

APPLERA CORP  
Form DEF 14A  
September 14, 2005

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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 (Amendment No. )

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 Pursuant to §240.14a-12

**APPLERA CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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(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:

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(2) Aggregate number of securities to which transaction applies:

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(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):

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***Internet Voting***

Most stockholders have a choice of voting over the Internet, by telephone, or by using a traditional proxy card. Please check your proxy card or the information forwarded by your bank, broker, or other holder of record to see which options are available to you.

***Electronic Access to Proxy Materials and Annual Report***

This Proxy Statement and Notice of Annual Meeting and the 2005 Annual Report are available on our web site at **<http://www.applera.com>**. If you are a stockholder of record and would like to view future proxy statements and annual reports over the Internet instead of receiving copies in the mail, follow the instructions provided when you vote over the Internet or call our toll-free stockholder services number at 800.730.4001. If you hold your shares through a bank, broker, or other holder, check the information provided by that entity for instructions on how to elect to view future proxy statements and annual reports and vote your shares over the Internet. Opting to receive your proxy materials online saves us the cost of producing and mailing these materials to your home or office and gives you an automatic link to the proxy voting site.

***Householding of Annual Meeting Materials***

Some banks, brokers, and other nominee record holders may participate in the practice of "householding" proxy statements and annual reports. This means that only one copy of this Proxy Statement and Notice of Annual Meeting and the 2005 Annual Report may have been sent to multiple stockholders in your household. If you would like to obtain another copy of either document, please contact our Corporate Secretary at 301 Merritt 7, P.O. Box 5435, Norwalk, Connecticut 06856-5435, telephone 203.840.2000. If you want to receive separate copies of the proxy statement and annual report 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 or telephone number.

**Directions to the Meeting**

The meeting will be held at 301 Merritt 7, Main Avenue (old U.S. Route 7), Norwalk, Connecticut, approximately one-half mile north of Exit 40B (northbound or southbound) on the Merritt Parkway (Connecticut Route 15). Signs in the lobby will direct you to the meeting.

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301 Merritt 7  
P.O. Box 5435  
Norwalk, CT 06856-5435

**Notice of 2005 Annual Meeting of Stockholders**

**Time and Date:** 9:30 a.m. Eastern Time on Thursday, October 20, 2005

**Place:** 301 Merritt 7  
Main Avenue (old U.S. Route 7)  
Norwalk, Connecticut 06851

**Purposes:** Elect directors.

Ratify the selection of PricewaterhouseCoopers LLP as independent registered public accounting firm for the fiscal year ending June 30, 2006.

Transact such other business as may properly come before the meeting or any adjournment thereof.

**Record Date:** You can vote if you were a stockholder of record of Applera Corporation-Applied Biosystems Group Common Stock or Applera Corporation-Celera Genomics Group Common Stock at the close of business on September 1, 2005.

Thomas P. Livingston  
*Vice President and Secretary*

September 12, 2005

**Your vote is important.**

Whether or not you plan to attend the meeting, please vote as soon as possible. You may vote in person at the meeting even if you send in your proxy or vote over the Internet or by telephone.

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301 Merritt 7  
P.O. Box 5435  
Norwalk, CT 06856-5435

September 12, 2005

## Proxy Statement

### General Information

We are providing these proxy materials in connection with the solicitation of proxies by the Board of Directors of Applera Corporation for use at our 2005 Annual Meeting of Stockholders. Throughout this proxy statement, we refer to Applera Corporation as the "Company," "we," "us," or "our."

You are invited to attend our 2005 Annual Meeting of Stockholders on Thursday, October 20, 2005, at 9:30 a.m. Eastern Time. The meeting will be held at 301 Merritt 7, Main Avenue (old U.S. Route 7), Norwalk, Connecticut. See the inside front cover of this proxy statement for directions. The location is accessible to handicapped persons.

This proxy statement and the accompanying proxy card are being mailed starting on or about September 14, 2005.

### *Who May Vote at the Meeting*

We have two classes of voting stock: our Applied Biosystems Group Common Stock, which we refer to as "Applera-Applied Biosystems stock," and our Celera Genomics Group Common Stock, which we refer to as "Applera-Celera Genomics stock." We refer to the two classes collectively as "Applera common stock." Only holders of record of Applera common stock at the close of business on September 1, 2005, the record date for the meeting, are entitled to receive these proxy materials and vote their shares at the meeting.

As of the record date, there were 194,157,412 shares of Applera-Applied Biosystems stock and 74,509,946 shares of Applera-Celera Genomics stock outstanding and entitled to vote at the meeting.

At the meeting, each outstanding share of Applera-Applied Biosystems stock will be entitled to one vote, and each outstanding share of Applera-Celera Genomics stock will be entitled to 0.580 vote. The voting rights of the Applera-Celera Genomics stock were determined based on recent market values of each class of Applera common stock in accordance with a formula set forth in our Restated Certificate of Incorporation. Holders of Applera-Applied Biosystems stock and Applera-Celera Genomics stock will vote together as a single class at the meeting.

