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September 8, 1992

Mr. Ronald D. Allen
Chief, Division of Reporting Compliance
Pension and Welfare Benefits Administration
U.S. Department of Labor
200 Constitution Ave. N.W.
Washington, D.C. 20210

REPO
92 SEP 11 P5:34

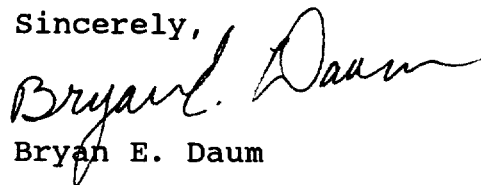
Re: Tucson Pathology Associates, P.C.
EIN 86-0421561
Date of statement: May 12, 1992

Dear Mr. Allen

In response to your letter of August 31, 1992, I am enclosing a copy of the Tucson Pathology Associates, P.C. Deferred Compensation Plan and Agreement dated May 5, 1992. The statement submitted on behalf of the subject plan under Regulation § 2520.104-23 is dated May 12, 1992, one week after the date of the plan and well within the 120 day period after the plan became subject to Title I. Because the employer submitted the statement within the 120 day period, I enclose no additional statement and no penalty.

If you have any questions, please call.

Sincerely,


Bryan E. Daum

enc.
cc: L. Eduardo Vega, M.D.

DEFERRED COMPENSATION PLAN AND AGREEMENT

This Deferred Compensation Plan and Agreement ("Plan and Agreement"), executed this 5th day of May, 1992, but effective for all purposes as of December 31, 1991, by and between Tucson Pathology Associates, Inc., an Arizona corporation ("Corporation"), and L. Eduardo Vega, M.D., an employee of the Corporation ("Participant").

RECITALS

1. The Corporation believes it is in the best interest of the Corporation and the Participant to establish a plan for the purpose of providing certain benefits for the Participant.

2. The Corporation wishes to offer an inducement to Participant to remain as an employee in the form of additional compensation for services which he has rendered or will hereafter render.

3. The Participant is willing to continue in said position with the Corporation on the basis stated herein.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Deferral of Compensation.

In addition to Participant's base salary from the Corporation, the Corporation shall accrue on December 31, 1992 an amount set forth on Exhibit A (attached hereto and incorporated herein by reference). In addition, the Corporation shall accrue on December 31 of each subsequent year any additional amount, as determined by the board of directors as of the end of the fiscal year immediately preceding the calendar year in which the services applicable to the deferred compensation shall be rendered. The board of directors shall determine the amount of deferred compensation for Participant prior to the beginning of the succeeding calendar year. The period of deferral and the amount of deferral shall be set forth on a new Exhibit A, which shall be attached to the original copy of this Plan and Agreement. If no agreement is reached by the board of directors to change the amount of deferral, the amount of deferred compensation shall remain unchanged from the prior year.

2. Reduction of Deferred Compensation Amount.

2.1 Fail Safe Contingency.

The deferred compensation amount as determined in Paragraph 1 and reflected on Exhibit A, shall be subject to a "fail safe" contingency which may cause the amount of deferred compensation so determined to be reduced if the succeeding years' gross income falls below that of the base year. Gross income for purposes of this calculation is defined to include only income from services, not interest or other passive income. The board of directors and Participant shall agree each year on a formula or other means to determine the reduction amount, and shall set forth this formula on Exhibit B, which shall be attached to the original copy of this Plan and Agreement. Consideration is expected to include potential losses of exclusive contracts, other significant reductions in payment from major providers or payers, loss of another participant in the Plan or other essential personnel, loss of laboratory facilities, uninsured damages, or other events or circumstances which would effect the Corporation's ability to meet the obligation as determined in Paragraph 1. If no agreement is reached by the board of directors to change the fail safe contingency formula, the formula established in the prior year will remain unchanged.

This fail safe contingency provision shall not apply, that is, there shall not be any reduction in the deferred compensation

amount as determined in Paragraph 1, if (i) the termination is due to death; (ii) the Corporation purchases life insurance naming Participant as insured pursuant to the provisions of Paragraph 7; (iii) the life insurance is in effect at the time of the Participant's death; and (iv) the Corporation is able to collect from the insurance company an amount of insurance proceeds set forth in Exhibit C.

2.2 Forfeiture upon Breach of Covenant Not to Compete.

Notwithstanding any other provision of this Plan and Agreement, if the Participant breaches the covenant not to compete contained in his Employment Agreement then, commencing on the date of such breach, the Participant shall not receive any further payments under this Plan and Agreement.

3. Records.

The Corporation shall maintain appropriate records of Participant's deferral amount with respect to each calendar year.

4. General Creditor Status.

The amounts credited by the Corporation to Participant in the deferral account shall not be held by the Corporation in a trust, escrow or similar fiduciary capacity and neither Participant nor

any legal representative of Participant shall have any right against the Corporation with respect to any portion of the deferral account, except as a general unsecured creditor of the Corporation. Therefore, Participant's rights under this Plan and Agreement shall not have priority over the rights of any other general creditor of the Corporation.

