



## BANK OF AMERICA MERRILL LYNCH 2013 HEALTHCARE CONFERENCE

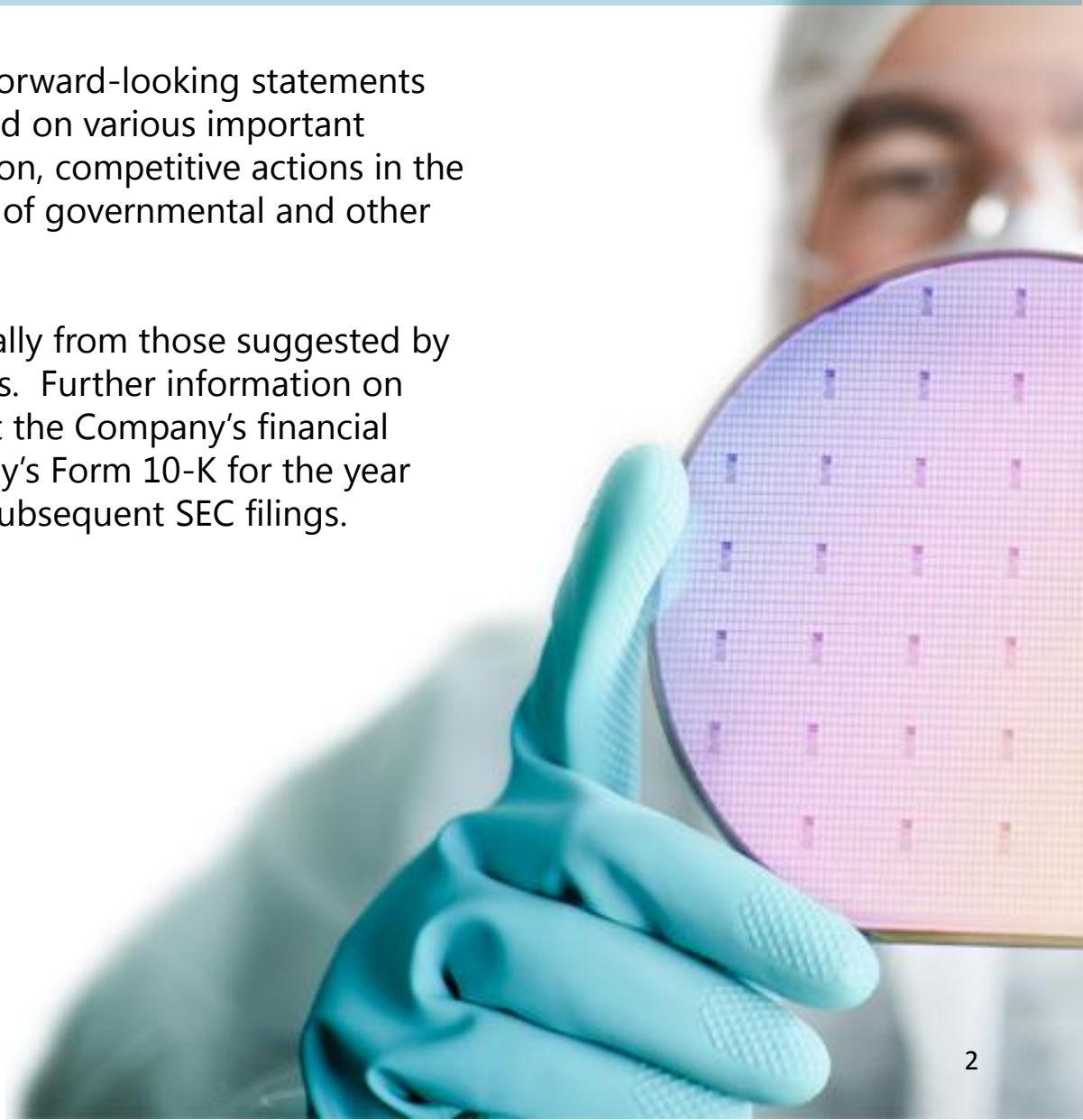
MAY 14, 2013 | **LAS VEGAS**

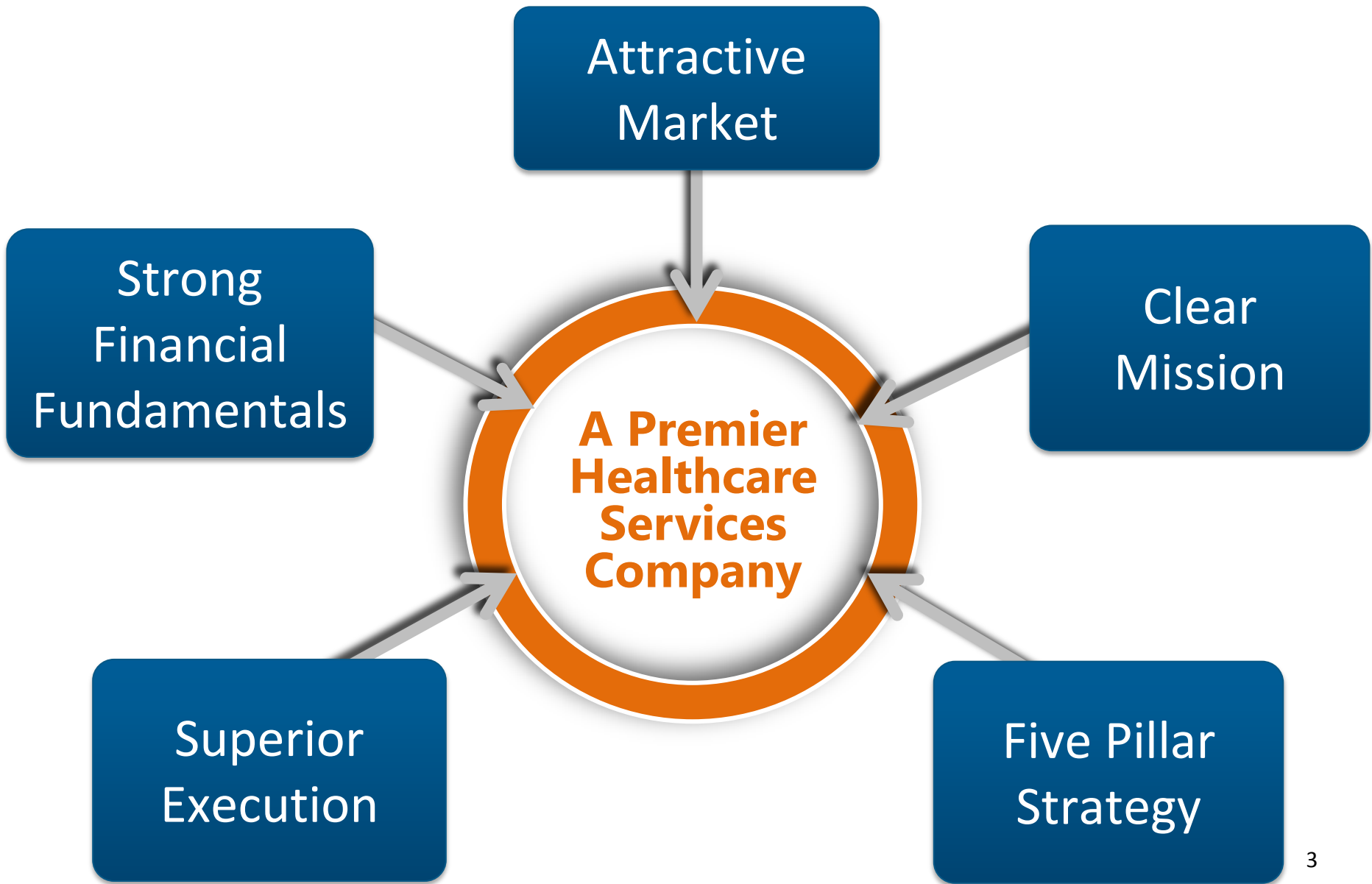
## FORWARD LOOKING STATEMENT

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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 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, 2012, and subsequent SEC filings.

