

# Deutsche Bank 2009 MedTools Investor Summit

Boston, MA

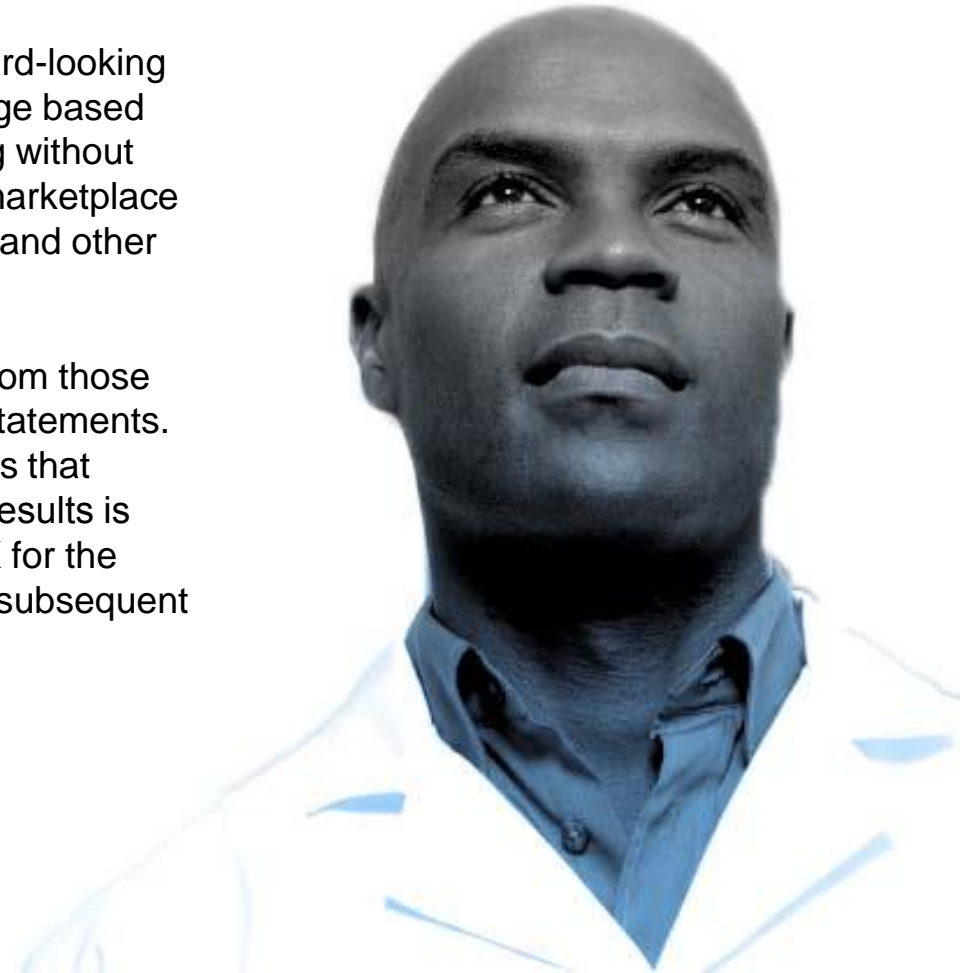
December 10, 2009



## Forward Looking Statement

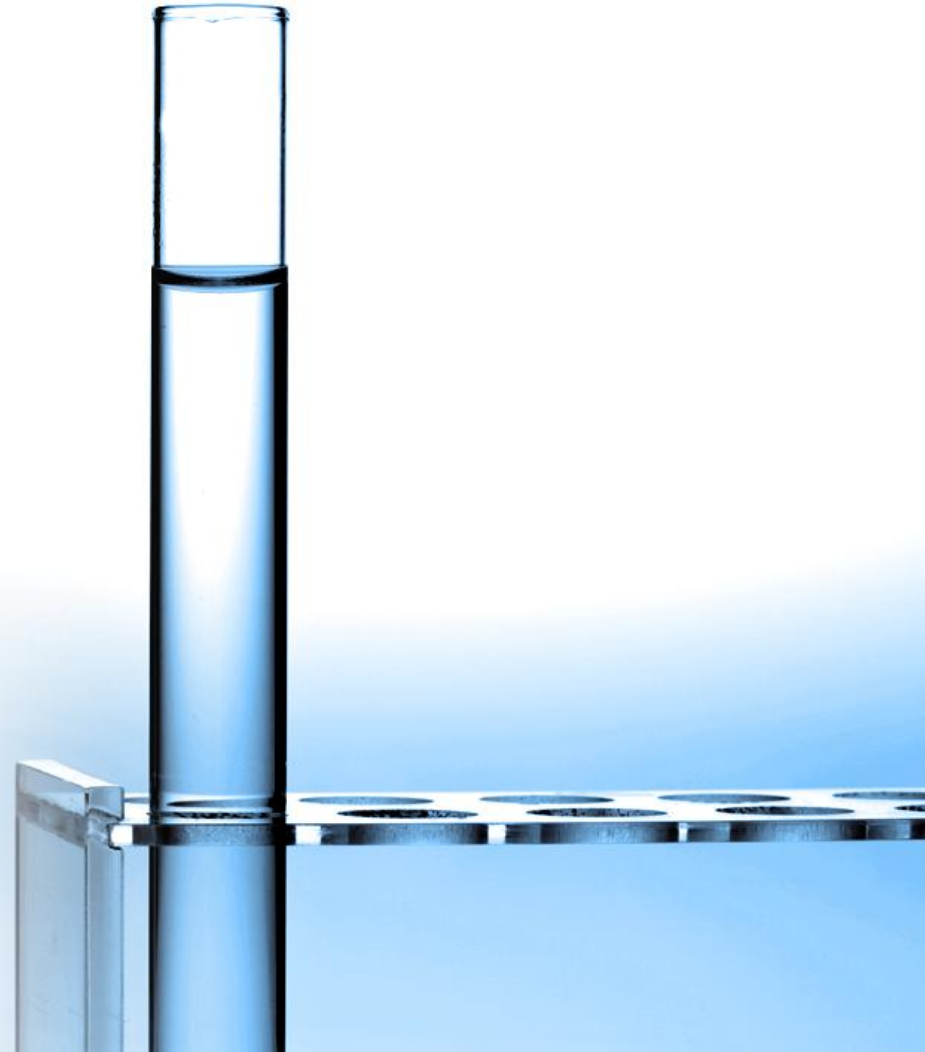
This slide presentation contains forward-looking statements which are subject to change based on various important factors, including without limitation, competitive actions in the marketplace and adverse actions of governmental and other third-party payors.

