LabCorp

Laboratory Corporation of America

8-K Filed April 21, 2011

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 is included in the Company's Form 10-K for the year ended December 31, 2010, and subsequent SEC filings. The Company has no obligation to provide any updates to these forward-looking statements even if its expectations change.

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First Quarter Results

(In millions, except per share data)

	Three Months Ended Mar 31, 2011	Three Months Ended Mar 31, 2010	+/(-)
Revenue	$ 1,368.4	$ 1,193.6	14.6%
Adjusted Operating Income (1)	$ 263.7	$ 243.5	8.3%
Adjusted Operating Income Margin (1)	19.3%	20.4%	-110 bp
Adjusted EPS (1)	$ 1.52	$ 1.40	8.6%
Operating Cash Flow	$ 215.3	$ 232.0	-7.2%
Less: Capital Expenditures	$ (29.4)	$ (24.5)	20.0%
Free Cash Flow	$ 185.9	$ 207.5	-10.4%

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

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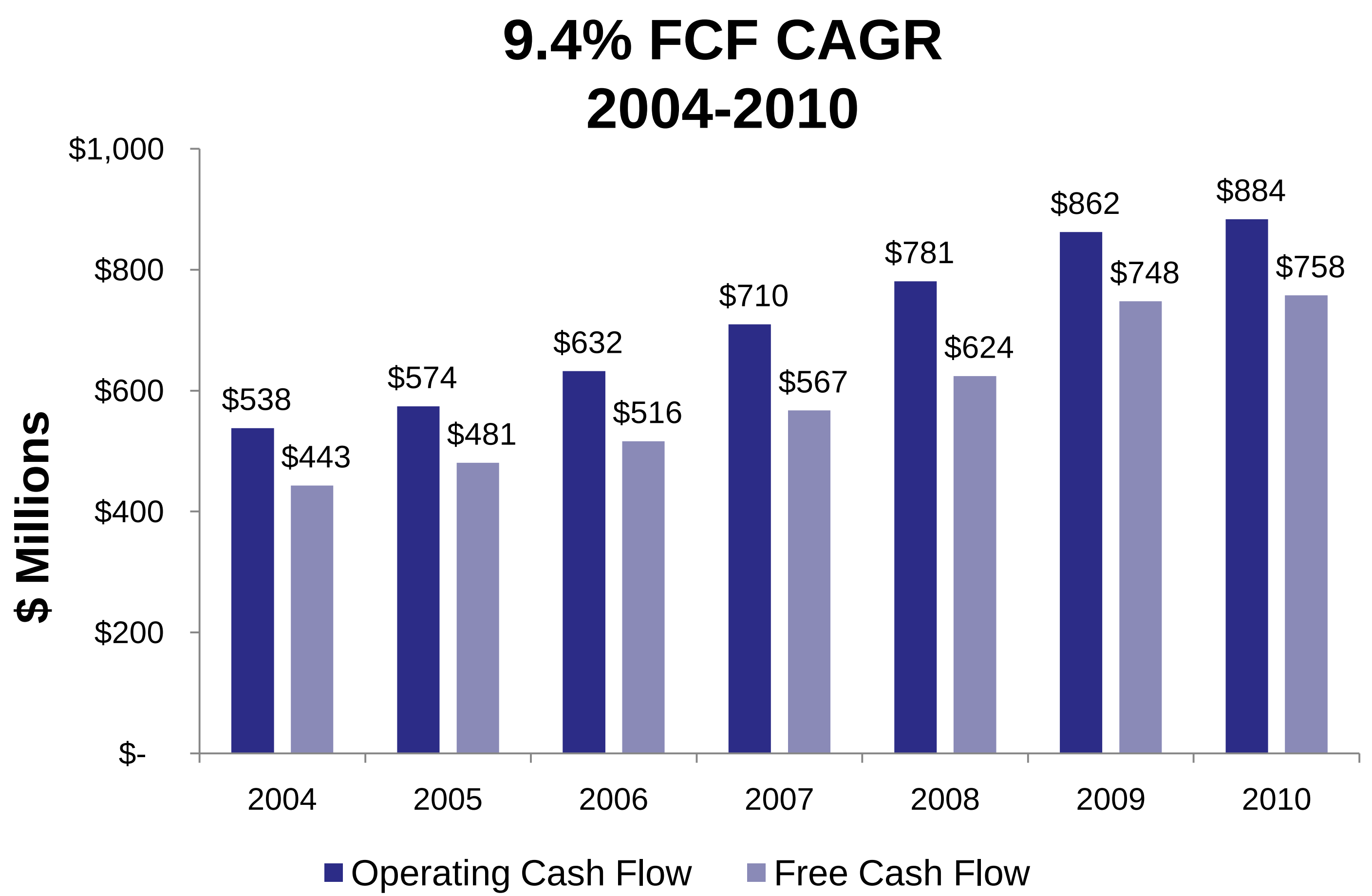
Cash Flow Trends



