

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

July 25, 2006  
(Date of earliest event reported)

**LABORATORY CORPORATION OF  
AMERICA HOLDINGS**

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(Exact Name of Registrant as Specified in its Charter)

**DELAWARE**

(State or other jurisdiction  
of Incorporation)

**1-11353**

(Commission  
File Number)

**13-3757370**

(I.R.S. Employer  
Identification No.)

**358 SOUTH MAIN STREET,  
BURLINGTON, NORTH CAROLINA**

(Address of principal executive offices)

**27215**

(Zip Code)

**336-229-1127**

(Registrant's telephone number including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 7.01. Regulation FD Disclosure

Summary information of the Company dated July 25, 2006.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Laboratory Corporation of America Holdings  
(Registrant)

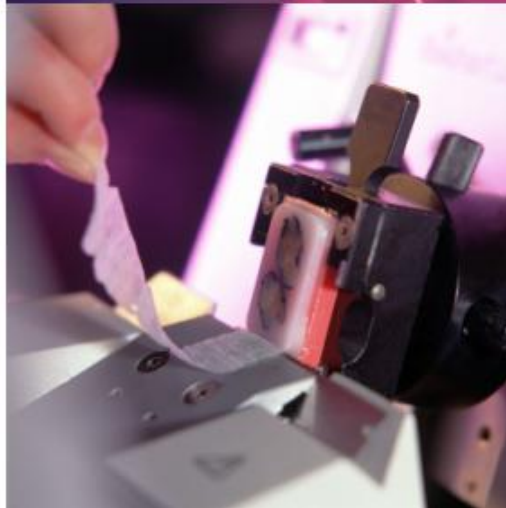
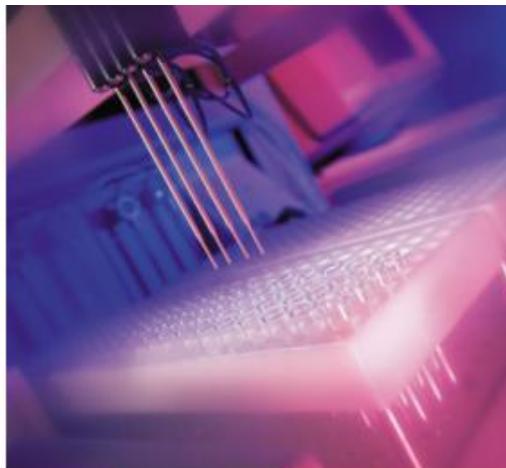
Date: July 25, 2006

By: /s/Bradford T. Smith  
Bradford T. Smith, Executive Vice President  
and Secretary

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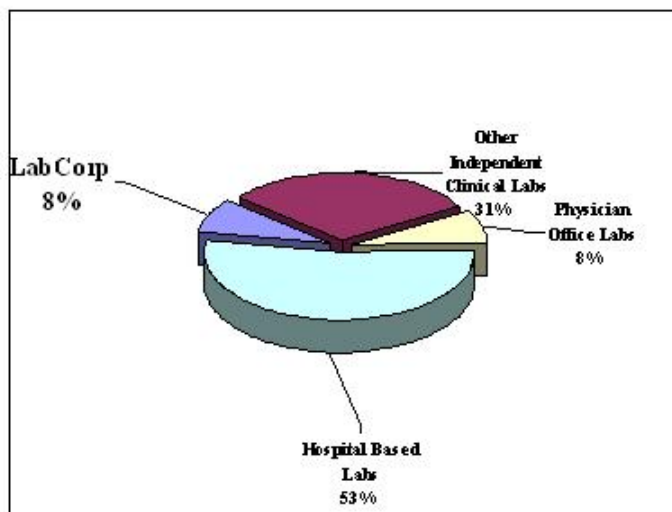
8-K Filed July 25, 2006



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, 2005, and subsequent filings.



