees and Other Matters

The following table presents the aggregate fees billed for services rendered by Deloitte & Touche LLP, the member firms of Deloitte & Touche Tohmatsu and their respective affiliates, in the identified categories for the 2008 fiscal year and the 2007 fiscal year:

	Fiscal 2008	**Fiscal 2007**
Audit Fees	$ 4,212,000	$ 3,703,000
Audit-Related Fees	378,000	749,000
Tax Fees	1,985,000	1,449,000
All Other Fees	0	0
Total Fees	$ 6,575,000	$ 5,901,000

Audit Fees

These are fees related to professional services rendered in connection with the audit of our annual financial statements, the reviews of the interim financial statements included in each of our quarterly reports on Form 10-Q, and other professional services provided by our auditors in connection with statutory or regulatory filings or engagements.

Audit-Related Fees

These are fees for assurance and related services that are reasonably related to performance of the audit and review of our financial statements, and which are not reported under Audit Fees. These services consisted primarily of audits of employee benefit plans, specific internal control process reviews, consultations regarding accounting and financial reporting, and attestation services for such matters as required for consents related to registration statements and other filings with the Securities and Exchange Commission.

Tax Fees

These are fees billed for professional services for tax compliance, tax advice and tax planning services. Tax compliance services which relate to preparation of original and amended non-US corporate income tax returns (fees for which amounted to $1,459,000 in fiscal 2008 and $1,063,000 in fiscal 2007) and expatriate tax return preparation and assistance (fees for which amounted to $264,000 in fiscal 2008 and $144,000 in fiscal 2007) accounted for $1,723,000 of the total tax fees paid for fiscal 2008 and $1,207,000 of the total tax fees paid for fiscal 2007. Tax advice and planning services, including consultations on foreign transactions, assistance with tax audits and appeals, tax advice related to reorganizations, mergers and acquisitions, employee benefit plans and requests for rulings or technical advice from taxing authorities, amounted to $262,000 in fiscal 2008 and $242,000 in fiscal 2007.

All Other Fees

There were no fees paid or incurred for other services in either fiscal 2008 or 2007.

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Audit Committee s Pre-approval Policy and Procedures

The audit committee of our board of directors has adopted policies and procedures for the pre-approval of audit and non-audit services for the purpose of maintaining the independence of our independent auditors. We may not engage our independent auditors to render any audit or non-audit service unless either the service is approved in advance by the audit committee, or the engagement to render the service is entered into pursuant to the audit committee s pre-approval policies and procedures. On an annual basis, the audit committee may pre-approve services that are expected to be provided to PerkinElmer by the independent auditors during the following 12 months. At the time such pre-approval is granted, the audit committee must (1) identify the particular pre-approved services in a sufficient level of detail so that our management will not be called upon to make a judgment as to whether a proposed service fits within the pre-approved services and (2) establish a monetary limit with respect to each particular pre-approved service, which limit may not be exceeded without obtaining further pre-approval under the policy.

On a semi-annual basis, our management provides the audit committee with an update of proposed services for pre-approval. Any additional services which fall outside the scope of the semi-annual review process require advance approval by the audit committee. The audit committee may delegate to one or more designated members of the committee the authority to grant pre-approvals of permitted services or classes of permitted services to be provided by the independent auditors. The decisions of a designated member to pre-approve a permitted service are reported to the audit committee at its next regularly scheduled meeting. While controls have been established to identify all services rendered by the independent auditor, the audit committee recognizes that there may be some de minimis services provided that, while considered permitted services, may not be identified as non-audit services or reported immediately because of their de minimis nature. Such services may be approved prior to the completion of the audit by either the audit committee, or a designated member of the audit committee.

Certain Relationships and Policies On Related Party Transactions

The nominating and corporate governance committee of our board of directors has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which PerkinElmer was or is to be a participant and one of our executive officers, directors, director nominees or 5% stockholders (or their immediate family members), or any entity in which persons listed above, either individually or in the aggregate, have a greater than 10% ownership interest, each of whom we refer to as a related party, has or will have a direct or indirect material interest, as determined by the committee. We refer to these transactions as related party transactions.

The policy calls for any proposed related party transaction to be reviewed and, if deemed appropriate, approved by our nominating and corporate governance committee. Whenever practicable, the review and approval will occur prior to entry into the transaction. If advance approval is not practicable, the committee will review, and, in its discretion, may approve the related party transaction. The policy also permits the chair of the committee to review and, if deemed appropriate, approve proposed related party transactions that arise between committee meetings, in which case the chair will report such transactions to the committee at its next meeting. Any related party transactions that are ongoing in nature will be reviewed annually. The committee will review and consider such information regarding the related party transaction as it deems appropriate under the circumstances.

The committee has determined that certain types of transactions, such as those excluded by the instructions to the Securities and Exchange Commission s related person transaction disclosure rule, do not create a material direct or indirect interest on behalf of related parties and, therefore, are not related party transactions for purposes of this policy.

The committee may approve a related party transaction only if the committee determines that, under all of the circumstances, the transaction is in the best interest of PerkinElmer and its shareholders.

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DIRECTOR COMPENSATION

Directors who are employees of PerkinElmer receive no additional compensation for their services as directors. Our compensation and benefits committee periodically reviews our non-employee director compensation policies with the assistance of Mercer, and makes recommendations to our nominating and corporate governance committee for that committee s proposal to the board. Mercer provides data on director compensation programs at a number of companies identified by the committee and Mercer as industry peers.

