

# 28<sup>th</sup> Annual J.P. Morgan Healthcare Conference

San Francisco, CA

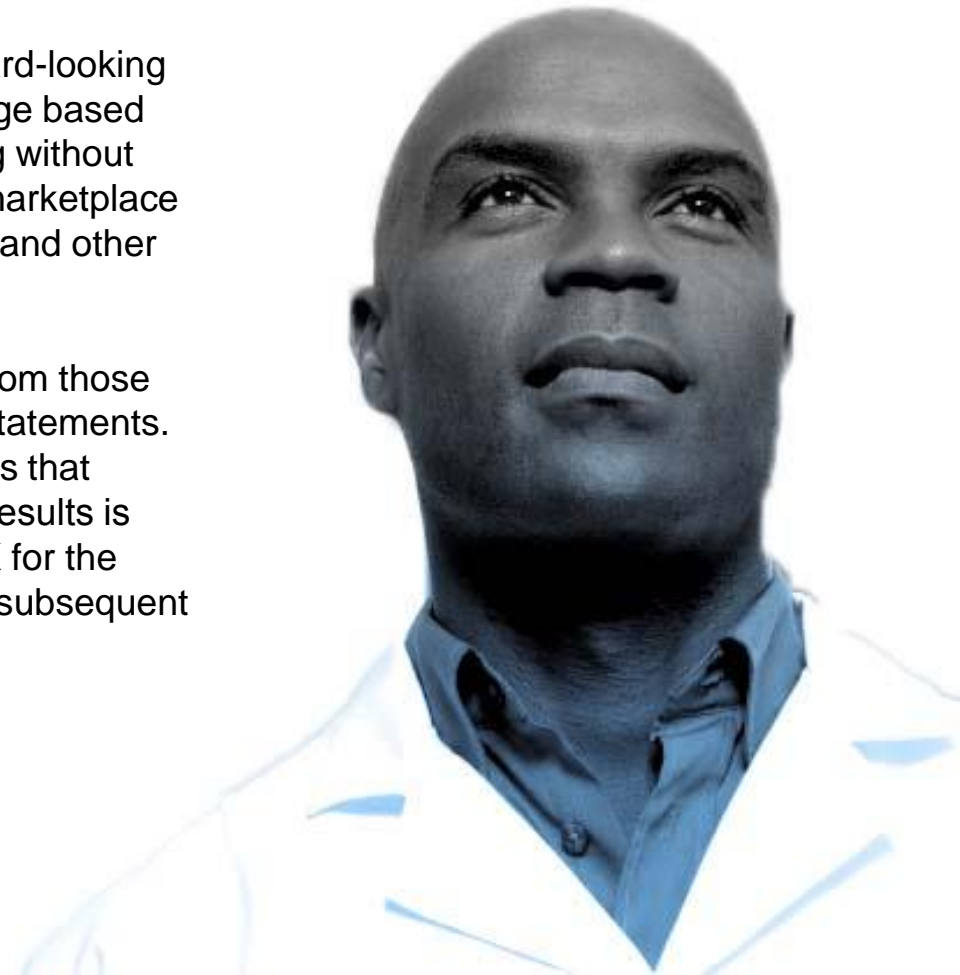
January 12, 2010



## Forward Looking Statement

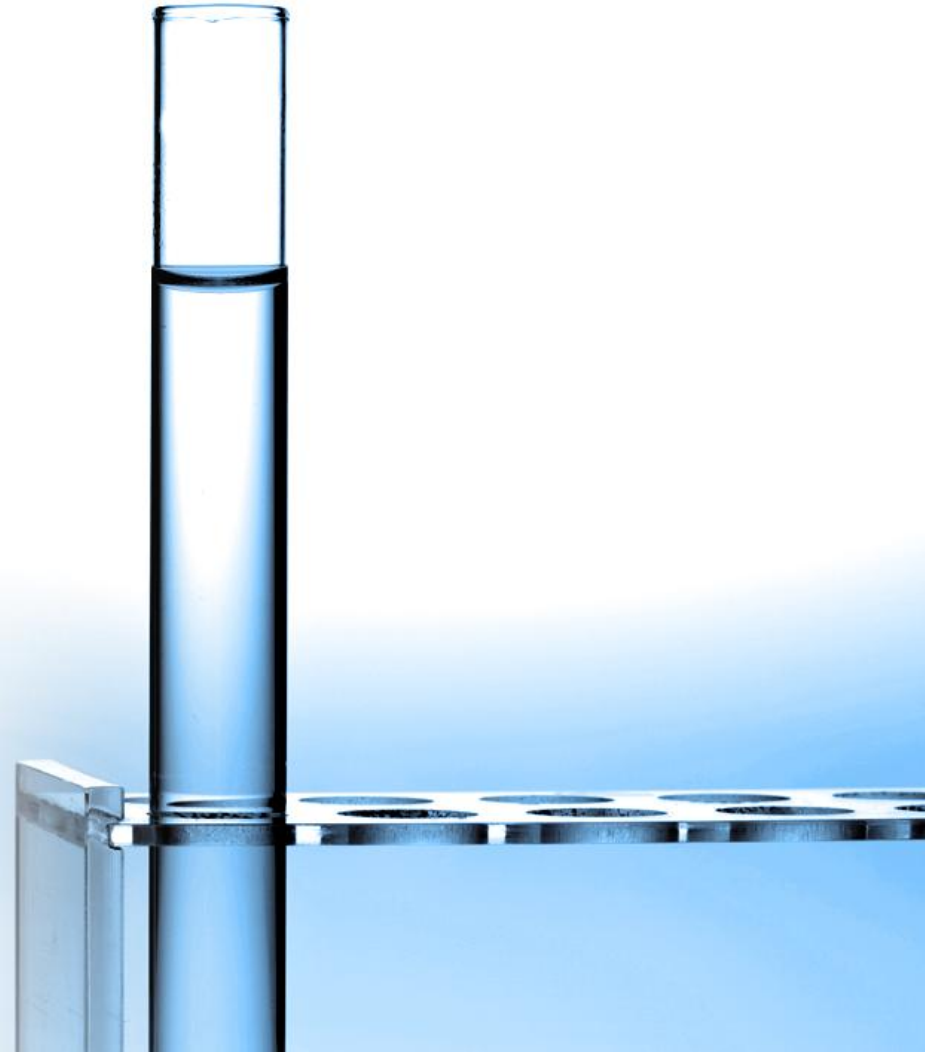
This slide presentation contains forward-looking statements which are subject to change based on various important factors, including without limitation, competitive actions in the marketplace and adverse actions of governmental and other third-party payors.

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.