### *How to Vote*

Stockholders of record (that is, stockholders who hold shares of Applera common stock in their own names in our stock records maintained by our transfer agent, Equiserve Trust Company, N.A.) have the choice of voting by Internet, by telephone, or by completing and returning the accompanying proxy card. The shares represented by a properly signed proxy card or voted over the Internet or by telephone will be voted at the meeting as specified by the stockholder. If a proxy card is properly signed and returned but no specific choices are made, the shares represented by the proxy card will be voted in favor of the election of all of the nominees for director and the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2006.

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"Street name" stockholders (that is, stockholders who hold shares of Applera common stock through a bank, broker, or other nominee) who want to vote at the meeting need to obtain a proxy form from the institution that holds their shares and follow the voting instructions on that form.

### ***How to Revoke a Proxy***

A stockholder of record may revoke a proxy, including a vote over the Internet or by telephone, at any time before it is voted at the meeting by:

- submitting a properly completed proxy with a later date;
- voting by telephone or over the Internet at a later time;
- filing with the Secretary of the Company a written revocation of proxy; or
- voting in person at the meeting.

Attendance at the meeting will not by itself constitute revocation of a proxy.

### ***Quorum***

We need a quorum to transact business at the meeting. This means that at least a majority of the total votes entitled to be cast by the outstanding shares of Applera common stock must be present at the meeting, either in person or by proxy. Abstentions are counted as present and entitled to vote for purposes of determining whether a quorum exists.

### ***Vote Required***

A plurality of the votes cast at the meeting is required for the election of directors (Proposal 1). That is, the nominees receiving the greatest number of votes will be elected. Accordingly, abstentions will not affect the outcome of the election of directors.

The favorable vote of a majority of the votes present in person or by proxy and entitled to vote at the meeting is required to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm (Proposal 2). Abstentions on this proposal will be counted for purposes of determining the number of shares present on the proposal but will not be counted as votes "for" the proposal. Therefore, abstentions will have the same effect as votes against the proposal.

The rules of the New York Stock Exchange permit a broker or other nominee to vote on the election of directors and the ratification of the selection of independent registered public accounting firm even if the broker or other nominee does not receive voting instructions from the stockholder.

### ***Voting on Other Matters***

If other matters are properly presented at the meeting for consideration, the persons named as proxies on the accompanying proxy card will have the discretion to vote for you on these matters in accordance with their best judgment. As of the date of this proxy statement, we do not know of any matters to be brought before the meeting other than those described in this proxy statement.

### ***Costs of Proxy Solicitation***

We will bear the costs of soliciting proxies for the meeting. In addition to solicitation by mail, proxies may be solicited on our behalf by our directors, officers, or employees in person or by telephone, facsimile, or other electronic means. We have hired Morrow & Co., Inc., New York, New York, to assist in the distribution and solicitation of proxies for a fee of \$7,500, plus expenses.

We will also reimburse brokerage houses and other custodians, nominees, and fiduciaries holding shares of Applera common stock in their names or those of their nominees for expenses they incur in sending proxy materials to the beneficial owners of Applera common stock and obtaining their proxies.



## Corporate Governance

### *Corporate Governance Guidelines*

The Board has adopted Corporate Governance Guidelines to reflect the principles by which the Company operates. These Guidelines are available in the Corporate section of our website at [www.applera.com](http://www.applera.com) under the heading "Corporate Governance Corporate Governance Guidelines." The Guidelines are also available in print to any stockholder on request to: Secretary, Applera Corporation, 301 Merritt 7, P.O. Box 5435, Norwalk, Connecticut, 06856-5435. The Board periodically reviews the Guidelines, and any modifications are reflected in the Guidelines posted on our website. Please note that none of the information contained on our websites is incorporated by reference into this proxy statement, and the website addresses are included as inactive textual references only.

### *Director Independence*

It is the objective of the Board that all non-employee directors meet the criteria for independence required by the New York Stock Exchange and the Securities and Exchange Commission absent unusual and compelling circumstances. Only those directors who the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, stockholder, or officer of an organization that has a relationship with the Company) and who meet the additional qualifications prescribed under the New York Stock Exchange rules will be considered independent. In addition, our Corporate Governance Guidelines require that members of the Audit/Finance Committee also satisfy the independence requirements for members of audit committees prescribed under the Sarbanes-Oxley Act of 2002.

The Board has determined that relationships with charitable organizations are not material relationships that would impair a director's independence unless contributions by the Company to the organization in any single fiscal year within the preceding three years exceed the greater of \$1 million or 2% of such organization's consolidated gross revenues. The Company's automatic matching of charitable contributions are not included in the amount of the Company's contributions for this purpose. The Board considers any other relationships based on all relevant facts and circumstances.

The Board has reviewed the business, family, and charitable relationships between the Company and each non-employee director. Several non-employee directors of the Company serve as directors or officers of companies which have in the past directly or indirectly purchased or sold products and services from or to the Company. These transactions were conducted in the ordinary course of business and on an arms-length basis, and none of our directors received a personal benefit from these transactions. Based on its review of these and other relationships between the Company and the non-employee directors, the Board determined that there are no relationships which would interfere with the ability of any non-employee director to exercise independent judgment and that all of these directors are independent under all of the requirements described above. The Board further determined that all of the members of the Audit/Finance Committee satisfied the requirements for members of audit committees described above.

