

PharMerica CORP  
Form DEF 14A  
April 29, 2011  
Table of Contents

## SCHEDULE 14A INFORMATION

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant                       Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under 240.14a-12

**PHARMERICA CORPORATION**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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

## Edgar Filing: PharMerica CORP - Form DEF 14A

- (2) Aggregate number of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  
  
  
  
  
  
  
  
  
- (4) Proposed maximum aggregate value of transaction:
  
  
  
  
  
  
  
  
  
  
- (5) Total fee paid:

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

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

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**PHARMERICA CORPORATION**

**1901 Campus Place**

**Louisville, KY 40299**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD JUNE 10, 2011**

PharMerica Corporation's Annual Meeting of Stockholders will be held on June 10, 2011 at 9:00 a.m. local time. We will meet at the Seelbach Hilton, 500 Fourth Street, Louisville, Kentucky 40202 (the "Annual Meeting"). If you owned common stock at the close of business on April 18, 2011, you may vote at the Annual Meeting or any adjournments or postponements thereof. At the Annual Meeting, we plan to:

1. elect eight directors for a term to expire at the Annual Meeting of Stockholders in 2012;
2. ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. take a non-binding advisory vote on the compensation paid to the Company's named executive officers ("Say on Pay");
4. take a non-binding advisory vote on the frequency of the advisory vote on Say on Pay in future years ("Say on Frequency"); and
5. transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof. The Board of Directors is not aware of any other proposals for the Annual Meeting.

It is important that your common stock be represented at the Annual Meeting regardless of the number of shares you hold. You are encouraged to specify your voting preferences by marking and dating the enclosed proxy card. If you attend the Annual Meeting, you may, if you wish, withdraw your proxy and vote in person.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on June 10, 2011**

The Proxy Statement and 2010 Annual Report are available at [www.pharmerica.com/proxy](http://www.pharmerica.com/proxy).

On behalf of the Board of Directors of

PharMerica Corporation,

GREGORY S. WEISHAR

Chief Executive Officer

Louisville, Kentucky

April 29, 2011

Edgar Filing: PharMerica CORP - Form DEF 14A

**YOUR VOTE IS IMPORTANT. PLEASE COMPLETE AND RETURN THE ENCLOSED  
PROXY PROMPTLY SO THAT YOUR VOTE MAY BE RECORDED  
AT THE ANNUAL MEETING IF YOU DO NOT ATTEND PERSONALLY.**

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<b><u>INFORMATION ABOUT THE MEETING</u></b>	1
<u>Who May Vote</u>	1
<u>How You May Vote</u>	1
<u>How You May Revoke or Change Your Vote</u>	1
<u>Quorum Requirement</u>	2
<u>Required Vote</u>	2
<u>How Abstentions will be Treated</u>	2
<u>How Broker-Non Votes will be Treated</u>	2
<u>Advisory Proposals</u>	2
<b><u>PROPOSAL 1 ELECTION OF DIRECTORS</u></b>	3
<b><u>NOMINEES FOR ELECTION AT THE ANNUAL MEETING</u></b>	3
<u>Directors not Subject to Re-election</u>	
<u>Recommendation of Our Board of Directors</u>	6
<u>Required Vote</u>	6
<b><u>CORPORATE GOVERNANCE</u></b>	6
<u>Meetings</u>	6
<u>Board Committees</u>	6
<u>Audit Committee</u>	7
<u>Compensation Committee</u>	7
<u>Nominating and Corporate Governance Committee</u>	8
<u>Board Independence</u>	9
<u>Compensation Committee Interlocks and Insider Participation</u>	9
<u>Section 16(a) Beneficial Ownership Reporting</u>	9
<u>Code of Ethics</u>	10
<u>Corporate Governance Guidelines</u>	10
<u>Board Leadership Structure and Role in Risk Management</u>	10
<u>Communication with the Board of Directors</u>	11
<b><u>DIRECTOR COMPENSATION</u></b>	12
<b><u>EXECUTIVE OFFICERS AND KEY EMPLOYEES</u></b>	14
<u>Executive Officers</u>	14
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	16
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	24
<b><u>EXECUTIVE COMPENSATION</u></b>	25
<u>Summary Compensation Table</u>	25
<u>Grants of Plan-Based Awards in 2010</u>	27
<u>Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table</u>	28
<u>Outstanding Equity Awards at December 31, 2010</u>	36
<u>Option Exercises and Stock Vested in 2010</u>	37
<u>Non-Qualified Deferred Compensation Table Fiscal Year 2010</u>	37
<u>Potential Payments upon Termination or Change-in-Control</u>	38
<u>Compensation Policies and Practices as they Relate to Risk Management</u>	41
<u>Equity Compensation Plan Information</u>	41
<b><u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u></b>	41
<u>Related Party Transaction Policy</u>	41
<b><u>PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	42
<u>Independent Registered Public Accounting Firm Fees</u>	43
<u>Pre-Approval Policies and Procedures for Audit and Permitted Non-Audit Services</u>	43
<b><u>AUDIT COMMITTEE REPORT</u></b>	45

