



**Wachovia  
18<sup>th</sup> Annual Nantucket  
Equity Conference**

**Nantucket, MA  
June 25<sup>th</sup>, 2008**



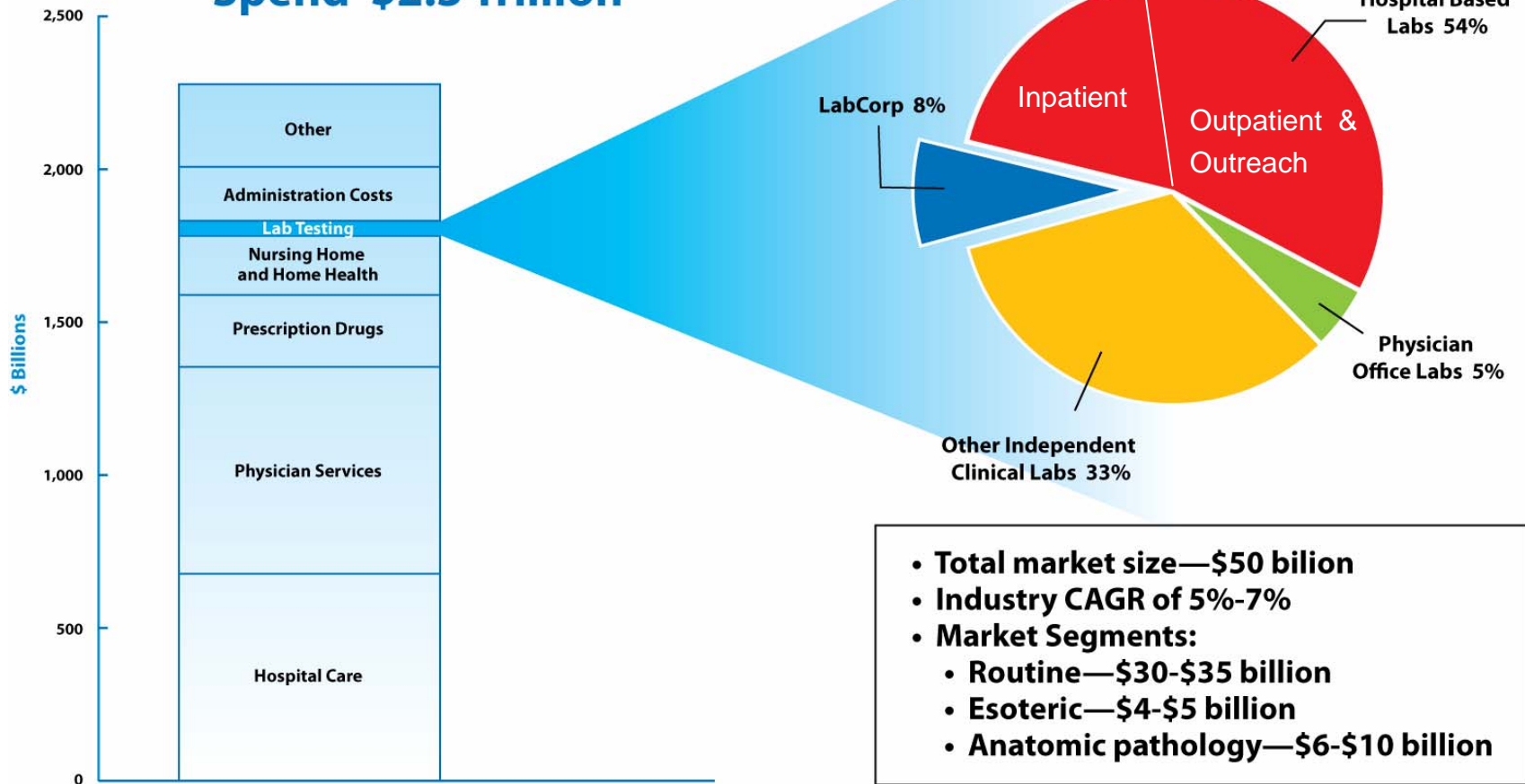
# Introduction

This slide presentation contains forward-looking statements which are subject to change based on various important factors, including without limitation, competitive actions in the marketplace and adverse actions of governmental and other third-party payors.

Actual results could differ materially from those suggested by these forward-looking statements. Further information on potential factors that could affect the Company's financial results is included in the Company's Form 10-K for the year ended December 31, 2007, and subsequent SEC filings.

# The US Healthcare & Clinical Laboratory Testing Market

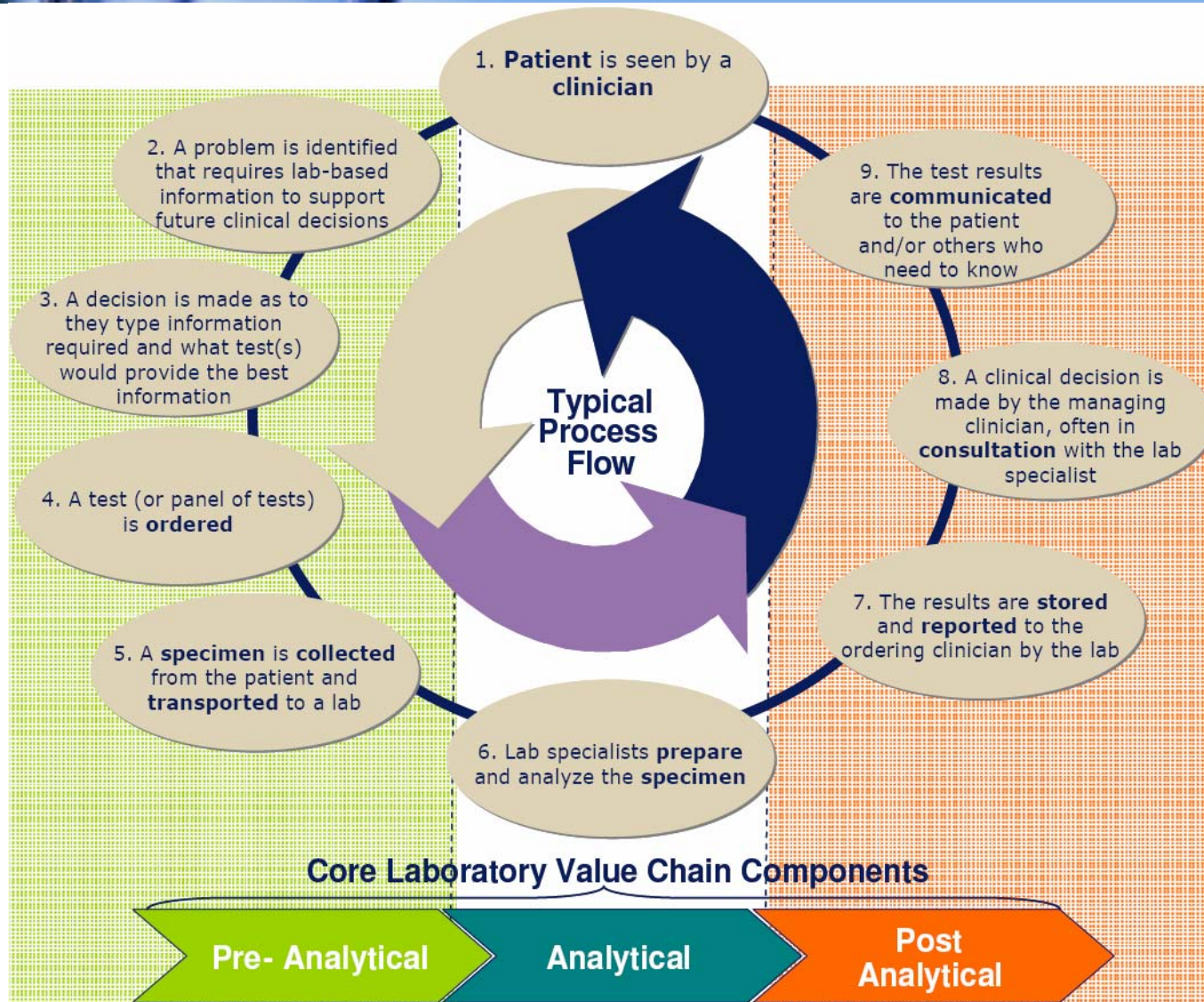
## 2007 Projected US Healthcare Spend \$2.3 Trillion