### *Code of Conduct*

All of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, and Controller (our principal accounting officer), are required to abide by our Code of Business Conduct and Ethics to ensure that our business is conducted in a legal and ethical manner. The Code is available in the Corporate section of our website at [www.applera.com](http://www.applera.com) under the heading "Corporate Governance Code of Business Conduct." The Code is also available in print to any stockholder on request to the Company's Secretary at the address given above.

### *Communications with Directors*

The Board has approved a policy by which stockholders and other interested parties may communicate directly with the Board or the non-employee directors. All communications should be in

writing and should be directed to the Company's Secretary at the address given above. The sender should indicate in the address whether it is intended for the entire Board, the non-employee directors as a group, or an individual director. Each communication intended for the Board or non-employee directors received by the Secretary will be forwarded to the intended recipients subject to compliance with instructions from the Board in effect from time to time concerning the treatment of inappropriate communications.

### Board of Directors and Committees

Our business is managed under the direction of our Board of Directors. Members of the Board are kept informed of our business through discussions with officers and other employees, by reviewing materials relating to the Company, and by participating in meetings of the Board and its committees.

There were six Board meetings and 25 committee meetings during fiscal 2005. Average attendance at these meetings was more than 99%, and each director attended at least 75% of the meetings of the Board and of the committees on which he or she served.

Non-employee directors of the Company meet in executive session without the Chief Executive Officer or any other member of management present at each regularly scheduled Board meeting. The director then serving as chair of the Nominating/Corporate Governance Committee serves as presiding director of these sessions.

All directors are expected to attend the annual meeting of stockholders, and all directors were present at our 2004 annual meeting.

#### **Board Committees**

The Board has established standing committees to assist it in carrying out its responsibilities. Each of these committees operates under a written charter, copies of which are available in the Corporate section of our website at [www.applera.com](http://www.applera.com) under the heading "Corporate Governance Committee Charters." The committee charters are also available in print to any stockholder on request to: Secretary, Applera Corporation, 301 Merritt 7, P.O. Box 5435, Norwalk, Connecticut, 06856-5435. The Board regularly reviews the committee charters, and any modifications are reflected in the charters posted on our website.

The current membership of each of our Board committees is provided below:

Name	Audit/ Finance	Executive	Management Resources	Nominating/ Corporate Governance	Technology Advisory
Richard H. Ayers	X	X			
Jean-Luc Bélingard			C	X	X
Robert H. Hayes	C	X			X
Arnold J. Levine			X	C	C
William H. Longfield			C	X	
Theodore E. Martin	X				
Carolyn W. Slayman		X	X	C	C
Orin R. Smith			X	X	
James R. Tobin	C				
Tony L. White		C			

C = Chair/Co-Chair

**Audit/Finance Committee.** The Audit/Finance Committee oversees accounting, finance, and internal control matters. The Committee is responsible for the appointment, compensation, evaluation, and oversight of the work of the independent registered public accounting firm for the purpose of preparing or issuing an audit report or performing other services. In addition, the Committee, among other things: reviews and approves the scope and plan of audit and non-audit services to be performed

by the independent registered public accounting firm; reviews with management and the independent registered public accounting firm our annual and quarterly consolidated financial statements; reviews internal accounting and auditing procedures, including the process used by management to evaluate and report on the effectiveness of the Company's internal control over financial reporting; reviews and approves the scope and plan of audit services to be performed by our internal audit department; reviews our financial policies and strategies; and reviews policies and practices designed to assure compliance with legal and ethical standards. A report of the Committee for fiscal 2005 is provided on page 6.

The Audit/Finance Committee met 10 times during fiscal 2005. The Board has determined that each member of the Audit/Finance Committee is "independent" as defined by the rules of the New York Stock Exchange. The Board has further determined that each member of the Committee meets the New York Stock Exchange requirement of having accounting or related financial management expertise and that each of Messrs. Ayers, Martin, and Tobin are "audit committee financial experts" as defined by the rules of the Securities and Exchange Commission. The designation of members of our Audit/Finance Committee as "audit committee financial experts" does not impose on those members any duties, obligations, or liabilities that are greater than are generally imposed on them as members of the Audit/Finance Committee and Board of Directors, and does not affect the duties, obligations, or liabilities of any other member of the Audit/Finance Committee or Board of Directors. The Board has also determined that although Mr. Martin currently serves on the audit committees of more than three public companies, this service does not impair his ability to serve effectively on the Company's Audit/Finance Committee.

*Executive Committee.* The Executive Committee has the authority to act for the full Board in emergency situations requiring Board action where time constraints preclude a meeting of the Board. It is expected that meetings of the Committee should rarely, if ever, be required. The Executive Committee did not meet during fiscal 2005.

*Management Resources Committee.* The Management Resources Committee oversees compensation policies and practices for the Company's senior management, including salary, bonus, and incentive awards. The Committee also develops and reviews management development and succession plans for the Company's Chief Executive Officer and other executive officers. The Committee's report on executive compensation starts on page 19.