---

**Table of Contents**

<u>Recommendation of Our Board of Directors</u>	45
<u>Required Vote</u>	46
<u>PROPOSAL 3 NON-BINDING ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS ( SAY ON PAY )</u>	46
<u>Background of the Proposal</u>	46
<u>Say on Pay Proposal</u>	46
<u>Recommendation of Our Board of Directors</u>	46
<u>Required Vote</u>	46
<u>PROPOSAL 4 NON-BINDING ADVISORY VOTE ON THE FREQUENCY OF THE ADVISORY VOTE ON SAY ON PAY IN FUTURE YEARS ( SAY ON FREQUENCY )</u>	47
<u>Background of the Proposal</u>	47
<u>Say on Frequency Proposal</u>	47
<u>Recommendation of Our Board of Directors</u>	48
<u>Required Vote</u>	48
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	49
<u>Security Ownership of Directors, Management, and Owners of More Than 5% of the Company's Stock</u>	49
<u>GENERAL INFORMATION</u>	51

**Table of Contents**

**PHARMERICA CORPORATION**

**1901 Campus Place**

**Louisville, KY 40299**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On June 10, 2011**

**INFORMATION ABOUT THE MEETING**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of PharMerica Corporation (we, us, our, or the Company) for the Company's Annual Meeting of Stockholders to be held on Friday, June 10, 2011 at 9:00 a.m. local time, the Seelbach Hilton, 500 Fourth Street, Louisville, Kentucky 40202 and thereafter as it may from time to time be adjourned or postponed (the Annual Meeting). This proxy statement and the accompanying proxy are first being mailed to stockholders on or about April 29, 2011.

**Who May Vote**

Each stockholder of record at the close of business on April 18, 2011 (the Record Date) is entitled to notice of and to vote at the Annual Meeting. On the Record Date, there were 29,363,014 shares of our common stock, par value of \$.01 per share (the common stock) outstanding. On the Record Date, there were no shares of Preferred Stock, par value \$.01, outstanding. You may cast one vote for each share of common stock held by you on all matters presented at the Annual Meeting.

**How You May Vote**

You may vote (i) in person by attending the Annual Meeting or (ii) by mail by completing and returning a proxy. To vote your proxy by mail, mark your vote on the enclosed proxy card, then follow the instructions on the card.

Proxies duly executed and received in time for the Annual Meeting will be voted in accordance with your instructions. If no instructions are given, proxies will be voted as follows:

1. FOR the election of each of the eight nominees named herein to the Board of Directors for a term to expire at the Annual Meeting of Stockholders in 2012;
2. FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. FOR the approval of the Say on Pay proposal;
4. FOR the selection of three years as the frequency with which stockholders will be provided with the Say on Pay vote; and
5. In the discretion of the proxy holders, FOR or AGAINST such other business as may properly come before the Annual Meeting or any adjournment or postponements thereof.

**How You May Revoke or Change Your Vote**

Proxies may be revoked at any time prior to the Annual Meeting in the following ways:

by giving written notice of revocation to the Secretary of the Company;

by giving a later dated proxy; or

by attending the Annual Meeting and voting in person.