Source: CMS, Office of the Actuary, G-2, and Company Estimates

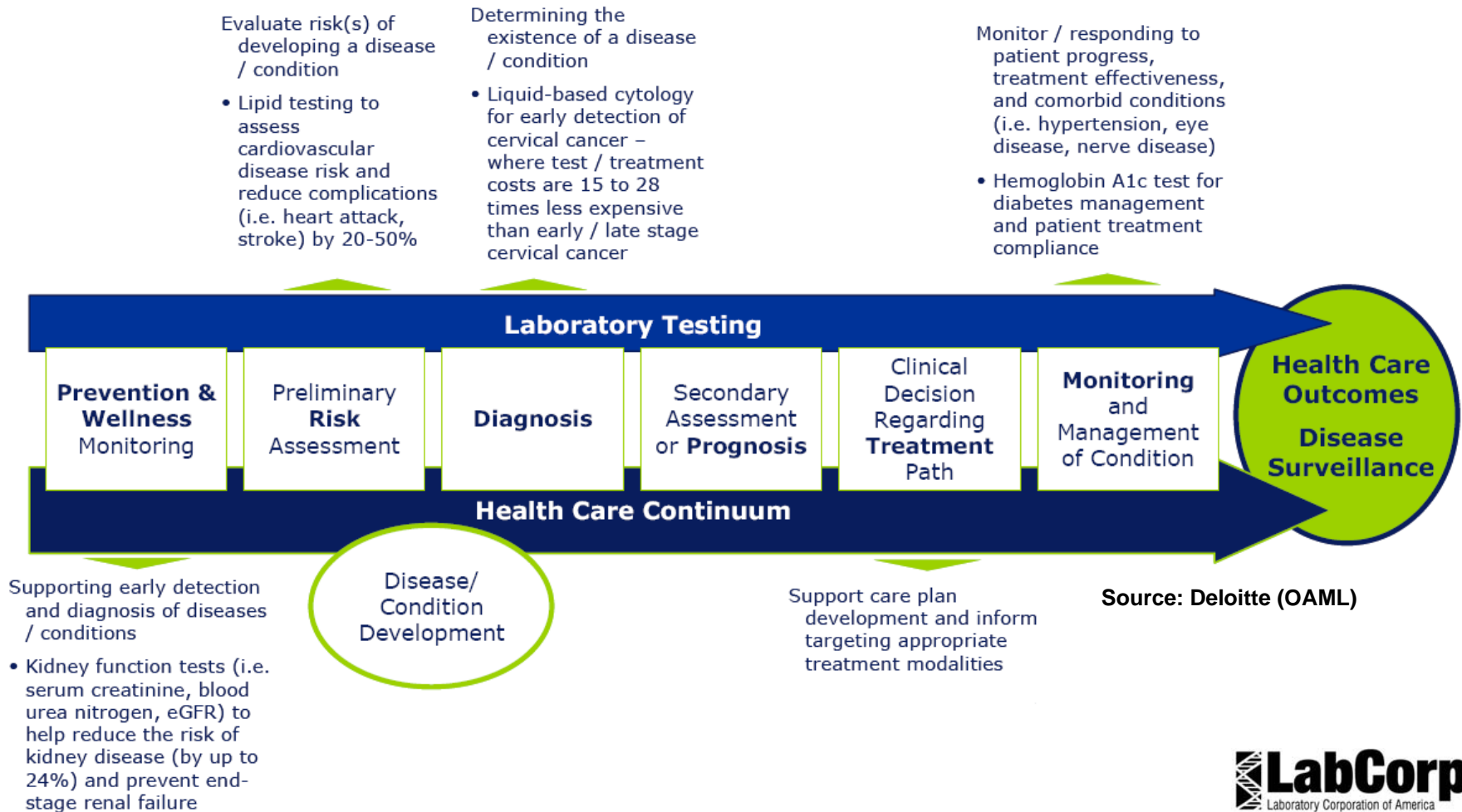


# Lab Value Chain and Process Flow



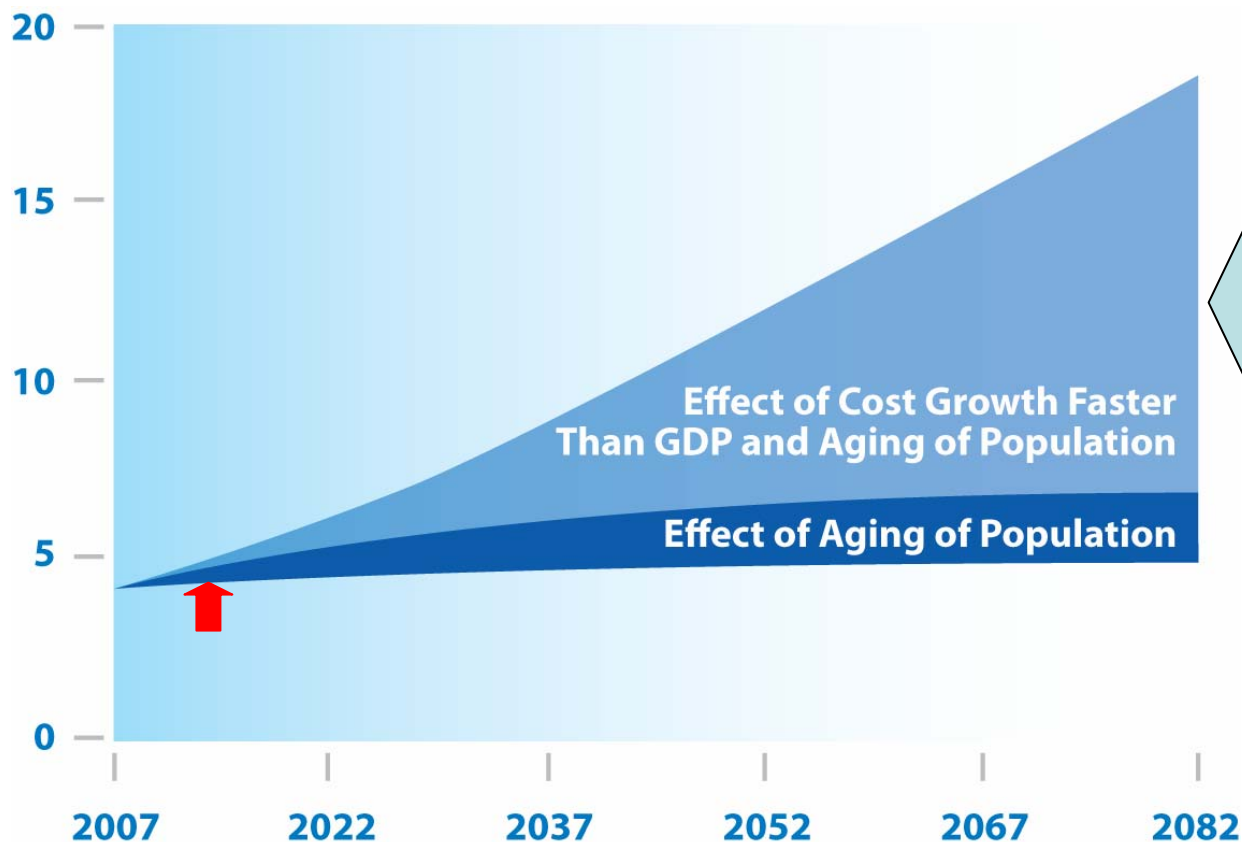
# The Value of Lab Testing

***In the past, lab testing was primarily used to diagnose disease. Now, lab testing plays an increasingly large role in the full continuum of healthcare delivery***