Our director compensation program is designed to provide a competitive level of compensation and enable PerkinElmer to attract and retain highly-qualified board members. Annual compensation for our non-employee directors consists of a cash retainer and equity compensation comprising stock and stock option grants. Each of these components for 2008 is shown in the following table and explained further below.

2008 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)(3)	Option Awards ($) (1)(2)(3)	Total ($)
G. Robert Tod	$ 95,000	$ 100,008	$ 63,494	$ 258,502
Kenton J. Sicchitano	$ 95,000	$ 100,008	$ 63,494	$ 258,502
Nicholas A. Lopardo	$ 70,000	$ 100,008	$ 63,126	$ 233,134
Alexis P. Michas	$ 70,000	$ 100,008	$ 63,126	$ 233,134
James C. Mullen	$ 70,000	$ 100,008	$ 69,437	$ 239,444
Dr. Vicki L. Sato	$ 70,000	$ 100,008	$ 63,126	$ 233,134
Gabriel Schmergel	$ 70,000	$ 100,008	$ 63,126	$ 233,134
Patrick J. Sullivan	$ 64,167	$ 116,683	$ 24,159	$ 205,009

NOTES

(1) The grant date fair value of the annual stock option grant to each director in 2008 was $55,041. The grant date fair value of the annual share grant to each director in 2008 was $100,008 and these shares were not subject to restriction or vesting. Mr. Sullivan received an additional stock option and share grant associated with his joining our board on February 25, 2008, as described in more detail below.

(2) As of December 28, 2008, directors held total stock options outstanding as follows: Mr. Tod: 43,795; Mr. Sicchitano: 43,795; Mr. Lopardo: 68,341; Mr. Michas: 48,341; Mr. Mullen: 44,148; Dr. Sato: 48,341; Mr. Schmergel: 34,148; and Mr. Sullivan: 18,892. Our directors held no shares of restricted stock as of December 28, 2008.

(3) These columns reflect the values recognized for stock and option awards for financial statement reporting purposes for the fiscal year ended December 28, 2008 and thus may include amounts from awards granted during and prior to 2008. Please see a discussion of all assumptions used in the valuation of these awards in Note 20 to the consolidated financial statements in our annual report on Form 10-K for the fiscal year ended December 28, 2008 and Note 19 to the consolidated financial statements in our annual report on Form 10-K for the fiscal year ended December 31, 2006.

Annual Cash Retainer

Each of our non-employee directors receives an annual cash retainer of $70,000 which is paid in four quarterly installments. Our Lead Director and the audit committee Chair are paid an additional annual cash retainer of $25,000 in recognition of the responsibilities carried by these roles. The retainer is prorated for non-employee directors who serve for only a portion of the year. The retainer is also prorated for any director who attends fewer than 75% of board meetings for the year.

Upon joining our board on February 25, 2008, Mr. Sullivan received a prorated cash retainer of $11,667 as compensation for his service during the two months preceding our 2008 Annual Meeting.

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Equity Compensation

Stock Options: All non-employee directors receive an annual stock option grant which has a fair market value of $55,000 on the date of the award. In 2008, each non-employee director was awarded an option to purchase 8,892 shares of our common stock at a per share exercise price of $26.49. We granted these stock options for 2008 following the annual shareholders meeting, on the third business day after our first quarter earnings release.

New non-employee directors receive an initial stock option grant of 10,000 shares of our common stock. An option to purchase 10,000 shares of our common stock at a per share exercise price of $25.03 was granted to Mr. Sullivan when he joined our board on February 25, 2008.

Stock options granted to non-employee directors since 2005 vest in three equal annual installments beginning one year from the grant date, and may be exercised for seven years from the grant date. All options granted to non-employee directors have an exercise price equal to the fair market value on the date of grant and become exercisable in full upon a change in control. Directors who leave the board have three months to exercise their vested options, after which the options are cancelled, except for departures due to death or disability, in which case the options may be exercised for up to one year, and in the event of retirement from the board, in which case options may be exercised for three years. Directors qualify for retirement under our stock option awards after attaining age 55 and ten years of service.

Stock Awards: Non-employee directors receive an annual award of our common stock with a fair market value of $100,000. The number of shares granted is based on the fair market value of the award on the date of grant. The granted shares are not subject to restrictions or vesting. The stock award is prorated for non-employee directors who serve for only a portion of the year. In 2008, each non-employee director was awarded 3,740 shares. In accordance with our usual practice, we granted these awards following the annual shareholders meeting, on the third business day after our first quarter earnings release.

Upon joining our board on February 25, 2008, Mr. Sullivan received a prorated stock grant of 667 shares as compensation for his service during the two months preceding our 2008 Annual Meeting.

Deferred Compensation Plan

Directors may defer receipt of all or a portion of their cash retainer or stock awards. Mr. Lopardo elected to defer his annual stock grant in 2008. For more information about this program, see Executive Compensation Non-Qualified Deferred Compensation Plan in the Compensation Discussion and Analysis below.

Business Travel Accident Insurance

Non-employee directors are provided with $250,000 of death benefit coverage under PerkinElmer s business travel accident insurance policy which provides coverage while traveling on PerkinElmer business.

Director Stock Ownership Guidelines

Within five years of election to our board, we expect each non-employee director to own PerkinElmer stock with a fair market value equal to at least five times the annual cash retainer ($350,000 for 2008). Shares held in the deferred compensation plan are counted as owned. As of February 17, 2009, approximately two-thirds of our directors were in compliance with the stock ownership guidelines, and following the annual director stock grant in May 2009, we anticipate all of our directors will be in compliance. See Beneficial Ownership of Common Stock , below, for the stock ownership of our directors.