## **Table of Contents**

### **Quorum Requirement**

The Company is required to have a quorum of stockholders present to conduct business at the Annual Meeting. A majority of the shares entitled to vote at the Annual Meeting, represented in person or by proxy, constitutes a quorum for the transaction of business at the Annual Meeting. Proxies received but marked as abstentions or treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the Annual Meeting in determining a quorum. If a quorum is not present at the Annual Meeting, we will be forced to reconvene the Annual Meeting at a later date.

### **Required Vote**

Every holder of record of shares of common stock entitled to vote at a meeting of stockholders will be entitled to one vote for each share outstanding in his or her name on the books of the Company at the close of business on the Record Date. Votes cast by proxy or in person at the Annual Meeting will be tabulated by one or more inspectors of election, appointed for the Annual Meeting, who will also determine whether a quorum is present for the transaction of business.

With respect to the election of directors, a nominee for director will be elected to the Board by a vote of the majority of the votes cast. In other words, if the votes cast for the nominee's election exceed the votes cast against the nominee's election then that nominee will be elected as a director. However, the directors will be elected by a plurality of the votes cast at any stockholder meeting where (i) the Secretary of the Company receives a notice that a stockholder has nominated a person for election to the Board in compliance with the advance notice requirements for stockholder nominees for director and (ii) such nomination has not been withdrawn by such stockholder on or prior to the day next preceding the date the Company first mails its notice of meeting for the Annual Meeting to the stockholders. For the Annual Meeting, none of the nominees were nominated by stockholders.

The affirmative vote of at least a majority of the votes of the shares of common stock present, in person or by proxy, at the Annual Meeting and entitled to vote on the matter is required to approve all other matters to be voted upon at the Annual Meeting.

### **How Abstentions will be Treated**

Abstentions will have no effect on the election of directors. For all other proposals, abstentions will have the same effect as votes against a proposal.

### **How Broker-Non Votes will be Treated**

Your shares may be voted if they are held in the name of a brokerage firm or bank (a "Broker"), even if you do not provide the Broker with voting instructions. Brokers have the authority, under applicable rules, to vote shares on certain "routine" matters for which their customers do not provide voting instructions. The ratification of the appointment of the independent registered public accounting firm of the Company is considered a routine matter. The election of directors and the Say on Pay and Say on Frequency proposals are not considered routine matters. Broker non-votes are shares held by brokers or nominees for which instructions have not been received from the beneficial owners, or persons entitled to vote, and the Broker is barred from exercising its discretionary authority to vote the shares because the proposal is a non-routine matter. With respect to the election of directors and Say on Pay and Say on Frequency proposals, Broker non-votes will not be counted as votes for or against these proposals. Broker non-votes will not be counted in the determination of whether the total votes cast on the proposal represents over 50% of the outstanding common stock entitled to vote on the proposal.

### **Advisory Proposals**

Because the vote on the Say on Pay proposal is advisory, it will not be binding on the Board of Directors or the Company. However, the Compensation Committee will take into account the outcome of the Say on Pay vote.

**Table of Contents**

when considering future executive compensation arrangements. Additionally, the vote on the Say on Frequency proposal is advisory and is not binding on the Board of Directors or the Compensation Committee and the Board of Directors may determine to hold an advisory vote on executive compensation more or less frequently than may be indicated by this advisory vote of our stockholders. Nevertheless, the Compensation Committee will take into account the outcome of this advisory vote when considering how frequently to seek an advisory vote on Say on Pay in future years.

**PROPOSAL 1****ELECTION OF DIRECTORS**

Our Board currently consists of nine directors: Frank E. Collins, Esq., W. Robert Dahl, Jr., Marjorie W. Dorr, Thomas P. Gerrity, Ph.D., Thomas P. Mac Mahon, Daniel N. Mendelson, Robert A. Oakley, Ph.D., Geoffrey G. Meyers, and Gregory S. Weishar. For personal reasons, Mr. Mendelson has informed the Company that he has decided not to stand for re-election to the Board of Directors. Mr. Mendelson's decision was not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Our Certificate of Incorporation, as amended, and By-laws provide that the number of directors constituting the Board will not be fewer than three, with the exact number to be fixed by a resolution adopted by the affirmative vote of a majority of the Board. Effective as of the Annual Meeting, the Board has fixed the number of directors at eight.