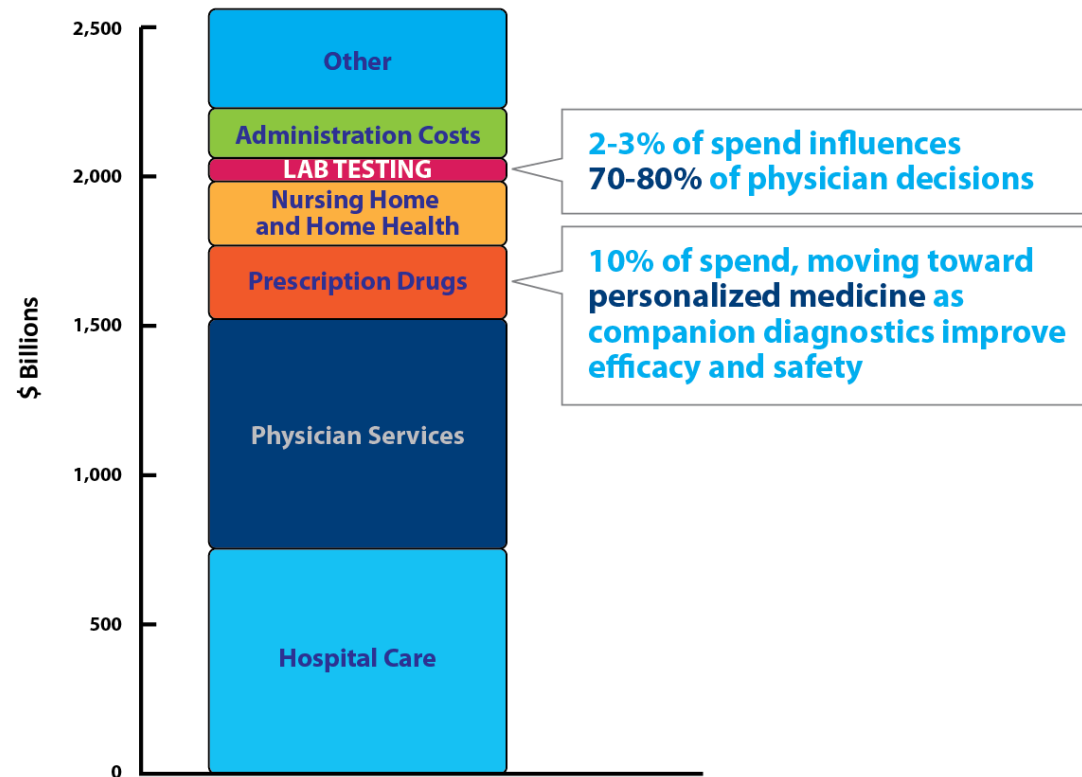




## Valuable Service

- 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

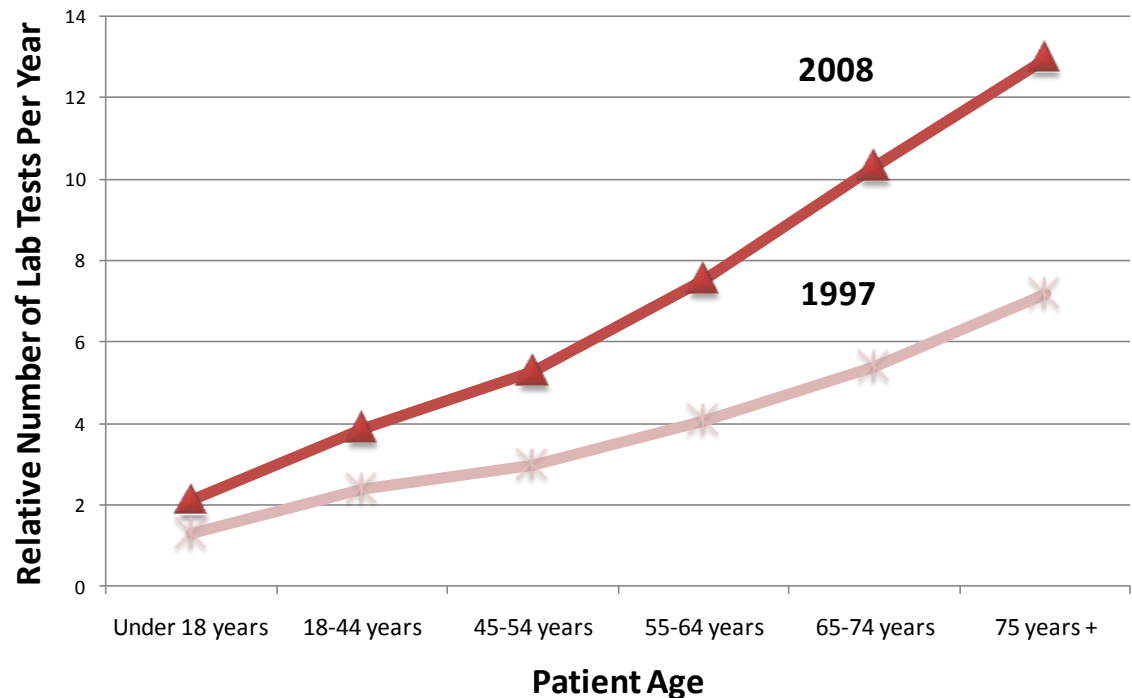
### 2011 Projected US Health Care Spend \$2.7 Trillion



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

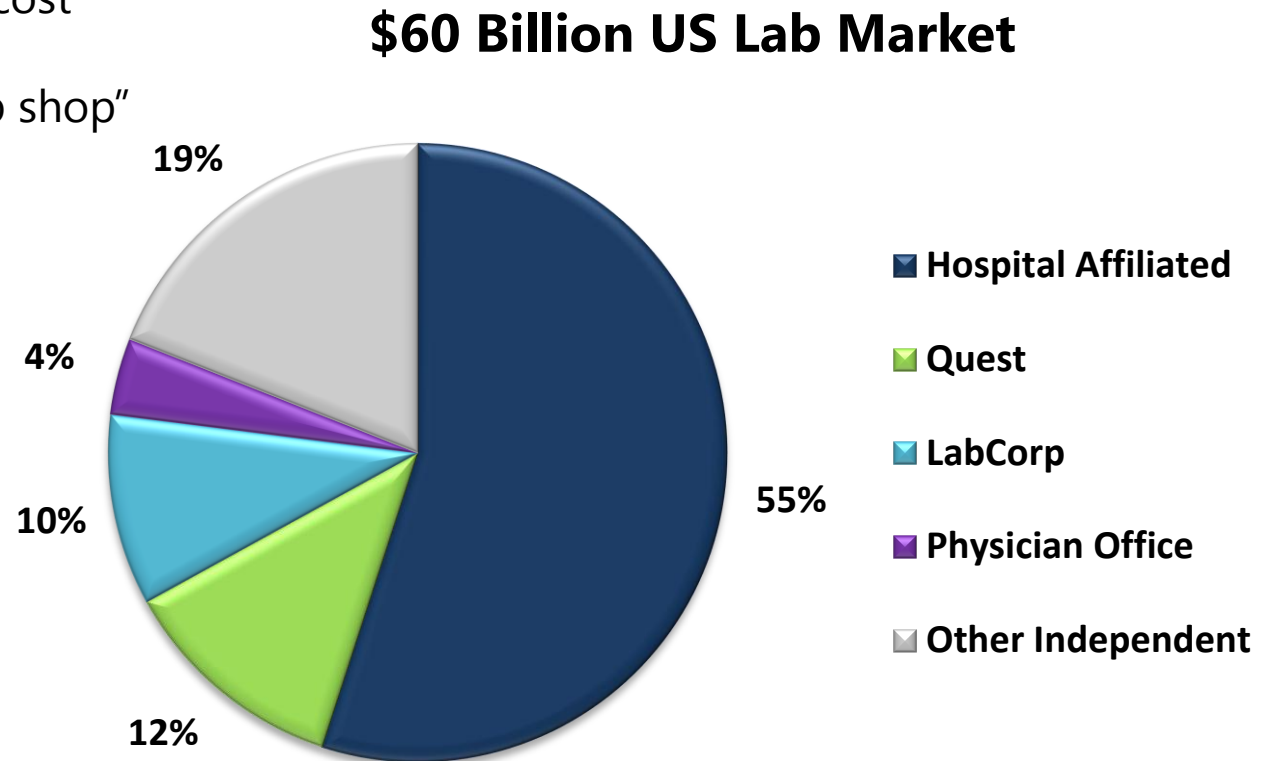
- Aging population
- Industry consolidation
- Advances in genomics
- Pharmacogenomics/companion diagnostics
- 2014 coverage expansion
- Key managed care partnerships
- Cost pressures will reward more efficient labs