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BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table shows the number of shares of our common stock beneficially owned on February 17, 2009 by (1) each of the directors and nominees for director individually, (2) each of the executive officers named in the Summary Compensation Table below, (3) any person known to us to own beneficially more than five percent of our outstanding common stock and (4) all executive officers, directors, and nominees for director as a group. The beneficial ownership set forth below includes any shares that the person has the right to acquire within 60 days after February 17, 2009 through the exercise or conversion of any stock option or other right.

Name (1)	Stock	Stock-Based Holdings (2)	Acquirable Within 60 Days (3)	Total Shares Beneficially Owned (4)	Percent of Class
Michael Battles	33,750		21,999	55,749	*
Jeffrey Capello		55,249		55,249	*
Robert F. Friel	459,201		1,485,342	1,944,543	1.7%
Janus Capital Management LLC (5)	6,074,317			6,074,317	5.2%
Nicholas A. Lopardo	17,998	27,832	52,570	98,400	*
Manning & Napier Advisors, Inc. (6)	9,416,110			9,416,110	8.1%
Daniel R. Marshak	15,900	8,169	24,553	48,622	*
Alexis P. Michas	45,172	32,317	32,570	110,059	*
James C. Mullen	22,664		28,377	51,041	*
John A. Roush	67,069	47,424	131,398	245,891	*
Vicki L. Sato	24,856		26,270	51,126	*
Gabriel Schmergel	53,899		18,377	72,276	*
Select Equity Group, Inc. (7)	7,524,871			7,524,871	6.5%
Kenton J. Sicchitano	23,946		28,024	51,970	*
Patrick J. Sullivan	4,407		3,333	7,740	*
Gregory L. Summe	54,989	327,181	2,359,287	2,741,457	2.4%
G. Robert Tod	60,006		28,024	88,030	*
Richard F. Walsh	178,548	22,158	952,982	1,153,688	1.0%
All current executive officers, directors, and nominees for director of the company as a group, 15 in number	1,082,770	520,330	5,193,106	6,796,206	5.8%

NOTES

* Less than 1%

(1) Except to the extent noted below, each individual or entity has sole voting and investment power over the shares of common stock identified in the table as beneficially owned by the individual, other than shares accrued under our deferred compensation plan that may not be sold until distributed from the plan and shares of restricted stock which may not be sold until they have fully vested.

(2) This column represents indirect holdings of PerkinElmer s common stock, including, for example, investments in the PerkinElmer stock fund selected by the employee in our retirement savings plan and shares that are accrued under deferred compensation arrangements and are payable 100% in common stock at the time of distribution. This column also includes shares held by spouses, minor children and trusts, including the following numbers of shares over which the identified director has shared voting and investment power but as to which he disclaims beneficial interest: Mr. Michas (20,500 shares).

(3) Represents shares of common stock that may be acquired within 60 days after February 17, 2009 upon the exercise of outstanding stock options.

(4) Represents the sum of the shares set forth for the individual in each of the Stock, Stock-Based Holdings and Acquirable Within 60 Days columns.

(5) Based on information set forth in a Schedule 13G filed with the Securities and Exchange Commission on February 17, 2009 by Janus Capital Management LLC and certain related entities, reporting shared power to

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vote or direct the vote over 6,074,317 shares, and shared power to dispose or direct the disposition of 6,074,317 shares. The address of Janus Capital Management LLC is 151 Detroit Street, Denver, Colorado 80206.

(6) Based on information set forth in a Schedule 13G filed with the Securities and Exchange Commission on February 12, 2009 by Manning & Napier Advisors, Inc., reporting sole power to vote or direct the vote over 7,717,840 shares, and sole power to dispose or direct the disposition of 9,416,110 shares. The address of Manning & Napier Advisors, Inc. is 290 Woodcliff Drive, Fairport, New York 14450.

(7) Based on information set forth in a Schedule 13G filed with the Securities and Exchange Commission on February 17, 2009 by Select Equity Group, Inc. (Select), Select Offshore Advisors, LLC (Select Offshore) and certain related entities, reporting power to vote or direct the vote over 10,144,502 shares, of which Select reports sole voting and dispositive power over 7,524,871 shares, Select Offshore reports sole voting and dispositive power over 2,619,631 shares and George S. Loening, the controlling shareholder of Select and Select Offshore, reports sole voting and dispositive power over 10,144,502 shares. The address of each of Select, Select Offshore and Mr. Loening is 380 Lafayette Street, 6th Floor, New York, New York 10003.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

We operate in a fast-paced, ever-evolving industry in which there is a high level of competition for market share and talent. The goals of our executive compensation program are to attract, retain and motivate talented executives to enable the Company to be successful in a highly competitive environment. Our executive officer compensation program structure supports our business strategy to enhance the value of our shareholders investments by driving top-line results while remaining focused on cash flow performance and increased operating productivity.

Our executive compensation program is a robust, highly performance-driven program intended to generate both long-term sustainable shareholder value creation and a near-term focus on operational excellence, quality and innovation. We accomplish this through two primary incentive vehicles in addition to base pay. First, to address short-term performance, we have an annual cash incentive plan that we call our Performance Incentive Plan (PIP). PIP payments are made based on the achievement against pre-defined stretch targets which currently are organic growth (meaning internally generated, not through acquisitions), cash flow generation and earnings per share. The PIP program operates on two six-month performance periods each year. Secondly, our executive officers participate in our Long-Term Incentive Program (LTIP) that offers three highly performance-leveraged vehicles to drive sustained improvement over the long term in pre-defined financial metrics which currently are organic growth, cash flow generation and earnings per share. The LTIP program is structured with overlapping three-year performance cycles and includes three diverse pay vehicles performance contingent restricted stock; performance units (a cash plan) and stock options. The three-year goals in LTIP are aligned with our strategic planning process and keep our executives focused on making and executing on decisions that create lasting shareholder value.