The Management Resources Committee met seven times during fiscal 2005. The Board has determined that each member of the Management Resources Committee is independent as defined by the rules of the New York Stock Exchange.

*Nominating/Corporate Governance Committee.* The Nominating/Corporate Governance Committee evaluates Board and management effectiveness and generally takes a leadership role in shaping and advising the Board on corporate governance and related matters. In addition, the Committee recommends membership assignments and responsibilities for committees of the Board, recommends the compensation of non-employee directors, and develops and monitors our Corporate Governance Guidelines.

The Committee also assists the Board in identifying individuals qualified to serve as members of the Board. Under our Corporate Governance Guidelines, nominees for director will be selected based on their independence, character, judgment, business experience, diversity, and specific areas of expertise, among other relevant considerations. Final approval of the nomination of a new nominee will be determined by the full Board. The Committee will consider nominations for directors recommended by Board members, Company management, stockholders, and other sources. The Committee will evaluate director candidates proposed by stockholders in the same manner it evaluates other candidates, provided that the stockholders proposing a director candidate submit their proposal to the Company's Secretary prior to the deadlines generally applicable to the submission of stockholder proposals required under our By-laws described below under the heading "*Stockholder Proposals.*" In addition, submissions of nominations should include a current resume and *curriculum vitae* of the nominee and

statement describing the nominee's qualifications and contact information for personal and professional references. The submission should also include the name and address of the stockholder who is submitting the nomination, the number of shares of Applera common stock which are owned of record or beneficially by the submitting stockholder, and a description of all arrangements or understandings between the submitting stockholder and the nominee.

The Nominating/Corporate Governance Committee met six times during fiscal 2005. The Board has determined that each member of the Nominating/Corporate Governance Committee is independent as defined by the rules of the New York Stock Exchange.

*Technology Advisory Committee.* The Technology Advisory Committee advises the Board and management concerning issues related to the development and implementation of our technological resources, including strategies for developing and expanding the Company's technology portfolio and assisting management in assessing third party technology opportunities. The Technology Advisory Committee met two times during fiscal 2005.

#### ***Report of the Audit/Finance Committee***

The Audit/Finance Committee assists the Board in its oversight of the quality and integrity of the accounting, auditing, and financial reporting practices of the Company. The Committee operates under a written charter adopted by the Board, a copy of which is available in the Corporate section of our website at [www.applera.com](http://www.applera.com) under the heading "Corporate Governance Committee Charters."

Management is responsible for the financial statements and the reporting process, including the system of internal controls. PricewaterhouseCoopers LLP ("PwC"), the Company's independent registered public accounting firm, is responsible for expressing an opinion as to whether these financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America and on management's assessment of the effectiveness of the Company's internal control over financial reporting. In addition, PwC will express its own opinion on the effectiveness of the Company's internal control over financial reporting.

In performing its oversight responsibilities, the Committee reviewed and discussed with management and PwC the audited consolidated financial statements of the Company as of and for the fiscal year ended June 30, 2005, management's assessment of the effectiveness of the Company's internal control over financial reporting, and PwC's evaluation of the Company's internal control over financial reporting. The Committee also discussed with PwC their judgment as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, "Communication with Audit Committees."

The Committee has received the written disclosures and the letter from PwC required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and has discussed with PwC their independence from the Company and its management. The Committee considered whether the provision of non-audit services by PwC to the Company is compatible with maintaining the independence of PwC and concluded that the independence of PwC is not compromised by the provision of such services.

Based on the reviews and discussions referred to above, the Committee recommended to the Board, and the Board has approved, the inclusion of the audited consolidated financial statements of the Company in its Annual Report on Form 10-K for the fiscal year ended June 30, 2005, for filing with the Securities and Exchange Commission.

The Committee has also appointed PwC to audit the Company's consolidated financial statements for the fiscal year ending June 30, 2006, subject to stockholder ratification of that appointment.

Audit/Finance Committee

Robert H. Hayes, Co-Chair  
James R. Tobin, Co-Chair  
Richard H. Ayers  
Theodore E. Martin

*Compensation of Directors*

Each non-employee director currently receives:

an annual retainer, payable in cash and shares of Applera-Applied Biosystems stock and shares of Applera-Celera Genomics stock;

a grant of stock options to purchase shares of Applera-Applied Biosystems stock and shares of Applera-Celera Genomics stock; and

a restricted stock award of shares of Applera-Applied Biosystems stock and shares of Applera-Celera Genomics stock.

The Company does not pay any additional amounts for attendance at meetings or participation on committees.

*Annual Retainer.* Each non-employee director currently receives an annual retainer of \$60,000, at least 50% of which must be applied to the purchase of Applera-Applied Biosystems stock and Applera-Celera Genomics stock. Purchases of stock are made quarterly, and the number of shares of each class of stock purchased is based on the ratio of the number of shares of each class outstanding on the purchase date. The purchase price is the fair market value of a share of the applicable class of stock on the purchase date.