The Nominating and Corporate Governance Committee has recommended that the eight directors listed in the table below be nominated for election for a one-year term expiring at the 2012 Annual Meeting of Stockholders and until their successors are duly elected and qualified. Each of the nominees has consented to be named in this proxy statement and to serve as a member of our Board if elected. In the event that a nominee withdraws or for any reason is not able to serve as a director, the proxy will be voted for such other person as may be designated by the Board, but in no event will the proxy be voted for more than eight nominees as directors. Our management has no reason to believe that the nominees will not serve if elected. There is no family relationship between any of the current directors or persons nominated to become a director.

Our Board believes that we could benefit by expanding the size of the Board to nine and adding one additional qualified director. The Nominating and Corporate Governance Committee has not yet identified any candidates to fill this additional directorship. At such time as a qualified candidate has been identified and approved by the Nominating and Corporate Governance Committee and the Board, the Board intends to increase the size of the Board up to nine members and to appoint the candidate to fill the newly created directorship as provided in our By-laws. Any director appointed by the Board to fill a newly created vacancy would serve only until the next annual meeting of stockholders.

**NOMINEES FOR ELECTION AT THE ANNUAL MEETING**

The following table sets forth the name, age and position with the Company of each of the eight nominees up for election as a director of the Company:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Frank E. Collins, Esq.	57	Director
W. Robert Dahl, Jr.	54	Director
Marjorie W. Dorr	49	Director
Thomas P. Gerrity, Ph.D.	69	Director
Thomas P. Mac Mahon	64	Director
Geoffrey G. Meyers	66	Director, Chairman
Robert A. Oakley, Ph.D.	64	Director
Gregory S. Weishar	56	Chief Executive Officer and Director

---

**Table of Contents**

**Nominees**

**Frank E. Collins, Esq.** Mr. Collins has served as a director since July 31, 2007. Mr. Collins serves as Chair of the Nominating and Governance Committee of the Board and served as a member of the Compensation Committee from June 2008 to June 2009. Mr. Collins was the Senior Vice President, Legal and Administration and Secretary of Sierra Health Services, Inc. ( Sierra ) from 2001 to February 2008. Sierra was acquired by United Health Group Incorporated ( United ) in February 2008. Mr. Collins now serves as the Deputy General Counsel of United. Mr. Collins joined Sierra in 1986 as General Counsel and Secretary. From 1981 to 1986, Mr. Collins was employed by Blue Cross and Blue Shield of Kansas City, originally as Staff Legal Counsel and in early 1986 as Associate General Counsel. Mr. Collins also served as counsel for the Missouri Division of Insurance from 1979 to 1981, where he was responsible for providing legal advice on insurance and HMO-related regulatory issues. Mr. Collins received his Juris Doctor from the University of Missouri at Kansas City School of Law and is a member of the Missouri Bar Association.

As a result of Mr. Collins' experiences as General Counsel at a public managed healthcare organization, he possesses expertise in the areas of corporate governance, human resources and regulatory compliance and brings experience in the healthcare industry.

**W. Robert Dahl, Jr.** Mr. Dahl has served as a director since July 24, 2008. Mr. Dahl serves as a member of the Audit Committee. Mr. Dahl is currently the Chief Operating Officer of Arrowhawk Capital Partners, an investment company, a post he has held since September 2009. From May 2007 to November 2009 he was the Vice President of Strategic Business Development and Vice Chairman of the Board of Directors of Golden Pond Healthcare, Inc. From April 1999 until June 2006, Mr. Dahl served as the head of Global Healthcare for the Carlyle Group, a leading private equity firm with over \$50 billion of equity under management, where he was responsible for the firm's investments in the healthcare field. Prior to Carlyle, Mr. Dahl served as co-head of healthcare investment banking in North America at Credit Suisse First Boston. Mr. Dahl is also a director of Slate Pharmaceuticals, Inc., Applied Science, Inc., and Amkai LLC. Mr. Dahl received a BA from Middlebury College and an MBA from the Harvard Graduate School of Business Administration.

