

Specialty Laboratories Inc.

2001

Director Compensation

We do not provide cash or equity compensation to employee directors for serving on our board of directors or for attendance of committee meetings of the board of directors. Non-employee directors receive a retainer of \$16,000 per year and \$500 for each board of directors teleconference meeting attended. In addition, the secretary of our board of directors meetings, Deborah Estes, receives an additional \$14,000 per year for her services. Before the first of every calendar year, non-employee directors may elect to receive options which will vest in twelve equal monthly installments in lieu of receiving their annual retainer. Non-employee directors will, upon their initial election or appointment to the board of directors, receive an automatic option grant to purchase 22,000 shares of common stock that will vest over a four-year period from the grant date. In connection with their appointments, Mr. Kane and Ms. DeParle each received an option grant for 22,000 shares of common stock in March 2001 and April 2001, respectively. Other than Mr. Kane and Ms. DeParle, the current non-employee members of the board of directors were granted options to purchase 48,125 shares of common stock in 1999 for prior service. Members of the board of directors will receive annual option grants of 11,000 shares of common stock vesting over a four-year period, which are to be granted on the first trading day of April of every year and will have an exercise price equal to the fair market value of our common stock at date of grant. Other than Mr. Kane and Ms. DeParle, each of our non-employee directors were granted 11,000 options on February 9, 2001, approximately two months earlier than the first trading day of April.

2002

Director Compensation

We do not provide cash or equity compensation to employee directors for serving on our Board of Directors or for attendance of committee meetings of the Board of Directors. Each director is reimbursed for out-of-pocket expenses to attend each Board of Directors meeting and each committee meeting. Non-employee directors receive a retainer of \$2,500 per quarter, \$1,500 for each Board of Directors meeting attended, \$500 for each Board of Directors teleconference meeting attended, and \$500 for each teleconference meeting of a committee of the Board of Directors attended. In addition, the secretary of our Board of Directors meetings, Deborah Estes, receives an additional \$14,000 per year for her services. Non-employee directors will, upon their initial election or appointment to the Board of Directors, receive an automatic option grant to purchase 22,000 shares of common stock that will vest over a four-year period from the grant date. Elected by the Board of Directors in 2001, Mr. Kane and Ms. DeParle received such option grants for 22,000 shares of common stock in March 2001 and April 2001, respectively. Members of the Board of Directors also receive annual option grants of 11,000 shares of common stock vesting in a one-year period, which are granted on the first trading day of April of every year and have an exercise price equal to the fair market value of our common stock on the date of grant. In December 2001, each of Messrs. Kane, Nydam and Testman elected to receive their 2002 aggregate annual retainer as an option grant, and on January 2, 2002, options were granted for 560 shares of common stock, at an exercise price of \$8.91 per share which such options will vest in a series of twelve monthly installments in accordance with the provisions of the 2000 Stock Incentive Plan.

2003

Director Compensation

We generally do not provide cash or equity compensation to employee directors for serving on our Board of Directors or for attendance of committee meetings of the Board of Directors. Each director is reimbursed for out-of-pocket expenses to attend each Board of Directors meeting and each committee meeting. Non-employee directors receive a retainer of \$2,500 per quarter, \$1,500 for each Board of Directors meeting attended, \$500 for each Board of Directors teleconference meeting attended, and \$500 for each teleconference meeting of a committee of the Board of Directors attended. In addition, the

secretary of our Board of Directors meetings, Deborah Estes, receives an additional \$14,000 per year for her services. Non-employee directors will, upon their initial election or appointment to the Board of Directors, receive an automatic option grant to purchase 22,000 shares of common stock that will vest over a four-year period from the grant date. Elected by the Board of Directors in 2002, Mr. Gregg received such option grants for 22,000 shares of common stock in June 2002. Members of the Board of Directors also receive annual option grants of 11,000 shares of common stock vesting in a one-year period, which are granted on the first trading day of April of every year and have an exercise price equal to the fair market value of our common stock on the date of grant.

2004

Director Compensation

We generally do not provide cash or equity compensation to employee directors for serving on our Board of Directors or for attendance of committee meetings of the Board of Directors. Each director is reimbursed for out-of-pocket expenses to attend each Board of Directors meeting and each committee meeting. Non-employee directors receive an annual retainer of \$30,000 which is paid in quarterly installments. In addition, the chairman of our Board of Directors meetings, Thomas Testman, receives \$10,000 per year for his services, and the secretary of our Board of Directors meetings, Deborah Estes, receives an additional \$14,000 per year for her services. Additionally, the chairman of each committee of the Board of Directors receives \$5,000 per year for his or her services as committee chairman. Non-employee directors will, upon their initial election or appointment to the Board of Directors, receive an automatic option grant to purchase 22,000 shares of common stock that will vest over a four-year period from the grant date. Members of the Board of Directors also receive annual option grants of 11,000 shares of common stock vesting in a one-year period, which are granted on the first trading day of April of every year and have an exercise price equal to the fair market value of our common stock on the date of grant.