Key Developments in 2008

In order to provide context for the description of our executive compensation programs that follows, we highlight below several important developments which impacted our executive compensation program for 2008 and future periods.

Leadership Succession and Other Named Executive Officer Role Changes. On January 23, 2008, the board elected Robert F. Friel Chief Executive Officer, effective February 1, 2008. Also effective on that date, Gregory L. Summe was appointed Executive Chairman of the Board. As Executive Chairman, Mr. Summe continues to work with the Company as directed by the board at a reduced schedule until April 28, 2009 which is the date of our 2009 annual meeting of shareholders. Mr. Summe will also remain a director of the Company until the 2009 annual meeting, at which time Mr. Summe will step down as Executive Chairman and as a member of the board.

To support our expansion in China, Daniel R. Marshak was appointed Senior Vice President and President of PerkinElmer, Inc. Greater China, a position he assumed on July 1, 2008 in addition to his ongoing responsibilities as Chief Scientific Officer. We expect Mr. Marshak s expatriate assignment to continue for two years during which he will lead business operations and drive business development throughout greater China.

Jeffrey D. Capello terminated his employment with PerkinElmer on June 6, 2008. Michael L. Battles, Chief Accounting Officer, assumed the role of acting Chief Financial Officer upon Mr. Capello s departure.

Strategic Focus. In the fourth quarter of 2008 we announced the alignment of our businesses around Human and Environmental Health and launched a re-branding of the Company to focus on the results and outcomes we deliver for our customers, and to emphasize the difference our products and people make to improving life For the Better . In connection with this alignment, John A. Roush assumed the role of Senior Vice President and President of the Environmental Health segment. Mr. Roush previously served as Senior Vice President and President of our former Optoelectronics strategic business unit. Mr. Friel also assumed the position of Acting President of the Human Health segment in addition to his responsibilities as Chief Executive Officer and President of the Company. During 2008 we completed five acquisitions and on November 10, 2008 we

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announced our intentions to exit a portion of the specialty lighting business. As a result of these actions in 2008, we entered 2009 with a renewed strategic vision and focus on the businesses and regions in which we intend to direct our investments.

Our former LAS and Optoelectronics strategic business unit structure was applicable to certain executive compensation programs through fiscal 2008, including our 2008 PIP bonus which is discussed in more detail below under Short-Term Incentive Program .

Performance through Challenging Economic Conditions. Despite the downturn in economic conditions in late 2008, we met or exceeded every key financial metric of our 2008 operating plan. Our culture is performance-driven and this is reflected in our compensation programs. Our 2008 incentive plan metrics and payments were well-aligned with key indicators of our success in 2008, including 7% organic revenue and 15% EPS growth over 2007. We also demonstrated good performance against our cash flow and net margin improvement metrics. We consider ourselves leaders in the adoption of performance-based equity arrangements among companies we consider our peers, and in 2008 the majority of our named executive officers target pay opportunity continued to be delivered through performance-based incentives. Given the uncertain economic outlook for 2009 and beyond, the compensation and benefits committee of our board of directors, which we refer to as the committee, approved a 2009 LTIP design which allows the committee to set performance goals at the beginning of each of the three one-year performance periods. More information about the 2009 LTIP is provided below under Long-Term Incentive Program (LTIP) .

Oversight of the Executive Compensation Program

The committee directs the design and oversees the operation of our executive compensation program. A detailed discussion of the committee s structure, roles and responsibilities and related matters can be found above under the heading Board of Directors Meetings and Committees. This disclosure includes a description of the role of Mercer in advising the committee on various matters related to the Company s executive compensation program.

Executive Compensation Philosophy and Core Principles: Overview

PerkinElmer and the committee apply the following compensation philosophy in structuring the compensation of our executive officers, including the executive officers named in the Summary Compensation Table below. We believe that pay should be performance-based, vary with the attainment of specific objectives, and be closely aligned with the interests of our shareholders. To implement this philosophy, the committee, working with management and Mercer, has established core principles to guide the design and operation of our compensation program. We aim to:

- provide competitive compensation to attract and retain executive talent with the capability to lead within a global company,
- emphasize variable pay to align executive compensation with the achievement of results that drive PerkinElmer s business strategy,
- use equity-based incentive plans to tie a significant portion of compensation to PerkinElmer s long-term results and align the executive s financial interests with those of the shareholders,

deliver compensation in the aggregate that is commensurate with PerkinElmer s results,

design total executive compensation programs that are affordable, including their impact on earnings,

design executive incentive plans that do not promote inappropriate or excessive risk-taking,

promote executive ownership of PerkinElmer stock to further align executives financial interests with shareholders interests, and to facilitate an ownership culture among executives,

be flexible to respond to changing needs of the business, and

be transparent so that both executives and other stakeholders understand the executive compensation program and the objectives it seeks to achieve.

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Compensation Policies

Market Positioning. The committee s policy is to manage total target compensation (and each element) to the median of the competitive market over time. Through the range of opportunities provided in our short-term incentive plan, and our long-term incentive program, including the performance unit program, and performance-contingent restricted stock program (each discussed more fully below), actual payments may exceed the median when our performance exceeds PerkinElmer s targeted objectives, and may fall below the median when performance is below target. An individual named executive officer s total compensation (or an element) in any given year may be set above or below median, depending on experience, tenure, performance and internal equity.