# The Value of Lab Testing

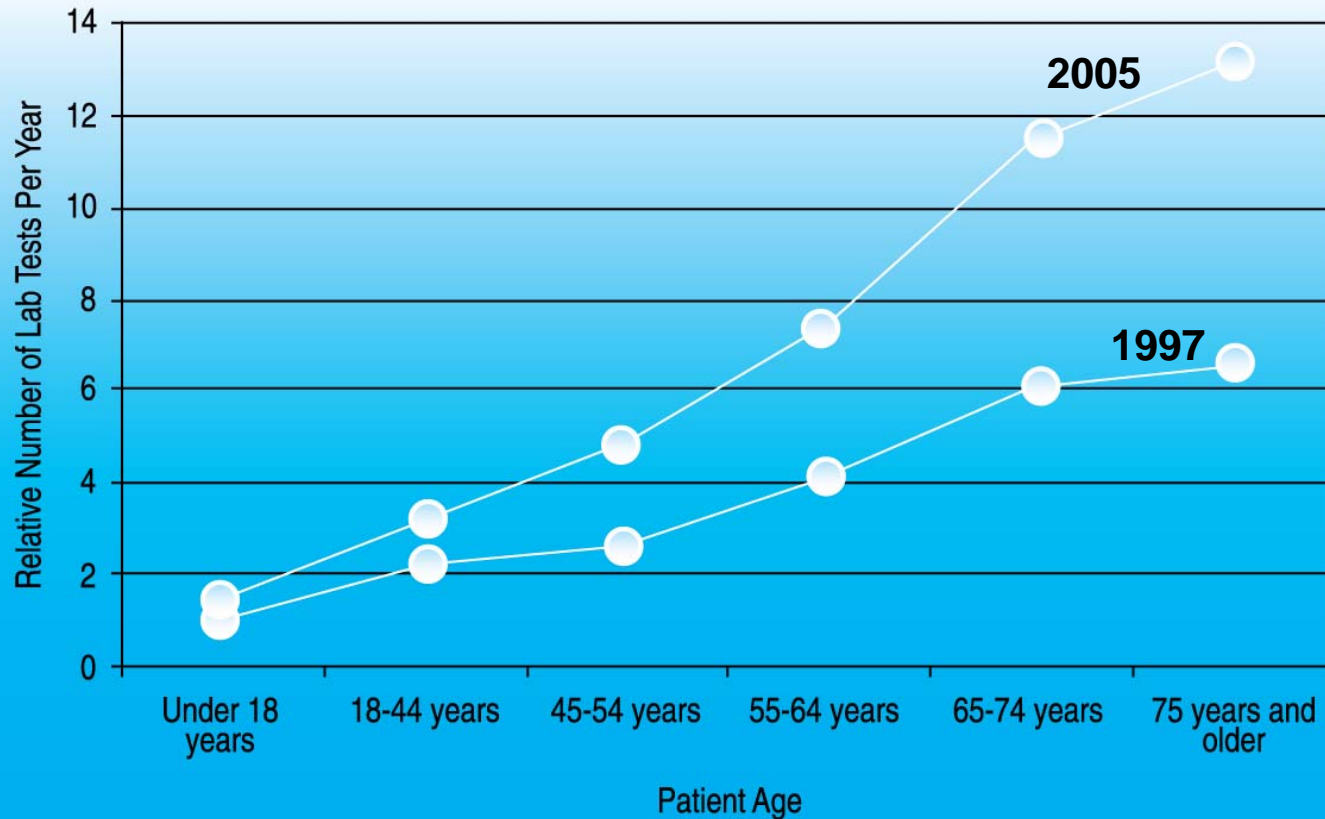
**Sources of Growth in Projected Federal Spending on Medicare and Medicaid (Percentage of GDP)**



Lab testing can guide and reduce overall healthcare spend



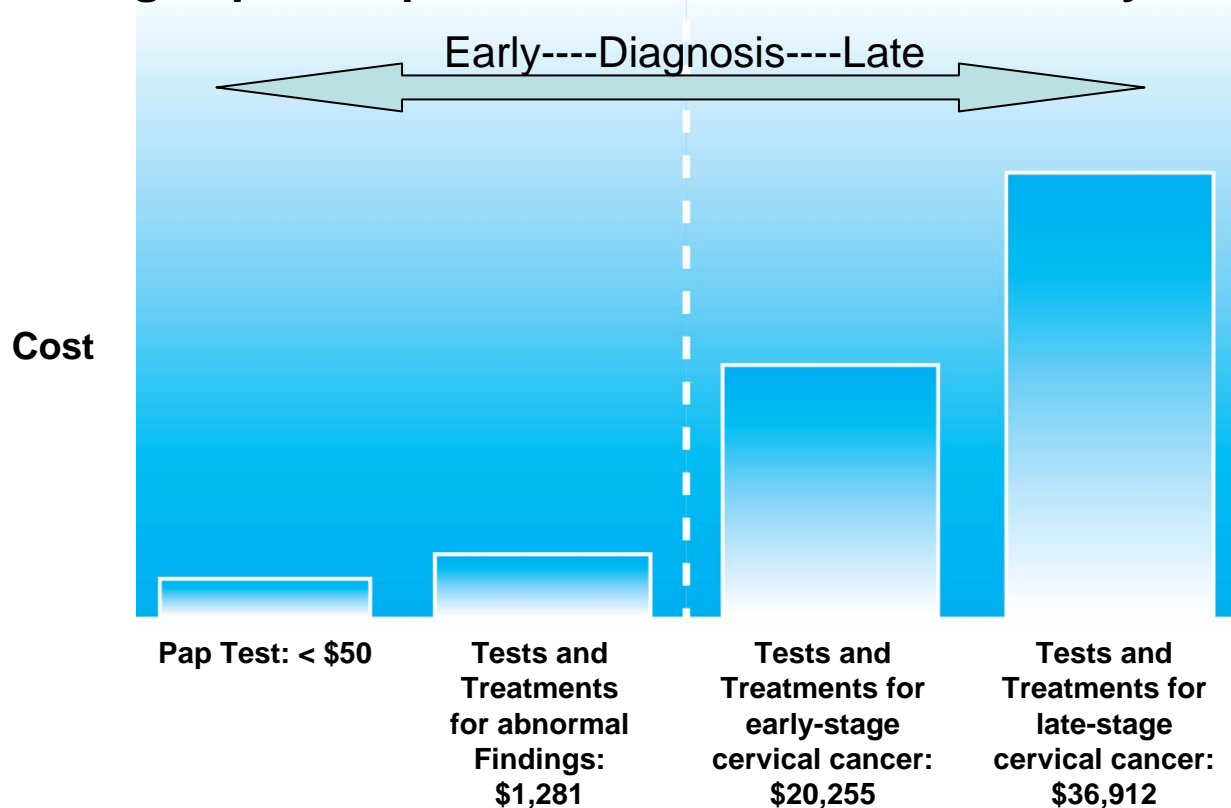
# Lab Utilization and the Aging Population



Lab test utilization increases significantly with age and has increased for all age groups over time

# The Cost Effectiveness of Lab Testing

**Lab testing improves patient outcomes at dramatically reduced costs**



**LabCorp performs more than 10 million pap tests per year**

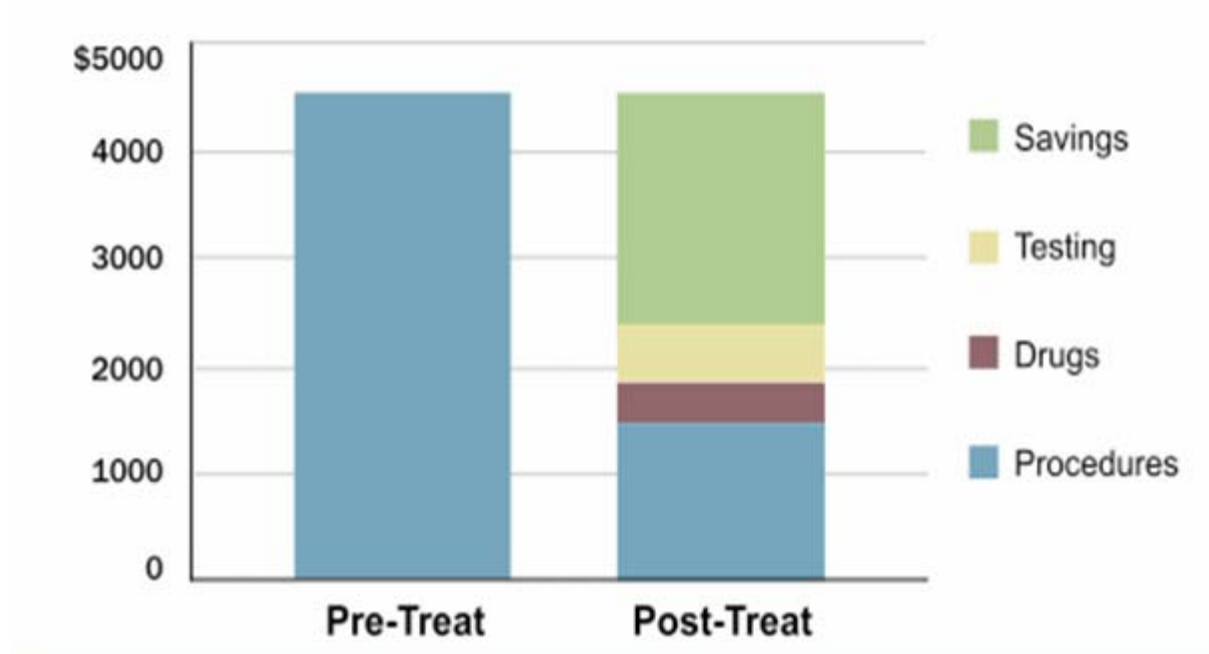
For more examples on the value of lab testing, please visit [www.labresultsforlife.org](http://www.labresultsforlife.org)



