



8-K Filed February 11, 2010



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 will be included in the Company's Form 10-K for the year ended December 31, 2009, and subsequent SEC filings. The Company has no obligation to provide any updates to these forward-looking statements even if its expectations change.

Fourth Quarter Results

(In millions, except per share data)

	Three Months Ended Dec 31,		+ / (-)
	2009	2008	
Adjusted Revenue ⁽¹⁾	\$ 1,165.1	\$ 1,126.6	3.4%
Adjusted Operating Income ⁽¹⁾	\$ 221.9	\$ 219.8	1.0%
Adjusted Operating Income Margin ⁽¹⁾	19.0%	19.5%	(50) bp
Adjusted EPS ⁽¹⁾	\$ 1.16	\$ 1.10	5.5%
Operating Cash Flow	\$ 224.7	\$ 215.3	4.4%
Less: Capital Expenditures	\$ (37.6)	\$ (36.3)	3.6%
Free Cash Flow	\$ 187.1	\$ 179.0	4.5%

(1) See Reconciliation of non-GAAP Financial Measures (included herein)

Full Year Results

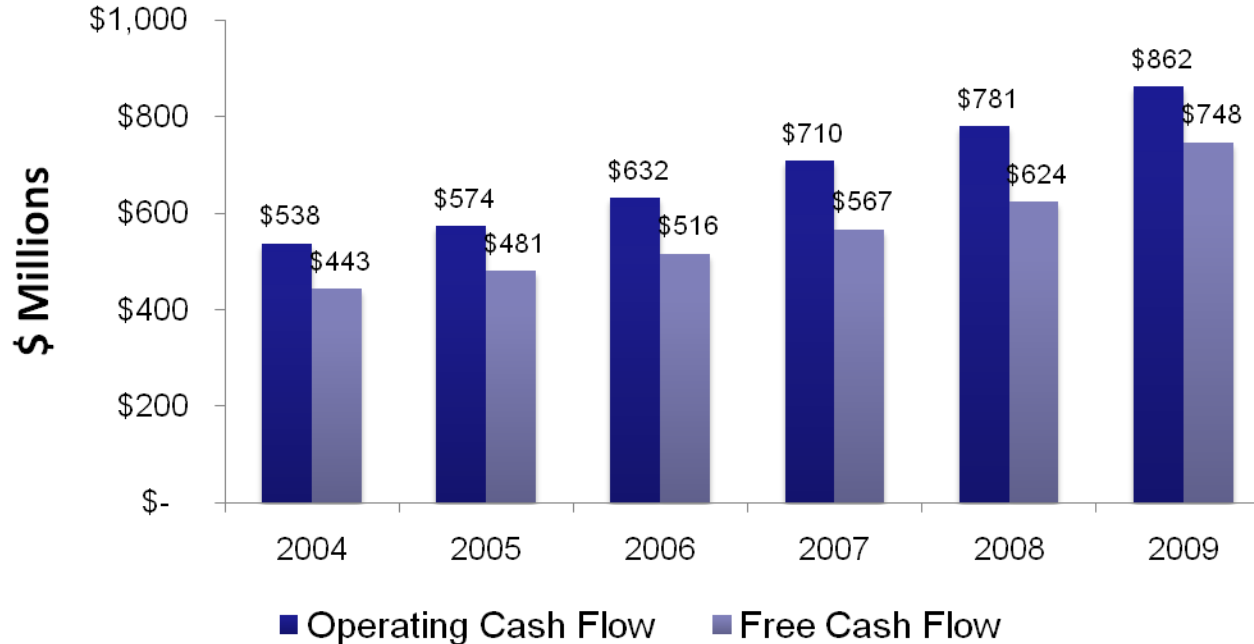
(In millions, except per share data)

	Year Ended Dec 31,		<u>+ / (-)</u>
	2009	2008	
Adjusted Revenue ⁽¹⁾	\$ 4,694.7	\$ 4,512.7	4.0%
Adjusted Operating Income ⁽¹⁾	\$ 954.9	\$ 937.0	1.9%
Adjusted Operating Income Margin ⁽¹⁾	20.3%	20.8%	(50) bp
Adjusted EPS ⁽¹⁾	\$ 4.89	\$ 4.60	6.3%
Operating Cash Flow	\$ 862.4	\$ 780.9	10.4%
Less: Capital Expenditures	<u>\$ (114.7)</u>	<u>\$ (156.7)</u>	<u>-26.8%</u>
Free Cash Flow	\$ 747.7	\$ 624.2	19.8%

