



# BARCLAYS GLOBAL HEALTHCARE CONFERENCE

MARCH 11, 2014 | **MIAMI, FL**

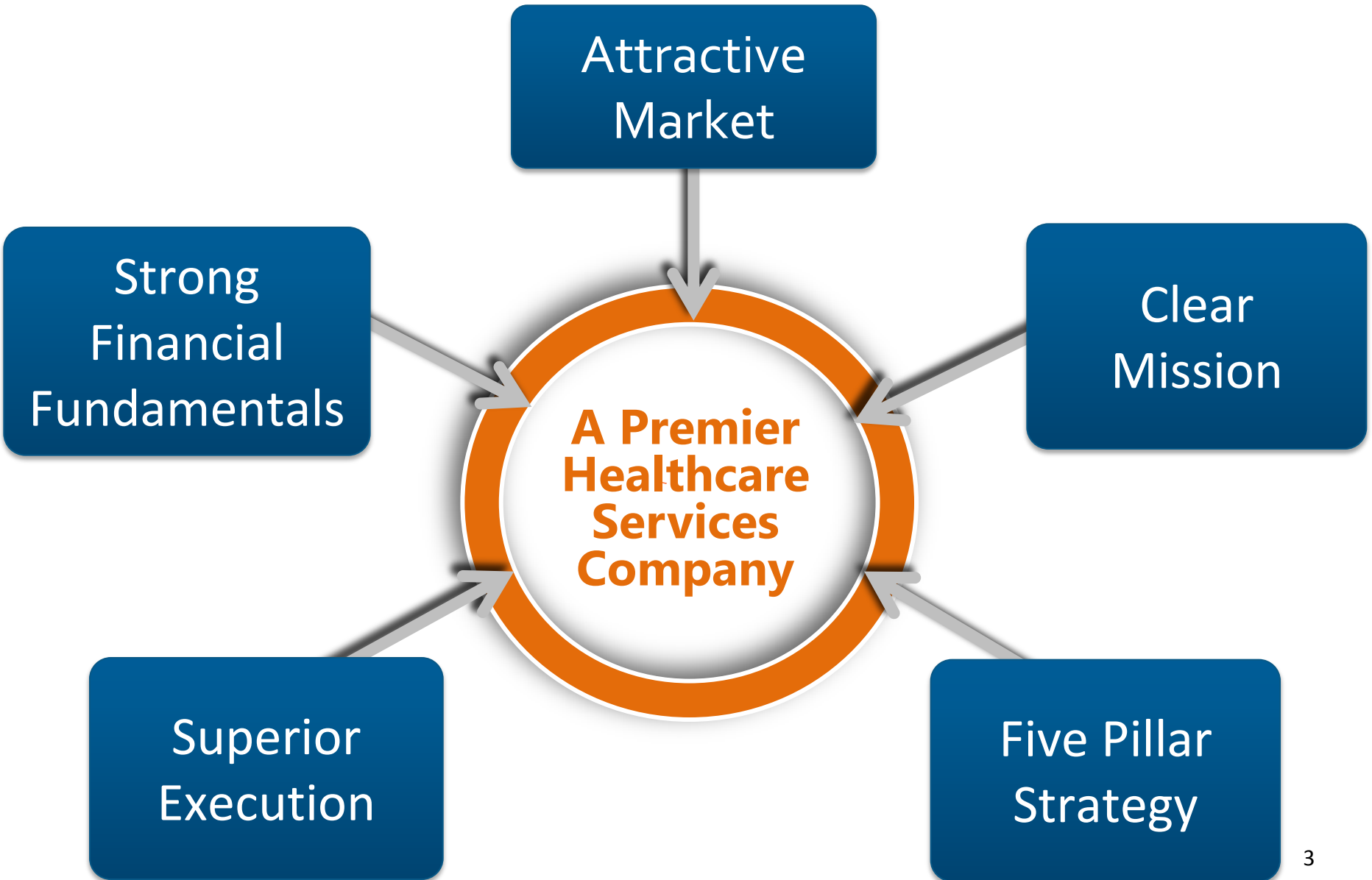
## FORWARD LOOKING STATEMENT

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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 payers.

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, 2013, and subsequent SEC filings.

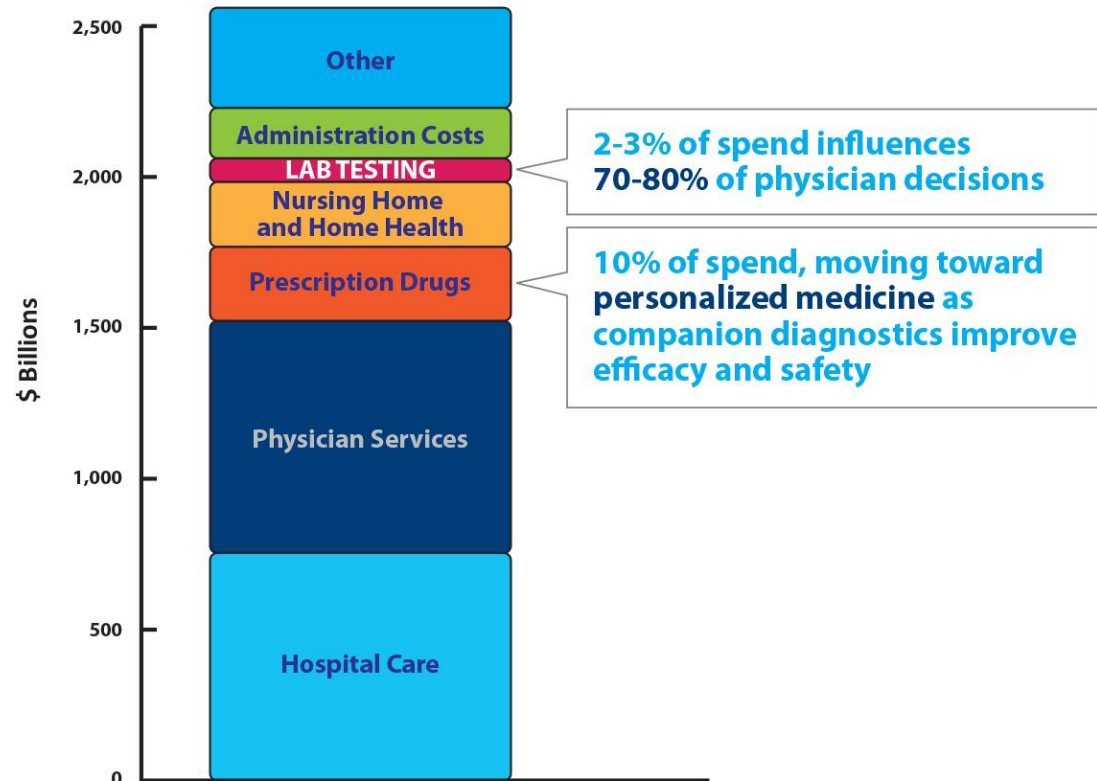




## Valuable Service

- Small component of total cost influences large percentage of clinical decisions
- Screening, early detection, and monitoring reduce downstream costs
- Decision support tools guide providers to better patient outcomes