# The Clinical Laboratory Testing Market - \$40 billion Annually



- Independent clinical lab share is \$16 billion
- Represents 2% to 3% of all health care spending
- Influences /directs approximately 80% of health care spending
- Rapidly evolving technology, emphasis on preventative medicine and aging of population are all driving growth
- Has grown at a CAGR of between 5% and 6%



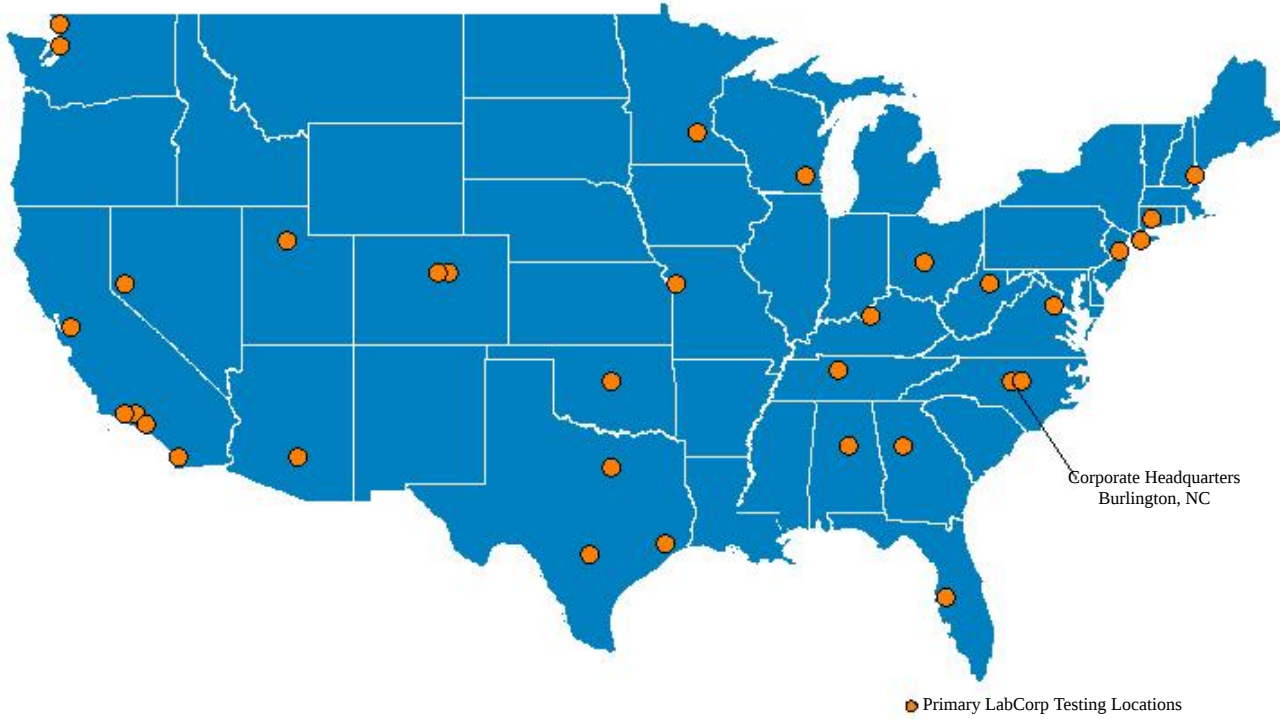
Source: Company estimates, industry reports and 2005 revenue for LabCorp.

# Profile of LabCorp

- A leader in the esoteric and genomic testing market and second-largest clinical laboratory company in North America
- Offers a broad range of routine and esoteric/genomic tests
- Conducts approximately 1.1 million tests daily on more than 370,000 specimens
- Provides lab services to physicians and other health care providers
- Approximately 24,000 employees nationwide



# Primary Testing Locations



# LabCorp's Strategy

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*To lead the industry in achieving long-term growth and profitability by strengthening our nationwide core testing business and expanding our higher-growth, higher-value esoteric and genomic businesses.*