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, 2008, and subsequent SEC filings.

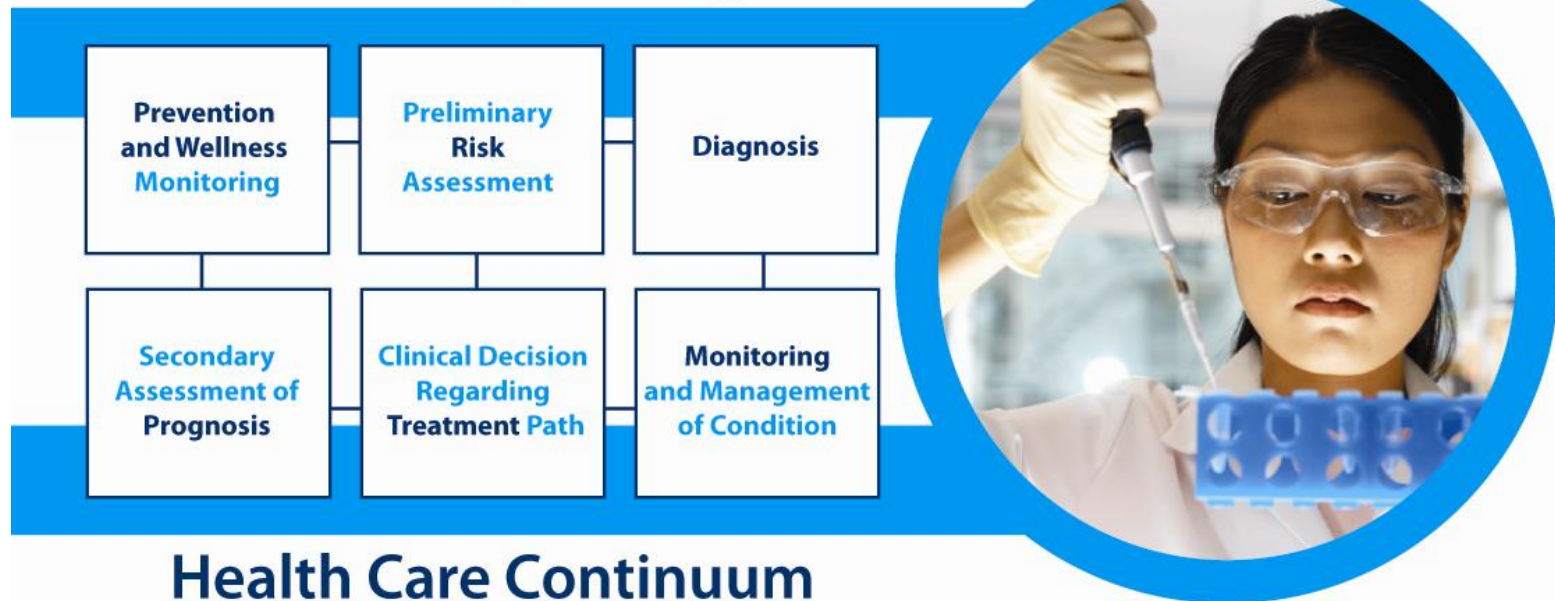


## Leading National Lab Provider

- Fastest growing national lab
- \$52 Billion market
- Clinical, Anatomic and Genomic Testing
- Serving clients in all 50 states and Canada
- Foremost clinical trials testing business