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Financial Guidance - 2011

Excluding the impact of restructuring and other special charges and share repurchase activity after March 31, 2011, guidance for 2011 is:

• Revenue growth:	Approximately 9.5% - 11.5%
• Adjusted EPS Excluding Amortization:	$6.17 - $6.32
• Operating cash flow:	Approximately $900 Million
• Capital expenditures:	$140 Million - $150 Million

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Supplemental Financial Information

Laboratory Corporation of America
Other Financial Information
March 31, 2011
($ in millions)

	Q1 11
Depreciation	$ 35.5
Amortization	$ 21.9
Capital expenditures	$ 29.4
Cash flows from operations	$ 215.3
Bad debt as a percentage of sales	4.73%
Effective interest rate on debt:	
Zero coupon-subordinated notes	2.00%
3 1/8% Senior Notes	3.27%
4 5/8% Senior Notes	4.74%
5 1/2% Senior Notes	5.38%
5 5/8% Senior Notes	5.75%
Term loan	0.93%
Revolving credit facility (weighted average)	0.59%
Days sales outstanding	47

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Reconciliation of non-GAAP Financial Measures

Reconciliation of non-GAAP Financial Measures

(In millions, except per share data)

	Three Months Ended Mar 31, 2011	2010
Adjusted Operating Income		
Operating income	$ 235.8	$ 234.2
Restructuring and other special charges (1) (2)	27.9	9.3
Adjusted operating income	$ 263.7	$ 243.5
Adjusted EPS Excluding Amortization		
Diluted earnings per common share	$ 1.23	$ 1.25
Impact of restructuring and other special charges (1) (2)	0.16	0.05
Amortization expense	0.13	0.10
Adjusted EPS Excluding Amortization (3)	$ 1.52	$ 1.40

1) During the first quarter of 2011, the Company recorded restructuring and other special charges of $27.9 million. The charges included $4.0 million in severance and other personnel costs along with $9.8 million in facility-related costs associated with the integration of Genzyme Genetics. The charges also included a $14.8 million write-off of an investment made in a prior year. The after tax impact of these charges decreased net earnings for the quarter ended March 31, 2011, by $16.9 million and diluted earnings per share by $0.16 ($16.9 million divided by 103.2 million shares).

2) During the first quarter of 2010, the Company recorded net charges of $9.3 million relating to severance payments and the closing of redundant and underutilized facilities as well as the write-off of development costs incurred on systems abandoned during the quarter. The after tax impact of these charges decreased net earnings for the quarter ended March 31, 2010, by $5.7 million and diluted earnings per share by $0.05 ($5.7 million divided by 106.5 million shares).

3) The Company continues to grow the business through acquisitions and has begun using Adjusted EPS Excluding Amortization as a measure of operational performance, growth and shareholder returns. The Company believes adjusting EPS for amortization will provide investors with better insight into the operating performance of the business. For the quarters ended March 31, 2011 and 2010, intangible amortization was $21.9 million and $17.4 million, respectively ($13.2 million and $10.5 million net of tax, respectively) and decreased EPS by $0.13 ($13.2 million divided by 103.2 million shares) and $0.10 ($10.5 million divided by 106.5 million shares), respectively.


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