# The Cost Effectiveness of Lab Testing

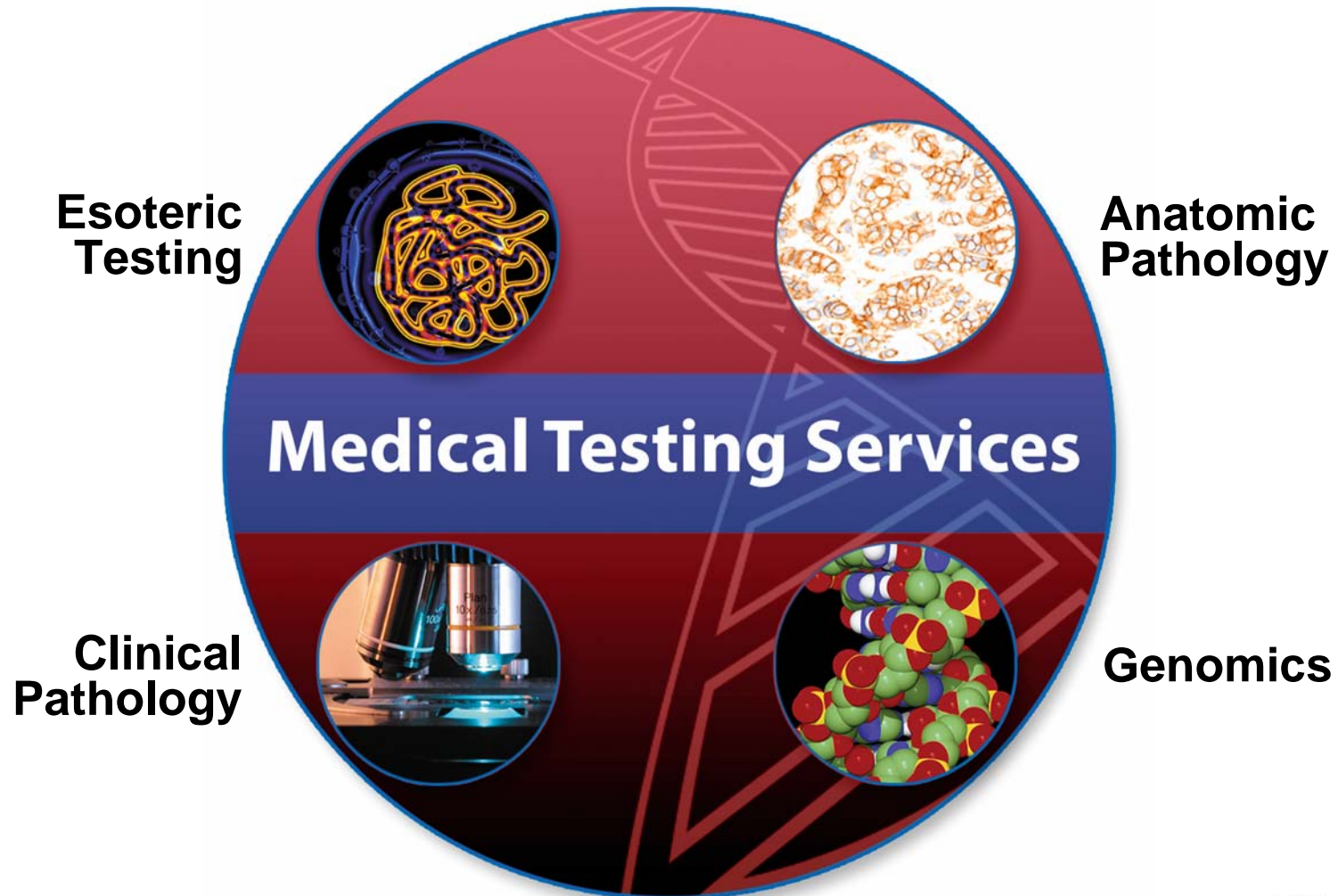
## Litholink Kidney Stone Program

\$2,000+ Annual Cost Reductions Per Patient Per Year \*

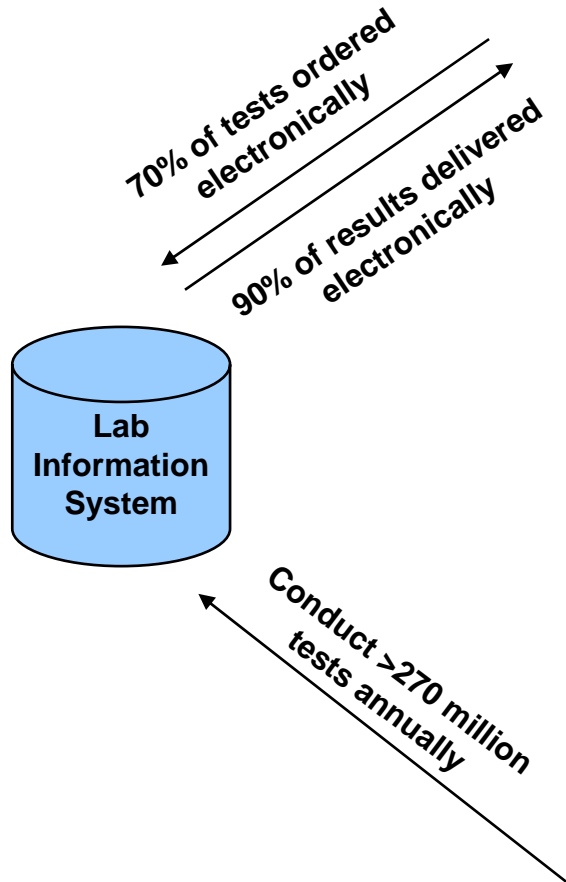


\* Parks JH, Coe FL, *Kidney International*, vol. 50 (1996), pp. 1706-1712.

# What is LabCorp



# Our Infrastructure



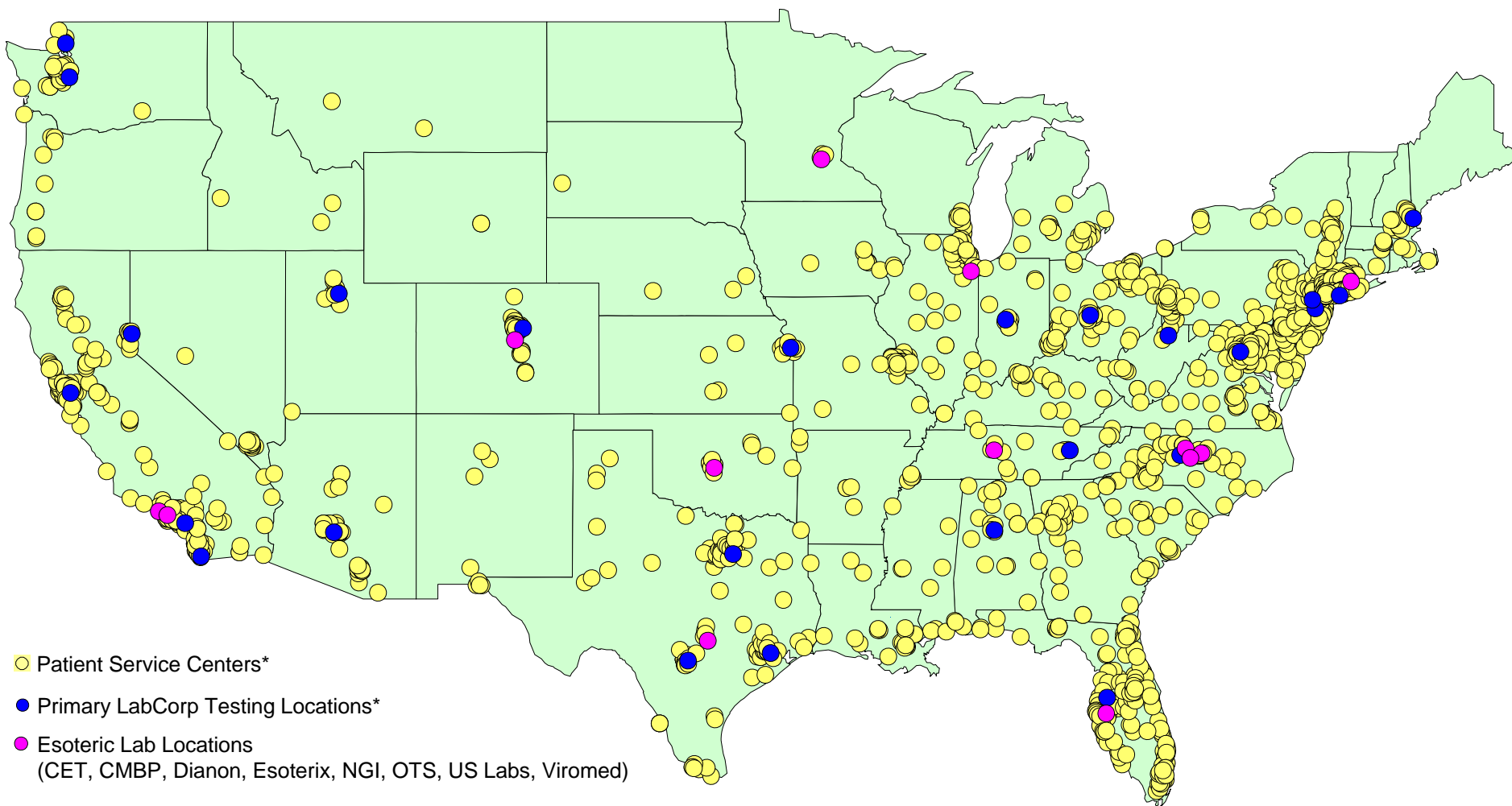
- 1600+ conveniently located PSCs
- 700 MDs & PhDs
- 6500+ phlebotomists