## Laboratory Testing

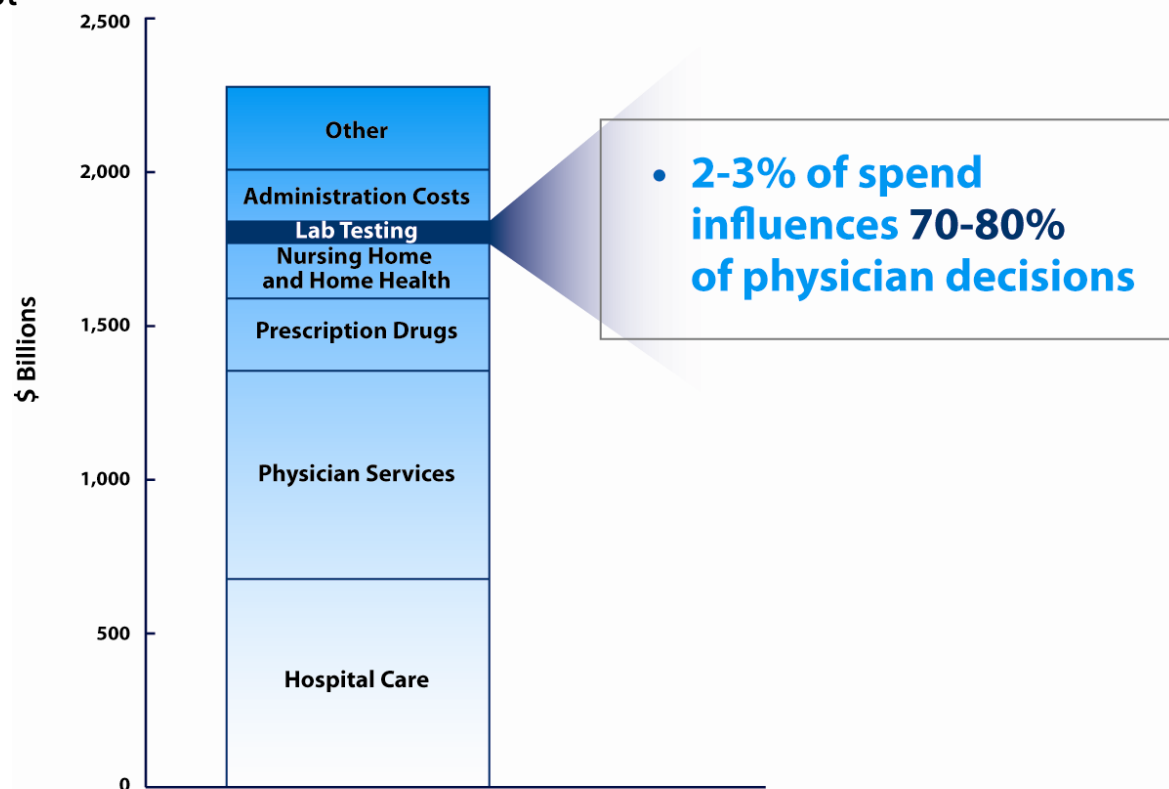


Source: Deloitte (OAML)

## Valuable Service

- Small component of total cost influences large percentage of clinical decisions
- Screening, early detection, and monitoring reduce downstream costs
- Companion diagnostics improve drug efficacy and reduce adverse drug effects

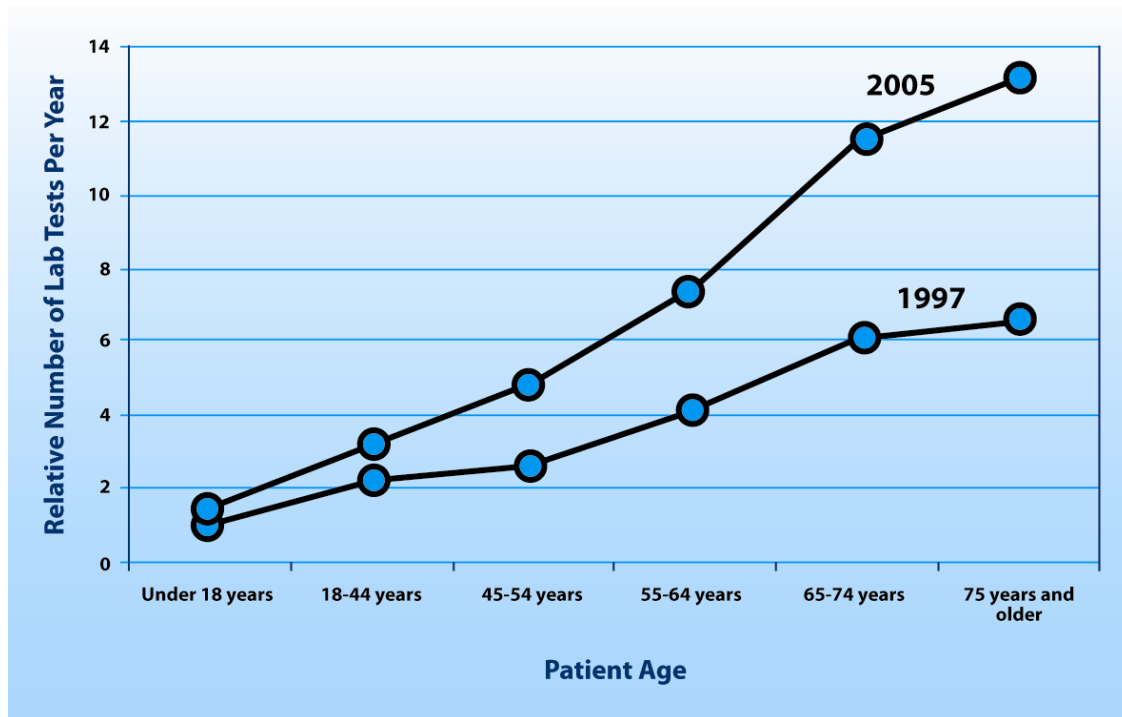
## 2008 Approximate US Health Care Spend \$2.4 Trillion



Source: Centers for Medicare & Medicaid Services, Office of the Actuary, and company estimates.

## Growth Drivers

- Aging population
- Industry consolidation
- Advances in genomics
- Pharmacogenomics / companion diagnostics
- Cost pressures