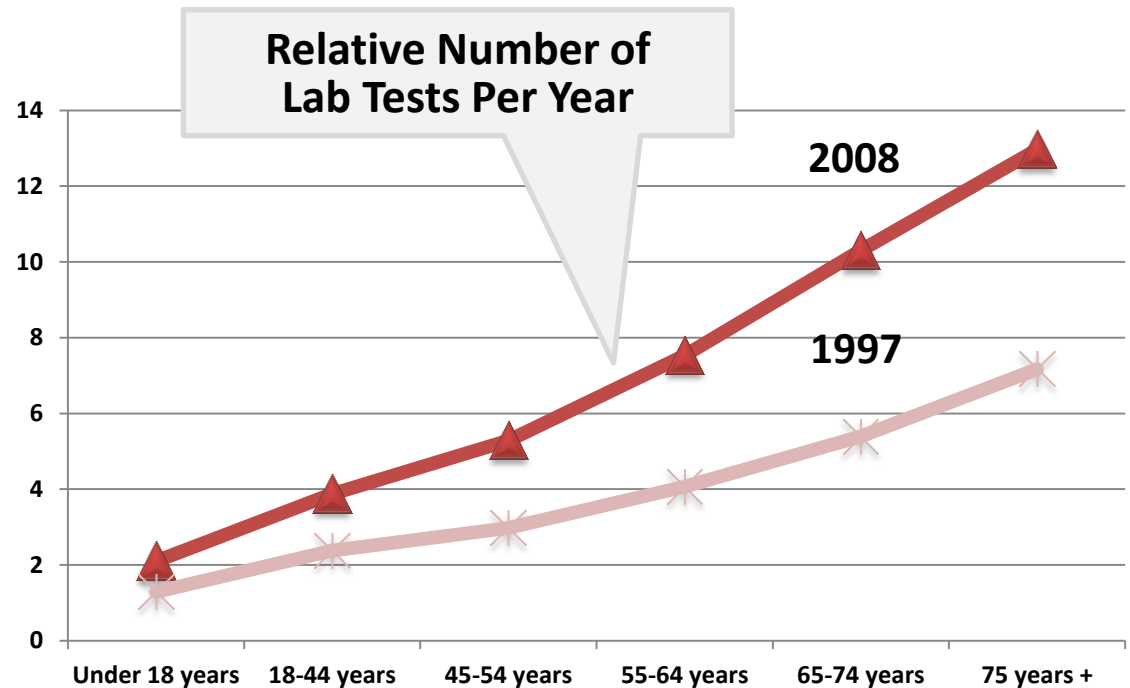
### 2012 Projected US Health Care Spend \$2.8 Trillion



Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group; and U.S. Department of Commerce, Bureau of Economic Analysis and U.S. Bureau of the Census, and company estimates.

## Growth Drivers

- Aging population
- Industry consolidation
- Advances in genomics
- Pharmacogenomics/  
companion diagnostics
- Key managed care  
partnerships
- Cost pressures will reward  
more efficient labs