- 
- 2600 couriers
  - 1000 sales reps
  - 7 airplanes



- Primary testing labs
- Esoteric Labs
- STAT Labs
- *Standardized Platforms*

# Our Locations





# Strategic Focus Areas



## Scientific Leadership

- Cancer diagnostics and monitoring
- Advanced cardiovascular disease testing
- Advancement through acquisitions and licensing



## Managed Care

- Lab data enables better treatment and outcomes
- Partner to control high cost leakage
- Recognize value of lab services through appropriate pricing



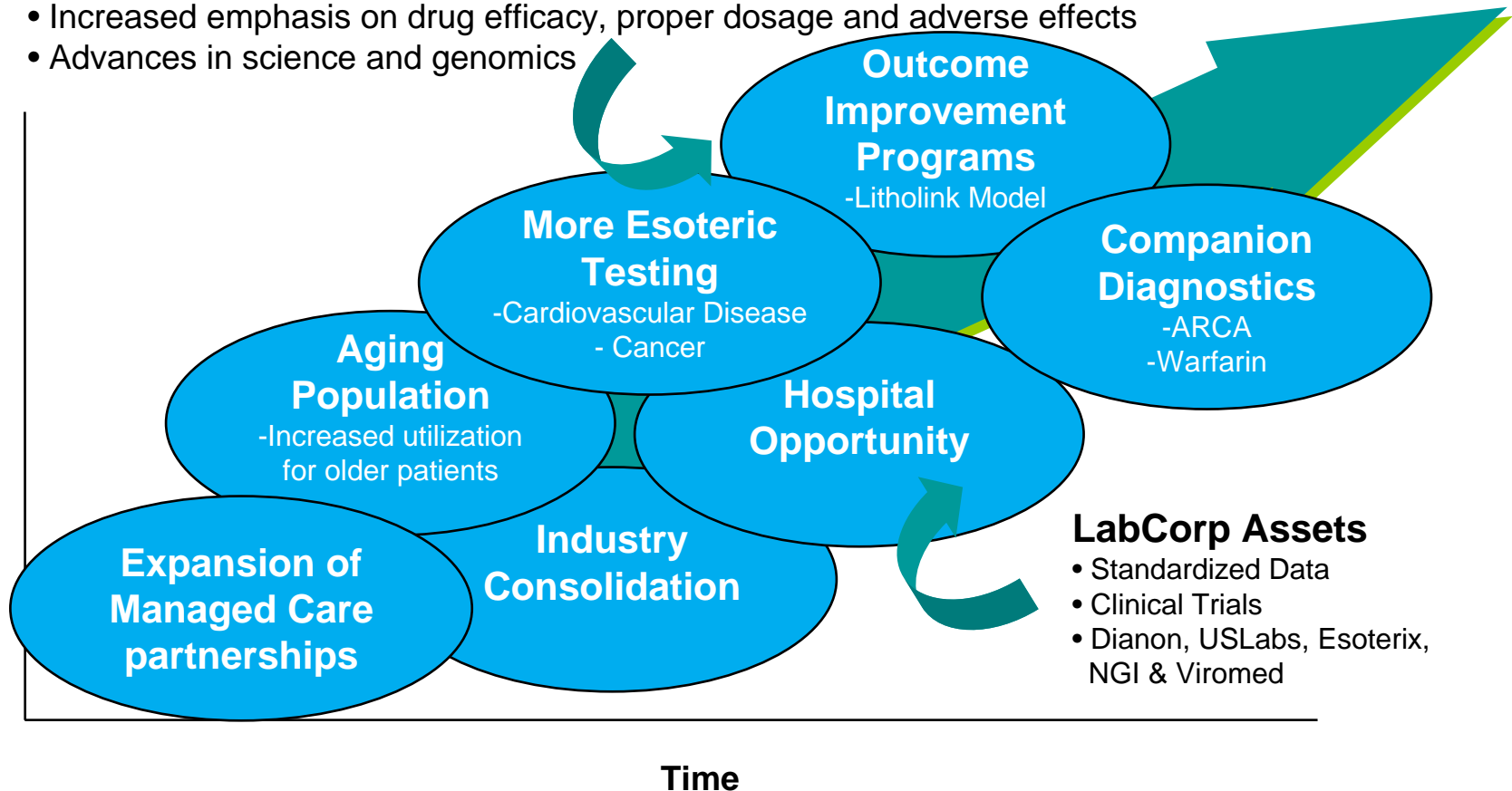
## Customer Focus

- Quality and service driven culture
- First-time problem resolution
- Continuous enhancements in customer connectivity

# Revenue Growth Drivers

## Industry Forces

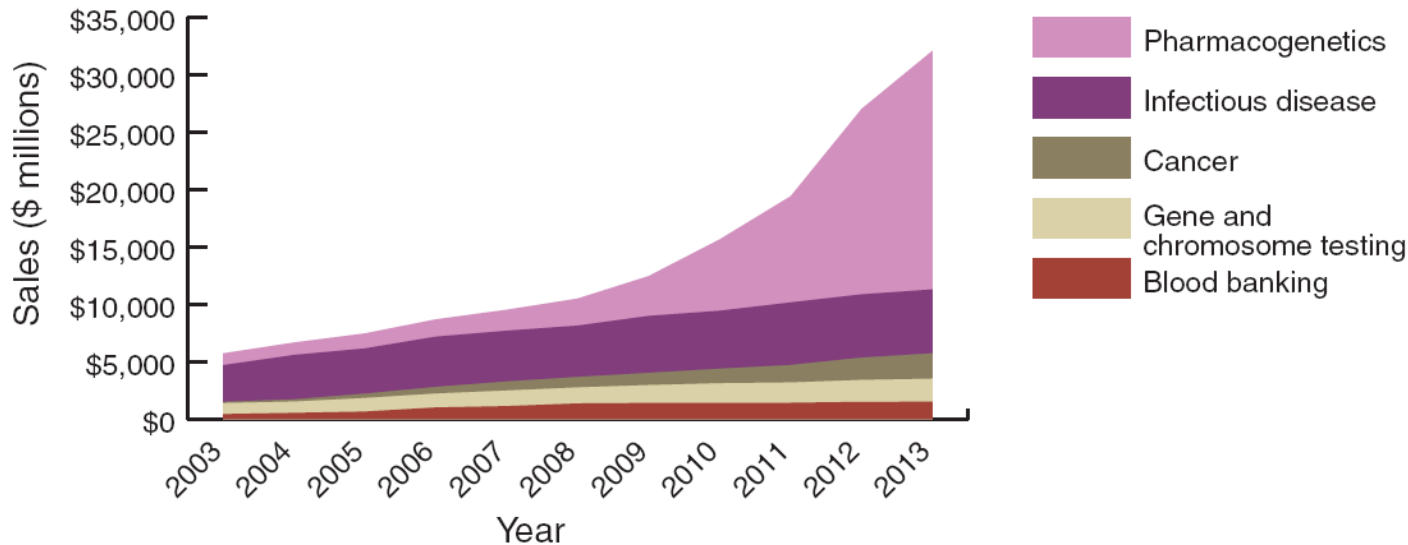
- Focus on Outcomes and Cost Containment (Medical & Drug)
- Increased emphasis on drug efficacy, proper dosage and adverse effects
- Advances in science and genomics



# Revenue Drivers Molecular Testing

## US molecular diagnostic testing market

Pharmacogenetic tests aren't expected to see aggressive revenue growth until around 2010.