Mr. Dahl's experience as a certified public accountant, investment banker, financial advisor and healthcare private equity investor provides him with financial literacy and expertise and knowledge of the healthcare industry, along with expertise in mergers and acquisitions.

**Marjorie W. Dorr.** Ms. Dorr has served as a director since January 22, 2009. Ms. Dorr serves as a member of the Compensation Committee. Ms. Dorr served as Executive Vice President and Chief Strategy Officer for WellPoint, Inc. Ms. Dorr held various executive positions while at WellPoint including President and Chief Executive Officer of WellPoint's Northeast Region SBU, where she was responsible for operations in several states. Ms. Dorr joined WellPoint through the merger in 2004 of WellPoint and Anthem, Inc. At the time of the merger, Ms. Dorr served as President of Anthem Blue Cross and Blue Shield's East region. Ms. Dorr received her bachelor of business administration degree from the University of Iowa and her master of business administration degree from the University of Chicago Graduate School of Business.

Ms. Dorr's experience as a senior executive of a large health benefits company equips her with expertise in pharmacy reimbursement practices and strategic planning.

**Thomas P. Gerrity, Ph.D.** Mr. Gerrity has served as a director since July 31, 2007. Mr. Gerrity serves as a member of the Audit Committee and Nominating and Corporate Governance Committee of the Board. Mr. Gerrity served as interim Chair of the Audit Committee from November 2007 to March 2008. Mr. Gerrity was the Dean of the Wharton School of the University of Pennsylvania from July 1990 to June 1999. Since then he has been Professor of Management and Dean Emeritus at the Wharton School of the University of Pennsylvania. Mr. Gerrity also serves as a director of Internet Capital Group, Inc. and as a member of the Corporation of the Massachusetts Institute of Technology. Mr. Gerrity is the Chairman of the Advisory Board of

## Table of Contents

Arden Fund I, a private real estate investment fund managed by the Arden Group in Philadelphia, Pennsylvania. Mr. Gerrity served as a director of Sunoco, Inc. from 1990 to May 2010. Mr. Gerrity served as a director of Federal National Mortgage Association ( Fannie Mae ) from September 1991 until December 2006 and served as the Chair of Fannie Mae s Audit Committee from January 1999 until May 2006. He was also a director of Knight-Ridder, Inc. from 1998 to 2006; CVS Corporation from 1995 to 2007; and Hercules, Inc. from 2003 to 2008.

Mr. Gerrity, by virtue of his senior management experience and his positions at the University of Pennsylvania, and by virtue of his education, possesses financial literacy and expertise, as well as strategic planning and management, information systems and technology, organizational change management and corporate governance experience.

**Thomas P. Mac Mahon.** Mr. Mac Mahon has served as a director of the Board since July 31, 2007. Between July 31, 2007 and December 31, 2010, Mr. Mac Mahon served as Chairman of the Board. He is also a member of the Compensation Committee and served as the Chair of the Compensation Committee from July 2007 to February 2008. Mr. Mac Mahon has served as a director of the Laboratory Corporation of America Holdings ( LabCorp ) since 1995. In addition, Mr. Mac Mahon served as a non-executive Chairman of the Board of LabCorp from January 2007 to May 2009; Executive Chairman of the Board from April 1996 to December 2006; and Vice-Chairman of the Board from April, 1995. From January 1997 until his retirement in December, 2006, Mr. Mac Mahon served as President and Chief Executive Officer and a member of the Executive and Management Committees of LabCorp. Mr. Mac Mahon was Senior Vice President of Hoffmann-La Roche, Inc. from 1993 to December 1996 and President of Roche Diagnostics Group and a director and member of the Executive Committee of Hoffmann-La Roche from 1988 to December 1996. Mr. Mac Mahon is a director and Corporate Governance Committee Chairperson of Express Scripts, Inc. and was a director of Golden Pond Healthcare from November 2007 to November 2009.