Source: CDC National Ambulatory Medical Care Survey and Company Estimates

### Opportunity to Take Share

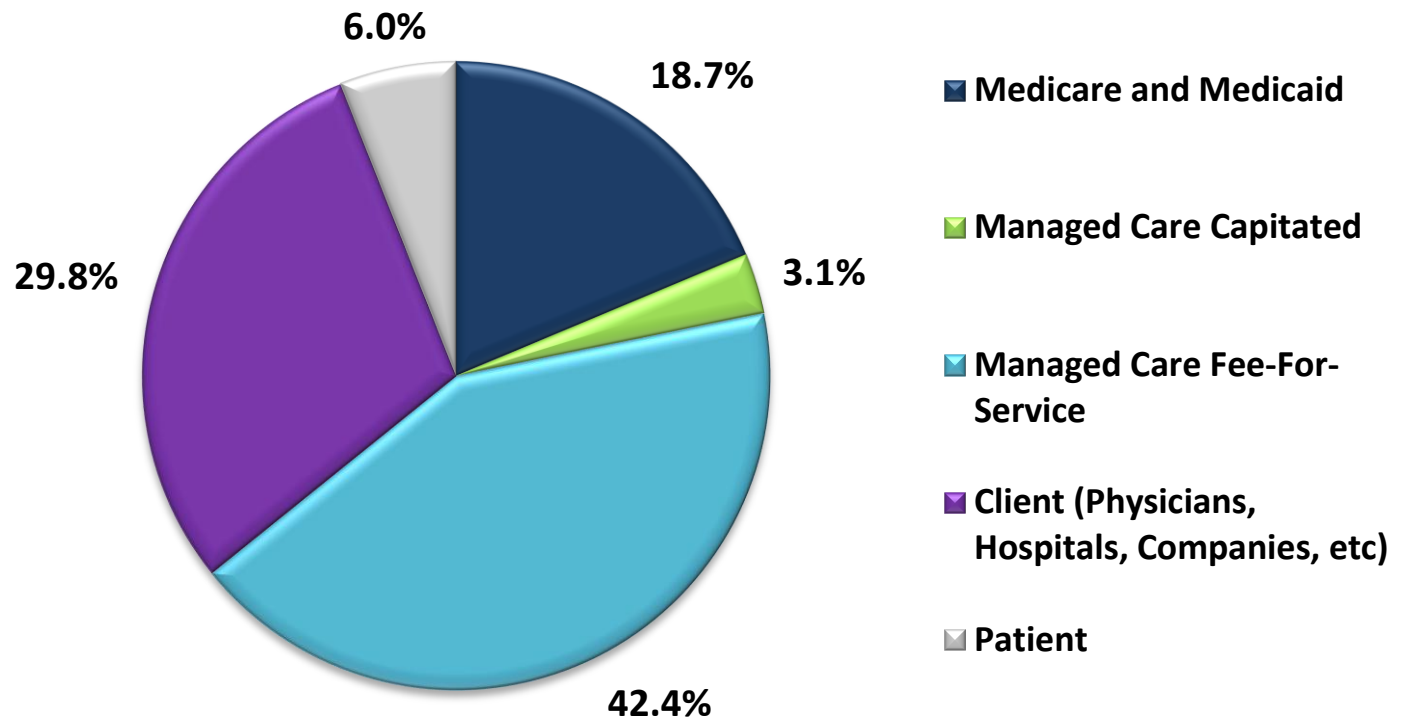
- Approximately 5,000 independent labs
- Less efficient, higher cost competitors
- Full service, "one stop shop"