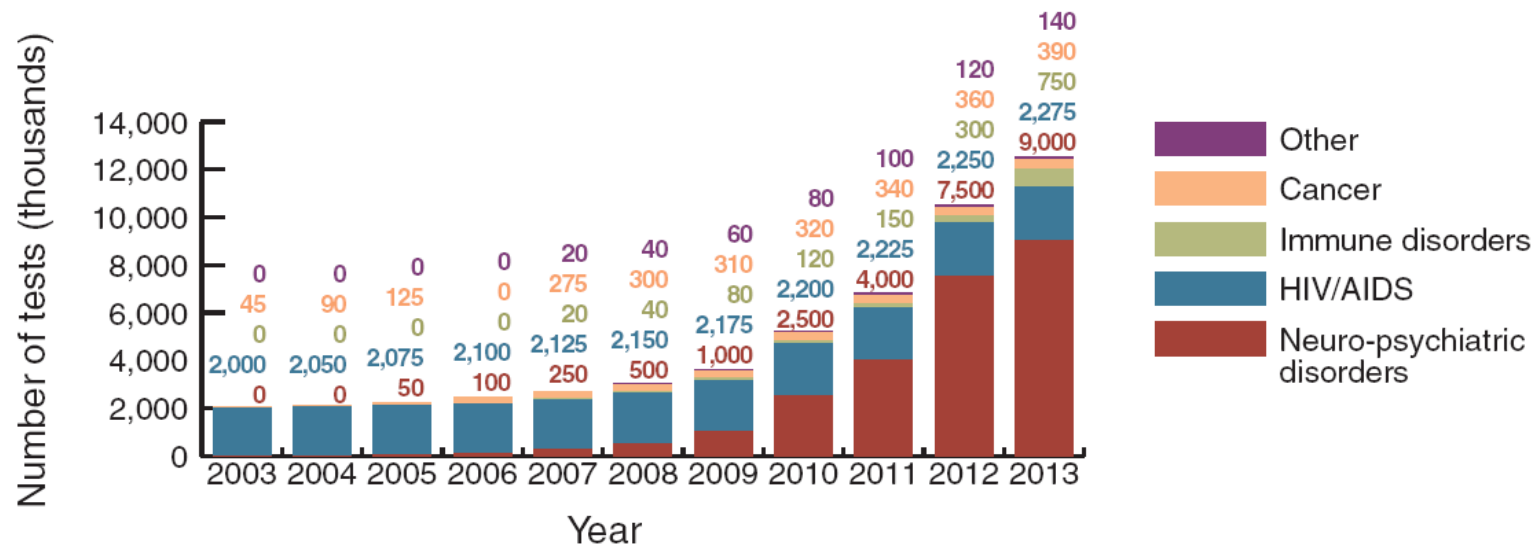


Source: Kalorama Information

# Revenue Drivers Pharmacogenetics

## Projected number of pharmacogenetic tests in US by indication

Neuro-psychiatric disorders, for which there are few means of diagnosis, are expected to dominate pharmacogenetic testing.



Source: Kalorama Information



# EBITDA Margin Growth Drivers

1. Increased volumes through fixed-cost infrastructure
2. Larger number of esoteric tests offered, more esoteric tests ordered

## 3. Further operational efficiencies

- Increase automation in pre-analytic processes
- Logistics / route structure optimization
- Supply chain management



- Improved patient experience and data capture
- Long term - improvement in collections / bad debt

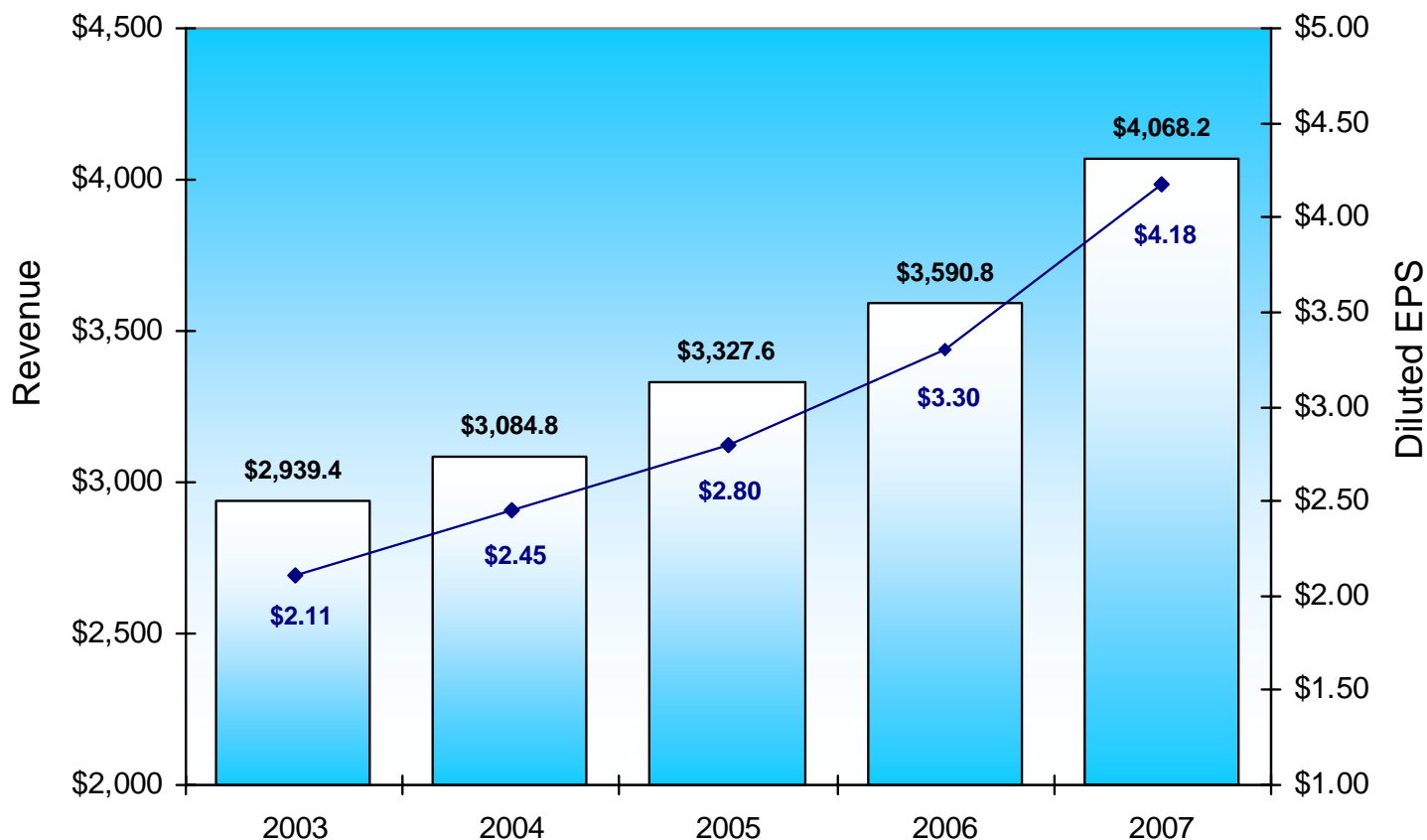
A close-up photograph of laboratory glassware, including a test tube and a beaker, with a blue-tinted background.

# LabCorp's Investment and Performance Fundamentals

- **Industry-leading EBITDA margins**
- **Significant free cash flow**
- **Focus on providing value to shareholders**
  - Strategic acquisitions
  - Organic growth opportunities
  - Share repurchase
    - \$370.1 Million available as of 3/31/08
- **Flexibility for future growth opportunities**