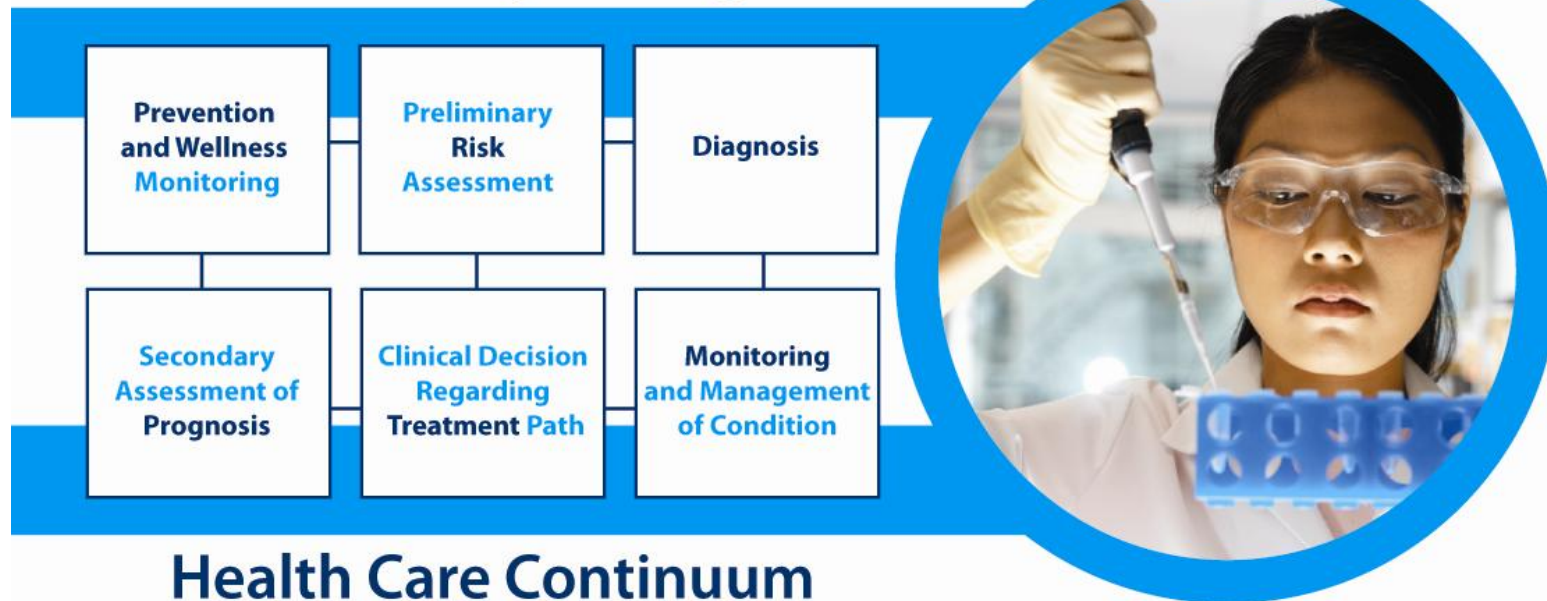


## Leading National Lab Provider

- 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

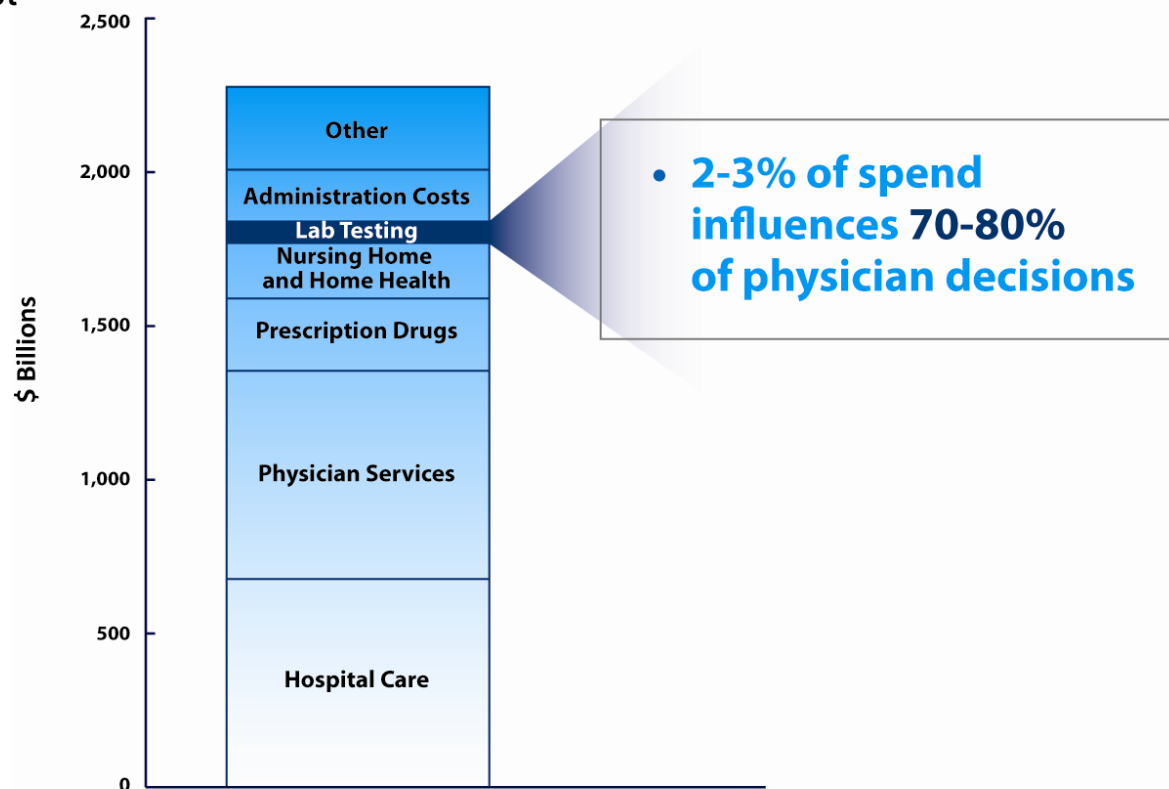


Source: Deloitte (OAML)