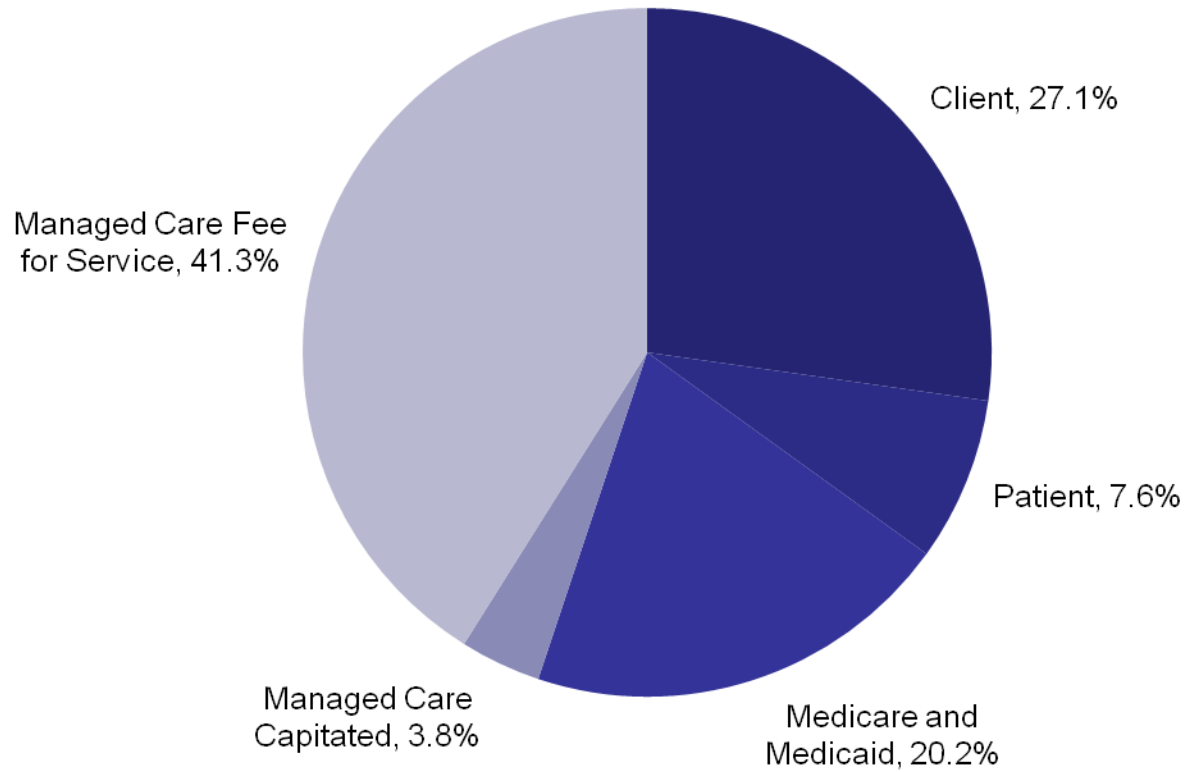
(1) See Reconciliation of non-GAAP Financial Measures (included herein)