## Diversified Payor Mix

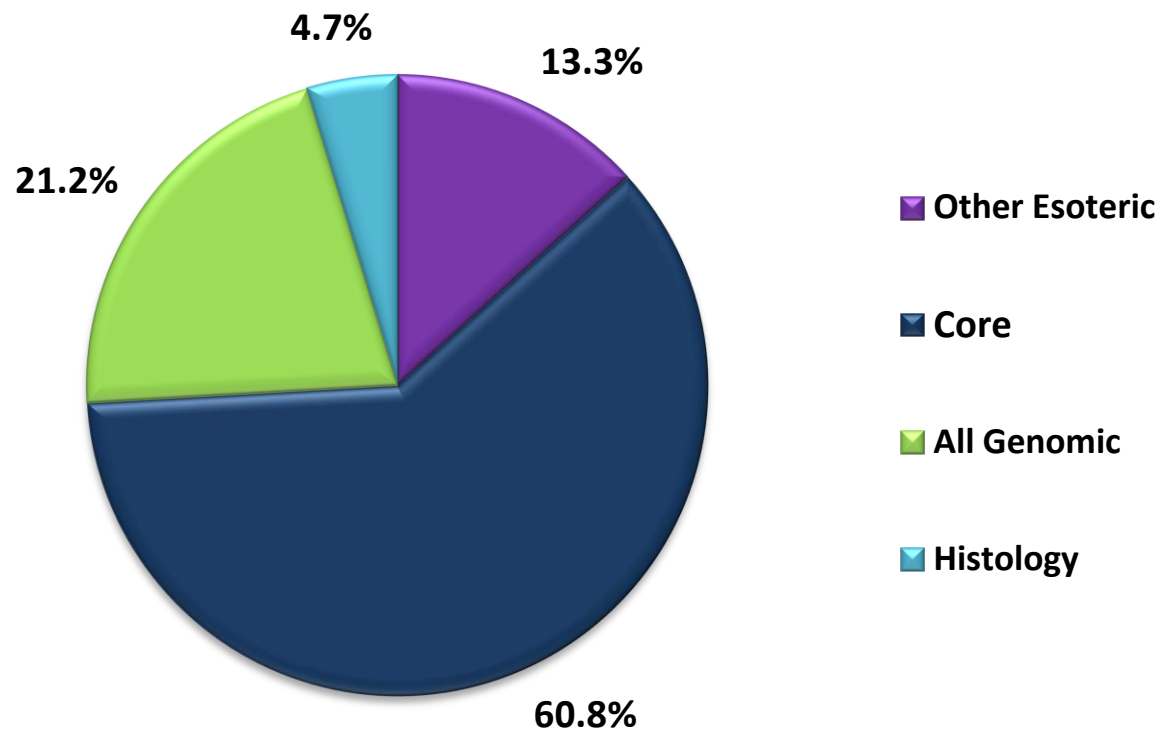
No customer > 10% of revenue

### LabCorp U.S. Payor Mix % of Revenue, 2012



## Diversified Test Mix

**LabCorp U.S. Test Mix  
% of Revenue, 2012**





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

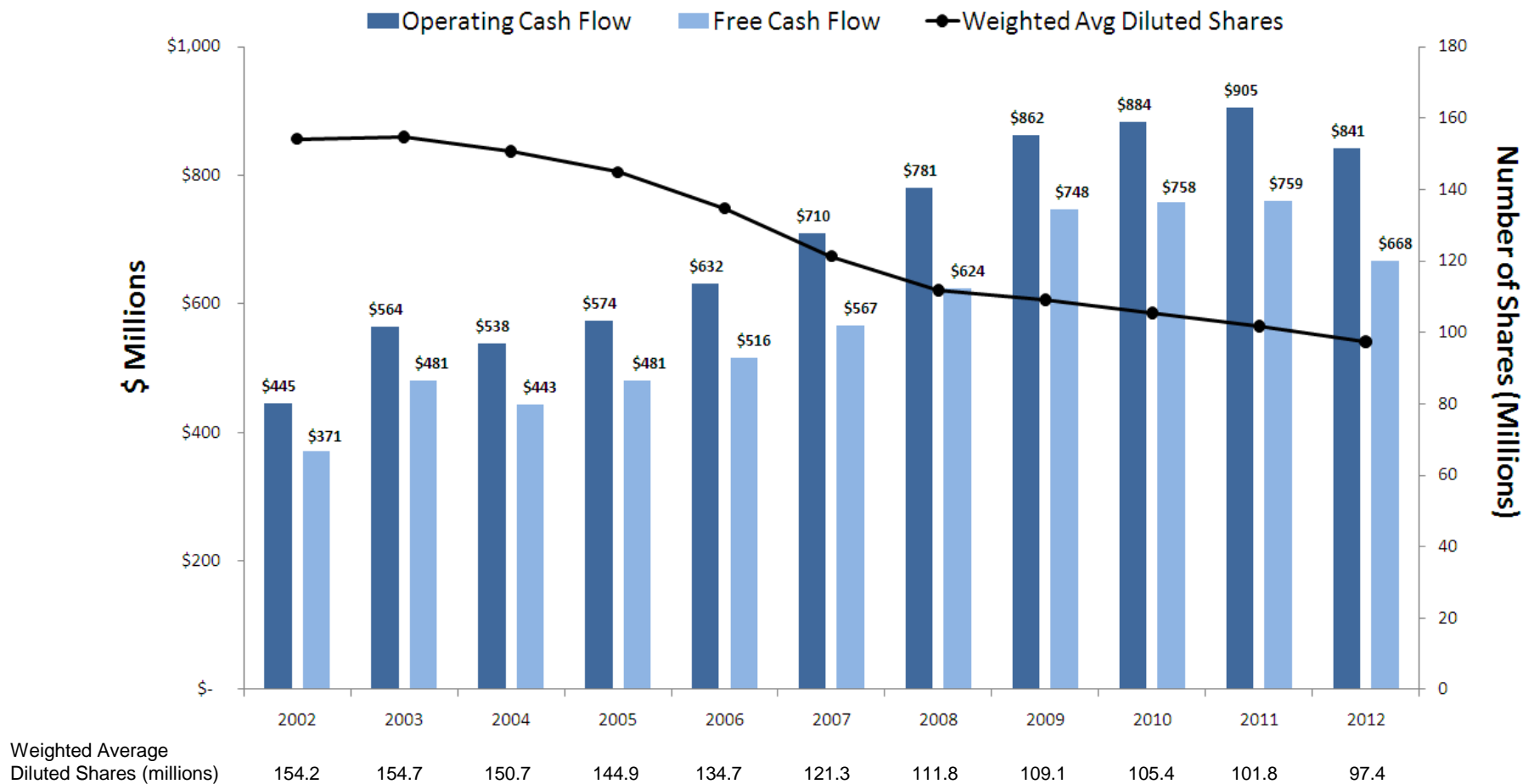
We Will Achieve This Mission by Continuing to Execute  
Our Five Pillar Strategy



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



### 10.3% FCF CAGR from 2001-2012



Note: 2011 Free Cash Flow calculation above does not include the \$49.5 million Hunter Labs settlement  
 Free Cash Flow is a non-GAAP metric (see reconciliation of non-GAAP Financial Measures included herein)  
 Free Cash Flow CAGR calculation uses 2001 data (2001 Free Cash Flow was \$228 million)

### Five-Year Capital Snapshot

- Acquisitions: Genzyme Genetics\*, Orchid Cellmark, MEDTOX Scientific
- Approximately \$2.1 billion of share repurchase since 2008
- Approximate 50/50 split between acquisitions and share repurchase since 2008

#### LabCorp Capital Deployment

	2008	2009	2010	2011	2012	Total