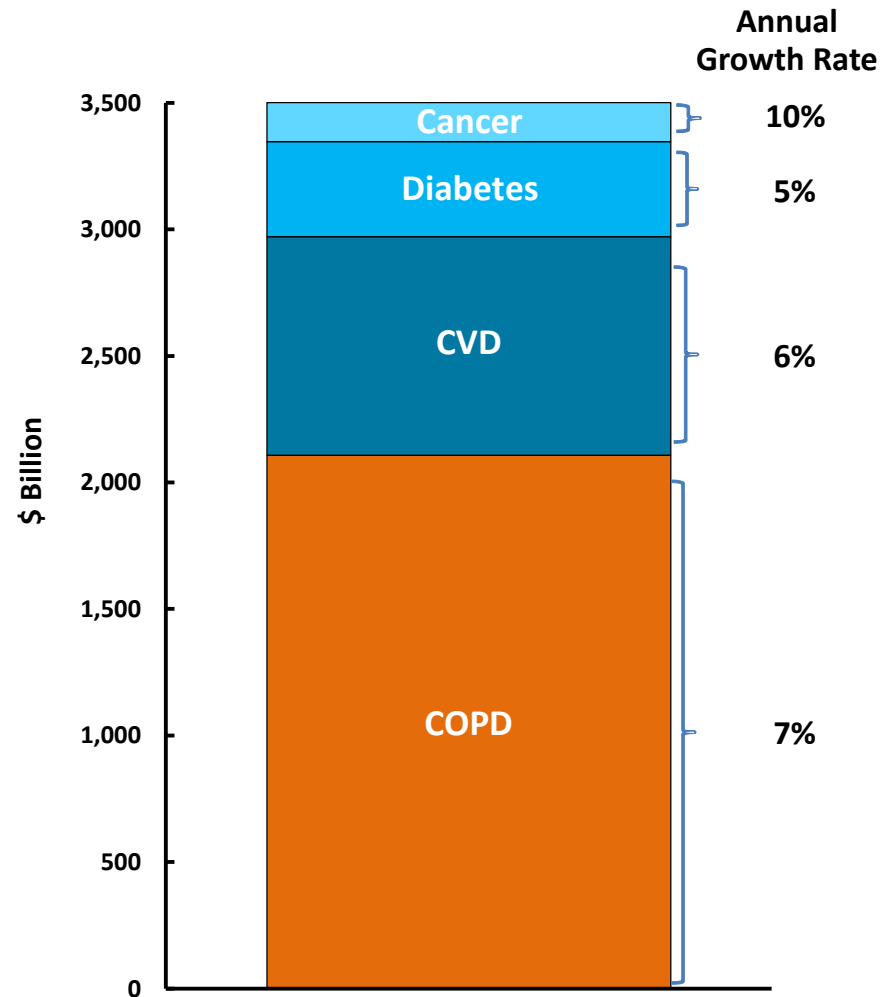


Source: CDC National Ambulatory Medical Care Survey and Company Estimates

## Four Chronic Diseases Account for More Than Half of the Global Healthcare Spend...

... and lab testing is critical to the diagnosis and treatment of each

Source: World Economic Forum



## International Opportunities

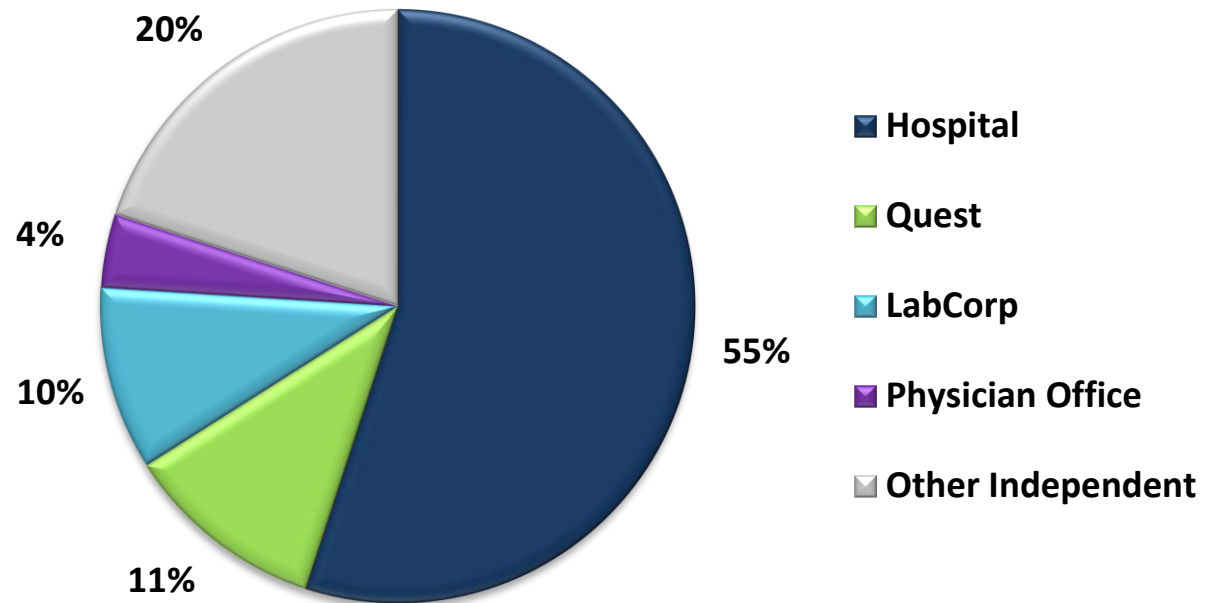
- Manageable capital outlay – capital light model
- 2010 global healthcare spend of approximately \$4.0 trillion, ex U.S.\*
  - Est. \$160 billion global diagnostics market, ex U.S.
  - Chronic conditions growing at approximately 20% annually
- Growing middle class in large Asian and Latin American populations
- Will look at opportunities in countries with the following characteristics:
  - Large self-pay segment
  - 20%+ of population mid to upper class
  - Majority of population concentrated in a small number of cities
  - Diagnostic segment approximately 4% of healthcare spend
  - Physician community aware of, and educated in, complex diagnostics
  - Infrastructure – airports and roads

\*Emergo Group and Company estimates

## Opportunity to Take Share

- Approximately 5,700 independent labs
- Less efficient, higher cost competitors
- Full service, "one stop shop"

### \$60 Billion US Lab Market

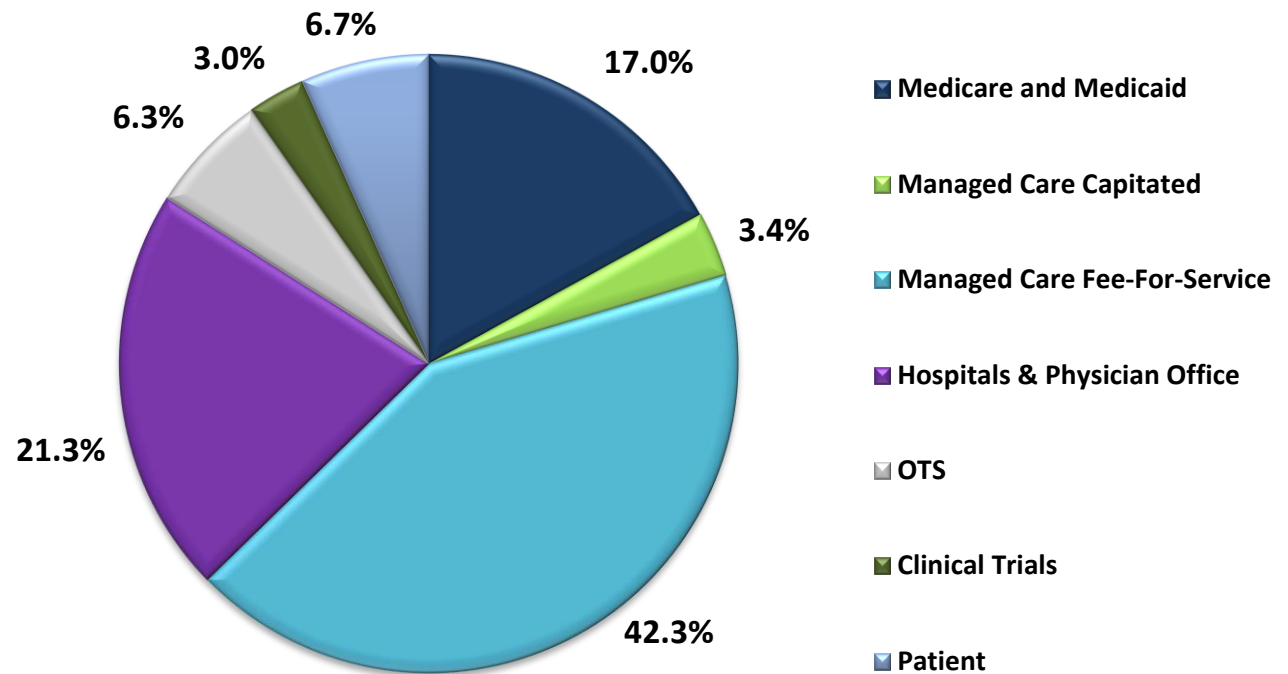




## Diversified Payor Mix

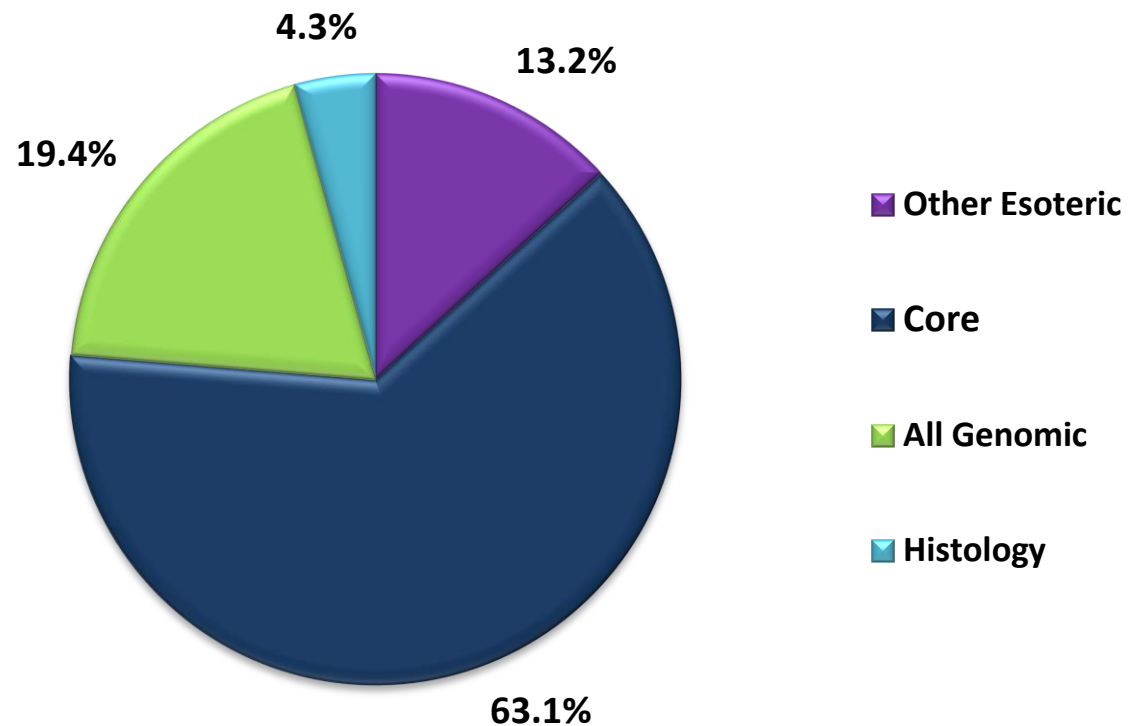
No customer > 11% of revenue

### LabCorp U.S. Payor Mix % of Revenue, 2013



## Diversified Test Mix

**LabCorp U.S. Test Mix  
% of Revenue, 2013**



**We Will Be a Trusted Knowledge Partner to Stakeholders, Leading to Growth in Our Business and Continued Creation of Shareholder Value**