Cash Flow Trends

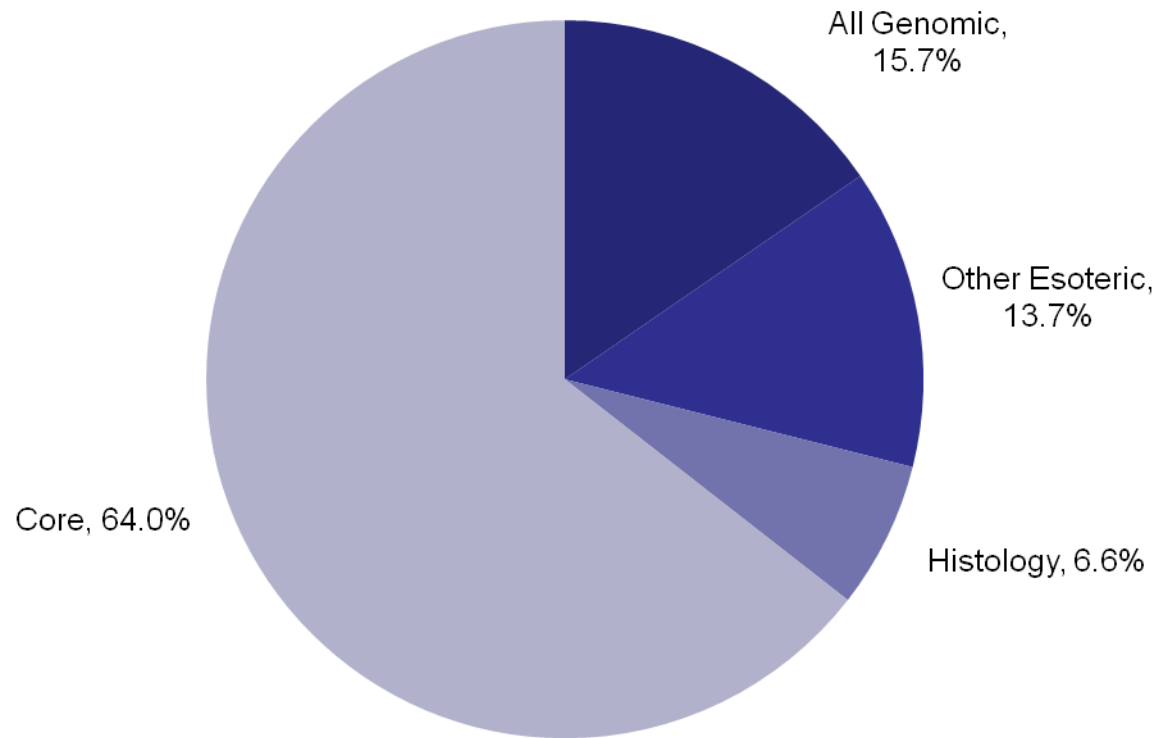
**11% OCF CAGR
2004-2009**



Revenue by Payer- US 2009 YTD



Revenue by Business Area - US 2009 YTD



Revenue by Payer

(in millions, except PPA)

	YTD Q4-2007				YTD Q4-2008 ⁽¹⁾				YTD Q4-2009			
	Revenue		Accns	PPA	Revenue		Accns	PPA	Revenue		Accns	PPA
	\$'s	%			\$'s	%			\$'s	%		
Client	\$1,081.1	27%	34.213	\$ 31.60	\$1,195.3	28%	35.521	\$ 33.65	\$1,207.4	27%	34.802	\$ 34.69
Patient	367.7	9%	2.315	\$158.84	369.6	9%	2.240	\$165.00	337.6	8%	2.087	\$161.76
Third Party (Medicare/Medicaid)	745.8	18%	18.343	\$ 40.66	803.1	19%	18.939	\$ 42.40	896.4	20%	19.645	\$ 45.63
Managed Care:												
- Capitated	167.4	4%	14.962	\$ 11.19	180.0	4%	15.227	\$ 11.82	167.4	4%	15.055	\$ 11.12
- Fee for service	1,706.2	42%	37.462	\$ 45.54	1,715.7	40%	37.725	\$ 45.48	1,838.5	41%	38.828	\$ 47.35
Total Managed Care	1,873.6	46%	52.424	\$ 35.74	1,895.7	44%	52.952	\$ 35.80	2,005.8	45%	53.883	\$ 37.23
LabCorp Total - US	\$4,068.2	100%	107.295	\$ 37.92	\$4,263.7	100%	109.652	\$ 38.88	\$4,447.2	100%	110.417	\$ 40.28
LabCorp Total - Canada	\$ -	-	-	-	\$ 249.0		8.052	\$ 30.92	\$ 247.5		9.088	\$ 27.23
LabCorp Total	\$4,068.2		107.295	\$ 37.92	\$4,512.7		117.704	\$ 38.34	\$4,694.7		119.505	\$ 39.28