External Market Practices. The committee annually reviews market compensation levels to determine whether total compensation for our executives remains in the targeted median pay range and makes adjustments when needed. This assessment includes evaluation of base salary, short-term incentive opportunities and long-term incentive opportunities against a peer group of industry companies with which we compete for executive talent and in other business matters, supplemented with industry-specific survey data for companies of comparable organization size to PerkinElmer (as measured by annual revenues). In general, the committee gives primary consideration to the peer group information because the peer companies resemble us more closely than the survey participants in terms of size and industry. The committee assesses the data by reviewing positions with comparable complexity and scope of responsibility to the positions at PerkinElmer. In addition, the committee assesses rewards such as health benefits, retirement programs and perquisites relative to the market. The committee considers external market data as a general indication of competitive market pay levels, and does not maintain a policy that executive officer pay must conform to a specific level relative to the market data.

Working with Mercer, the committee reviews its peer group each year to ensure that the peer companies selected remain appropriate for compensation and performance comparison purposes. Companies are selected based on industry and size, reflected by both revenue and market capitalization. The committee s goal is to assemble a group of companies that represents our competitors for executive talent.

In October 2007, the committee established a peer group of companies which was used in the evaluation leading to the approval of 2008 executive target compensation. The peer group companies used by the committee for pay comparisons and for evaluating our relative performance for the time periods considered in this proxy statement are listed below. One company was removed from the peer group for the evaluation of 2009 executive target compensation due to acquisition, and since the time of our 2008 market review, two other companies in the following list of peers, namely a portion of Applera Corporation and Invitrogen Corporation, merged to form Life Technologies Corporation.

Company Name	Peer Group October 2007-September 2008	Revised Peer Group October 2008-Present	2007 Net Revenue*: Revised Peer Group ($ millions)
Applera Corporation	X	X	$2,225
Beckman Coulter, Inc.	X	X	$2,761
Dade Behring Holdings, Inc.	X		
Invitrogen Corporation	X	X	$1,282
Millipore Corporation	X	X	$1,532
Pall Corporation	X	X	$2,250
Roper Industries, Inc.	X	X	$2,102
Sigma Aldrich Corporation	X	X	$2,039
Varian Inc.	X	X	$921
Varian Medical Systems, Inc.	X	X	$1,777
Waters Corporation	X	X	$1,473

* Based on Form 10-K for 2007 fiscal year

75th Percentile:	$2,194
Median:	$1,908
25th Percentile:	$1,488
PerkinElmer, Inc.:	$1,787

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Other Factors Influencing Compensation. When making compensation decisions, the committee takes many other factors into account, including the individual s performance in his or her role and against individual goals (particularly over the past year), the individual s expected future contributions to PerkinElmer s success, the financial and operational results of our business units and PerkinElmer as a whole, the individual s historical compensation and any retention concerns, and the Chief Executive Officer s recommendations (in the case of named executive officers other than the Chief Executive Officer). In looking at historical compensation, the committee looks at the progression of salary increases over time, and also looks at the unvested and vested value inherent in equity awards. The committee uses the same factors in evaluating the Chief Executive Officer s performance and compensation that it uses for the other named executive officers.

Role of Chief Executive Officer. The Chief Executive Officer regularly attends a portion of the compensation and benefits committee meetings. He provides the committee with his assessment of the performance of the other named executive officers and his perspective on the factors described above used to develop his recommendations for compensation. The committee discusses each named executive officer and the Chief Executive Officer s recommendations in detail, including how the recommendations compare against the external market data, and how the compensation levels of the executives compare to each other and to the Chief Executive Officer s. The committee approves or modifies the Chief Executive Officer s recommendations. Both Mr. Summe, who served as Chief Executive Officer through January 2008, and Mr. Friel, who assumed the Chief Executive Officer position on February 1, 2008, made recommendations to the committee regarding 2008 executive compensation. Mr. Friel provided recommendations to the committee regarding 2009 executive compensation. The Chief Executive Officer does not make recommendations to the committee, or participate in committee decision-making regarding his own compensation.

Our Chief Executive Officer is evaluated by the full board of directors for his performance against his annual goals which were approved by the committee early in the fiscal year for 2008. In addition, he provides a self-assessment of his performance. The committee discusses the Chief Executive Officer s self-assessment as well as the committee members and all other board members assessments of his performance in executive session (without the Chief Executive Officer present). The committee considers the factors mentioned above for the Chief Executive Officer in the same manner as for the other named executive officers. Working with Mercer, the committee determines and approves the Chief Executive Officer s base salary, short-term incentive plan target and payment under the PIP (consistent with the terms of the plan described below), and long-term incentive program targets and awards (consistent with the terms of the plan described below). The committee s approval is then presented to the independent directors for ratification in executive session.

Pay Mix. In accordance with our pay-for-performance compensation philosophy and because the named executive officers are in a position to directly influence the overall performance of the Company, the named executive officers have a significant portion of their compensation at risk through short- and long-term incentive programs. In 2008, our Chief Executive Officer had over 85% of his target pay at risk, and on average our other named executive officers had 74% of their target pay at risk (that is, subject to either performance requirements and/or service requirements). This includes the target short-term PIP incentive, stock options, performance-contingent restricted stock and performance units. Additionally, to align executive officer compensation with long-term corporate success, the majority of the named executive officers pay is in the form of long-term incentive compensation. In 2008, over 70% of our Chief Executive Officer s total target compensation and 58% of the other named executive officers total target compensation (excluding benefits) on average was delivered through long-term incentive compensation based on the fair market value on the date of grant. Also, to align the interests of executive officers with shareholders and to support an ownership culture, two-thirds of the named executive officers , including the Chief Executive Officer s, target long-term incentive compensation opportunity was provided using equity-based vehicles (stock options and performance-contingent restricted stock). These pay mix statistics include the total target compensation for Mr. Capello but exclude Mr. Summe and Mr. Battles because they did not participate in our 2008 LTIP. The Chief Executive Officer pay mix statistics reflect total target compensation for Mr. Friel.