## 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

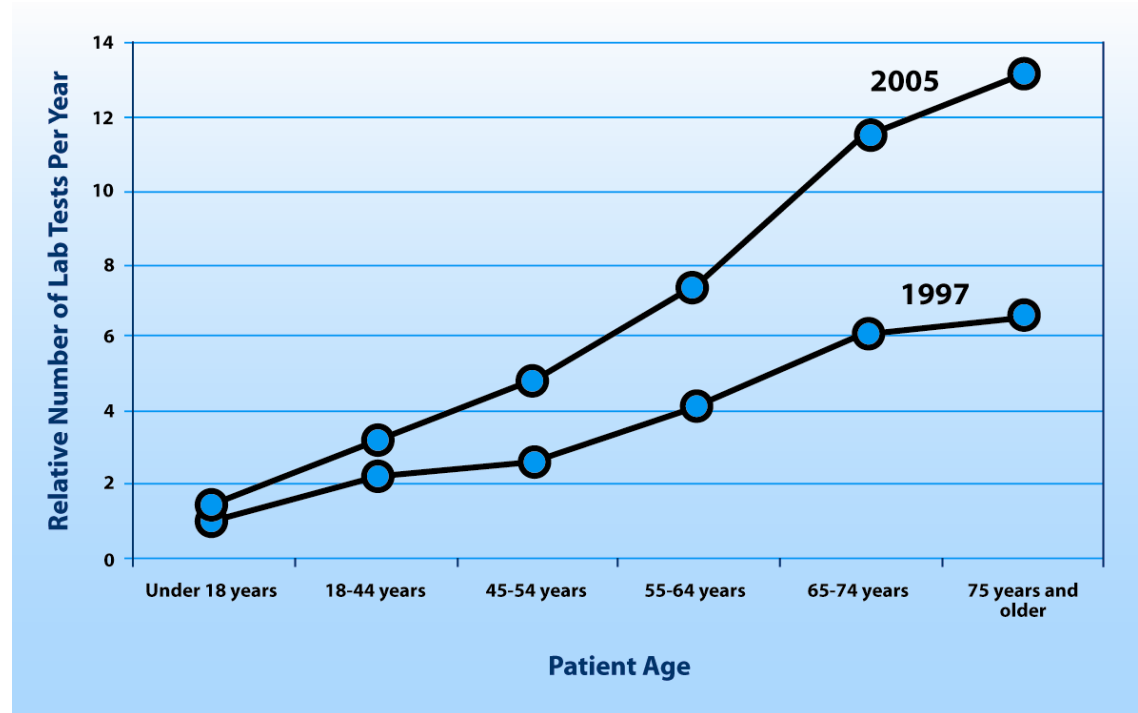
## 2008 Approximate US Health Care Spend \$2.4 Trillion



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



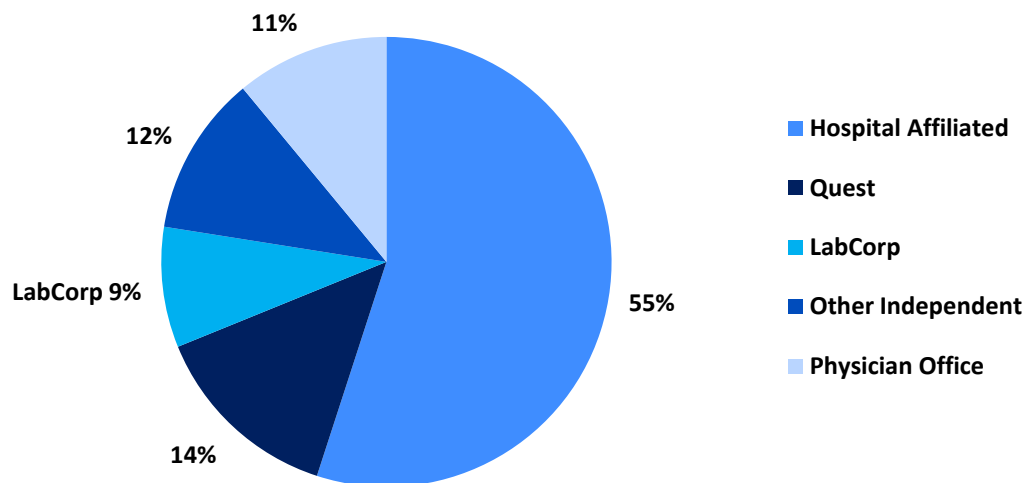
Source: CDC National Ambulatory Medical Care Survey and Company Estimates