5. Payments on Termination of Employment, Permanent Disability, or Death.

At the earlier of Participant's retirement, termination of employment with the Corporation, permanent disability, or death, Participant shall be entitled to begin receiving payment of the compensation deferred under this Plan and Agreement. The compensation deferred shall include the aggregate amounts deferred each year under the provisions of Paragraph 1 as reduced by any amounts as determined under Paragraph 2 or as reduced due to the Corporation's partial deferral option as provided in Paragraph 6. Deferral compensation payments shall begin within sixty (60) days at the end of the month in which Participant dies, becomes permanently disabled, or otherwise terminates employment. The amount of deferred compensation shall be paid over thirty-six (36) months in equal payments. In the event of death or permanent disability of Participant, the Corporation shall have the right, in its sole discretion, to accelerate any payments being made or to be made under this Plan and Agreement. In the event of Participant's

death, payment shall be made to the beneficiaries designated by Participant in writing or, in the absence of such designation, to Participant's estate.

For purposes of this Plan and Agreement, Participant shall be deemed to be permanently disabled when, due to injury or sickness, he has been unable to engage in the substantial and material duties of his regular occupation. Permanent disability will not be considered to exist for any time which Participant is not under the regular care and attendance of a doctor. A Participant shall also be presumed to be permanently disabled when he suffers the total and irrecoverable loss of his speech, hearing in both ears, sight in both eyes, use of both hands, use of both feet, use of one hand and one foot, or sight of one eye and the use of one foot or of one hand. The determination of permanent disability shall be made pursuant to the Employment Agreement then in effect for Participant.

6. Corporation's Option to Reduce Payments.

In the event that the Corporation is making payments under a covenant not to compete agreement or any other deferred compensation agreement, at the time payments are required to be made under Paragraph 5 of this Plan and Agreement, the Corporation shall have the option to defer payments required under Paragraph 5 by fifty percent of the monthly amount of any subsequently

commencing deferred compensation payment. Interest shall accrue at the rate of prime as determined by Bank of America on the deferred portion of the monthly payments until the deferred portion is paid. Once the earlier commencing payments are paid in full, then the payments under this Plan and Agreement shall be increased to the full monthly amount as determined under Paragraph 5 except that the original thirty-six (36) month payout period shall be extended to reflect the period of reduced payments.

7. Life Insurance.

The Corporation may purchase life insurance naming Participant as insured. In the event that the Corporation receives insurance proceeds upon the death of Participant, the Corporation shall pay Participant's beneficiaries, within thirty (30) days after the Corporation receives the insurance proceeds, an amount as set forth on Exhibit C (attached hereto and incorporated herein by reference). If the amount of insurance proceeds paid to Participant's beneficiaries is less than the compensation deferred under this Plan and Agreement, Participant's beneficiaries shall be entitled to the remaining amount of compensation deferred pursuant to the provisions of Paragraph 5 of this Plan and Agreement. In no event shall the insurance proceeds paid to Participant's beneficiaries be greater than the total amount of compensation deferred under this Plan and Agreement.

The board of directors and Participant shall agree each year on the amount of insurance proceeds which Participant's beneficiaries shall receive upon the death of Participant, and shall set forth this amount on Exhibit C, which shall be attached to the original copy of this Plan and Agreement. If the board of directors does not redetermine the amount to be set forth on Exhibit C, the amount established in the prior year will remain unchanged.

8. Assignment.

Participant, his beneficiaries, and their personal representatives shall not have the right to commute, sell, assign, transfer, encumber, or otherwise dispose of the right to receive payments under this Plan and Agreement, which payments and the right to them are expressly declared to be non-assignable and non-transferable. Any attempted assignment or transfer by Participant, a beneficiary, or their personal representatives shall be of no effect. The Corporation shall have the right to assign this Plan and Agreement and to transfer its obligations under this Plan and Agreement, after receiving Participant's consent which shall not be unreasonably withheld.

9. Revocation and Amendment.

This Plan and Agreement may be terminated or amended at any time at the sole discretion of the Corporation; provided, however, that any amendment or termination shall not affect the rights of Participant that may have accrued under the Plan and Agreement at the time of the amendment or termination.

10. Arbitration.

Any controversy or claim arising out of, or relating to this Plan and Agreement, or the breach thereof, shall be settled by arbitration in the City of Tucson, Arizona, in accordance with the rules then obtaining of the American Arbitration Association. The arbitration panel shall consist of three (3) individuals. Participant or his legal representatives and the Corporation shall each appoint one arbitrator and the two arbitrators selected shall select a third arbitrator who shall be the chairman of the arbitration panel. In the event either party fails or refuses to appoint an arbitrator within ten (10) days; or in the event the two arbitrators selected cannot agree on a third arbitrator, then and in that event, at the request of either party, the presiding judge of the Superior Court of the State of Arizona in and for the County of Pima shall select an arbitrator for the party refusing or failing to select an arbitrator or the third arbitrator in the event the two arbitrators selected are unable to agree. The

determination of a majority of the members of the arbitration panel shall be binding upon all parties. All costs and expenses of arbitration, including attorneys' fees, shall be allocated among the parties according to the arbitration panel's discretion. Finally, any judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof.