Mr. Mac Mahon s experience as a former Chief Executive Officer and Chairman of the Board, and as a board member at premier clinical laboratory and pharmacy benefits management services companies provides him with in-depth knowledge of the healthcare and pharmacy services and distribution industries. Mr. Mac Mahon, by virtue of his previous senior-level executive positions and current board experiences, possesses executive compensation experience.

**Geoffrey G. Meyers.** Mr. Meyers has served as a director since November 17, 2009 and as Chairman of the Board since January 1, 2011. On February 1, 2010, Mr. Meyers became a member of the Nominating and Governance Committee. Mr. Meyers is the retired Chief Financial Officer and Executive Vice President and Treasurer for Manor Care, Inc. where he had responsibility for administration and financial management from 1988 until 2006 and was a director of Health Care and Retirement Corp., a predecessor of Manor Care, Inc., from 1991 to 1998. Mr. Meyers has been a Director of HCA Holdings, Inc. s and Chairman of its audit committee since March 2011. Mr. Meyers is also the Chairman of the Board of the Trust Company of Toledo, a northwestern Ohio trust bank. He received his BA from Northwestern University and his MBA from The Ohio State University.

Mr. Meyers has over two decades of experience in the long term care industry, which provides us with valuable insight into the needs and operations of our customer base. Having served as the Chief Financial Officer of a large public company he also has expertise in finance and accounting matters, investor relations, human resources, information technologies, purchasing, corporate communications, risk management, reimbursement, strategic planning and development and acquisitions.

**Robert A. Oakley, Ph.D.** Mr. Oakley has served as a director since March 24, 2008. Mr. Oakley serves as the Chairman of the Audit Committee. In 2003, Mr. Oakley retired after more than 25 years service with the Columbus, Ohio-based Nationwide Companies, one of the largest diversified insurance and financial services organizations in the world. Mr. Oakley served on the Boards of Ohio Casualty Corporation from March 2003 to

## **Table of Contents**

September 2008, First Mercury Financial Corporation from January 2008 to August 2009 and the Physicians Assurance Corporation from January 2008 to August 2009. He received his BS from Purdue University and both an MBA and Ph.D. in Finance from The Ohio State University.

Mr. Oakley possesses financial literacy and expertise from his experiences as a former Chief Financial Officer and chair of audit committees at leading insurance and financial services companies, along with expertise in investor relations, risk management and strategic planning.

**Gregory S. Weishar.** Mr. Weishar has served as our Chief Executive Officer since January 14, 2007. He has over 20 years experience in the pharmacy services industry. Prior to joining the Company, he was Chief Executive Officer and President of PharmaCare Management Services, a prescription benefit management firm and a wholly-owned subsidiary of CVS Corporation, from 1994.

Mr. Weishar has substantial senior executive experience in the pharmacy services industry and as Chief Executive Officer of the Company has intimate knowledge of our industry and business.

## **Recommendation of Our Board of Directors**

Our Board recommends a vote FOR the eight directors listed above to hold office until the 2012 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.

## **Required Vote**

A nominee for director will be elected to the Board by a vote of the majority of the votes cast.

## **CORPORATE GOVERNANCE**

### **Meetings**

During 2010, the Board held a total of nine regular meetings. Each director attended at least 75% of the aggregate of (i) the total number of meetings of the Board during the period which he/she was a director and (ii) the total number of meetings of all Board Committees on which he/she served during the period which he/she was a director. The non-management members of the Board have met in executive session at three of the regularly scheduled meetings of the Board. In addition, if this group of non-management directors includes directors who do not satisfy the independence requirements of the New York Stock Exchange (the NYSE), an executive session including only independent directors is scheduled at least once a year. The non-executive Chairman of the Board presides at meetings of the non-management directors and independent directors to the extent that he is present at the meetings.

It is the policy of the Board to encourage its members to attend the Company's Annual Meeting of Stockholders. All of the Company's directors attended the Company's 2010 Annual Meeting of Stockholders.