*Stock Options.* Each non-employee director received a grant of stock options to purchase 9,200 shares of Applera-Applied Biosystems stock and 3,400 shares of Applera-Celera Genomics stock under the terms of our stock incentive plans upon election at the 2004 annual meeting of stockholders. The exercise price of these options is the fair market value of a share of the applicable class of stock on the date of grant. These options have a term of ten years and were originally exercisable in four equal annual installments. In fiscal 2005, the Management Resources Committee accelerated the vesting of these and other stock options held by employees, officers, and directors of the Company in light of new accounting regulations that took effect beginning in fiscal 2006. However, in order to prevent unintended personal benefits to directors, officers, and other senior management, the Board imposed restrictions on any shares received through the exercise of accelerated options held by those individuals. These restrictions prevent the sale of any stock obtained through exercise of an accelerated option prior to the earlier of the original vesting date or the individual's termination of employment or service.

*Restricted Stock.* Our stock incentive plans provide that each non-employee director will receive a restricted stock award of shares of Applera-Applied Biosystems stock and shares of Applera-Celera Genomics stock upon election or reelection to the Board. The number of shares to be awarded is determined by the Management Resources Committee, except that the aggregate dollar value of the restricted stock award to each non-employee director is subject to an annual dollar limit under the terms of the plans. This limit was \$197,654 for fiscal 2005, and increases by 10% each subsequent fiscal year. The aggregate dollar value of an award is calculated by multiplying the number of shares included in the award by the fair market value of the applicable class of stock on the date of grant. The awards vest on the date immediately preceding the first annual meeting following the date of grant and will be forfeited, subject to certain exceptions, if the director ceases to serve as a member of the Board prior to that date. Prior to vesting, the director has the right to receive cash dividends and to vote but may not sell or otherwise transfer the shares.

Each non-employee director received a restricted stock award of 1,300 shares of Applera-Applied Biosystems stock and 500 shares of Applera-Celera Genomics stock upon election at the 2004 annual meeting of stockholders. The aggregate dollar value of these awards on the date of grant was \$30,579.



*Deferrals.* Non-employee directors may defer receipt of the cash or stock portion of their annual retainer and their restricted stock award. Stock is credited to a deferral account of a director in units, each unit representing one share of the applicable class of Applera common stock. Directors cannot vote the shares represented by these units. The stock portion of a director's deferral account is adjusted to take into account dividends paid on Applera common stock, and the cash portion of a director's deferral account is credited quarterly with interest at the prevailing prime rate of Citibank, N.A.

*Special Assignments.* Recognizing that there may be occasions where we are best served by non-employee directors spending additional time in their capacities as directors, the Board has determined that it may be appropriate to provide additional compensation for these services. Specifically, the Nominating/Corporate Governance Committee will determine and approve a per diem payment where a non-employee director is requested to spend materially more time than would ordinarily be expected. Payment for these services will not exceed reasonable and customary rates for the type of services performed. The Company did not make any such payments during fiscal 2005.

*Stock Ownership Policy.* In order to encourage non-employee directors to retain a financial investment in the Company, the Nominating/Corporate Governance Committee has established a requirement that each non-employee director retain a personal investment in Applera common stock or stock equivalents equal to four times the annual retainer. Stock equivalents that qualify under the policy include deferred shares, restricted stock subject to time-based vesting, and vested, in-the-money stock options. Non-employee directors have a period of four years from the date of initial election to achieve this ownership level. As of the end of the Company's 2005 fiscal year, all of the non-employee directors, other than Mr. Longfield, had satisfied their individual investment goals. Mr. Longfield was elected to the Board at the 2003 annual meeting.

*Miscellaneous.* The Board previously established a Director's Charitable Award Program as part of the Company's overall program to promote charitable giving. The Program provided that the Company would, following the death of a participating director, donate \$1,000,000 to the educational or charitable organizations selected by the director and approved by us. In order to fund the donations, we acquired joint life insurance contracts on the lives of participating directors. Each policy insured two directors with the death benefit payable on the death of the second director. The Program was terminated by the Board in November 2004. As a result, the cash surrender value of the insurance policies was distributed to the charities selected by the participating directors. Individual directors did not receive any financial benefit from the termination since the insurance policies were owned by the Company.

All directors are reimbursed for expenses incurred in attending Board and committee meetings. Non-employee directors are provided business travel accident insurance when traveling on behalf of the Company and personal excess liability insurance. Directors are also eligible to participate in our matching gifts program on the same basis as our employees.

Employee directors receive no additional compensation for service on the Board or its committees.

## Ownership of Company Stock

**Greater than 5% Beneficial Owners**

The table below provides information about the only persons known by us to beneficially own more than 5% of the outstanding shares of either class of Applera common stock as of August 19, 2005.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Applera-Applied Biosystems Stock	Percent of Class	Amount and Nature of Beneficial Ownership of Applera-Celera Genomics Stock	Percent of Class
Primecap Management Company 225 South Lake Avenue, Suite 400 Pasadena, CA 91101	22,275,045 <sup>1</sup>	11.4		
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	22,264,800 <sup>2</sup>	11.4		
AXA 25, avenue Matignon 75008 Paris, France	21,873,239 <sup>3</sup>	11.2	8,189,035 <sup>4</sup>	11.0
Iridian Asset Management LLC 276 Post Road West Westport, CT 06880			7,517,454 <sup>5</sup>	10.1
FMR Corp. 82 Devonshire Street Boston, MA 02109			7,459,948 <sup>6</sup>	10.0
Wellington Management Company, LLP 75 State Street Boston, MA 02109			5,011,824 <sup>7</sup>	6.7
Barclays PLC 54 Lombard Street London, England EC3P3AH			3,985,967 <sup>8</sup>	5.4

<sup>1</sup> Based on a Form 13F for the quarter ended June 30, 2005, filed with the Securities and Exchange Commission (the "SEC"), Primecap Management Company has sole investment discretion with respect to all of these shares, sole voting authority with respect to 4,297,695 shares, and no voting authority with respect to 17,977,350 shares.