11. Notices.

Any and all notices, consents or other communications provided for herein shall be given in writing and delivered by hand or registered or certified mail addressed to the Corporation at its principal office and to Participant at Participant's most recent address appearing on the records of the Corporation, or to such other address as he may designate by notice to the Secretary of the Corporation. Each such notice shall be deemed given on the date it is personally delivered, or if mailed, on the date of mailing.

12. Prior Agreements.

This Plan and Agreement constitutes the entire agreement between the parties and supersedes and cancels any and all prior agreements between the parties relating to the subject matter hereof.

13. Benefits.

This Plan and Agreement shall bind and inure to the benefit of the parties hereto and their respective administrators, legal representatives, successors and assigns, but neither this Plan and Agreement nor any right or obligation hereunder shall be assigned by any party without the express written consent of all of the other parties hereto.

14. Further Assurances.

The parties hereto shall execute and deliver all such other instruments and take all such other actions as any party may reasonably request from time to time in order to effect the terms and conditions of this Plan and Agreement. The parties shall cooperate with each other and with their respective counsel and accountants in connection with any actions to be taken as a part of their respective obligations under this Plan and Agreement.

15. Governing Law.

This Plan and Agreement shall be construed in accordance with the laws of the State of Arizona.

16. Waiver.

No failure or delay on the part of either party in exercising any right, power or privilege under this Plan and Agreement shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof. The rights and remedies expressly specified in this Plan and Agreement are cumulative and are not exclusive of any other rights or remedies which either party would otherwise have.

17. Captions.

All section titles or captions contained in this Plan and Agreement are for convenience only and shall not be deemed part of this Plan and Agreement.

18. Severability.

The provisions of this Plan and Agreement are severable and the holding of any one provision as invalid or unenforceable shall have no effect on any other provision.

19. Counterparts.

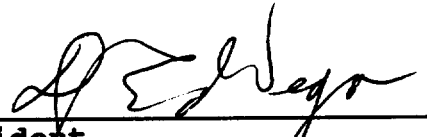
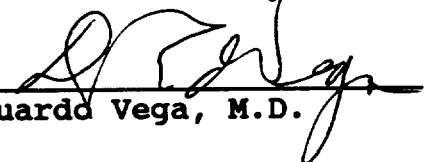
This Plan and Agreement may be executed simultaneously in two or more counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. It shall not be necessary in making proof of this Plan and Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the parties have set their names as of the date above set forth.

TUCSON PATHOLOGY ASSOCIATES, P.C., an
Arizona professional corporation

ATTEST:

By: 
Secretary

By: 
President

L. Eduardo Vega, M.D.

DEFERRED COMPENSATION PLAN AND AGREEMENT

Exhibit A

Deferred Compensation Amount

<u>Period</u>	<u>Amount</u>
Jan. 1, 1992 through Dec. 31, 1992	\$410,392.00

DEFERRED COMPENSATION PLAN AND AGREEMENT

Exhibit B

Formula for Determining Reduction of Deferred Compensation Amount

During the original thirty-six (36) month payout period described in Paragraph 5 of the Deferred Compensation Plan and Agreement, if the gross income of the Corporation in any fiscal year succeeding the base fiscal year is cumulatively decreased by more than ten percent (10%) of the gross income of the base fiscal year, payments made pursuant to Paragraph 5 shall be adjusted downward by the same cumulative proportionate decrease in gross income, effective for all payments subsequent to the fiscal year-end in which such cumulative decrease of more than ten percent (10%) occurs. Conversely, if a reduction in payments occurs, and gross income subsequently increases to within ten percent (10%) (cumulatively) of the gross income of the base fiscal year, then any payments subsequent to the fiscal year-end in which the increase occurs, shall be proportionately increased, but shall not be increased to a total amount greater than the total amount of compensation deferred under the Plan and Agreement. The term gross income as used herein excludes interest and other passive income of the Corporation.

Notwithstanding the above provisions, if the monthly gross income is reduced by more than thirty percent (30%) from the base fiscal year's average monthly gross income, the Corporation shall have the option to immediately reduce the monthly amount of payments to be made pursuant to Paragraph 5 of the Plan and Agreement, based on the prorata decrease in gross income, as compared to the base fiscal year's average monthly gross income. If the Corporation so elects to immediately decrease the monthly amount of payments to be made pursuant to Paragraph 5 of the Plan and Agreement, then the provisions of the preceding paragraph and this paragraph will be tested and applied every third month after the month in which the payment was reduced, as well as at the end of the fiscal year. In the event that gross income subsequently increases, such that there is not a more than ten percent (10%) cumulative reduction in gross income from all sources during the thirty-six (36) month payout period compared to the base fiscal year, then the payments to be made pursuant to Paragraph 5 of the Plan and Agreement shall be retroactively restored to the applicable level as if the (more than 30%) reduction had not occurred. The provisions of the preceding paragraph will continue to be applicable except as modified to allow an immediate decrease in payments to be made pursuant to Paragraph 5 of the Plan and Agreement due to the herein-defined significant and continued decrease in gross income.

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Exhibit C

Life Insurance Proceeds

Date

Amount