# Five-Year Revenue and EPS Trend

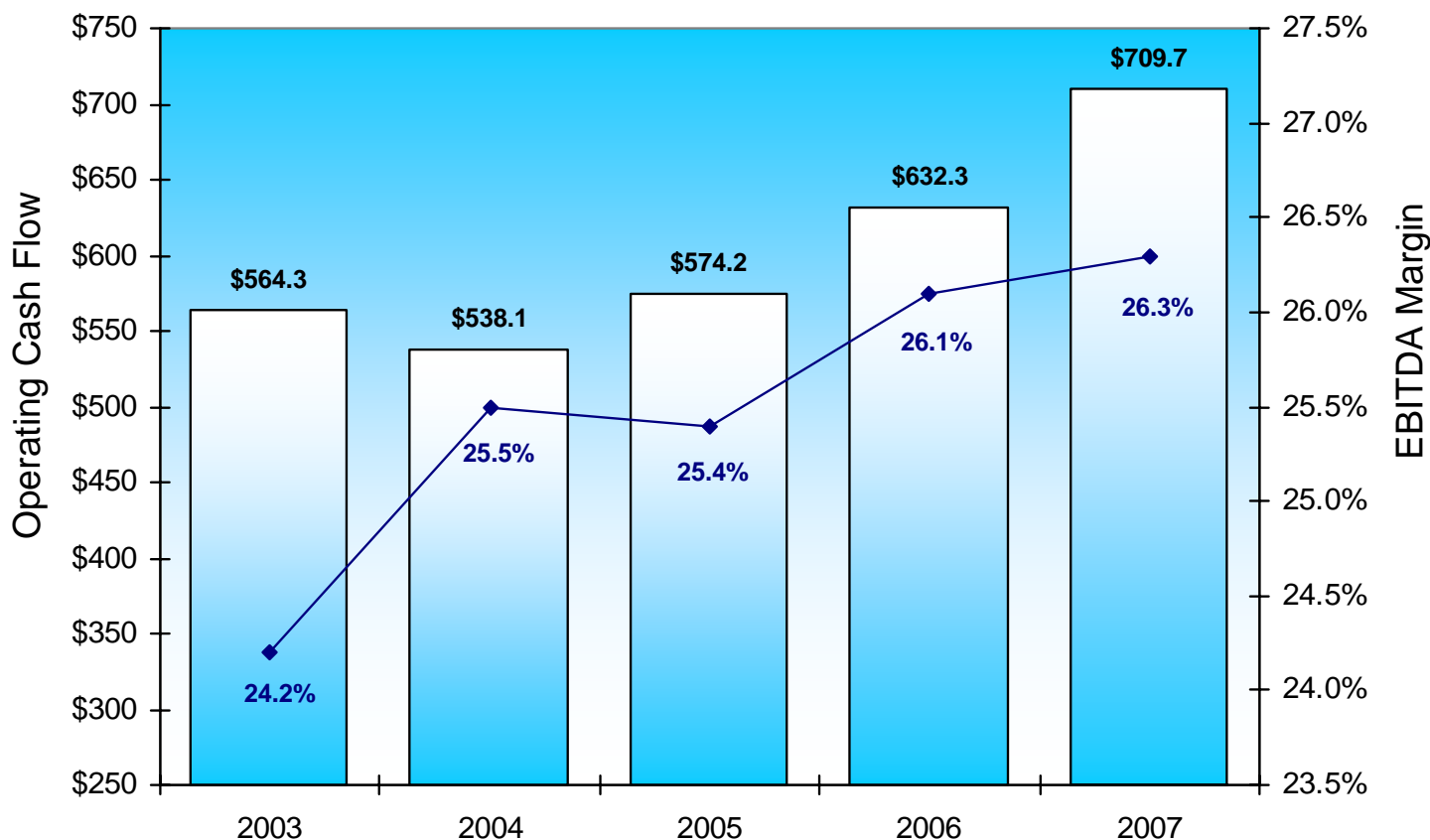
**Revenue CAGR of 8.5% – Diluted EPS CAGR of 18.6%**



1. Excluding the \$0.09 per diluted share impact in 2005 of restructuring and other special charges, and a non-recurring investment loss.
2. Excluding the \$0.06 per diluted share impact in 2006 of restructuring and other special charges.
3. Excluding the \$0.25 per diluted share impact in 2007 of restructuring and other special charges.

# Five-Year OCF and EBITDA Margin Trend

**OCF CAGR of 6% – EBITDA Margin Growth of 210 bps**



1. Includes approximately \$50 million of benefit from one-time tax credits recorded in 2003.
2. Excluding the impact in 2005 of restructuring and other special charges and a non-recurring investment loss.
3. Excluding the impact in 2006 and 2007 of restructuring and other special charges
4. As a result of adopting FASB 123(R) in 2006, the Company recorded incremental stock compensation expense of \$23.3 and \$26.7 in 2006 and 2007, respectively.





# First Quarter Results

(In millions, except per share data)

	<u>3/31/2007</u>	<u>3/31/2008</u>	<u>+/(-)</u>
<b>Revenue</b>	<b>\$ 998.7</b>	<b>\$ 1,103.2</b>	<b>10.5%</b>
<b>EBITDA</b>	<b>\$ 260.5</b>	<b>\$ 285.5</b>	<b>9.6%</b>
<b>EBITDA Margin</b>	<b>26.1%</b>	<b>25.9%</b>	<b>(20) bp</b>
<b>Diluted EPS</b>	<b>\$ 0.98</b>	<b>\$ 1.14</b>	<b>16.3%</b>

A close-up photograph of laboratory glassware, including a test tube and a beaker, filled with a blue liquid. The background is a solid blue color.

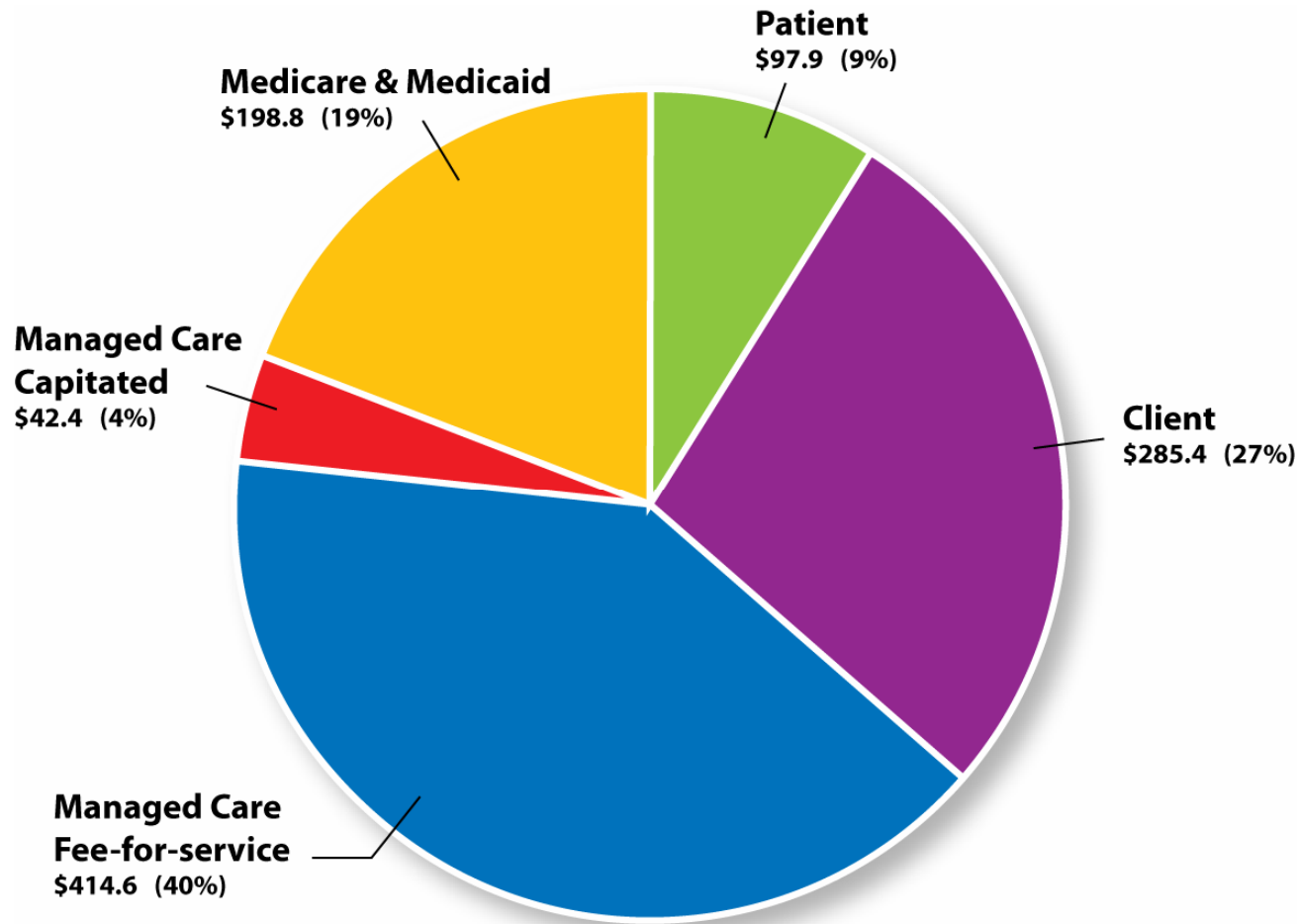
# 2008 First Quarter Financial Achievements

- **Diluted EPS of \$1.14**
- **EBITDA margin of 25.9% of net sales**
- **Operating cash flow of \$176.5 million**
- **Increased revenues**
  - **10.5% (8.6% volume; 1.9% price)**
  - **Excl. Canada 4.1% (1.6% volume, 2.5% price)**
- **Repurchased approximately \$55.7 million of LabCorp stock**