Cash from Operating Activities	\$ 780.9	\$ 862.4	\$ 883.6	\$ 855.6	\$ 841.4	\$4,223.9
Total Capital Deployed	\$ 839.2	\$ 603.6	\$1,650.0	\$ 927.9	\$1,025.4	\$5,046.1
Capital Expenditures	\$ 156.7	\$ 114.7	\$ 126.1	\$ 145.7	\$ 173.8	\$ 717.0
<b>% Total Capital Deployed</b>	<b>19%</b>	<b>19%</b>	<b>8%</b>	<b>16%</b>	<b>17%</b>	<b>14%</b>
Cash Used for Acquisitions	\$ 348.9	\$ 215.9	\$1,185.8	\$ 138.3	\$ 335.1	\$2,224.0
<b>% Total Capital Deployed</b>	<b>42%</b>	<b>36%</b>	<b>72%</b>	<b>15%</b>	<b>33%</b>	<b>44%</b>
Cash Used for Share Repurchase	\$ 333.6	\$ 273.0	\$ 338.1	\$ 643.9	\$ 516.5	\$2,105.1
<b>% Total Capital Deployed</b>	<b>40%</b>	<b>45%</b>	<b>20%</b>	<b>69%</b>	<b>50%</b>	<b>42%</b>

Source: SEC Filings

## **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 Beacon™ Platform**

- **Rich web portal and mobility framework**
  - Physician, Patient and Payor 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

## Population Health Analytics

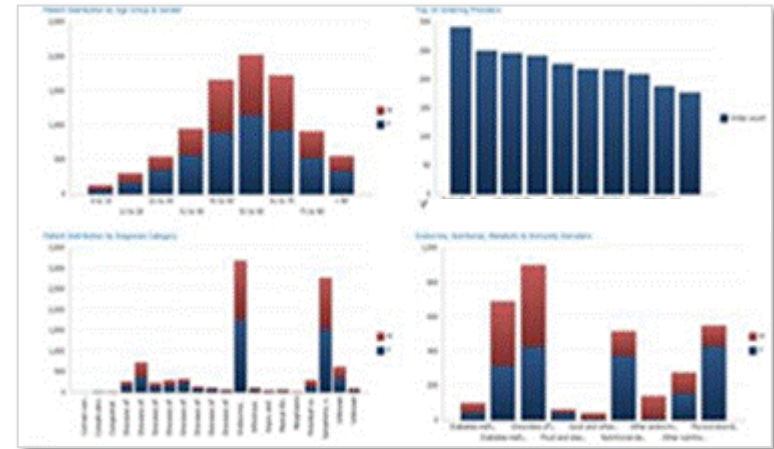
- **Comprehensive platform**  
Healthcare business intelligence across hospital, physician practice and ACO market
- **Robust rules engine and 600+ clinical quality measures**