## Opportunity to Take Share

- 5,100 independent labs
- High cost competitors

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

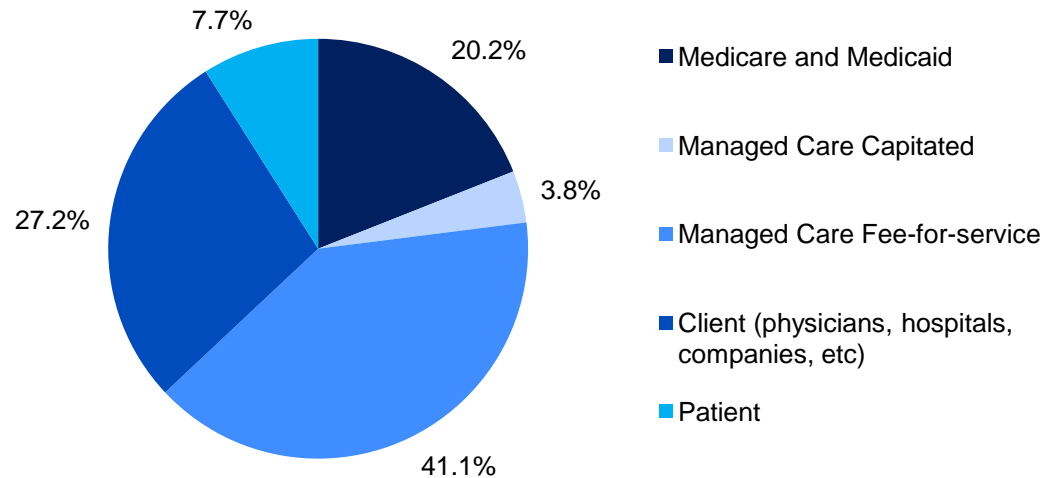


Source: Washington G-2, Laboratory Industry Report, January, 2009

## Diversified Payor Mix

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

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