# Strategic Focus Areas

## Scientific Leadership

- Licensing/partnerships
- Cancer
- Acquisitions

## Managed Care

- Reduce leakage
- Appropriate prices
- Value of new lab tests

## Customer Retention

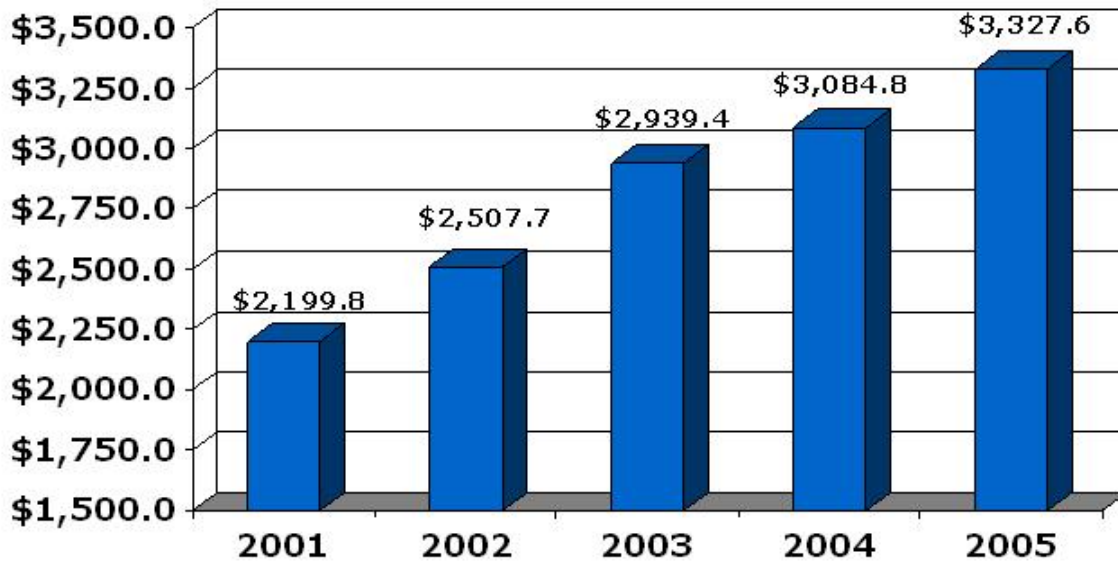
- Specimen tracking
- Report improvement
- Call center consolidation
- Customer connectivity

# LabCorp's Investment and Performance Fundamentals

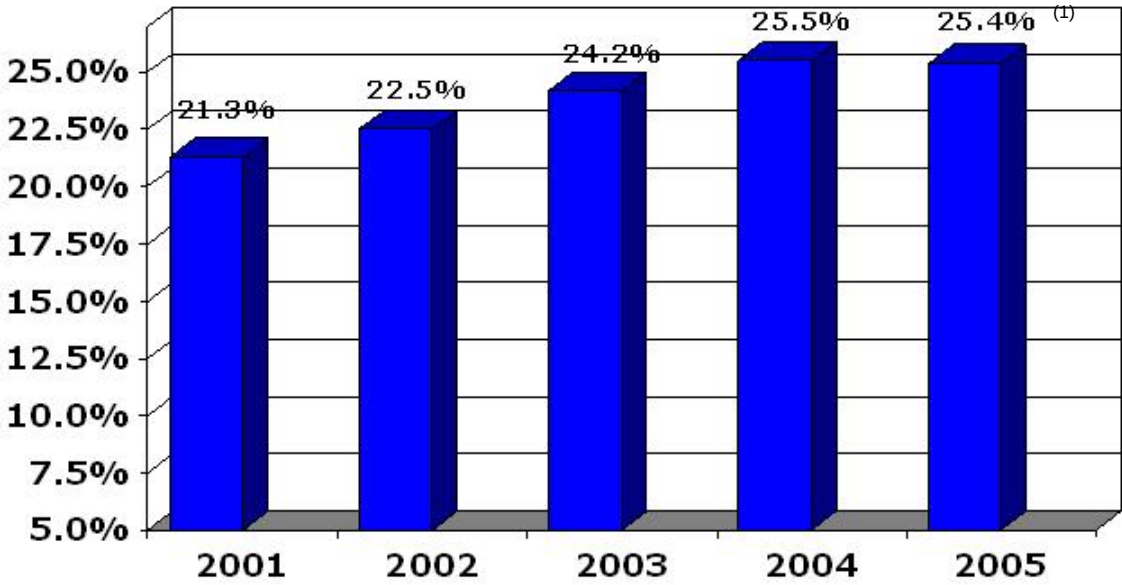
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- History of Strong Financial Performance
- Significant Cash Generator
- Industry leading EBITDA margins
- Strong Balance Sheet
- Investment Grade Credit Ratings