100% compliance to Meaningful Use requirements (EP & EH)

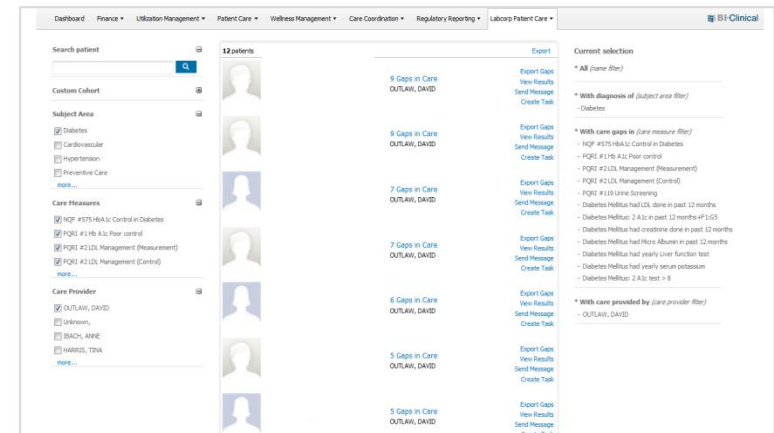
100% compliance to ACO, JCAHO and PQRS reporting requirements

- **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 TWO**

## ENHANCE IT CAPABILITIES

### Patient Portal

- Receive lab results as easily as checking email
- Share lab results securely and privately
- Receive notifications and alerts automatically
- Manage health care information for the entire family
- Provide education tools for patients

The screenshot displays the LabCorp Beacon Patient Portal interface. The top navigation bar includes links for 'Home', 'Lab Results', and 'Profile'. The main content area is divided into several sections:

- Lab Test Results:** A table showing recent lab test results with columns for Date of Service, Ordering Physician, and Dr. Name.
- Personal Profile:** A section for patient information, including current information and a calendar view.
- Patient Report:** A detailed report for a specific test, including patient details, specimen details, and a table of test results.

The Patient Report section includes the following information:

- Patient Details:** DOB: 06/10/1972, Age: 028/01/10, Gender: F, SSN: 999999999, Patient ID: 1234567890.
- Specimen Details:** Date collected: 09/12/12 11:17 ET, Date entered: 10/03/12, Date reported: 10/03/12 11:42 ET.
- Physician Details:** Ordering: M STAS, Referring: ID: NPI:.
- General Comments & Additional Information:** Clinical Info: Check for Specimen ID.
- Ordered Items:** Comp. Metabolic Panel (14).
- Test Results Table:**

TESTS	RESULT	FLAG	UNITS	REFERENCE	INTERVAL	LAB
<b>Comp. Metabolic Panel (14)</b>						
Glucose, Serum	75		mg/dL	65 - 99		01
BUN	2.0		mg/dL	5 - 26		01
Creatinine, Serum	0.85		mg/dL	0.57 - 1.00		01
Globulin, Serum	>59		g/dL	>59		01
If African-American	>59		g/dL	>59		01
Note: Persistent reduction for 3 months or more in an eGFR <60 mL/min/1.73 m <sup>2</sup> defines CKD. Patients with eGFR values >60 mL/min/1.73 m <sup>2</sup> may also have CKD if evidence of persistent proteinuria is present. Additional information may be found at <a href="http://www.kdoqi.org">www.kdoqi.org</a> .						
BUN/Creatinine Ratio	2.4			8 - 27		01
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		01
A/G Ratio	2.3			1.1 - 2.5		01
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 11:42 ET FINAL REPORT Page 1 of 2  
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**Continue to Improve Efficiency to  
Offer the Most Compelling Value in  
Laboratory Services**



## Our Focus on Efficiency

- Constant focus on 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**



## Companion diagnostics and personalized medicine

- IL-28B
- BRAF V600E metastatic melanoma (Zelboraf)
- Vysis ALK Break Apart FISH probe (XALKORI)
- K-RAS
- HLA-B\* 5701
- EGFR Mutation Analysis
- HCV GenoSure® NS3/4A
- PhenoSense®, PhenoSense GT®
- HERmark®
- SNP Microarray-Oncology
- CYP 450 2C19

**Our core competencies in science, IT and personalized medicine make LabCorp an attractive partner for drug development**

## Women's health

- ROMA
- Nuswab STD testing on a single swab
- Expanded Vaginitis and Candida testing
- Expanded options for HPV DNA testing
- Age-based guideline testing initiative for HPV
- Non-Invasive Prenatal Screening



## Development of Knowledge Services



## **Key Elements**

- Data to actionable intelligence
- Knowledge solutions
- Moving closer to patient as organizer of care

## FIVE PILLAR STRATEGY **PILLAR FIVE**

### **TRANSFORMING DATA INTO ACTIONABLE INTELLIGENCE**

- Meaningful information for patient and population health management
  - Understand quality of care delivered
  - Understand costs
  - Measure impact of treatment on patient outcomes
- Improve quality and cost of care
- Facilitate analysis of comparative effectiveness
- Aggregate quality reporting measures
- Identify unmet needs and associated market opportunities