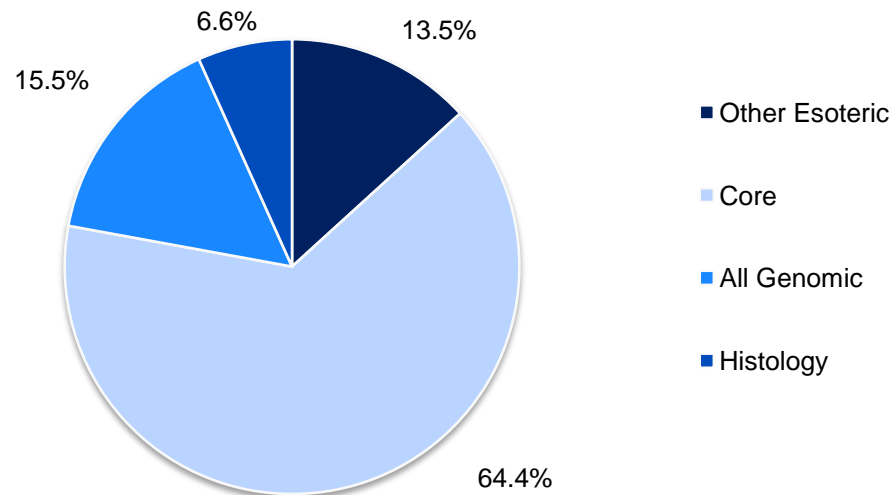




## Diversified Test Mix

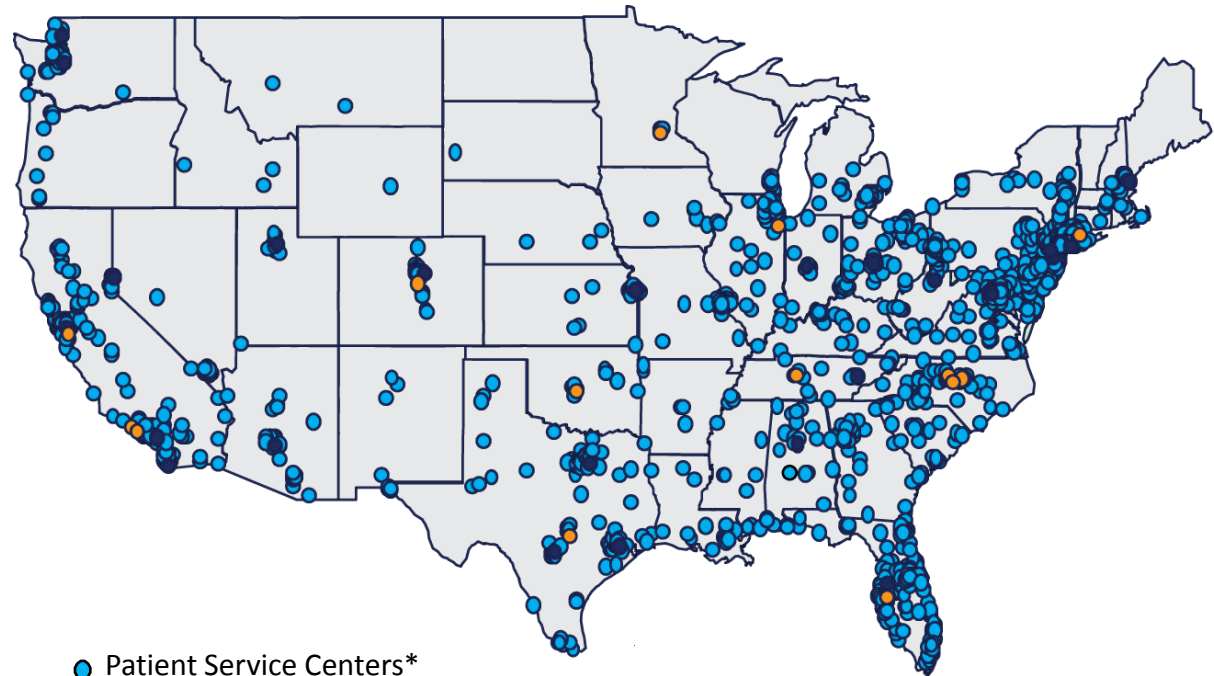
- Esoteric 36% of revenue
- Goal of 40% in 3 – 5 years
- Higher priced business

**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

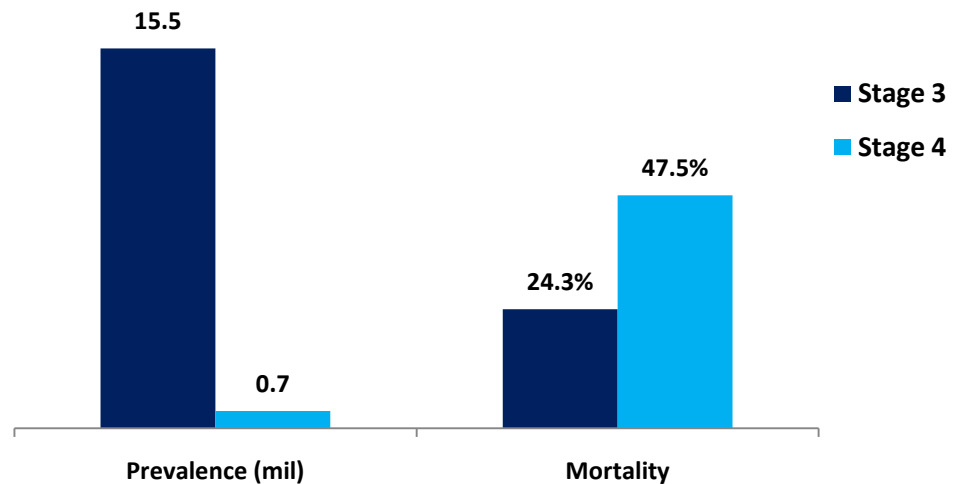
Yale University

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.