<sup>2</sup> Based on a Form 13F for the quarter ended June 30, 2005, filed with the SEC, Capital Research and Management Company has shared investment discretion (as defined) and no voting authority with respect to these shares.

<sup>3</sup> Based on a Form 13F for the quarter ended June 30, 2005, filed with the SEC, AXA, together with Alliance Capital Management L.P. and other affiliates, has shared investment discretion (as defined) with respect to all of these shares and sole voting authority with respect to 18,647,791 shares, shared voting authority with respect to 448,040 shares, and no voting authority with respect to 2,777,408 shares.

<sup>4</sup> Based on a Form 13F for the quarter ended June 30, 2005, filed with the SEC, AXA, together with Alliance Capital Management L.P. and other affiliates, has shared investment discretion (as defined) with respect to all of these shares and sole voting authority with respect to 6,853,657 shares and no voting authority with respect to 1,335,378 shares.

<sup>5</sup> Based on a Form 13F for the quarter ended June 30, 2005, filed with the SEC, Iridian Asset Management LLC has sole investment discretion with respect to all of these shares, sole voting authority with respect to 5,708,783 shares, and no voting authority with respect to 1,808,671 shares.

<sup>6</sup> Based on a Form 13F for the quarter ended June 30, 2005, filed with the SEC, FMR Corp. has shared investment discretion (as defined) and no voting authority with respect to these shares.

<sup>7</sup>

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Based on a Form 13F for the quarter ended June 30, 2005, filed with the SEC, Wellington Management Company, LLP, has sole investment discretion with respect to 4,577,070 shares, shared investment discretion (as defined) with respect to 434,754 shares, sole voting authority with respect to 3,291,801 shares, shared voting authority with respect to 314,254 shares, and no voting authority with respect to 1,405,769 shares.

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Based on a Form 13F for the quarter ended June 30, 2005, filed with the SEC, Barclays PLC, together with Barclays Global Investors, NA and other affiliates, has shared investment discretion (as defined) with respect to all of these shares and sole voting authority with respect to 3,726,735 shares and no voting authority with respect to 259,232 shares.

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*Directors and Executive Officers*

The table below shows the number of shares of each class of Applera common stock beneficially owned as of August 19, 2005, by (1) each non-employee director, (2) each of the persons named in the Summary Compensation Table below under "*Executive Compensation*," and (3) all directors and executive officers of the Company as a group. None of these persons, other than Mr. White, beneficially owned more than one percent of the outstanding shares of either class of Applera common stock. Mr. White beneficially owned approximately 2.1% of the outstanding shares of Applera-Applied Biosystems stock and approximately 1.8% of the outstanding shares of Applera-Celera Genomics stock. All directors and executive officers as a group beneficially owned approximately 4.4% of the outstanding shares of Applera-Applied Biosystems stock and approximately 5.2% of the outstanding shares of Applera-Celera Genomics stock. Except as otherwise noted, voting and investment power is exercised solely by the beneficial owner or is shared by the owner with his or her spouse.

Title of Class	Number of Shares Beneficially Owned <sup>1,2</sup>	Number of Deferred Shares Beneficially Owned <sup>3</sup>	Total	
<b>Non-employee Directors</b>				
Richard H. Ayers	Applera-Applied Biosystems stock	85,046	14,122	99,168
	Applera-Celera Genomics stock	65,218	3,386	68,604
Jean-Luc Bélingard	Applera-Applied Biosystems stock	84,965	0	84,965
	Applera-Celera Genomics stock	64,860	0	64,860
Robert H. Hayes	Applera-Applied Biosystems stock	72,772	16,519	89,291
	Applera-Celera Genomics stock	61,675	4,125	65,800
Arnold J. Levine	Applera-Applied Biosystems stock	51,900	16,819	68,719
	Applera-Celera Genomics stock	66,396	4,989	71,385
William H. Longfield	Applera-Applied Biosystems stock	19,700	5,721	25,421
	Applera-Celera Genomics stock	6,900	1,972	8,872
Theodore E. Martin	Applera-Applied Biosystems stock	50,700	16,218	66,918
	Applera-Celera Genomics stock	55,756	4,845	60,601
Carolyn W. Slayman	Applera-Applied Biosystems stock	74,422	9,880	84,302
	Applera-Celera Genomics stock	62,018	2,605	64,623
Orin R. Smith	Applera-Applied Biosystems stock	65,000	23,521	88,521
	Applera-Celera Genomics stock	58,256	6,596	64,852
James R. Tobin	Applera-Applied Biosystems stock	50,700	15,389	66,089
	Applera-Celera Genomics stock	55,756	4,646	60,402