# Net Sales (in millions)

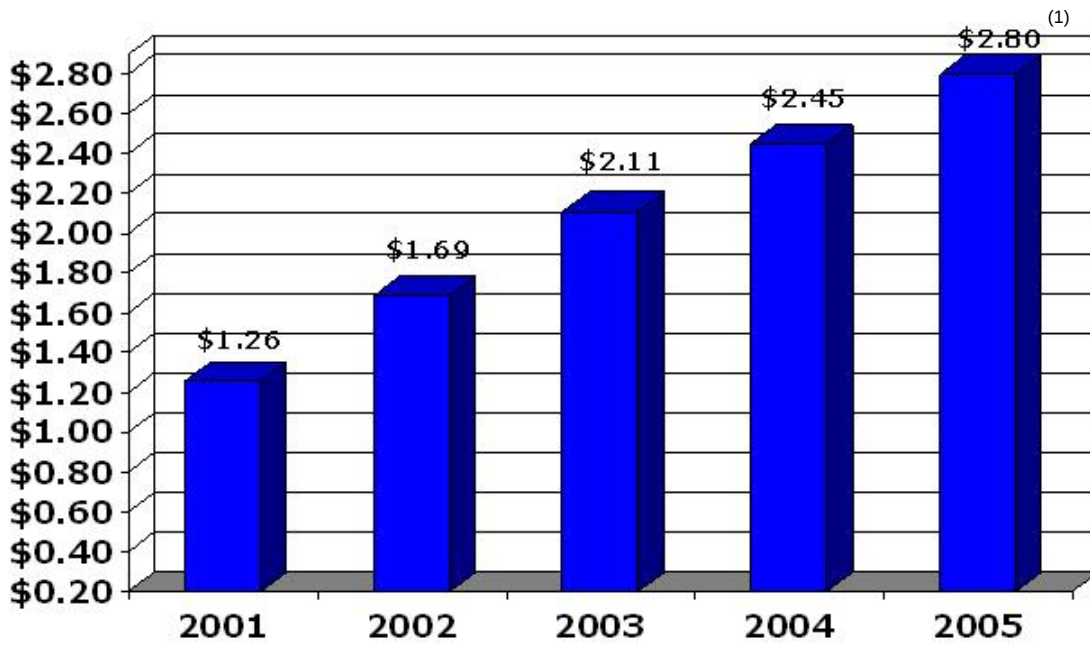


# EBITDA Margin



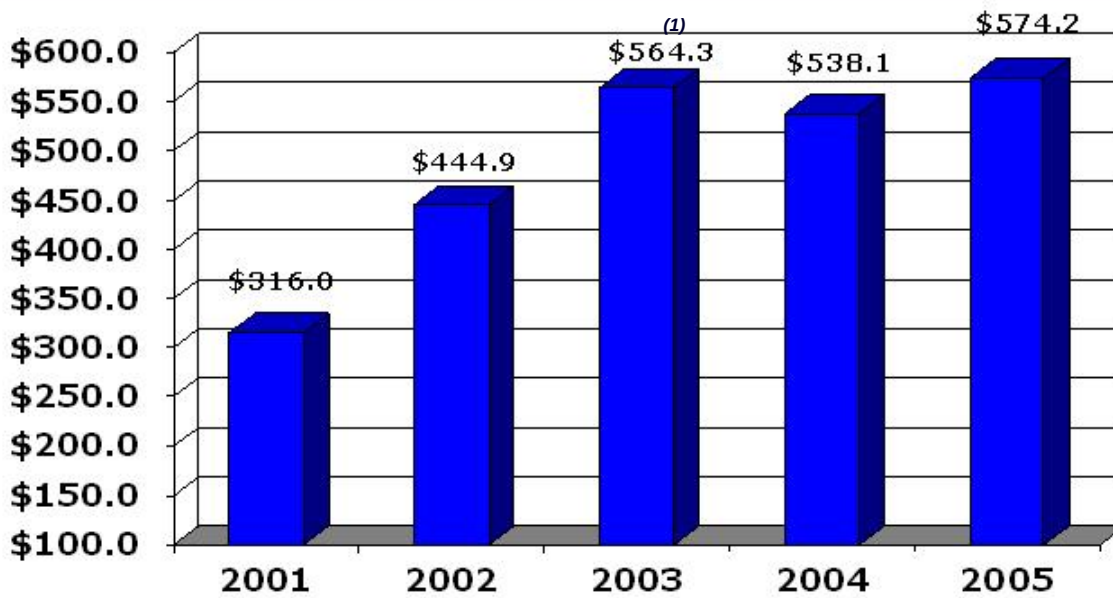
(1) Excluding the impact in 2005 of restructuring and other special charges, and a non-recurring investment loss.

# EPS



(1) Excluding the \$0.09 per diluted share impact in 2005 of restructuring and other special charges, and a non-recurring investment loss.

# Operating Cash Flow (in millions)



(1) Includes approximately \$50 million of benefit from one-time tax credits recorded in 2003.