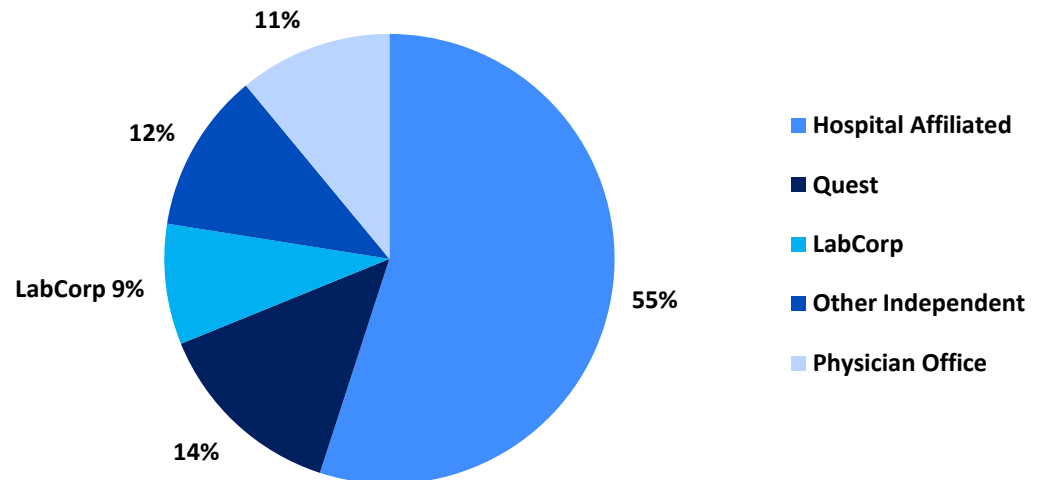


Source: CDC National Ambulatory Medical Care Survey and Company Estimates

## Opportunity to Take Share

- 5,100 independent labs
- High cost competitors

**\$52 Billion US Lab Market**  
Revenue Share

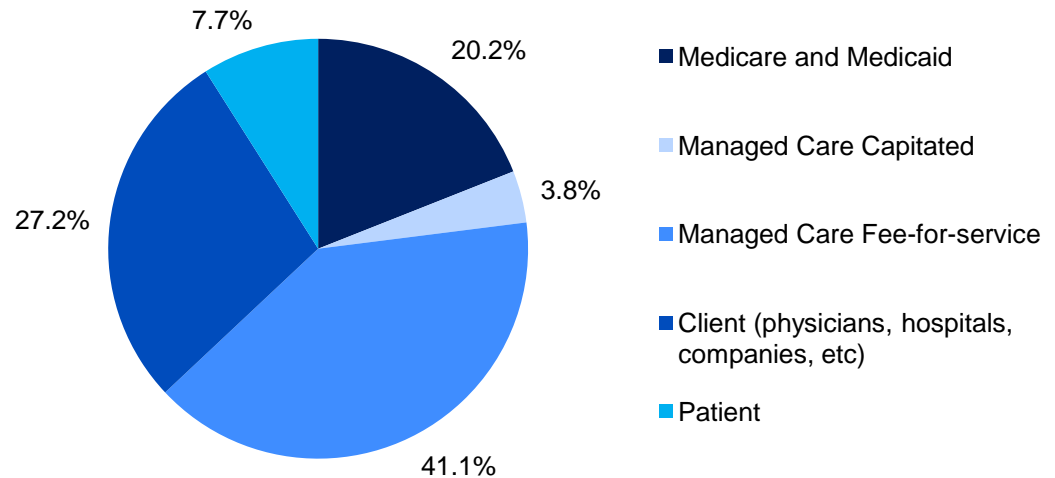


Source: Washington G-2, Laboratory Industry Report, January, 2009

## Diversified Payor Mix

- No customer > 9% of revenue
- Limited government exposure

**LabCorp U.S. Payor Mix**  
% of revenue, 2009 YTD

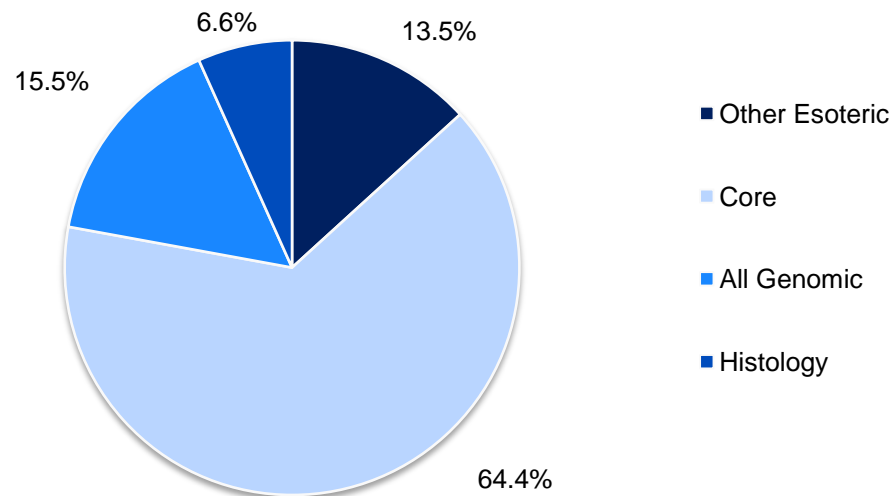




## Diversified Test Mix

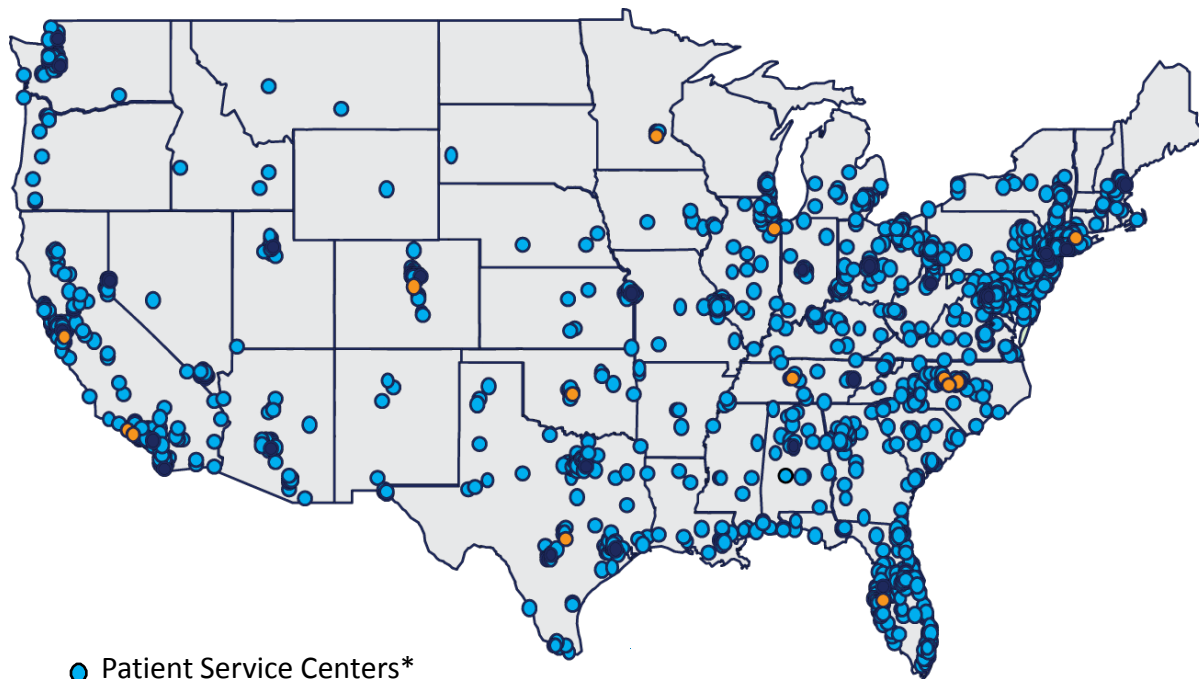
- Esoteric 36% of revenue
- Goal of 40% in 3 – 5 years
- Higher priced business