Title of Class	Number of Shares Beneficially Owned <sup>4,5</sup>	
<b>Named Executive Officers</b>		
Tony L. White	Applera-Applied Biosystems stock	4,082,952 <sup>6</sup>
	Applera-Celera Genomics stock	1,364,474 <sup>6</sup>
Kathy Ordoñez	Applera-Applied Biosystems stock	374,200
	Applera-Celera Genomics stock	540,300
Catherine M. Burzik	Applera-Applied Biosystems stock	330,509
	Applera-Celera Genomics stock	70,560
Dennis L. Winger	Applera-Applied Biosystems stock	1,427,319
	Applera-Celera Genomics stock	505,171
William B. Sawch	Applera-Applied Biosystems stock	1,267,733
	Applera-Celera Genomics stock	466,224
<b>All directors and executive officers as a group (19 persons)<sup>7</sup></b>	Applera-Applied Biosystems stock	8,879,309
	Applera-Celera Genomics stock	4,087,519

(Footnotes on following page)

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(Footnotes for preceding page)

1 Includes the following number of stock options held by the named individuals, which represent all stock options held by such individuals and all of which are presently exercisable:

	<b>Applera-Applied Biosystems Stock</b>	<b>Applera-Celera Genomics Stock</b>
Richard H. Ayers	62,700	58,756
Jean-Luc Bélingard	62,700	58,756
Robert H. Hayes	58,700	57,756
Arnold J. Levine	50,700	66,096
William H. Longfield	16,700	5,900
Theodore E. Martin	50,700	55,756
Carolyn W. Slayman	62,700	58,756
Orin R. Smith	61,000	58,256
James R. Tobin	50,700	55,756

No voting or investment power exists with respect to these shares prior to exercise of the stock options.

2 Includes for each of Messrs. Ayers, Bélingard, and Hayes 1,300 restricted shares of Applera-Applied Biosystems stock and 500 restricted shares of Applera-Celera Genomics stock. Prior to vesting, each director has the right to vote but may not sell or otherwise transfer these shares.

3 Consists of units representing full shares of stock deferred by non-employee directors (see "*Board of Directors and Committees Compensation of Directors*" above). No voting power exists with respect to any deferred share units.

4 Includes the following number of stock options held by the named individuals, which represent all stock options held by such individuals and all of which are presently exercisable:

	<b>Applera-Applied Biosystems Stock</b>	<b>Applera-Celera Genomics Stock</b>
Tony L. White	3,633,593	1,249,037
Kathy Ordoñez	374,200	500,300
Catherine M. Burzik	307,600	69,200
Dennis L. Winger	1,350,573	482,950
William B. Sawch	1,191,200	447,678

No voting or investment power exists with respect to these shares prior to exercise of the stock options.

5 Includes 69,498 restricted shares of Applera-Applied Biosystems stock and 23,166 restricted shares of Applera-Celera Genomics stock held by Mr. White, 18,750 restricted shares of Applera-Applied Biosystems stock held by Ms. Burzik, and 11,584 restricted shares of Applera-Applied Biosystems stock and 3,862 restricted shares of Applera-Celera Genomics stock held by Mr. Winger. Prior to vesting, Messrs. White and Winger and Ms. Burzik have the right to vote the restricted shares, but they may not sell or otherwise transfer these shares.

6 Excludes: (a) 75,000 shares of Applera-Applied Biosystems stock and 25,000 shares of Applera-Celera Genomics stock held by the Elizabeth Ann White Business Interests, LLLP, a family limited partnership of which Mr. White's daughter is the sole general partner and Mr. White's wife and a grantor retained annuity trust established by Mr. White are currently the sole limited partners; and (b) 48,480 shares of Applera-Applied Biosystems stock and 16,160 shares of Applera-Celera Genomics stock held by the Tony Lee White 2004 Two Year Grantor Retained Annuity Trust, of which Mr. White's wife is the sole trustee.

7 Includes 8,159,916 shares of Applera-Applied Biosystems stock and 3,845,185 shares of Applera-Celera Genomics stock which all directors and executive officers as a group have the right to acquire through the exercise of stock options that are presently exercisable or will become exercisable within 60 days. No voting or investment power exists with respect to these shares prior to exercise of the stock options.

*Section 16(a) Beneficial Ownership Reporting Compliance*

We are required to identify any officer, director, or beneficial owner of more than 10% of either class of Applera common stock who failed to timely file with the SEC and the New York Stock Exchange a required report relating to beneficial ownership of stock under Section 16(a) of the Securities Exchange Act of 1934. Based solely on a review of information provided to us, all persons subject to these reporting requirements filed the required reports on a timely basis for fiscal 2005.

## Executive Compensation

## Summary Compensation Table

The following table shows the compensation provided to our Chief Executive Officer and four other most highly paid executive officers (the "Named Executive Officers").