# Second Quarter Results (in millions, except per share data)

	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>+ / (-)</u>
<b>Revenue</b>	\$ 853.3	\$ 903.7	5.9%
<b>EBITDA (1)</b>	\$ 225.2	\$ 252.5	12.1%
<b>EBITDA Margin</b>	26.4%	27.9%	150 bp
<b>Diluted EPS (2)</b>	\$ 0.76	\$ 0.89	17.1%

(1) Excludes a \$3.1 million non-recurring investment loss recorded by the Company in the second quarter of 2005, and \$5.4 million of stock compensation expense recorded by the Company for the three months ended June 30, 2006 from the adoption of SFAS 123(R).

(2) Excluding the \$0.02 per diluted share impact of the non-recurring investment loss in 2005, and the \$0.02 per diluted share impact of the required change in accounting for stock based compensation adopted in 2006.



# Six-Month Results (in millions, except per share data)

	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>+ / (-)</u>
<b>Revenue</b>	\$ 1,652.4	\$ 1,782.2	7.9%
<b>EBITDA (1)</b>	\$ 432.6	\$ 482.2	11.5%
<b>EBITDA Margin</b>	26.2%	27.1%	90 bp
<b>Diluted EPS (2)</b>	\$ 1.43	\$ 1.67	16.8%

(1) Excludes a \$3.1 million non-recurring investment loss recorded by the Company in the second quarter of 2005, and \$11.3 million of stock compensation expense recorded by the Company for the three months ended June 30, 2006 from the adoption of SFAS 123(R).

(2) Excluding the \$0.02 per diluted share impact of the non-recurring investment loss in 2005, and the \$0.05 per diluted share impact of the required change in accounting for stock based compensation adopted in 2006.





# 2006 Six-Month Financial Achievements

Diluted EPS of \$1.67 <sup>(1)</sup>

EBITDA margin of 27.1% of sales <sup>(2)</sup>

Operating cash flow of \$301.1 million

Increased revenues 7.9% (3.2% volume; 4.7% price)

Repurchased approximately \$185 million of  
LabCorp stock

- (1) Excluding the \$0.05 per diluted share impact of the required change in accounting for stock based compensation.
- (2) Based on EBITDA of \$482.2 million, excluding \$11.3 million impact of change in accounting for stock based compensation.



# Financial Performance

## Price & Volumes: Trends by Payer Type

	2004				2005				YTD 2006			
	Revenue		Accns	PPA	Revenue		Accns	PPA	Revenue		Accns	PPA
	\$'s	%			\$'s	%			\$'s	%		
<b>Client</b>	\$ 869.1	28%	32,668	\$ 26.61	\$ 932.7	28%	32,042	\$ 29.11	\$ 487.0	27%	16,645	\$ 29.26
<b>Patient</b>	310.1	10%	2,509	\$ 123.59	302.8	9%	2,241	\$ 135.12	169.7	10%	1,148	\$ 147.81
<b>Third Party (Medicare/Medicaid)</b>	658.4	21%	18,898	\$ 34.84	755.2	23%	19,618	\$ 38.49	379.5	21%	9,405	\$ 40.35
<b>Managed Care:</b>												
- Capitated	132.7	4%	12,818	\$ 10.36	136.5	4%	12,875	\$ 10.60	70.7	4%	6,701	\$ 10.55
- Fee for service	1,114.5	36%	24,225	\$ 46.01	1,200.4	36%	25,344	\$ 47.36	675.3	38%	13,768	\$ 49.05
<b>Total Managed Care</b>	<b>1,247.2</b>	<b>40%</b>	<b>37,043</b>	<b>\$ 33.67</b>	<b>1,336.9</b>	<b>40%</b>	<b>38,219</b>	<b>\$ 34.98</b>	<b>746.0</b>	<b>42%</b>	<b>20,469</b>	<b>\$ 36.44</b>
<b>Lab Corp Total</b>	<b>\$ 3,084.8</b>	<b>100%</b>	<b>91,118</b>	<b>\$ 33.86</b>	<b>\$ 3,327.6</b>	<b>100%</b>	<b>92,120</b>	<b>\$ 36.12</b>	<b>\$ 1,782.2</b>	<b>100%</b>	<b>47,667</b>	<b>\$ 37.39</b>