**LabCorp U.S. Test Mix**  
% of revenue, 2009 YTD



## Scale and Scope

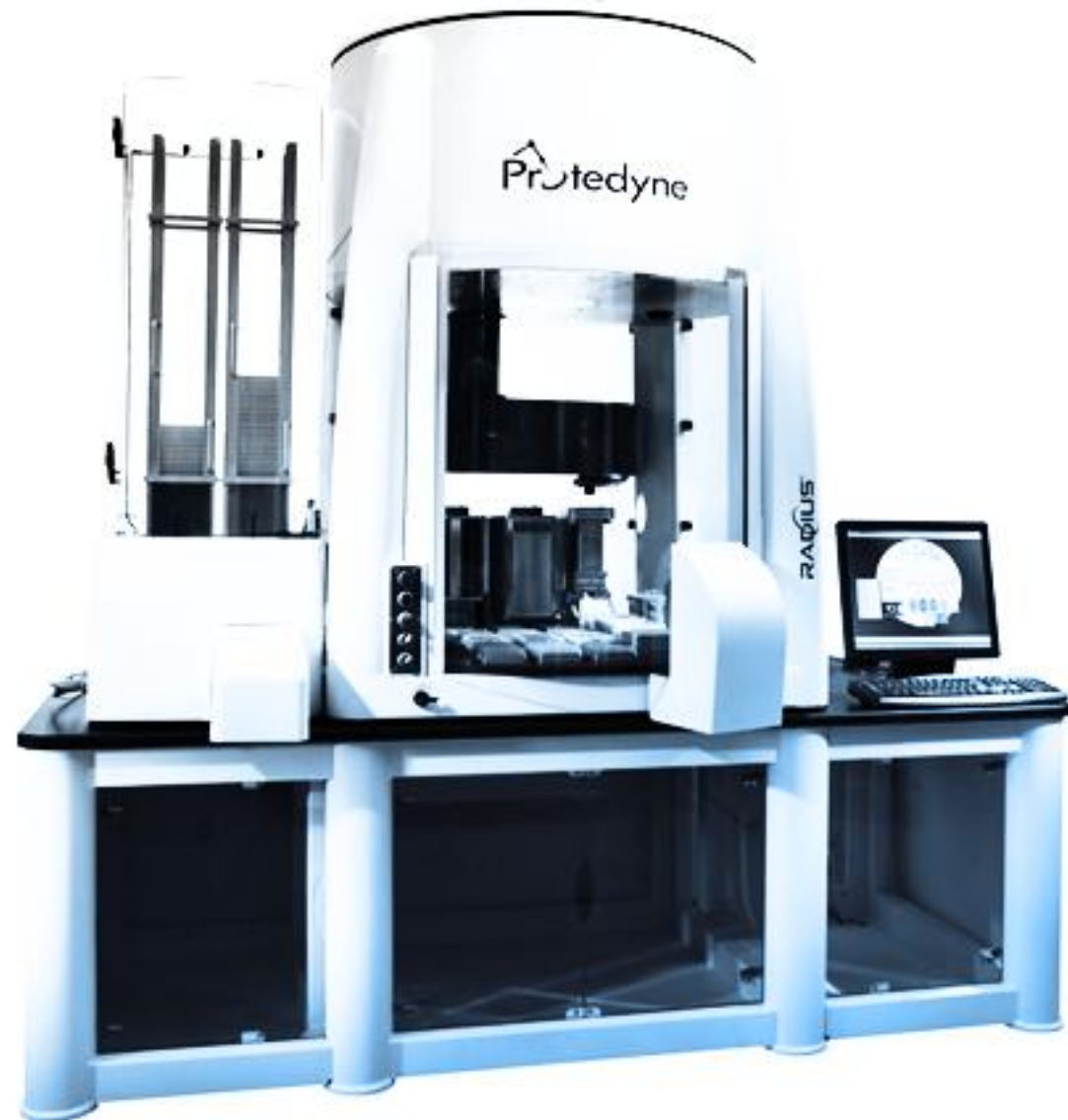
- National infrastructure
- Broad test offering
- Managed care contracts
- Economies of scale



- Patient Service Centers\*
- Primary LabCorp Testing Locations\*
- Esoteric Lab Locations  
(CET, CMBP, Dianon, Esoterix, Monogram Biosciences, NGI, OTS, US Labs, Viomed)

## Standardized and Efficient Processes

- Improved patient intake
- Automation of pre-analytics
- Capacity rationalization
- Logistics optimization