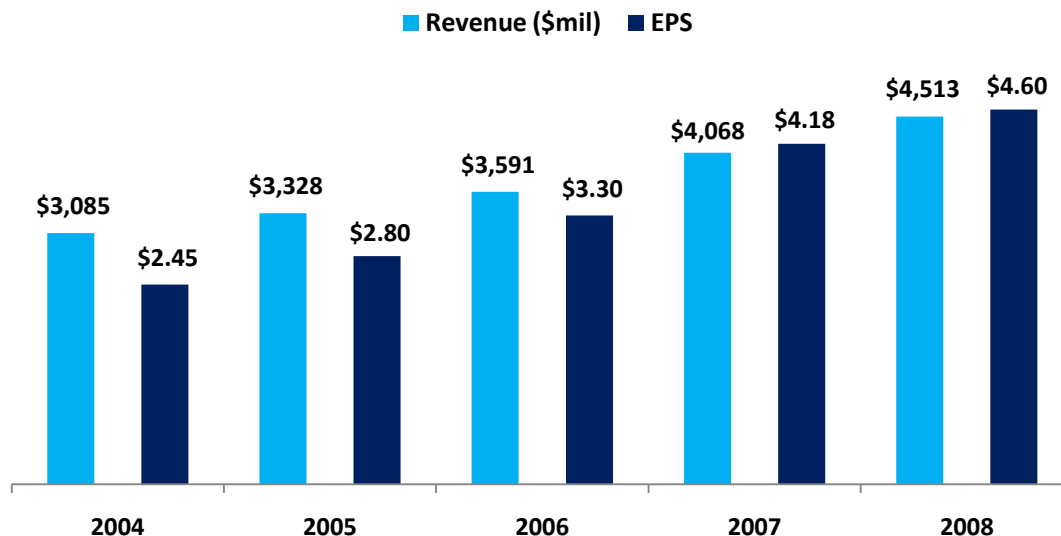
Genetic tests for HLA-B\*5701 are already available, and all patients should be screened for the HLA-B\*5701 allele before starting or restarting treatment with abacavir or abacavir-containing medications.



## Revenue and EPS Growth

- 10% Revenue CAGR
- 17% EPS CAGR

**Revenue and EPS Growth: 2004-2008** (1) (2)



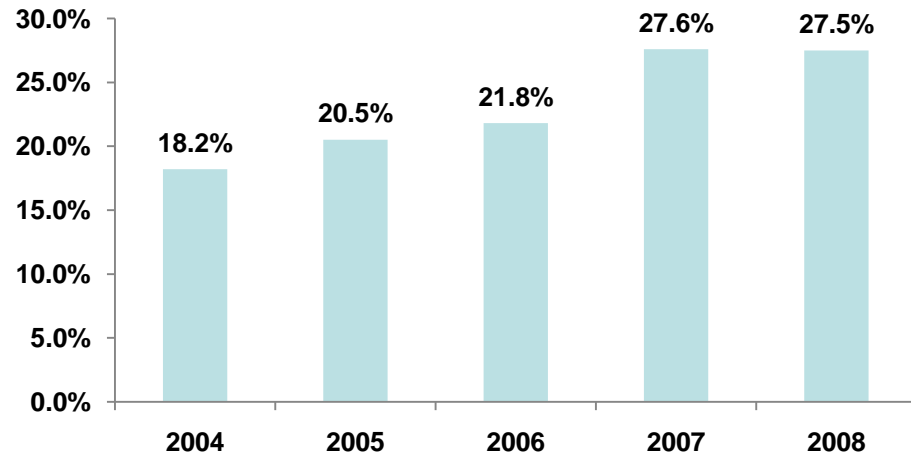
(1) Excluding the \$0.09 per diluted share impact in 2005 of restructuring and other special charges, and a non-recurring investment loss; excluding the \$0.06 per diluted share impact in 2006 of restructuring and other special charges; excluding the \$0.25 per diluted share impact in 2007 of restructuring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