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2008 Target Total Compensation

The committee has determined that our Chief Executive Officer should have a higher percentage of his total target compensation delivered in the form of performance-based incentives than the other named executive officers due to his impact on and higher accountability for Company performance. Market and peer company information presented to the committee as part of the annual executive compensation program review supports that this is a competitive practice.

We expect to continue to deliver the majority of our target executive compensation through performance-based incentive programs, although the committee reserves the right to vary the percentage distribution across plans by individual. The distribution may also change annually, based on the committee s evaluation of competitive external market practices and its determination of how to best align our executive incentive compensation programs with achievement of our business goals.

Pay for Results. We have a strong culture of paying for results. This is evidenced by the significant percentage of the executive compensation package that is tied to short-term or long-term performance. In evaluating results, the committee looks at financial metrics at both the company and the strategic business unit (SBU) level. At the Company level, the primary metrics are organic revenue growth, earnings per share and free cash flow (which we define as adjusted operating cash flow less adjusted capital expenditures). At the SBU level for 2008, the metrics were organic revenue growth, free cash flow and net operating profit after tax. The committee selected these metrics to capture the most important aspects of financial performance in the form of revenue growth, profitability and cash generation. Organic revenue growth is a reflection of the growth of our core businesses. Profitability and strong cash flow provide us with the means to invest in product and service innovation, and business development opportunities that fuel revenue growth. We believe that the combination of strong top- and bottom-line financial performance and a solid balance sheet create shareholder value growth that is sustainable over the long term. In establishing performance objectives**,** the committee also reviews the performance of our industry peer group, referring to companies which are the best comparators for each of our businesses, and setting performance goals within the context of our strategic business plan. More information about the performance metrics and the goals for our short- and long-term incentive programs is provided below.

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Components of the Executive Officer Compensation Program

For 2008, our executive officer compensation program consisted of base salary, our long-term incentive program (comprising stock options, performance units and performance-contingent restricted stock), our short-term incentive program, and benefits and other perquisites. The table below describes how these elements of compensation link to our compensation philosophy core principles:

Core Principles	Base Salary	Short-Term Incentive Program (PIP and Additional Performance Bonus)	Long-Term Incentive Program (LTIP)	Other Benefits and Perquisites
Attract and retain executive talent	X	X	X	X
Variable pay aligns compensation with the achievement of results		X	X	
Equity-based incentive plans tie compensation to long-term results			X	
Deliver compensation commensurate with PerkinElmer s results		X	X	
Affordability	X	X	X	X
Executive incentive plans that do not promote inappropriate or excessive risk-taking		X	X	
Promote executive ownership of PerkinElmer stock			X	
Programs that respond to changing needs of the business		X	X	
Transparency	X	X	X	X

In 2008, the committee reviewed all compensation, benefits and perquisites provided to the named executive officers in connection with compensation decisions. The specific rationale, design, reward process, and related information for each element are outlined below.

Base Salary

Base salary levels for executive officers are determined based on the committee s evaluation of the executive s position, experience and performance, and competitive external market data (which includes peer group information as described under External Market Practices above). Generally, the committee refers to the median of the relevant competitive market for the position as part of the base salary evaluation, but any individual named executive officer may have a base salary above or below the median of the market. The committee s philosophy is that base salaries should meet the objective of attracting and retaining the executive talent needed to run a complex business.

In determining individual base salaries, the committee places specific emphasis on the scope and impact of the executive officer s role in the organization, particularly if the executive has assumed more significant responsibilities or has been promoted to a new position. The committee also considers the value the executive has delivered and is expected to continue to deliver to the organization through performance of his or her job responsibilities, and the achievement of individual performance goals. The committee evaluates external market data for each position and internal pay equity, as well. Our executive officers do not necessarily receive base salary increases every year. In 2008, the committee approved base salary increases based on a combination of the above factors, addressed in more detail below.

Base salary adjustments can affect the value of other compensation and benefit elements. As the value of the short-term incentive award is expressed as a multiple of base salary, a higher base salary will result in a higher short-term incentive award, assuming the same level of achievement against goals. Additionally, as the committee establishes target total long-term incentive award opportunities for each of the named executive officers expressed as a percentage of base salary, a higher base salary will result in a higher long-term incentive target award opportunity.

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The salaries paid to all of the Company s named executive officers in 2008 are shown in the Summary Compensation Table that follows this report. Working with Mercer in late 2007 and early 2008, the committee reviewed the total compensation package for each officer in 2008. The analysis included a review of market peer company and survey data for comparable positions as well as consideration of the individual factors noted above. The Mercer analysis presented to the committee in late 2007 that the committee used to evaluate total target compensation for 2008 reported that on average, base salaries for our executive officers approximated the peer group median. Compensation for each executive officer was also reviewed in light of internal equity, the scope and impact of the position, and the performance of each individual in his respective role. As a result of this analysis, the committee approved base salary increases for Messrs. Capello, Roush and Battles effective February 1, 2008, based primarily on the growing scope of their roles, internal equity and performance. The committee approved an increase to Mr. Marshak s base salary effective July 1, 2008 upon his assumption of the position of Senior Vice President of the Company and President, Greater China.