## Scientific Leadership

- Introduction of new tests
- Acquisitions and licensing
- Collaborations with leading companies and academic institutions

| Partner                  | Clinical Area                                |
|--------------------------|--|
| ARCA biopharma           | Companion Diagnostics (CVD) (exclusive)      |
| Celera Diagnostics       | Breast Cancer                                |
| Duke University          | Lung Cancer (exclusive)                      |
| Exact Sciences           | Colon Cancer                                 |
| Intema Ltd.              | Prenatal Testing                             |
| Ipsogen                  | Molecular Diagnostics                        |
| Medco Health Solutions   | Companion Diagnostics (Research)             |
| OncoMethylome Sciences   | Companion Diagnostics (Oncology) (exclusive) |
| Siemens Health Solutions | Companion Diagnostics (Oncology and CVD)     |
| SmartGene                | Bioinformatics Tools                         |
| Third Wave Technologies  | Companion Diagnostics (CVD)                  |
| Vanda Pharmaceuticals    | Companion Diagnostics (exclusive)            |
| Veridex                  | Prostate Cancer                              |
| Yale University          | Ovarian Cancer (exclusive)                   |

## Our Focus

- Gain new customers
- Maintain Price
- Control costs
- Implement Automation
- Advance leadership in personalized medicine



## Gain New Customers

- Target specialty physicians
- Co-marketing with partners in science
- Appropriate promotion of specialty tests



## Maintain Price

- Focus on high-value tests
- Promote outcomes improvement
- 4.5% Medicare rate increase
- Managed care stability

LithoLink Laboratory Reporting System™

## Patient Results Report

PATIENT: **Sample, Patient**      DATE OF BIRTH: **03/29/1953**      PHYSICIAN: **Test, Physician**

Values larger, bolder and more towards red indicate increasing risk for kidney stone formation.

### Summary Stone Risk Factors

SAMPLE ID: **S189570**      PATIENT COLLECTION DATE: **06/04/2006**

| QUALITY                   | ← DECREASED RISK | INCREASING RISK FOR STONE FORMATION → |
|---------------------------|------------------|---------------------------------------|
| Urine Volume (liters/day) |                  | ● <b>1.46</b>                         |
| SS CaOx                   |                  | ● <b>5.87</b>                         |
| Urine Calcium (mg/day)    | ● <b>101</b>     |                                       |
| Urine Oxalate (mg/day)    |                  | ● <b>33</b>                           |
| Urine Citrate (mg/day)    |                  | ● <b>358</b>                          |
| SS CaP                    | ● <b>0.56</b>    |                                       |
| 24 Hour Urine pH          | ● <b>6.100</b>   |                                       |
| SS Uric Acid              | ● <b>0.32</b>    |                                       |
| Urine Uric Acid (g/day)   | ● <b>0.277</b>   |                                       |

### Interpretation Of Laboratory Results

Note that in the following automated interpretation the current sample is compared to the sample collected on 07/25/2004 because the urine creatinine excretion varied between the current sample and the sample collected on 07/26/2004 by an excessive amount.

Urine volume has risen but remains low (was 0.91 and now is 1.46 l/d). Low urine volume in a stone former should always be corrected if possible. A good clinical goal is 2.5 liters daily. Recheck in 6 weeks and adjust fluid intake as needed.

Borderline hyperoxaluria is now present (was 26 and now is 33 mg/d). This can contribute to calcium oxalate stone disease. Our records do not show the presence of bowel disease. High protein diet is not a likely cause of hyperoxaluria (PCR = 0.9 g/kg/d). Low calcium diet can increase urine oxalate and should be clinically evaluated. Low oxalate diet should be prescribed. Consider diet change and repeat in 6 to 12 weeks.

Urine citrate has risen but remains low (was 247 and now is 358 mg/d). Our records do not report that potassium citrate has been prescribed. Since urine citrate is low and SS CaP is not high consider adding

## Control Costs

- Renegotiate leases
- Review supply chain
- Contain discretionary expenses
- Control bad debt
- Continue to appropriately fund growth





## Advance Personalized Medicine

- Increase esoteric testing
- Expand outcome improvement programs
- Develop and commercialize companion diagnostics



## Increase Esoteric Testing

- Introduction of new tests
- Acquisitions and licensing
- Collaborations with academic institutions

### New Tests Include:

Roche COBAS® TaqMan® HBV Test

Whole Genome Sampling Analysis (genetic analysis for developmental delays)

ColoSURE (colon cancer)

GST-PiGene Methylation (prostate cancer)

HCV

MGMT gene methylation (brain cancer)

### Collaborations Include:

Duke University

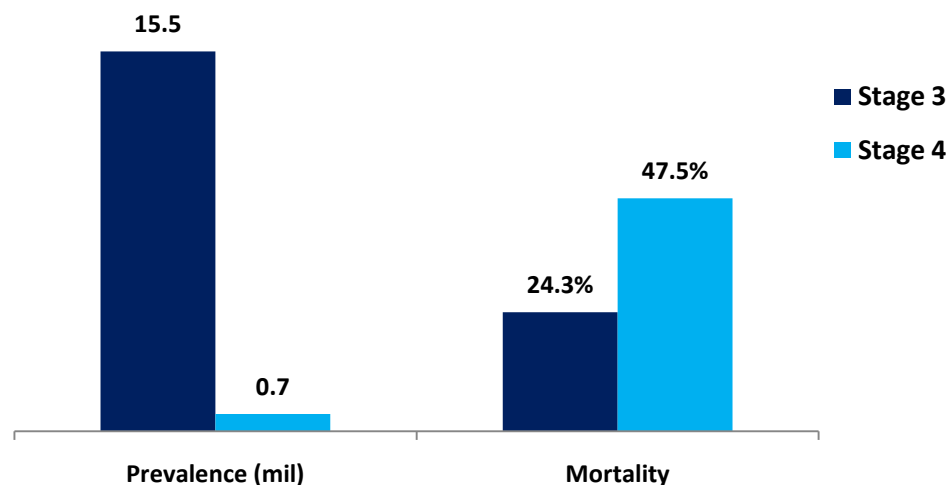
Yale University

National Jewish Health

## Expand Outcomes Improvement

- Litholink kidney stone
- CKD
- Continual development of valuable programs

CKD Prevalence and Mortality in US



## Develop Companion Diagnostics

- Invest in clinical trials
- Relationships with biotech and pharma companies
- Promote key tests (e.g., K-RAS, HLA-B\* 5701, CYP 450)