# Financial Performance

## Revenue Analysis by Business Area

	2004				2005				YTD 2006			
	Revenue		Accns	PPA	Revenue		Accns	PPA	Revenue		Accns	PPA
	\$'s	%			\$'s	%			\$'s	%		
<b>Genomic</b>	\$ 294.4	10%	2,510	\$ 117.26	\$ 331.7	10%	2,868	\$ 115.65	\$ 187.4	11%	1,626	\$ 115.26
<b>Identity / Gene Probes</b>	168.9	5%	3,822	44.20	173.5	5%	3,861	44.93	87.0	5%	1,917	45.39
<b>All Genomic</b>	463.3	15%	6,332	73.16	505.2	15%	6,729	75.07	274.4	15%	3,543	77.45
<b>Other Esoteric</b>	298.2	10%	7,211	41.35	340.8	10%	8,175	41.69	190.8	11%	4,577	41.69
<b>Histology</b>	205.0	7%	2,256	90.89	283.7	9%	2,406	117.92	147.9	8%	1,195	123.79
<b>All Genomic / Esoteric</b>	966.5	31%	15,799	61.18	1,129.8	34%	17,311	65.26	613.1	34%	9,315	65.83
<b>Core</b>	2,118.3	69%	75,319	28.12	2,197.8	66%	74,810	29.38	1,169.1	66%	38,352	30.48
<b>Lab Corp Total</b>	\$ 3,084.8	100%	91,118	\$ 33.86	\$ 3,327.6	100%	92,120	\$ 36.12	\$ 1,782.2	100%	47,667	\$ 37.39

# Free Cash Flow Investment Strategy

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- Acquisitions
- Stock repurchase program
- Retain flexibility in utilizing remaining cash

# 2006 Financial Guidance

- **Excluding the impact of the required change in accounting for stock based compensation, any share repurchase activity after June 30, 2006, and any accounting impact related to the previously announced retirement of the Chief Executive Officer of the Company, guidance for 2006 is as follows:**
  - Revenue growth of approximately 6.5% to 7.2% compared to 2005.
  - EBITDA margins of 26.5 to 27.0% of revenues.
  - Diluted EPS in the range of \$3.28 to \$3.33.
  - Operating cash flow of between \$610 and \$630 million.
  - Capital expenditures of between \$95 and \$110 million.
  - Net interest expense of between \$43 and \$45 million.
  - Bad debt rate of approximately 4.8% of sales for the remainder of the year.
  
- **We estimate that the implementation of the required change in accounting for stock based compensation will have an EBITDA impact of approximately \$22 million to \$23 million and a diluted EPS impact of approximately \$0.10.**

## Reconciliation of Non-GAAP Financial Measures (\$ in millions)

- 1) EBITDA represents earnings before interest, income taxes, depreciation, amortization, and nonrecurring charges, 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- and six-month periods ended June 30, 2006 and 2005:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Earnings before income taxes	\$ 195.9	\$ 175.7	\$ 368.0	\$ 338.7
Add (subtract):				
Interest expense	11.7	8.6	23.5	17.1
Investment income	(1.3)	(0.3)	(1.6)	(0.8)
Other (income) expense, net	1.2	(0.2)	1.8	0.2
Depreciation	25.6	24.2	50.9	47.3
Amortization	13.0	13.1	26.0	25.2
Non-recurring investment loss	-	3.1	-	3.1
Joint venture partnerships' depreciation and amortization	1.0	1.0	2.3	1.8
EBITDA	\$ 247.1	\$ 225.2	\$ 470.9	\$ 432.6

# Supplemental Financial Information

**Laboratory Corporation of America**  
**Supplemental Financial Information**  
**June 30, 2006**  
**(\$ in million's)**

	<u>Q1 06</u>	<u>Q2 06</u>	<u>YTD 2006</u>
Depreciation	\$ 25.3	\$ 25.6	\$ 50.9
Amortization	\$ 13.1	\$ 13.0	\$ 26.1
Capital expenditures	\$ 20.8	\$ 21.6	\$ 42.4
Cash flows from operations	\$ 178.6	\$ 128.5	\$ 307.1
Bad debt as a percentage of sales	5.3%	4.8%	5.0%
Effective interest rate on debt:			
Zero coupon-subordinated notes	2.00%	2.00%	2.00%
5 1/2% Senior Notes (including effect of interest rate swap)	5.38%	5.38%	5.38%
5 5/8% Senior Notes	5.75%	5.75%	5.75%
Revolving credit facility (weighted average)	5.30%	5.81%	5.81%
Days sales outstanding	53	53	53