### **Board Committees**

The Board has three standing Committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Copies of the charters of each of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee setting forth the

**Table of Contents**

responsibilities of the committees can be found under the For Investors Corporate Governance section of our website at [www.pharmerica.com](http://www.pharmerica.com) and such information is also available in print to any stockholder who requests it through our Investor Relations department. We periodically review and revise the committee charters. A summary of the composition of each committee and its responsibilities is set forth below.

<b>Name</b>	<b>Audit</b>	<b>Nominating and Corporate Governance</b>	<b>Compensation</b>
Frank E. Collins, Esq.		Chairman	
W. Robert Dahl, Jr.	Member		
Marjorie W. Dorr			Member
Thomas P. Gerrity, Ph.D.	Member	Member	
Thomas P. Mac Mahon			Member
Daniel N. Mendelson (1)			Chairman
Geoffrey G. Meyers		Member	
Robert A. Oakley, Ph.D.	Chairman		
Gregory S. Weishar			

- (1) Mr. Mendelson has decided not to stand for re-election to the Board of Directors. The committee compositions, including the election of a new Chairman of the Compensation Committee, will be determined by the Board of Directors following the Annual Meeting.

**Audit Committee**

The Company has a standing Audit Committee established by the Board for the purpose of overseeing the Company's accounting and financial reporting processes and audits of the Company's financial statements. The Audit Committee held a total of nine meetings in 2010. The Board has determined that Mr. Oakley, Mr. Gerrity and Mr. Dahl are each qualified as an audit committee financial expert as such term is defined in Item 407(d)(5) of Regulation S-K and that they are independent within the meaning of the listing standards of the NYSE and applicable rules and regulations of the Securities and Exchange Commission (the SEC) relating to directors serving on audit committees.

**Compensation Committee**

The Compensation Committee is responsible for administering the Company's executive and director compensation programs, including executive base salaries, bonuses, performance based awards and other equity awards, and for administering the Company's equity compensation plans. Pursuant to its charter, the Compensation Committee has authority to delegate any of its responsibilities to subcommittees as the Compensation Committee may deem appropriate. The Compensation Committee held a total of six meetings in 2010. The Compensation Committee reviews periodic reports from the CEO and other officers as to the performance and compensation of the officers, employees and directors. The Board will elect a new Chairman of the Compensation Committee following the Annual Meeting.

Pursuant to its charter, the Compensation Committee has the sole authority, at the Company's expense, to retain and terminate a consulting firm to assist in the evaluation of director, CEO or executive officer compensation, and in furtherance thereof to retain legal counsel and other advisors.

Since April 2008, the Compensation Committee has retained Frederic W. Cook & Co. (Cook) to serve as the Company's outside compensation consultant with respect to setting each year's executive compensation. See the discussion under Compensation Discussion and Analysis for more information on Cook's role in assisting the Company with its compensation policies and programs.

Cook is retained only by the Compensation Committee to assist in the determination, amount and form of executive and non-employee director compensation. Neither Cook nor any of its affiliates provides any additional services to the Company or its affiliates.

---

**Table of Contents**

**Nominating and Corporate Governance Committee**

The purpose of the Nominating and Corporate Governance Committee of the Board is to (i) identify individuals qualified to become members of the Board (consistent with criteria approved by the Board); (ii) select, or recommend that the Board select, the director nominees for the next annual meeting of stockholders and nominees to fill vacancies on the Board; (iii) develop and recommend to the Board a set of corporate governance guidelines applicable to the Company; (iv) oversee the evaluation of the Board, its committees and management; and (v) oversee, in concert with the Audit Committee, compliance rules, regulations and ethical standards for the Company's directors, officers and employees, including corporate governance issues and practices. While the Nominating and Corporate Governance Committee has no formal process for identifying nominees, if it is deemed appropriate, the Nominating and Corporate Governance Committee may consider candidates recommended by any other source, including stockholders and business and other organizational networks. The Nominating and Corporate Governance Committee may retain and compensate third parties, including executive search firms, to identify or evaluate candidates for consideration. The Nominating and Corporate Governance Committee held five meetings in 2010.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. Stockholders wishing to suggest a candidate for director for inclusion in the Company's proxy statement must submit a written notice to the Company's Corporate Secretary at PharMerica Corporation, 1901 Campus Place, Louisville, Kentucky 40299. The written notice must include:

- (1) The name, address, and telephone number of the stockholder who is recommending a candidate for consideration;
- (2) The class and number of shares of the Company which the recommending stockholder owns;
- (3) The name, address, telephone number and other contact information of the candidate;
- (4) The consent of each candidate to serve as director of the Company if so elected;
- (5) The candidate's knowledge of matters relating to the Company's industry, the candidate's experience as a director or senior officer of other public or private companies and the candidate's educational and work background;
- (6) The candidate's involvement in legal proceedings within the past five years; and
- (7) The candidate's and the candidate's family members' relationship with the Company, the Company's competitors, creditors or other persons with special interests regarding the Company.

In considering candidates recommended by stockholders, the Nominating and Corporate Governance Committee will use the same evaluation criteria and process as that used by the Nominating and Corporate Governance Committee for other candidates. The Nominating and Corporate Governance Committee evaluates the candidates in accordance with its Policy for Evaluation for Nominees to the Board of Directors, which sets forth the following factors to be considered:

Whether the candidate is independent and does not, and has not, had a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director;

Whether the candidate is an audit committee financial expert and/or financially literate ;

## Edgar Filing: PharMerica CORP - Form DEF 14A

Whether the candidate has the personal attributes necessary for successful service on the Board, such as character and integrity, a high level of education and business experience, broad based business acumen, an understanding of the Company's business and the institutional pharmacy industry generally, strategic thinking, a willingness to share ideas, a network of contacts and diversity of experiences and expertise;

Whether the candidate has been the chief executive officer or a senior executive officer of a public company or another complex organization;



## **Table of Contents**

Whether the candidate serves on other boards of directors; directors employed in a full-time position may not sit on the boards of directors of more than two other public companies and directors employed part-time or full-time in academia may not sit on the boards of directors of more than three other public companies. There is no limit on the number of non-public company boards on which directors may sit;

Whether the candidate will add value to the Board or a committee thereof by virtue of particular knowledge, experience, technical expertise, specialized skills or contacts;

Whether the candidate, if an existing director, is suitable for continued service;

Whether the candidate is under the age of 75;

Whether the candidate's responses to the directors and officers questionnaire reveal areas of potential problems or concerns; and

Whether there are any other relevant issues with respect to the candidate.

The Policy for Evaluation for Nominees to the Board of Directors specifies that diversity of experiences and expertise is a factor to be considered by the Nominating and Governance Committee in the director identification and nomination process. The Nominating and Governance Committee seeks nominees with a broad diversity of experience, professions, skills, geographic representation and backgrounds. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Company believes 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 the Board to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

## **Board Independence**

Our Corporate Governance Guidelines provide for director independence standards consistent with those of the NYSE and the federal securities laws. These standards require the Board to affirmatively determine that each independent director has no material relationship with the Company (directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) other than as a director. The Board has determined that the following directors are independent as required by the NYSE listing standards and the Company's Corporate Governance Guidelines: Mr. Collins, Mr. Dahl, Ms. Dorr, Mr. Gerrity, Mr. Mendelson, Mr. Mac Mahon, Mr. Oakley and Mr. Meyers.

All members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are independent directors as defined in the NYSE listing standards and in the standards in the Company's Corporate Governance Guidelines.

## **Compensation Committee Interlocks and Insider Participation**

The members of the Compensation Committee are Mr. Mendelson, who serves as Chair, and Mr. Mac Mahon and Ms. Dorr, each of whom is independent under NYSE listing standards. None of the members of the Compensation Committee is a former or current officer or employee of the Company or has any interlocking relationship as set forth in SEC rules.

## **Section 16(a) Beneficial Ownership Reporting**

Based solely upon a review of the copies of the forms furnished to the Company and written representations from officers and directors of the Company that no other reports were required, during the year ended December 31, 2010, all filing requirements under Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), applicable to its officers, directors and greater than 10% beneficial owners were complied with on a timely basis except for one Form 4 covering two transactions inadvertently filed one day late by Thoma