(1) Excludes a cumulative revenue adjustment of \$7.5 million recorded by the Company in the fourth quarter of 2008

Revenue by Business Area

(in millions, except PPA)

	YTD Q4-2007				YTD Q4-2008 ⁽¹⁾				YTD Q4-2009			
	Revenue		Accns	PPA	Revenue		Accns	PPA	Revenue		Accns	PPA
	\$'s	%			\$'s	%			\$'s	%		
All Genomic	\$ 629.6	15%	8.452	\$ 74.50	\$ 654.8	15%	8.843	\$ 74.05	\$ 697.9	16%	9.117	\$ 76.55
Other Esoteric	441.6	11%	10.775	40.99	510.1	12%	12.232	41.70	608.0	14%	14.223	42.75
Histology	325.1	8%	2.675	121.51	321.0	8%	2.583	124.26	295.6	6%	2.433	121.50
All Genomic / Esoteric	1,396.3	34%	21.902	63.76	1,485.8	35%	23.658	62.80	1,601.6	36%	25.773	62.14
Core	2,671.9	66%	85.393	31.29	2,777.9	65%	85.994	32.30	2,845.6	64%	84.644	33.62
LabCorp Total - US	\$ 4,068.2	100%	107.295	\$ 37.92	\$ 4,263.7	100%	109.652	\$ 38.88	\$ 4,447.2	100%	110.417	\$ 40.28
LabCorp Total - Canada	\$ -	-	-	-	\$ 249.0	-	8.052	\$ 30.92	\$ 247.5	-	9.088	\$ 27.23
LabCorp Total	\$ 4,068.2	100%	107.295	\$ 37.92	\$ 4,512.7	-	117.704	\$ 38.34	\$ 4,694.7	-	119.505	\$ 39.28

(1) Excludes a cumulative revenue adjustment of \$7.5 million recorded by the Company in the fourth quarter of 2008

Financial Guidance - 2010

Excluding the impact of restructuring and other special charges and share repurchase activity after December 31, 2009, guidance for 2010 is:

• Revenue growth:	Approximately 2.5% – 4.5%
• Adjusted EPS:	\$5.35 to \$5.55
• Operating cash flow of approximately ⁽¹⁾ :	\$870 Million
• Capital expenditures of approximately:	\$135 Million

(1) Operating cash flow guidance excludes any transition payments to UnitedHealthcare.

Supplemental Financial Information

Laboratory Corporation of America
Other Financial Information
December 31, 2009
(\$ in million's)

	<u>Q1 09</u>	<u>Q2 09</u>	<u>Q3 09</u>	<u>Q4 09</u>	<u>YTD 2009</u>
Depreciation	\$31.8	\$32.9	\$33.1	\$32.9	\$130.7
Amortization	\$15.1	\$15.2	\$15.9	\$16.4	\$62.6
Capital expenditures	\$30.7	\$23.7	\$22.7	\$37.6	\$114.7
Cash flows from operations	\$208.9	\$182.4	\$246.4	\$224.7	\$862.4
Bad debt as a percentage of sales	5.3%	5.3%	5.3%	5.3%	5.3%
Effective interest rates on debt:					
Zero-coupon subordinated notes	2.00%	2.00%	2.00%	2.00%	2.00%
5 1/2% Senior Notes	5.38%	5.38%	5.38%	5.38%	5.38%
5 5/8% Senior Notes	5.75%	5.75%	5.75%	5.75%	5.75%
Term loan	3.67%	3.67%	3.67%	3.67%	3.67%
Revolving credit facility (weighted average)	0.97%	0.76%	0.70%	0.58%	0.58%
Days sales outstanding	52	50	48	44	44
UnitedHealthcare transition payments - Billed	\$5.5	\$12.4	\$9.5	\$6.7	\$34.1
UnitedHealthcare transition payments - Paid	\$5.5	\$10.5	\$8.5	\$3.9	\$28.4

Reconciliation of non-GAAP Financial Measures

Reconciliation of non-GAAP Financial Measures

(In millions, except per share data)