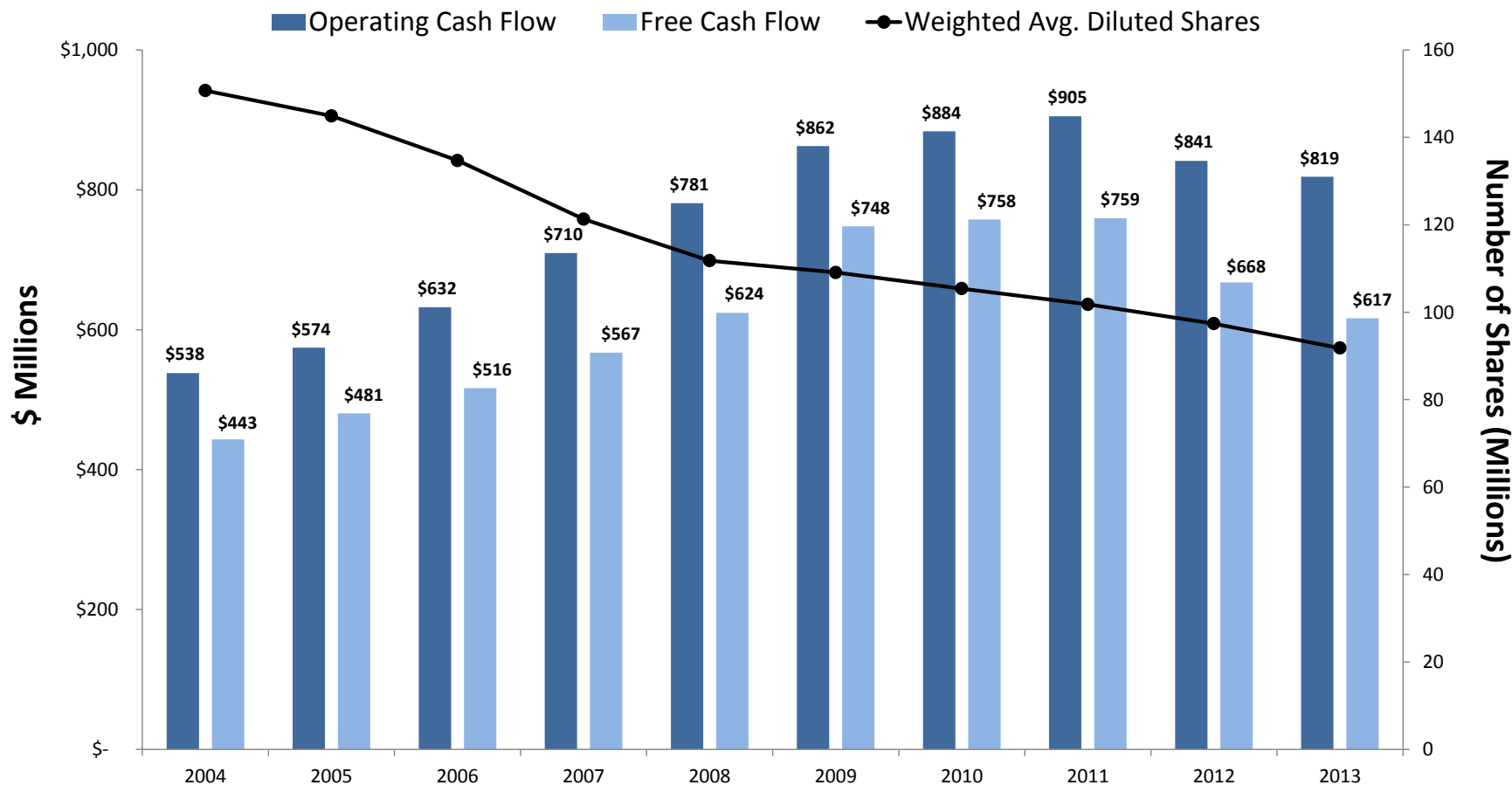
We Will Achieve This Mission by Continuing to Execute Our Five Pillar Strategy



**Deploy Capital to Investments  
That Enhance Our Business and  
Return Capital to Shareholders**



# FIVE PILLAR STRATEGY PILLAR ONE CAPITAL DEPLOYMENT



Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Weighted Average Diluted Shares (millions)	150.7	144.9	134.7	121.3	111.8	109.1	105.4	101.8	97.4	91.8

Note: 2011 Operating Cash Flow and Free Cash Flow calculation above does not include the \$49.5 million Hunter Labs settlement  
 During 2013, government payment reductions and molecular pathology payment issues reduced the Company's Operating Cash Flow and Free Cash Flow by more than \$100 million  
 Free Cash Flow is a non-GAAP metric (see reconciliation of non-GAAP Financial Measures included herein)

## Five-Year Capital Snapshot

- Acquisitions: Genzyme Genetics\*, Orchid Cellmark, MEDTOX Scientific
- Approximately \$2.8 billion of share repurchase since 2009

### LabCorp Capital Deployment

	2009	2010	2011	2012	2013	Total
Cash from Operating Activities	\$ 862	\$ 884	\$ 856	\$ 841	\$ 819	\$ 4,262
Total Capital Deployed	\$ 604	\$ 1,650	\$ 928	\$ 1,026	\$ 1,383	\$ 5,591
Capital Expenditures	\$ 115	\$ 126	\$ 146	\$ 174	\$ 202	\$ 763
<b>% Total Capital Deployed</b>	<b>19%</b>	<b>8%</b>	<b>16%</b>	<b>17%</b>	<b>15%</b>	<b>14%</b>
Cash Used for Acquisitions	\$ 216	\$ 1,186	\$ 138	\$ 335	\$ 165	\$ 2,040
<b>% Total Capital Deployed</b>	<b>36%</b>	<b>72%</b>	<b>15%</b>	<b>33%</b>	<b>12%</b>	<b>36%</b>
Cash Used for Share Repurchase	\$ 273	\$ 338	\$ 644	\$ 517	\$ 1,016	\$ 2,788
<b>% Total Capital Deployed</b>	<b>45%</b>	<b>20%</b>	<b>69%</b>	<b>50%</b>	<b>73%</b>	<b>50%</b>

Source: SEC Filings

\*GENZYME GENETICS<sup>SM</sup> and its logo are trademarks of Genzyme Corporation and used by Esoterix Genetic Laboratories, LLC, a wholly-owned subsidiary of LabCorp, under license. Esoterix Genetic Laboratories and LabCorp are operated independently from Genzyme Corporation.