**“K-RAS testing should be routinely conducted in all colorectal cancer patients immediately after diagnosis to ensure the best treatment strategies for the individual Patient”**

– Dr. Eric Van Cutsem, presenter at the June 2008 American Society of Clinical Oncology meeting

### **FDA recommends genetic screening prior to treatment with Abacavir**

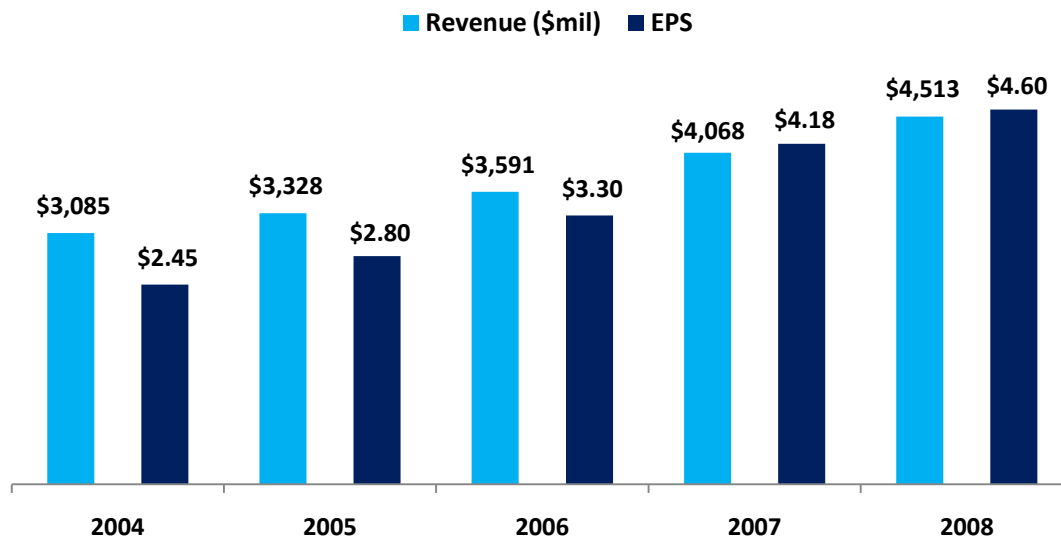
ROCKVILLE, Md -- July 24, 2008 -- The US Food and Drug Administration (FDA) has issued an alert regarding serious, and sometimes fatal, hypersensitivity reactions (HSRs) caused by abacavir (Ziagen) therapy in patients with a particular human leukocyte antigen (HLA) allele, HLA-B\* 5701.

Genetic tests for HLA-B\*5701 are already available, and all patients should be screened for the HLA-B\*5701 allele before starting or restarting treatment with abacavir or abacavir-containing medications.

## Revenue and EPS Growth

- 10% Revenue CAGR
- 17% EPS CAGR

Revenue and EPS Growth: 2004-2008 <sup>(1)</sup> <sup>(2)</sup>



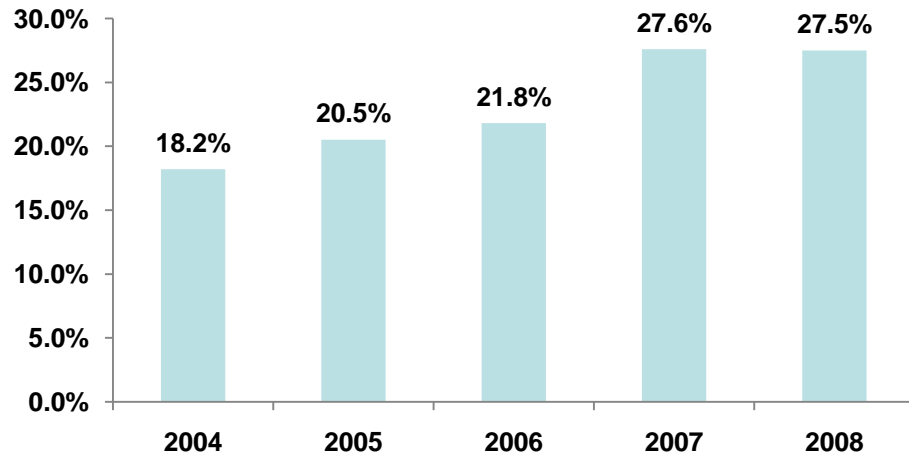
(1) Excluding the \$0.09 per diluted share impact in 2005 of restructuring and other special charges, and a non-recurring investment loss; excluding the \$0.06 per diluted share impact in 2006 of restructuring and other special charges; excluding the \$0.25 per diluted share impact in 2007 of restructuring and other special charges; excluding the \$0.44 per diluted share impact in 2008 of restructuring and other special items

(2) EPS, as presented, represents adjusted, non-GAAP financial measures. Diluted EPS, as reported in the Company's Annual Report were: \$2.45 in 2004; \$2.71 in 2005; \$3.24 in 2006; \$3.93 in 2007; and \$4.16 in 2008.