# FIVE PILLAR STRATEGY **PILLAR FIVE**

## SAMPLE DATA FLOW



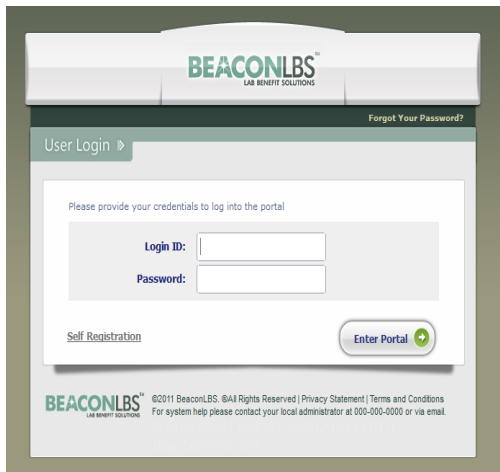
# FIVE PILLAR STRATEGY PILLAR FIVE PROVIDING COMPREHENSIVE CARE MANAGEMENT TOOLS

## UNIFIED DECISION SUPPORT PLATFORM

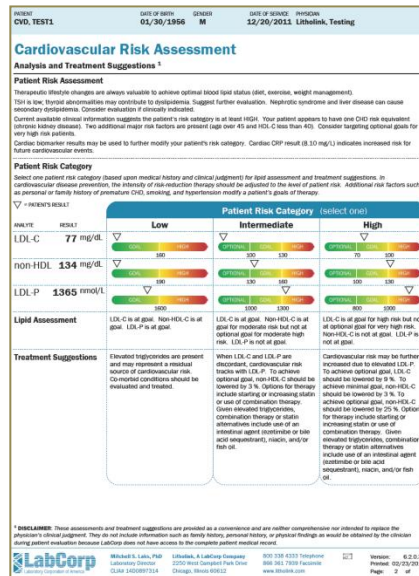
AT  
ORDER  
ENTRY

AT  
RESULT  
DELIVERY

FUTURE  
STATE

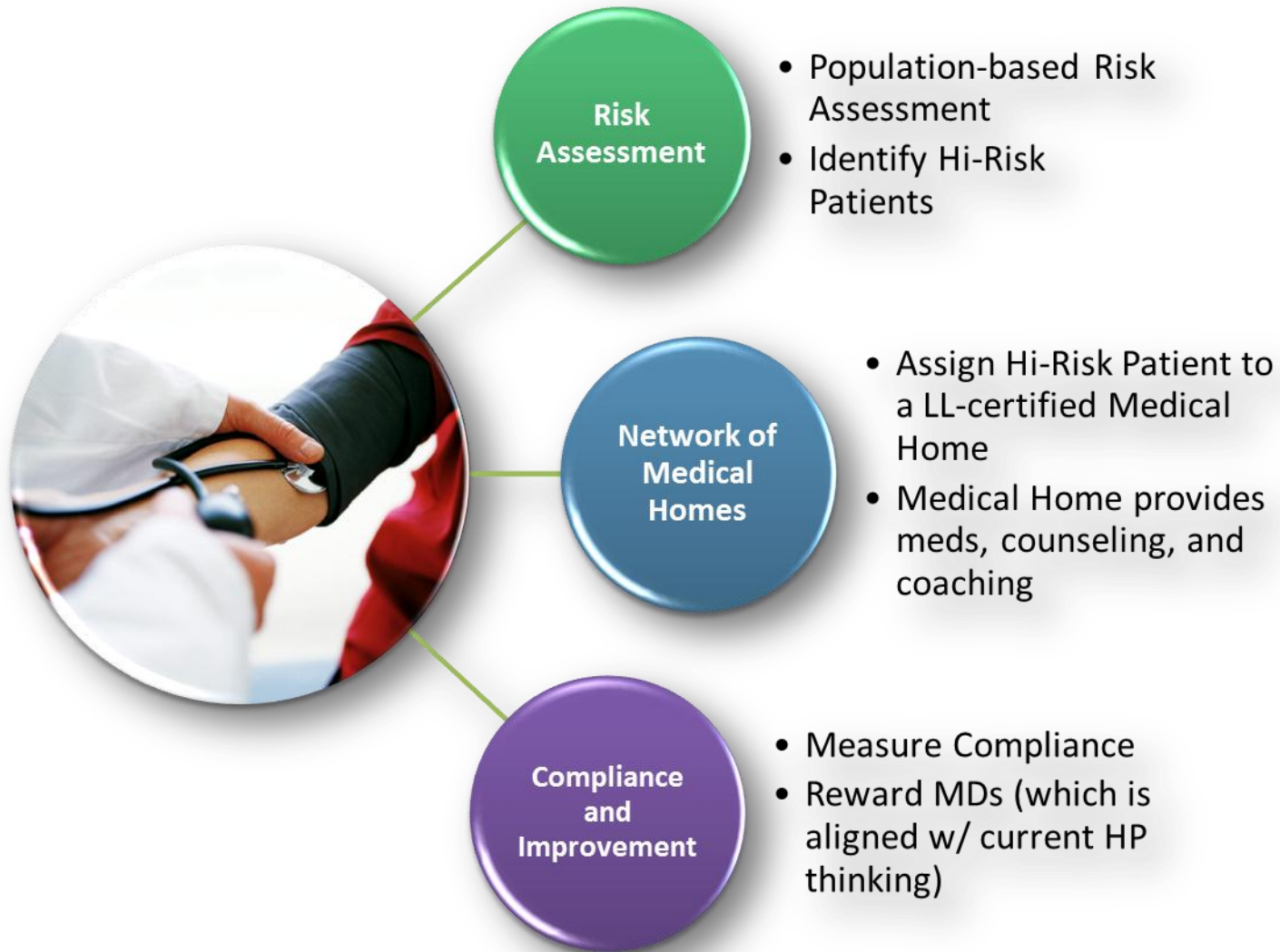


**Litholink**  
Comprehensive Programs for Chronic Disease

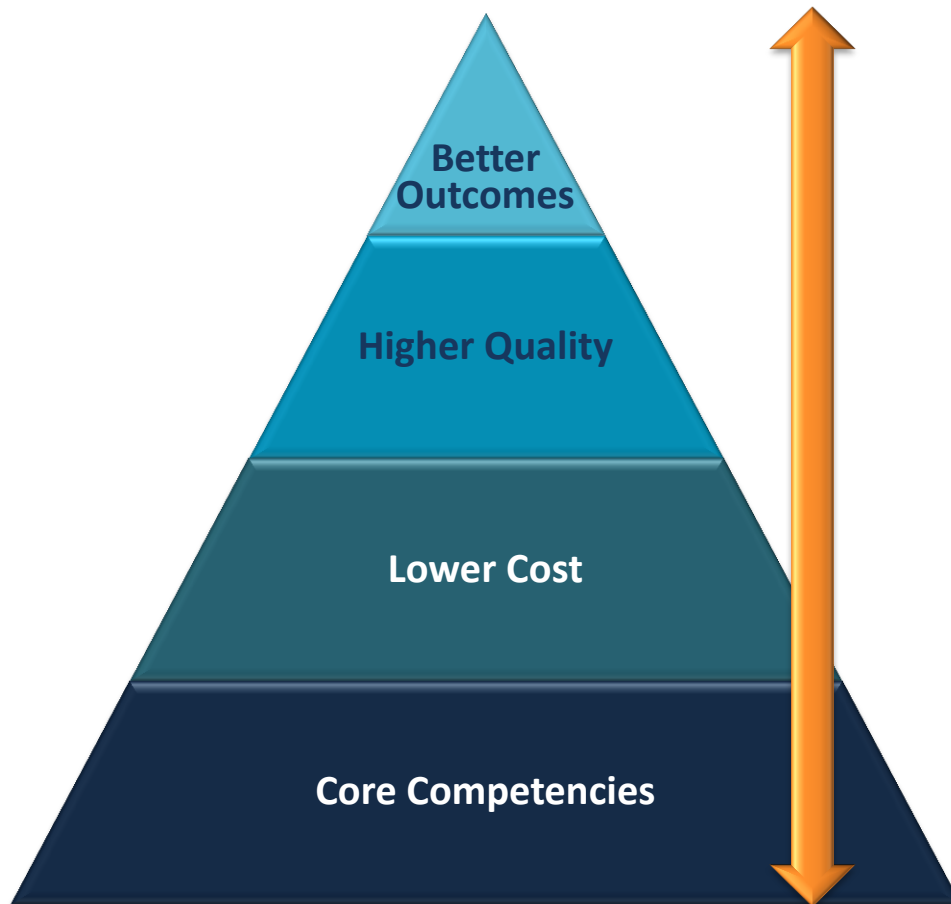


**INTEGRATION  
OF DECISION  