## Future Capital Deployment Strategy

- Target Leverage Ratio of approximately 2.5 to 1 (Debt/EBITDA) over time
- Acquisitions
- Share Repurchase

**Enhance IT Capabilities  
To Improve Physician  
and Patient Experience**





## LabCorp Connectivity Platform

- **Rich web portal and mobility framework**
  - Physician and Patient portals
  - Mobility solutions
- **Enhanced Efficiency and Service**
  - Online appointment scheduling
  - Express Orders
  - AccuDraw™
  - Integrated results, enhanced reports
- **Lab Analytics**
  - One-click trending of patient, test and population
  - View lab history
- **Services Oriented Architecture**
  - Rules based engines
  - Content aggregation
  - Plug in model for seamless integration with practice workflow
  - Scalable, big data model

## Patient Portal

- Patients receive lab results as easily as checking email
- Provides greater patient intimacy
- Over 400,000 patients have signed up for this innovative service
- 2014 enhancements will focus on adding content to assist patients in understanding results

The screenshot displays the LabCorp Beacon Patient Portal interface. The main content area shows a 'Patient Report' for a 'Comp. Metabolic Panel (14)'. The report includes patient details, specimen information, and a table of test results with units and reference ranges.

**LabCorp Beacon: Patient**

Welcome, Patient Name | Account Settings | Help | Log Out

Home Lab Results Profile

**Lab Test Results**

New lab test results

Date of Service	Ordering Physician
Mar 10, 2011	Dr. Name
Mar 07, 2011	Dr. Name
Feb 24, 2011	Dr. Name
Feb 11, 2011	Dr. Name
Nov 15, 2010	Dr. Name

Recently viewed lab test results

Date of Service	Ordering Physician
Oct 07, 2010	Dr. Name
Aug 12, 2010	Dr. Name

**Personal Profile**

KEEP INFO UP TO DATE

Current information

Patient Name: 123 Anystreet St Anytown, US 12345

Update

Calendar

Nov 10, Confir12, 123 Main Anytown, 123-456

Schedule Search N: 12345

**LabCorp Patient Report**

Specimen ID: 256-Y51-5073-0  
Control ID: PRO1490710

Acct #: 45746442  
INTERFACE ACCOUNT  
CAPITAL WOMENS CARE  
6355 WALKER LANE #508  
ALEXANDRIA VA 22310

Phone: (703) 971-7633 Rte: VY

LASTNAME, FIRSTNAME M.  
3060 S. CHURCH ST  
BURLINGTON NC 27215  
(336) 436-8169

DOB: 06/10/1972  
Age(y/m/d): 028/01/10  
Gender: F SSN: 999999999  
Patient ID: 1234567890

Date collected: 09/12/12 1117 ET  
Date entered: 10/03/12  
Date reported: 10/03/12 1142 ET

Ordering: MSTAT  
Referring: ID:  
NPI:

**General Comments & Additional Information**

Clinical Info: Check for Specimen ID

**Ordered Items**

Comp. Metabolic Panel (14)

TESTS	RESULT	FLAG	UNITS	REFERENCE	INTERVAL	LAB
<b>Comp. Metabolic Panel (14)</b>						
Glucose, Serum	75		mg/dL	65 - 99		01
BUN	20		mg/dL	5 - 26		01
Creatinine, Serum	0.85		mg/dL	0.57 - 1.00		01
Glom Filtr Rate, Est	>59		mL/min/1.73	>59		
If African-American	>59		mL/min/1.73	>59		
Note: Persistent reduction for 3 months or more in an eGFR <60 mL/min/1.73 m2 defines CKD. Patients with eGFR values >=60 mL/min/1.73 m2 may also have CKD if evidence of persistent proteinuria is present. Additional information may be found at www.kdoqi.org.						
BUN/Creatinine Ratio	24			8 - 27		
Sodium, Serum	135		mmol/L	135 - 145		01
Potassium, Serum	4.1		mmol/L	3.5 - 5.2		01
Chloride, Serum	105		mmol/L	97 - 108		01
Carbon Dioxide, Total	28		mmol/L	20 - 32		01
Calcium, Serum	9.1		mg/dL	8.5 - 10.6		01
Protein, Total, Serum	6.2		g/dL	6.0 - 8.5		01
Albumin, Serum	4.3		g/dL	3.5 - 5.5		01
Globulin, Total	1.9		g/dL	1.5 - 4.5		
A/G Ratio	2.3			1.1 - 2.5		
Bilirubin, Total	0.3		mg/dL	0.1 - 1.2		01
Alkaline Phosphatase, S	75		IU/L	25 - 150		01
AST (SGOT)	10		IU/L	0 - 40		01
ALT (SGPT)	5		IU/L	0 - 40		01

01 CB LabCorp Dublin Dir: Modina Thrasher, MD  
6370 Wilcox Road, Dublin, OH 43016-1296  
For inquiries, the physician may contact Branch: 800-222-7566 Lab: 614-889-1061

Date issued: 10/03/12 1142 ET FINAL REPORT Page 1 of 2  
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**Continue to Improve Efficiency to Offer the Most Compelling Value in Laboratory Services**



## Focus on Efficiency

- Comprehensive review of cost structure
- Standardization
  - Lab platforms, instruments and processes
  - Billing system
- Supply chain optimization
- Automation of pre-analytics
- Facility rationalization
- Propel splitting and sorting robotics



PR > PEL

**Scientific Innovation  
At Appropriate Pricing**



# FIVE PILLAR STRATEGY PILLAR FOUR



Core Testing



## Launched 152 new tests in 2013

### Recent test introductions

- BRCA 1/2 Sequencing
- Intelligen NGS Therapeutic Panel
- 4<sup>th</sup> Generation HIV test
- HistoPlus<sup>SM</sup>: Lung Cancer
- GeneSeq<sup>®</sup>: Cardiomyopathy NGS panels
- Thiopurine metabolites, expanded Inflammatory Bowel Disease (IBD) offerings
- SNP Microarray-Oncology
- NanoString Prosigna<sup>™</sup> Breast Cancer Prognostic Gene Signature Assay

### Coming in 2014

- HLA by NGS
- NGS Universal Carrier Screening
- NGS Gene Panels

## **Develop Knowledge Services**





- Create true consultancy with physicians and providers
- Increase intimacy with patients
- Develop knowledge solutions through delivery of content, resulting in better care at lower cost
  - BeaconLBS®
  - Population health management/data analytics
  - Decision support
  - Personalized medicine
  - Genetic counseling
  - Mobile health
  - Connected devices
  - Care in the home

## Pillars 1-4

CORE BUSINESS

ACQUISITIONS

IT CAPABILITIES

SCIENCE

## Pillar 5

DATA ANALYTICS

CLINICAL DECISION SUPPORT

GENETIC COUNSELING

INTERPRETATION/ EDUCATION

OTHER INPUTS / PARTNERS

**A Trusted Partner to  
Healthcare Stakeholders,  
Providing Knowledge to  
Optimize Decision Making,  
Improve Health Outcomes  
and Reduce Treatment Costs**