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation				
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) <sup>1</sup>	Awards		Payouts		All Other Compensation (\$) <sup>4</sup>
					Restricted Stock Awards (\$) <sup>2</sup>	Stock Options (#) <sup>3</sup>	LTIP Payouts (\$)		
Tony L. White	2005	1,000,000	1,798,160	126,878	0	350,000	0	168,000	
Chairman, President and Chief Executive Officer	2004	1,000,000	1,202,500	197,773	5,189,416	272,000	0	311,585	
	2003	1,000,000	1,300,000	102,977	0	420,000	0	282,308	
	Kathy Ordoñez	2005	516,347	670,613	1,395	0	200,000	0	13,375
Senior Vice President and President, Celera Genomics Group and Celera Diagnostics	2004	496,154	427,500	0	0	108,000	0	34,779	
	2003	468,077	451,250	757	0	135,000	0	25,978	
Catherine M. Burzik <sup>5</sup>	2005	507,330	675,000	107,047	0	200,000	0	14,500	
Senior Vice President and President, Applied Biosystems Group	2004	362,476	424,685	99,107	555,250	176,800	0	327,927	
Dennis L. Winger	2005	543,077	625,000	12,627	0	120,000	0	92,700	
Senior Vice President and Chief Financial Officer	2004	526,154	416,713	19,149	864,999	90,400	0	164,377	
	2003	483,058	407,959	9,002	0	153,000	0	145,880	
William B. Sawch	2005	478,769	550,000	3,003	0	120,000	0	149,260	
Senior Vice President and General Counsel	2004	463,615	367,179	1,700	0	90,400	0	163,595	
	2003	423,057	359,489	2,313	0	153,000	0	143,868	

1

Amounts shown in this column include the aggregate incremental cost to the Company of providing various perquisites and other personal benefits to each of the Named Executive Officers. These perquisites and personal benefits include personal use of Company aircraft, car allowance, financial and estate planning, and excess liability insurance. In accordance with SEC rules, no amount is included for perquisites and other personal benefits in any fiscal year if the total amount of these perquisites and benefits for the year is less than \$50,000. Pursuant to a security policy adopted by the Management Resources Committee, Mr. White is required to use Company aircraft for both personal and business travel. The incremental cost of the Company aircraft is calculated by dividing the total variable costs (such as fuel, aircraft maintenance, and flight crew expenses) by the total number of flight hours for the fiscal year and multiplying this amount by the individual's total number of flight hours for personal use for the year.

The amounts shown for fiscal 2005 include for Mr. White \$58,294 for the personal use of Company aircraft and \$40,067 for financial and estate planning, and for Ms. Burzik a \$50,000 mortgage subsidy received in connection with her relocation. Amounts shown for fiscal 2005 also include amounts reimbursed for the payment of taxes for all of the Named Executive Officers and dividend equivalents paid in cash on performance units granted to Messrs. White, Winger, and Sawch.

2

As of the end of the Company's 2005 fiscal year, Mr. White held 115,830 restricted shares of Applera-Applied Biosystems stock and 38,610 restricted shares of Applera-Celera Genomics stock having an aggregate value of \$2,694,978, Ms. Burzik held 18,750 restricted shares of Applera-Applied Biosystems stock having an aggregate value of \$367,688, and Mr. Winger held 23,168 restricted shares of Applera-Applied Biosystems stock and 7,724 restricted shares of Applera-Celera Genomics stock having an aggregate value of \$539,057. As of that date, none of the other Named Executive Officers held any shares of our restricted stock.

The shares of restricted stock awarded to Mr. White and Mr. Winger in fiscal 2004 and outstanding as of the end of the Company's 2005 fiscal year vest as follows: 46,332 shares of Applera-Applied Biosystems stock and 15,444 shares of Applera-Celera Genomics stock awarded to Mr. White and 11,584 shares of Applera-Applied Biosystems stock and 3,862 shares of Applera-Celera Genomics stock awarded to Mr. Winger vested on August 18, 2005 upon the attainment of performance goals relating to cumulative after-tax operating cash flow for fiscal 2005; 23,166 shares of Applera-Applied

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Biosystems stock and 7,722 shares of Applera-Celera Genomics stock granted to Mr. White will vest on June 30, 2006, subject to Mr. White being an employee of the Company as of that date; and up to the remaining 46,332 shares of Applera-Applied Biosystems stock and 15,444 shares of Applera-Celera Genomics stock awarded to Mr. White and 11,584 shares of Applera-Applied Biosystems stock and 3,862 shares of Applera-Celera Genomics stock awarded to Mr. Winger vest following the end of fiscal 2006 upon the attainment of performance goals relating to cumulative after-tax operating cash flow for that fiscal year. The shares of restricted stock awarded to Ms. Burzik in fiscal 2004 and outstanding as of the end of the Company's 2005 fiscal year vest in three equal annual installments commencing on September 2, 2005. Prior to vesting,



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Messrs. White and Winger and Ms. Burzik have the right to receive dividends, if any, on and to vote the restricted shares, but they may not sell or otherwise transfer these shares.

3

A breakdown of the options set forth in the table, by class, is as follows:

		<b>Applera-Applied Biosystems Stock</b>	<b>Applera-Celera Genomics Stock</b>
Mr. White	2005	262,500	87,500
	2004	204,000	68,000
	2003	335,000	85,000
Ms. Ordoñez			