# Revenue by Payer- US

## Q1 2008

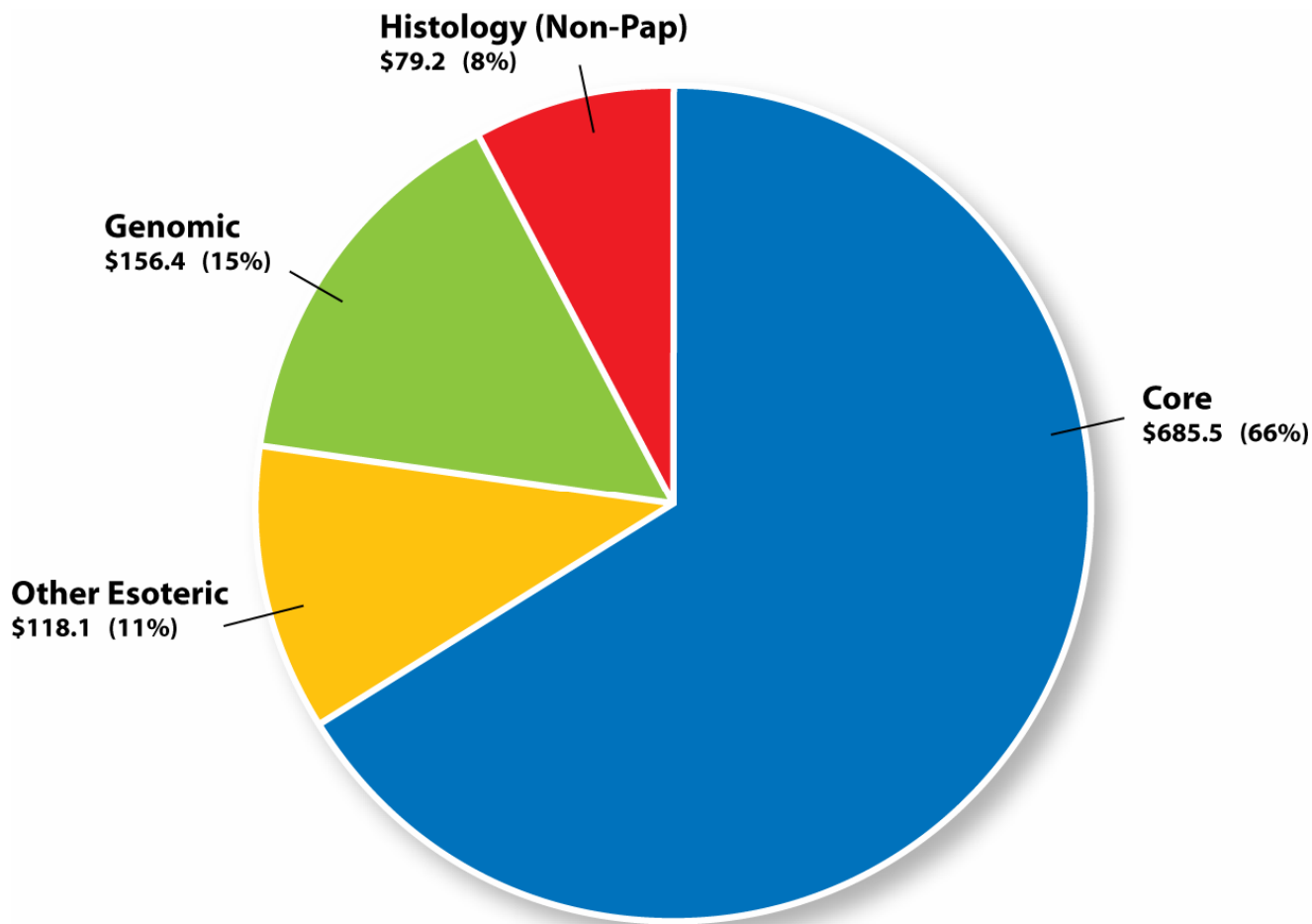
(In millions)



# Revenue by Business Area - US

## Q1 2008

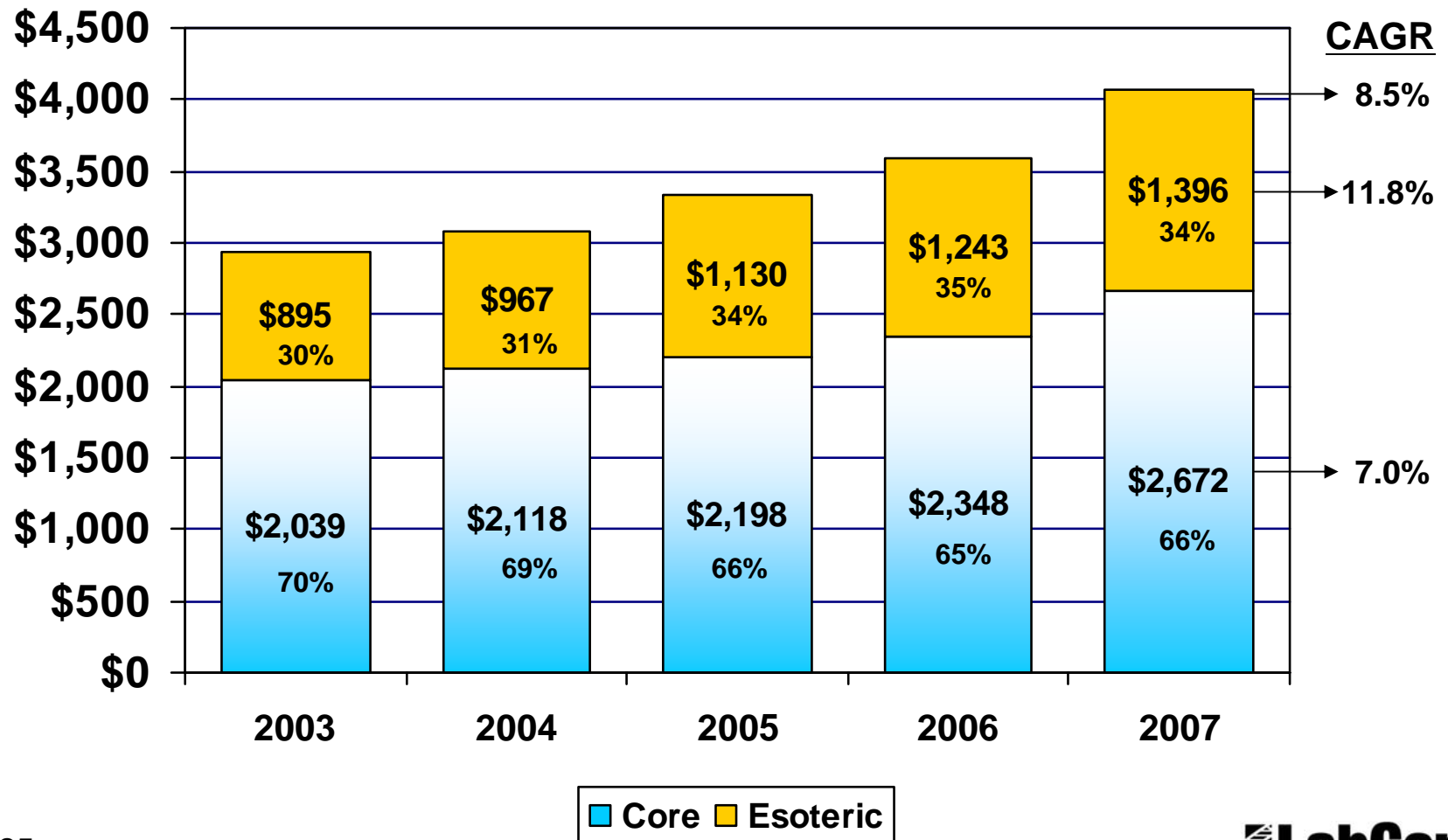
(In millions)





# Revenue Mix by Business Area

(In millions)



# Reconciliation of Non-GAAP Financial Measures

(In millions)

1) EBITDA represents earnings before interest, income taxes, depreciation and amortization, and includes the Company's proportional share of the underlying EBITDA of the income from joint venture partnerships. The Company uses EBITDA extensively as an internal management performance measure and believes it is a useful, and commonly used measure of financial performance in addition to earnings before taxes and other profitability measurements under generally accepted accounting principles ("GAAP"). EBITDA is not a measure of financial performance under GAAP. It should not be considered as an alternative to earnings before income taxes (or any other performance measure under GAAP) as a measure of performance or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. The following table reconciles earnings before income taxes, representing the most comparable measure under GAAP, to EBITDA for the three-month period ended March 31, 2008 and 2007:

		<b>Three Months Ended March 31,</b>	
		<b>2008</b>	<b>2007</b>
Earnings before income taxes		\$ 221.9	\$ 208.9
Add (subtract):			
Interest expense		19.9	12.6
Investment income		(0.5)	(2.1)
Other (income) expense, net		0.6	0.4
Depreciation		29.2	26.3
Amortization		13.8	13.3
Joint venture partnerships' depreciation and amortization		0.6	1.1
EBITDA		<u>\$ 285.5</u>	<u>\$ 260.5</u>



**LabCorp**

Laboratory Corporation of America