BEACONLBS

## Recent Study Reports 20% Overutilization of Laboratory Tests and 45% Underutilization\*

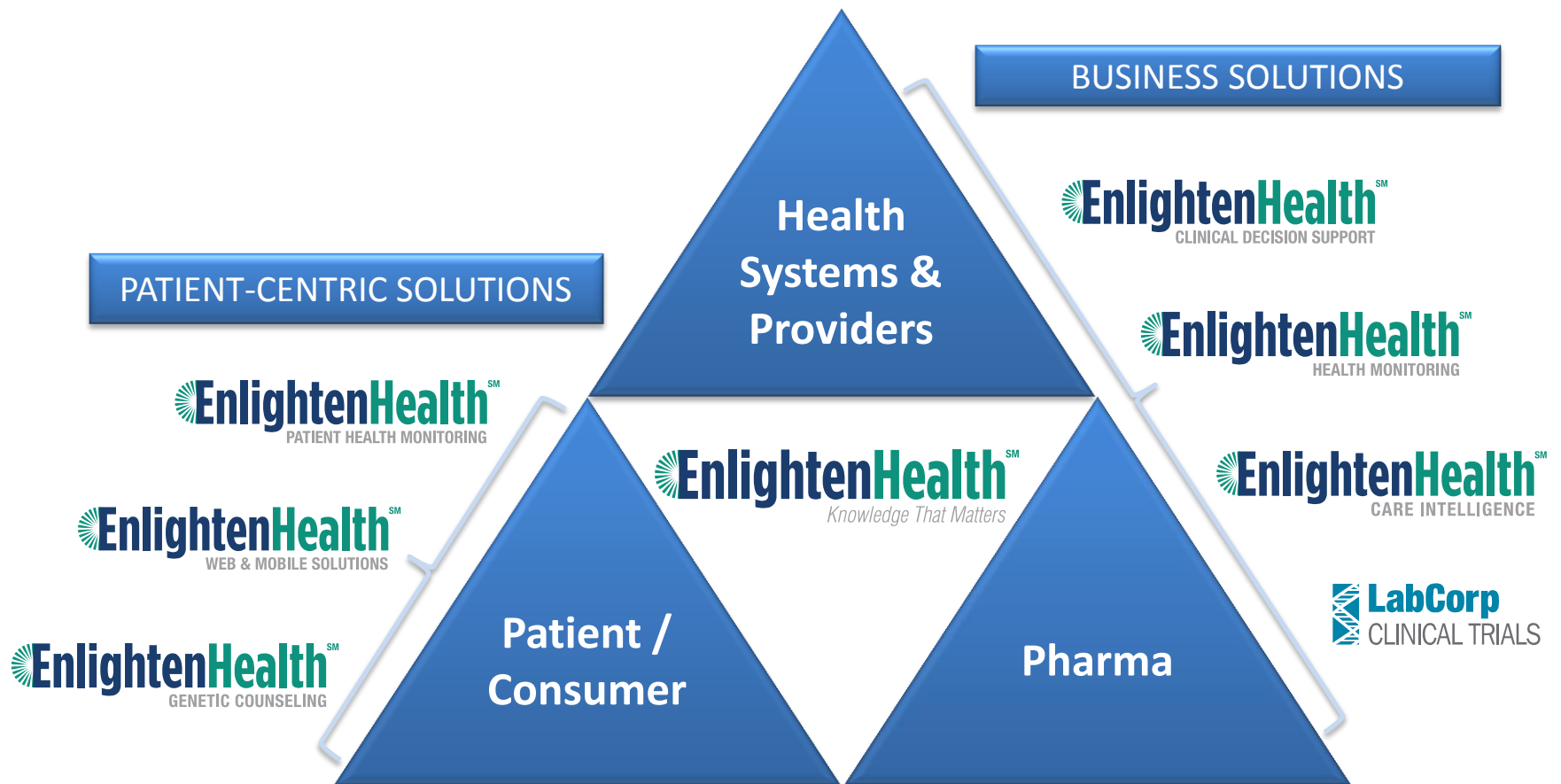
**BeaconLBS**<sup>®</sup> — a key strategic initiative supporting better outcomes at lower costs, BeaconLBS will provide:  
Lab Benefit Solutions

- **Decision support tools that guide lab and test selection**
  - Decision support tools integrated into *existing* physician workflows to minimize/eliminate disruption, increase adoption/utilization.
  - Tools can be accessed through (a) proprietary internet-based multi-lab ordering system; (b) EHR-partner ordering systems; and, (c) labs-of-choice ordering systems.
  - Clinical guidelines supported by evidence and expert opinion.
- **Access to a high-quality lab-of-choice network**
  - Key for payers and health systems / providers (moving to risk), lab services meet specific credentialing criteria for tests while complying with coding / billing requirements.
- **Clinical & administrative rules engine supporting claim adjudication process**
  - Proprietary rules engine interfacing seamlessly with a health plan's adjudication system.
  - Rules engine based health plan claims are adjudicated subject to evidence-based guidelines, administrative edits, and labs-of-choice economics.

\*Zhi M, Ding EL, Theisen-Toupal J, Whelan J, Amaout R. The Landscape of Inappropriate Laboratory Testing: A 15-Year Meta-Analysis. *PLoS One*. 2013 Nov 15; 8(11):1-29.

## New Business Line Leveraging Our Existing Capabilities

EnlightenHealth<sup>SM</sup> will deliver a suite of business intelligence and patient care tools



# FIVE PILLAR STRATEGY PILLAR FIVE THE LABCORP OF THE FUTURE



Enlighten Health will leverage existing, internal data and tools, adding external data from key partners and consumers. The resulting clinical care intelligence will aid health systems, physicians / providers, consumers, pharma, retail providers, device manufacturers, payers and other stakeholders.

## LabCorp Internal Data / Tools

- Results
- Claims + Diagnosis
- Beacon LBS
- CDS Programs
- Genetics

*existing*



## External Clinical Data Inputs

- Claim Feeds
- Hospitals
- EMR's
- Pharma
- Labs
- Patients

*new*

- Longitudinal diagnostic test progressions versus population analytics to implement High Value Care protocols and lower costs
- Demographic results benchmarking, pharmaceutical / therapeutic correlations to reduce adverse events and better care management
- Testing results versus patient risk factors that may reduce admissions or length of stay in the acute setting
- Patient-centric, in-home, mobile and Web-based diagnostic monitoring tools and partnerships for patients / consumers to lower costs while improving care management
- More ...