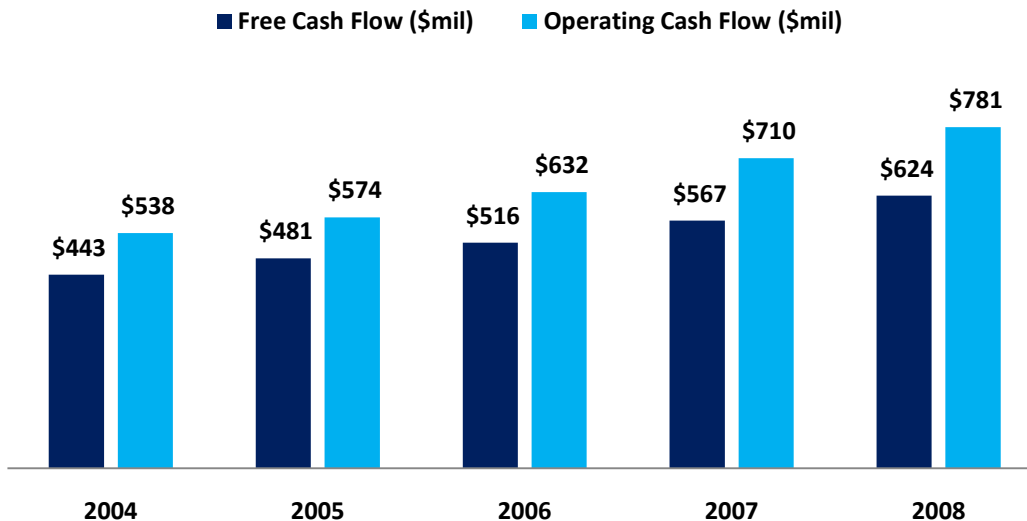
**LabCorp ROE 2004 - 2008**



## Cash Flow

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

### LabCorp Cash Flow: 2004-2008



# Third Quarter and YTD 2009 Results

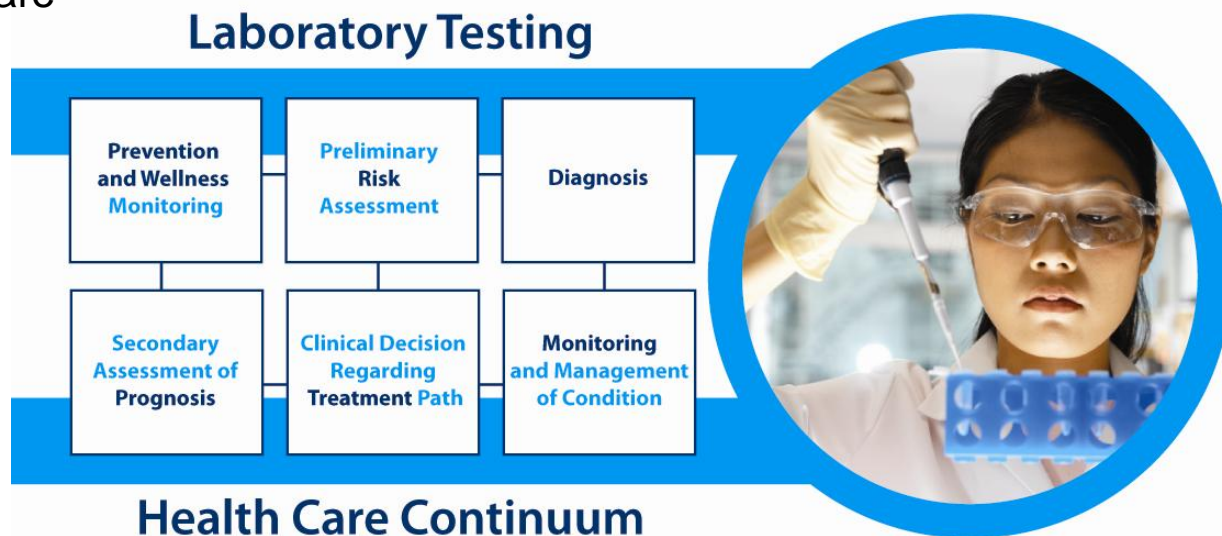
	Three Months Ended Sept 30,			Nine Months Ended Sept 30,		
	2009	2008	+/(-)	2009	2008	+/(-)
Revenue	\$ 1,185.1	\$ 1,135.1	4.4%	\$ 3,529.7	\$ 3,386.1	4.2%
Adjusted Operating Income	\$ 237.6	\$ 219.9	8.0%	\$ 733.0	\$ 717.2	2.2%
Operating Income Margin	20.0%	19.4%	60 bp	20.8%	21.2%	(40) bp
Adjusted EPS	\$ 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 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)