Mr. Friel s base compensation was increased to $875,000, effective February 1, 2008 upon his assumption of the position of Chief Executive Officer. The committee approved this increase based on an external market analysis for the President and Chief Executive Officer position conducted by Mercer, as well as an evaluation of the critical importance of this role to our business performance.

Effective February 1, 2008 and as part of the leadership succession plan approved by the board in July 2007, Mr. Summe assumed the role of Executive Chairman. In association with his reduced work schedule in this role, Mr. Summe s annual base salary was reduced from $1,000,000 to $500,000 effective February 1, 2008.

As part of a Company-wide program to prudently manage expenses in light of an uncertain economic outlook, none of the named executive officers received a base salary increase following the committee s evaluation of 2009 officer compensation.

Long-Term Incentive Program (LTIP)

The committee uses long-term incentive awards to focus our executive officers on long-term performance and to align their financial interests with those of shareholders. Our long-term incentive program for executive officers, referred to as LTIP, comprises stock options, performance-contingent restricted stock and cash-based performance units. For the named executive officers participating in LTIP in 2008, approximately one-third of the long-term incentive opportunity was provided in the form of non-qualified stock options, approximately one-third in performance-contingent restricted stock, and approximately one-third in the form of cash-based performance units. The committee believes this approach to long-term incentive compensation builds upon its pay-for-performance philosophy, and provides a balanced focus on stock price appreciation and the achievement of financial metrics that are drivers of long-term shareholder value creation.

In structuring the long-term incentive program (which was implemented in 2004 and which the committee has reviewed and continued to use each year through 2008), the committee believed it was important to retain stock options as a significant element of the program to continue to capture the motivational benefits of rewarding executives for appreciation in our stock price over the course of multiple years. In addition, the committee introduced the use of performance-contingent restricted stock and performance units in order to further align the long-term incentive program with important drivers of long-term shareholder value: earnings performance, improved net income margin, organic revenue growth, and cash flow. Each component of the long-term incentive program is described in more detail below.

Long-term incentives are granted annually. For 2008, the committee established target total long-term incentive award opportunities for each of the named executive officers based on the executive s position, experience, performance and market competitive long-term incentive levels (with median award values from our 2007 peer group used as the reference point). These targets were expressed as a percentage of each named executive officer s base salary and for 2008 ranged from one-times to five-times annual base salary. In all cases, 2008 target opportunity values were set at levels the committee believed would compensate the executives for future achievement of our long-term financial goals and stock price appreciation in a manner commensurate with their duties and contributions. Mr. Summe and Mr. Battles did not participate in the 2008 LTIP due to their transitional and interim roles, respectively.

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The award value associated with stock options is divided by the Black-Scholes value of the option which determines the number of shares to be granted under the option. The award values associated with restricted stock and performance units are both divided by the stock price on the date of grant, resulting in the number of restricted shares and performance units to be granted.

The three components of LTIP are as follows:

Stock options

Stock options are issued with an exercise price at 100% of the fair market value on the date of grant to assure that executives will receive a benefit only when the stock price increases. For more information about our equity grant practices, please see Equity award granting practices below. One-third of each 2008 option grant vests on the first anniversary of the grant, one-third on the second anniversary of grant, and the remaining one-third on the third anniversary of grant. The options expire in seven years (or earlier in the case of termination of employment). Retaining key talent is an important objective for the committee in establishing the vesting schedule. We believe the three-year vesting schedule appropriately balances the retention aspect of stock options and timing of the potential value delivery to the individual. Our employment agreements with our named executive officers provide for acceleration of vesting in certain situations, such as a change in control of PerkinElmer (please see Potential Payments upon Termination or Change in Control, below).

Performance units

The performance unit program provides cash award opportunities based on sustained operational excellence. The program is based on the achievement of a combination of financial measures and stock price growth. For the three-year performance period that began on January 1, 2008, the program goals relate to earnings, organic revenue growth and free cash flow performance against targets set for the fiscal year ending December 31, 2010. Starting with the 2007 LTIP, the committee replaced net margin improvement with organic revenue growth as a goal in the performance unit program in recognition of our continued business focus on growth and its strategic importance to our success.

In 2008, each officer eligible for LTIP was assigned a target value equal to one-third of the total long-term incentive target opportunity determined by the committee (as more fully described above) which was converted into a number of units using PerkinElmer s stock price on the date of grant. The units earned are determined by multiplying the number of units assigned to an officer by a performance factor, ranging from 0% to 200%, determined by applicable earnings, organic revenue growth, and free cash flow performance of the Company against the pre-established goals.

The earnings performance factor is weighted 50%; the organic revenue growth and free cash flow factors are each weighted 25%. The earnings performance factor is expressed as specific EPS goals to be achieved in the third fiscal year of the performance period. The organic revenue growth factor measures the simple average organic revenue growth over all three years of the performance period. The free cash flow factor measures cumulative achievement over all three years of the performance period.

In order for the 2008 LTIP performance units to vest, the Company must achieve aggressive financial goals at the end of the three-year performance period. The committee assigns minimum, target and maximum goals for each performance factor. If the minimum goal is not met, no payment will be made for that performance factor. Performance goals were set based on our extended business projections and provide an incentive for strong and competitive revenue and earnings growth coupled with effective cash flow management. Awards are paid in cash, determined by multiplying the number of units earned by the stock price at the end of the three-year period. Evaluation of achievement against goals, and any resulting payment for performance units granted in 2008, will be conducted at the end of the three-year performance period (2010). Goal measurement may be adjusted for certain events including acquisitions, divestitures, and other non-recurring events as approved by the committee.