## Transform data into clinical care intelligence

- Lab values account for approximately 80% of data elements in EMRs
- Deploy innovative care management solutions resulting in **better care** at **lower costs** while **expanding services** to multiple market stakeholders:

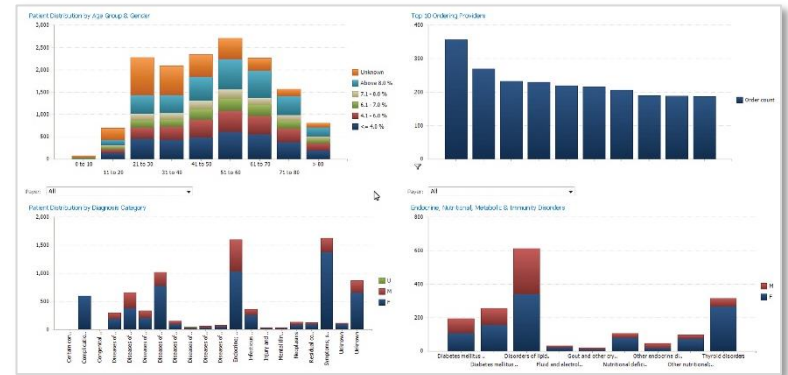
	MARKET	DRIVER	OPPORTUNITY
1	Health Systems, Physicians & Payers	Growth of Risk- Based Models and pay for outcomes	Deliver High Value Care services using clinical data solutions to improve outcomes while lowering costs
2	Pharma	Increasing focus on Rx outcomes versus costs	Correlate medication results with lab values and impact on patient outcomes for existing and new drug / therapy protocols
3	Patients / Consumers	Rising Out-Of-Pocket costs increasing consumer role on care options and spend	Deliver patient-centric lab services, tools and education to support growing Consumer Directed Health market

# FIVE PILLAR STRATEGY PILLAR FIVE POPULATION HEALTH ANALYTICS – BIG DATA ANALYTICS

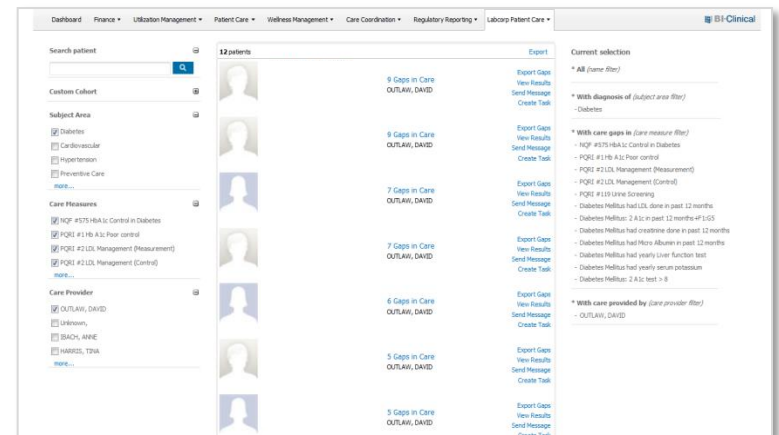


- **Comprehensive platform**  
Healthcare business intelligence across hospital, physician practice and ACO market
- **Robust rules engine and 600+ clinical quality measures**  
100% compliance to Meaningful Use requirements (EP & EH)  
100% compliance to ACO, JCAHO and PQRS reporting requirements
- **Real time clinical alerts**  
Gaps in care alerts for patient populations and at the individual patient level

## Analytics Views



## Gaps-in-Care

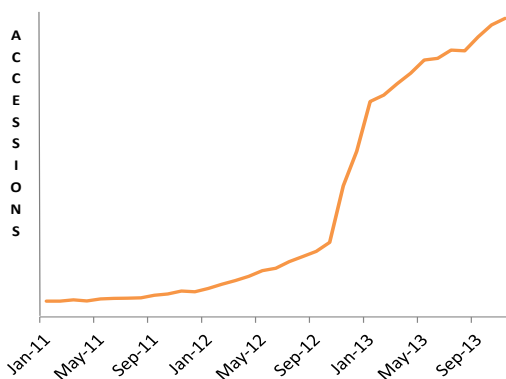


# FIVE PILLAR STRATEGY PILLAR FIVE CLINICAL DECISION SUPPORT – SMALL DATA ANALYTICS



- Report augmentation engine for LabCorp
- Translation of medical guidelines and protocols to actionable results
- Individualized, rules-based reporting to reflect patient-specific results
- Current Programs
  - Kidney Stone Management
  - Chronic Kidney Disease
  - Cardiovascular Disease
  - Metabolic Bone Disease
  - Disorders of Coagulation

## CDS ADOPTION SINCE 2011



## Chronic Kidney Disease

Analysis & Treatment Suggestions

GENDER	DIABETES	SELF-REPORTED RACE	CURRENT eGFR	MOST RECENT CKD STAGE
F	Yes	Missing	46	3a

### Prognosis of CKD by GFR And Albuminuria Categories

GFR Categories: (ml/min/1.73m<sup>2</sup>)

GFR Category	A1	A2	A3
G1 >=90 NORMAL OR HIGH	Green	Yellow	Orange
G2 60-89 MILDLY DECREASED	Green	Yellow	Orange
G3a 45-59 MILDLY TO MODERATELY DECREASED	Yellow	Orange	Red
G3b 30-44 MODERATELY TO SEVERELY DECREASED	Yellow	Orange	Red
G4 15-29 SEVERELY DECREASED	Orange	Red	Red
G5 <15 KIDNEY FAILURE	Red	Red	Red

### Persistent Albuminuria Categories

A1 = NORMAL TO MILDLY INCREASED; ACR <30 ug/mg; PCR <=200 mg/g

A2 = MODERATELY INCREASED; ACR 30-300 ug/mg; PCR 201-500 mg/g

A3 = SEVERELY INCREASED; ACR >300 ug/mg; PCR >500 mg/g

Green = LOW RISK  
Yellow = MODERATELY INCREASED RISK  
Orange = HIGH RISK  
Red = VERY HIGH RISK

● -> PATIENT'S RESULT

Kidney Disease: Improving Global Outcomes (KDIGO) CKD Work Group. KDIGO 2012 Clinical Practice Guideline for the Evaluation and Management of Chronic Kidney Disease. *Kidney Int., Suppl.* 2013; 3: 1-150.

### eGFR, Blood Pressure, and Proteinuria

The regression of eGFR with time is not statistically significant. Current eGFR is 46 mL/min/1.73m<sup>2</sup> corresponding to CKD stage 3a. Multiply eGFR by 1.159 if patient is African American. Potassium is within goal and has decreased, was 4.0 and now is 3.5 mmol/L. Glycemic control (HB A1c: 7.8 %) is not within goal and additional action is indicated. Previous urine protein measurement was elevated.

### Treatment Suggestions

Based upon current eGFR and presence of moderate proteinuria, patient is at high risk for adverse outcomes such as CKD progression, CVD, and mortality. Guidelines suggest a target blood pressure of 130/80 mmHg or less in patients with albuminuria or proteinuria to reduce cardiovascular risk and CKD progression.

### Bone & Mineral

Intact PTH is above goal and has not changed significantly, was 68 and now is 67 pg/mL. Phosphorus is within goal and has not changed significantly, was 3.2 and now is 3.4 mg/dL. Calcium is within goal and has not changed significantly, was 8.8 and now is 8.8 mg/dL. Carbon Dioxide is below goal and has not changed significantly, was 20 and now is 21 mmol/L. KDOQI guidelines recommend the measurement of 25-hydroxy vitamin D in patients with CKD.

### Treatment Suggestions

Restrict diet phosphate to 800 - 1000 mg/d. Monitor trend in PTH and consider further therapy if PTH is rising. If not on alkali, begin sodium bicarbonate, one 650 mg pill 2-3 times daily, otherwise increase dose.

### Lipids

LDL-C is within goal and has not changed significantly, was 50 and now is 43 mg/dL. Triglyceride is above goal and has risen, was 302 and now is 354 mg/dL. Non-HDL Cholesterol is within goal and has not changed significantly, was 110 and now is 114 mg/dL. HDL-C is within goal and has decreased, was 97 and now is 64 mg/dL.