## Leading Returns

- Improving and leading returns
- Leading EBIT margin

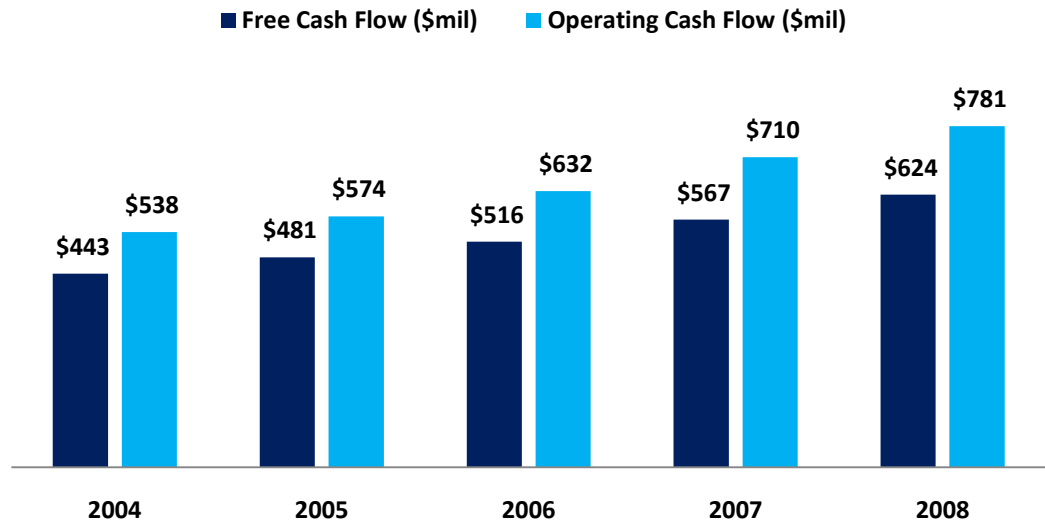
**LabCorp ROE 2004 - 2008**



## Cash Flow

- 10% OCF CAGR
- \$2.5 B+ share repurchase

### LabCorp Cash Flow: 2004-2008



# Third Quarter and YTD 2009 Results

|                            | Three Months Ended Sept 30, |            |        | Nine Months Ended Sept 30, |            |         |
|----------------------------|-----------------------------|------------|--------|----------------------------|------------|---------|
|                            | 2009                        | 2008       | +/(-)  | 2009                       | 2008       | +/(-)   |
| Revenue                    | \$ 1,185.1                  | \$ 1,135.1 | 4.4%   | \$ 3,529.7                 | \$ 3,386.1 | 4.2%    |
| Adjusted Operating Income  | \$ 237.6                    | \$ 219.9   | 8.0%   | \$ 733.0                   | \$ 717.2   | 2.2%    |
| Operating Income Margin    | 20.0%                       | 19.4%      | 60 bp  | 20.8%                      | 21.2%      | (40) bp |
| Adjusted EPS               | \$ 1.22                     | \$ 1.10    | 10.9%  | \$ 3.74                    | \$ 3.48    | 7.5%    |
| Operating Cash Flow        | \$ 246.4                    | \$ 194.4   | 26.7%  | \$ 637.7                   | \$ 565.6   | 12.7%   |
| Less: Capital Expenditures | \$ (22.7)                   | \$ (41.5)  | -45.3% | \$ (77.1)                  | \$ (120.4) | -36.0%  |
| Free Cash Flow             | \$ 223.7                    | \$ 152.9   | 46.3%  | \$ 560.6                   | \$ 445.2   | 25.9%   |

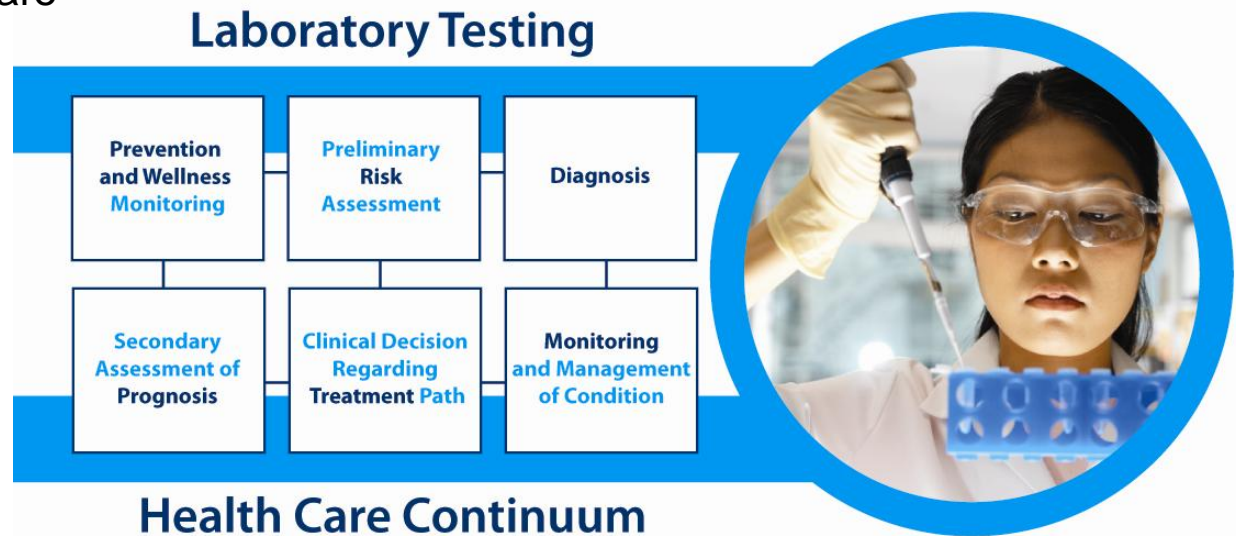


**Other Financial Information**  
**September 30, 2009**  
**(\$ in million's)**

|  | <u>Q1 09</u> | <u>Q2 09</u> | <u>Q3 09</u> | <u>YTD<br/>2009</u> |
|--|--------------|--------------|--------------|---------------------|
| Bad debt as a percentage of sales                  | 5.3%         | 5.3%         | 5.3%         | 5.3%                |
| Days sales outstanding                             | 52           | 50           | 48           | 48                  |
| A/R coverage (Allowance for Doubtful Accts. / A/R) | 19.5%        | 20.6%        | 21.9%        | 21.9%               |

## Key Points

- Critical position in health care delivery system
- Leadership in personalized medicine
- Stable pricing
- Well positioned to gain share
- Continued cost control
- Excellent cash flow
- Strong balance sheet



Source: Deloitte (OAML)