In 2006, the named executive officers were granted performance units with performance goals assigned for fiscal year 2008. All the units were eligible for payment based on achievement of long-term financial goals to be met in 2008. The performance factors for the 2006 performance unit program were EPS, free cash flow and net margin improvement (income after tax divided by sales).

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The target EPS goal for the 2006 LTIP performance units required EPS growth of over 50% at the end of the three-year measurement period (50% weighting). The cumulative cash flow target goal was $430 million (25% weighting). The net margin improvement target goal of 8% represented improvement of 190 basis points (25% weighting).

Overall achievement against the 2006 LTIP performance unit goals at the end of 2008 was 140% which resulted in the following payments to our named executive officers: Mr. Summe: $1,634,609; Mr. Friel: $984,703; Mr. Walsh: $334,797; and Mr. Roush: $393,881. These awards are reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table in this proxy statement. Mr. Capello s employment terminated before the end of the performance period; therefore, he did not receive a 2006 LTIP performance unit payment. Our other named executive officers did not participate in the 2006 LTIP and therefore did not receive a performance unit cash payment.

Since the introduction of the LTIP in 2004, Company performance has generally exceeded the target goals for each metric and the performance unit payments have exceeded target award levels. Payments have ranged from 140% to 200% of target. This reflects our strong and sustained EPS growth since the inception of LTIP as demonstrated by the fact that our EPS has more than doubled from the baseline set in fiscal 2003 and 50% of the performance unit payment is based on EPS results.

Performance-contingent restricted stock

We grant performance-contingent restricted stock to focus executive officers on sustained financial improvement over time. Each year since the inception of our LTIP in 2004, the committee has granted restricted shares to the named executive officers which vest annually in equal increments over a three-year period based on the achievement of increasing earnings goals. For example, the restricted shares granted in 2006 vest based upon achievement of earnings goals assigned for fiscal years 2006, 2007 and 2008. Performance goals were set based on our extended business projections, and provide an incentive for strong and competitive earnings growth. If performance conditions are not met on or before the end of the third fiscal year, the unvested shares are forfeited. The committee may adjust measurement of the goals for certain non-recurring events including acquisitions and divestitures. The adjustment methodology is approved by the committee prospectively when the goals are approved. The committee may also exercise additional discretion regarding the goals or the payments for a given period. In practice, the committee has approved vesting based solely upon financial results adjusted for the business events listed above and has not applied discretion.

For all LTIP restricted share grants including those granted in 2008, the committee has set as earnings goals EPS performance targets which represent significant year-over-year corporate earnings growth in each year of the three-year performance period. The targets set for the 2006 LTIP restricted stock grants require EPS growth of 15% in each year of the three-year measurement period (which represents over 50% EPS growth over the combined three-year period). The 2007 and 2008 LTIP restricted stock grants require EPS growth of 12% in each year of the three-year measurement period (which represents 40% EPS growth over the combined three-year period) to allow more investment in support of revenue growth. Targets are sufficiently challenging so that the earnings target was missed for one third of the 2004 LTIP restricted stock grant, and the associated shares were forfeited. The EPS targets have been met for the other LTIP restricted stock grants over the 2004 through 2008 performance periods.

Based on achievement in excess of the 2008 earnings goals, one-third of the restricted shares granted as part of the LTIP in each of 2006, 2007 and 2008 to the executive officers named in the Summary Compensation Table vested on December 28, 2008 in the following amounts:

Named Executive Officer	2006 LTIP: 1/3rd of Shares Granted	2007 LTIP: 1/3rd of Shares Granted	2008 LTIP: 1/3rd of Shares Granted

Robert F. Friel	16,855	14,995	19,554
John A. Roush	6,742	5,623	5,363
Daniel R. Marshak*		1,624	1,510
Richard F. Walsh	5,730	5,623	5,028
Gregory L. Summe**	27,980	29,990	

* Mr. Marshak did not participate in the 2006 LTIP grant.

** Mr. Summe did not participate in the 2008 LTIP grant.

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2009 LTIP

In January 2009, the committee approved the 2009 LTIP which, similar to prior LTIP programs, comprises stock options with time-based vesting, and restricted shares and performance units which are vested and paid based on the achievement of financial performance goals. For the 2005 2008 programs, LTIP goals for the entire three-year performance period were approved by the committee at grant. The 2009 LTIP allows the committee to set performance goals at the beginning of each of three one-year performance periods. The committee adopted this change because current uncertain economic conditions make it difficult to forecast business results over the second and third years of the 2009 LTIP performance period. Setting goals annually will allow the committee improved visibility when setting goals for the second two years of the program. Goals for 2009 have been set based on our 2009 business plan. If 2009 goals are missed, the program provides the opportunity for the 2009 performance units and restricted shares to be earned in later periods based on achievement of higher levels of performance.

Other equity grants in 2008

Because he is serving in an acting role, Mr. Battles does not participate in our LTIP. On January 23, 2008, the committee approved grants of stock options and restricted shares to Mr. Battles which are disclosed in the 2008 Grants of Plan Based Awards table. The stock options vest one-third annually on the anniversary of the grant date and expire in seven years (or earlier in the case of termination of employment). The restricted shares vest 100% on the third anniversary of the grant date. These grants were approved by the committee as part of a competitive total compensation package. The grants were made in accordance with our equity award granting practices described below.

Equity award granting practices

The following section provides a description of our equity award granting practices. These practices apply to all of our equity awards, including grants made under our LTIP. Our 2001 Incentive Plan and our 2005 Incentive Plan were each approved by shareholders (a