### Treatment Suggestions

Therapeutic lifestyle changes are always valuable to maintain optimal blood lipid status (diet, exercise, weight management). Continue statin, if in use.

### Anemia

Hemoglobin is low and has decreased, was 12.0 and now is 11.1 g/dL. Hemoglobin target assumes ESA is not in use.

### Treatment Suggestions

Iron deficiency is a common cause of anemia in CKD. Recommend measurement of Ferritin and TSAT.

## Follow-Up Suggestions for CKD

### Recommended by KDOQI guidelines, at least yearly

- 25-Hydroxy Vitamin D

### Due

- Spot Urine Panel (Albumin preferred)
- Fe/TIBC (TSAT) and Ferritin with CBC

### 3 months

- Hemoglobin A1C
- Fasting PTH with Renal Panel
- Fasting Lipid Panel
- CBC





## Capitalize on LabCorp Leadership in Companion Diagnostics

- Therascreen® K-RAS
- COBAS Taqman HCV 2.0
- HCV Q80K for OLYSIO™
- HCV GenoSure® NS3/4A
- PhenoSense®, PhenoSense GT®
- HERmark®
- COBAS EGFR
- Beta-1 Cardiac Receptor
  - Gencaro (atrial fibrillation)



## Capabilities and Applications

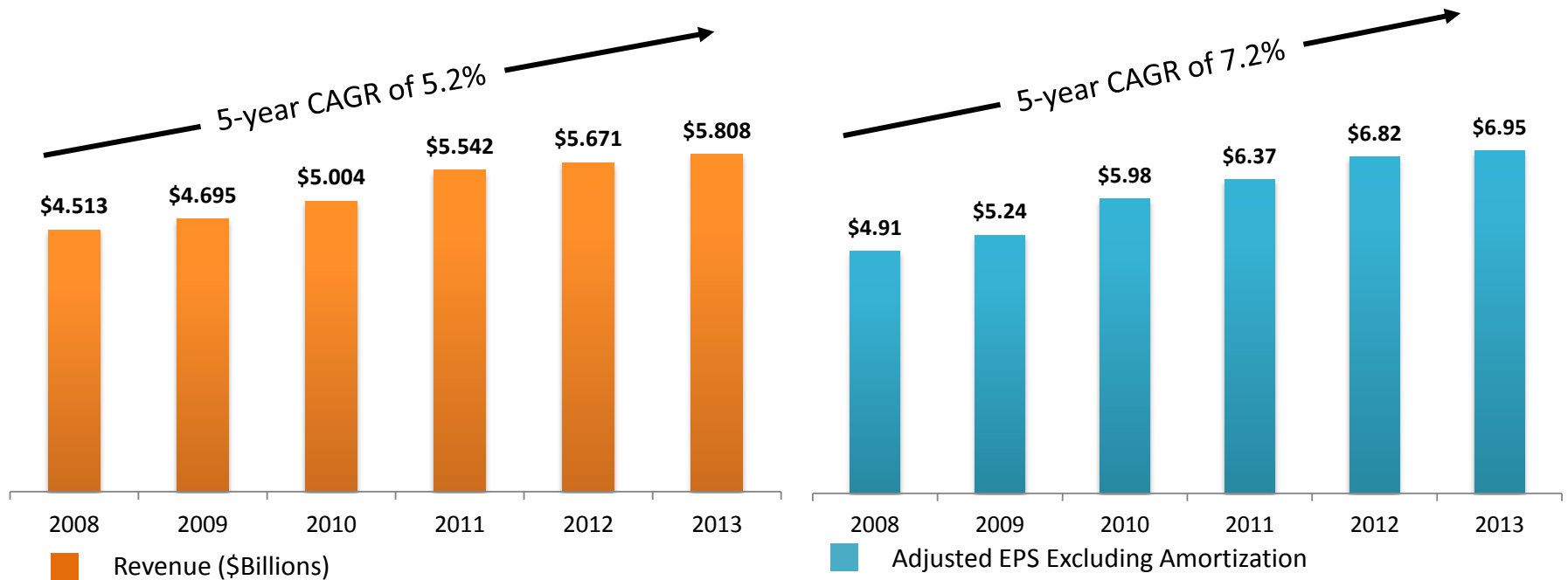
- 123 Board-certified genetic counselors and 9 medical geneticists
- Extensive experience in physician & patient counseling
  - Applications include reproductive genetics, BRCA and oncology panels
- Capability increasing as more complex genetic testing comes to market where payers, physicians & patients require justification for molecular testing & assistance interpreting results

# CLEAR MISSION THE LABCORP OF THE FUTURE



# EXCELLENT PERFORMANCE

## Revenue and Adjusted EPS Excluding Amortization Growth: 2008 – 2013 <sup>1,2,3</sup>



1. Excluding the \$0.44 per diluted share impact of restructuring and other special charges and the \$0.31 per diluted share impact from amortization in 2008; excluding the (\$0.09) per diluted share impact of restructuring and other special charges and the \$0.35 per diluted share impact from amortization in 2009; excluding the \$0.26 per diluted share impact of restructuring and other special charges and the \$0.43 per diluted share impact from amortization in 2010; excluding the \$0.72 per diluted share impact of restructuring and other special charges, the \$0.03 per diluted share impact from a loss on the divestiture of assets and the \$0.51 per diluted share impact from amortization in 2011; excluding the \$0.29 per diluted share impact of restructuring and other special charges and the \$0.54 per diluted share impact from amortization in 2012; and excluding the \$0.15 per diluted share impact of restructuring and other special charges and the \$0.55 per diluted share impact from amortization in 2013

2. EPS, as presented represents adjusted, non-GAAP financial measures. Diluted EPS, as reported in the Company's Annual Report were: \$4.16 in 2008; \$4.98 in 2009; \$5.29 in 2010; \$5.11 in 2011; \$5.99 in 2012; and \$6.25 in 2013

3. 2008 revenue includes a \$7.5 million adjustment relating to certain historic overpayments made by Medicare for claims submitted by a subsidiary of the Company

# RECONCILIATION FREE CASH FLOW

## Reconciliation of non-GAAP Financial Measures

(In millions, except per share data)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash flows from operations <sup>1</sup>	\$818.7	\$841.4	\$905.1	\$883.6	\$862.4	\$780.9	\$709.7	\$632.3	\$574.2	\$538.1
Capital expenditures	<u>(202.2)</u>	<u>(173.8)</u>	<u>(145.7)</u>	<u>(126.1)</u>	<u>(114.7)</u>	<u>(156.7)</u>	<u>(142.6)</u>	<u>(115.9)</u>	<u>(93.6)</u>	<u>(95.0)</u>
Free cash flow <sup>2</sup>	<u>616.5</u>	<u>667.6</u>	<u>759.4</u>	<u>757.5</u>	<u>747.7</u>	<u>624.2</u>	<u>567.1</u>	<u>516.4</u>	<u>480.6</u>	<u>443.1</u>
Weighted average diluted shares outstanding	91.8	97.4	101.8	105.4	109.1	111.8	121.3	134.7	144.9	150.7

(1) 2011 cash flows from operations excludes the \$49.5 million Hunter Labs settlement payment

(2) Free cash flow represents cash flows from operations less capital expenditures



[www.LabCorp.com](http://www.LabCorp.com)