	Three Months Ended Dec 31,	
	2009	2008
<u>Adjusted Revenue</u>		
Revenue	\$1,165.1	\$1,119.1
Cumulative revenue adjustment (1)	-	7.5
Adjusted revenue	<u>\$1,165.1</u>	<u>\$1,126.6</u>
<u>Adjusted Operating Income</u>		
Operating income	\$215.8	\$204.4
Restructuring and other special charges (1)	6.1	15.4
Adjusted operating income	<u>\$221.9</u>	<u>\$219.8</u>
<u>Adjusted EPS</u>		
Diluted earnings per common share	\$1.33	\$1.08
Impact of restructuring and other special charges (1) (2) (3)	(0.17)	0.02
Adjusted EPS	<u>\$1.16</u>	<u>\$1.10</u>

(1) 2009 includes net restructuring charges of \$3.3 million (\$2.0 million after tax), and a one-time charge of \$2.8 million (\$1.7 million after tax) for curtailment of employee and executive pension plans. 2008 includes net restructuring charges of \$4.2 million (\$2.5 million after tax), \$3.7 million (\$2.2 million after tax) of accelerated stock compensation relating to Executive Vice President retirement, and a \$7.5 million (\$4.5 million after tax) cumulative revenue adjustment relating to certain historic overpayments made by Medicare for claims submitted by a subsidiary of the Company.

(2) In 2009, the Company recorded favorable adjustments of \$21.5 million to its fourth quarter tax provision relating to the resolution of certain state tax issues under audit, as well as the realization of foreign tax credits. In 2008, the Company recorded a \$7.1 million reduction to its fourth quarter tax provision as a result of tax treaty amendments with Canada. These adjustments had no impact on operating income, but did increase net earnings by \$21.5 million and \$7.1 million, respectively.

(3) 2009: \$17.8 million divided by 107.5 million shares
2008: \$2.1 million divided by 109.5 million shares

Reconciliation of non-GAAP Financial Measures

Reconciliation of non-GAAP Financial Measures

(In millions, except per share data)

	Year Ended Dec 31,	
	2009	2008
<u>Adjusted Revenue</u>		
Revenue	\$4,694.7	\$4,505.2
Cumulative revenue adjustment (1)	-	7.5
Adjusted Revenue	<u>\$4,694.7</u>	<u>\$4,512.7</u>
<u>Adjusted Operating Income</u>		
Operating income	\$935.9	\$842.9
Restructuring and other special charges (1)	19.0	94.1
Adjusted operating income	<u>\$954.9</u>	<u>\$937.0</u>
<u>Adjusted EPS</u>		
Diluted earnings per common share	\$4.98	\$4.16
Impact of restructuring and other special charges (1) (2) (3)	(0.09)	0.44
Adjusted EPS	<u>\$4.89</u>	<u>\$4.60</u>

(1) 2009 includes net restructuring charges of \$13.5 million (\$8.1 million after tax), a one-time charge of \$2.8 million (\$1.7 million after tax) for curtailment of employee and executive pension plans, and \$2.7 million (\$1.6 million after tax) transaction fees and expenses associated with the acquisition of Monogram Biosciences. 2008 includes net restructuring charges of \$37.9 million (\$22.9 million after tax), \$3.7 million (\$2.2 million after tax) of accelerated stock compensation relating to Executive Vice President retirement, and a \$7.5 million (\$4.5 million after tax) cumulative revenue adjustment relating to certain historic overpayments made by Medicare for claims submitted by a subsidiary of the Company. In the second quarter of 2008, the Company increased its allowance for doubtful accounts by \$45 million (\$27.3 million after tax) due to impact of the economy, higher patient deductibles and co-payments on the collectability of accounts receivable balances.

(2) In 2009, the Company recorded favorable adjustments of \$21.5 million to its fourth quarter tax provision relating to the resolution of certain state tax issues under audit, as well as the realization of foreign tax credits. In 2008, the Company recorded a \$7.1 million reduction to its fourth quarter tax provision as a result of tax treaty amendments with Canada. These adjustments had no impact on operating income, but did increase net earnings by \$21.5 million and \$7.1 million, respectively.

(3) 2009: \$10.1 million divided by 109.1 million shares

2008: \$49.8 million divided by 111.8 million shares



 **LabCorp**
Laboratory Corporation of America