SUPPORT  
CAPABILITIES  
AND CLINICAL  
INPUTS**

## FIVE PILLAR STRATEGY PILLAR FIVE MOVING CLOSER TO THE PATIENT AS AN ORGANIZER OF CARE



## LabCorp Capabilities Meet Every Requirement of New Care Models



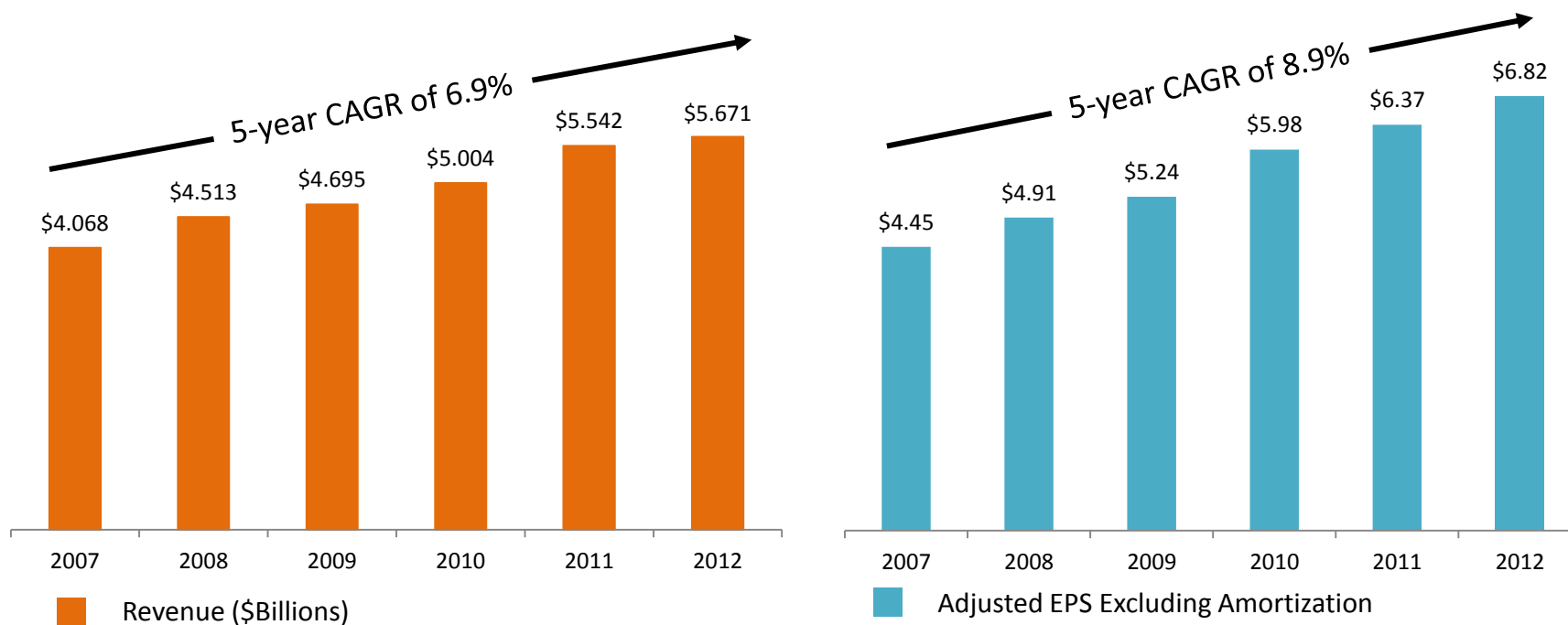
- “End to End” Total Lab Solution Partnership
- Population health management tools
- Clinical decision support programs
- Expanded patient counseling (PCMH)
- Integrative clinical reports
- Patient centric data solutions
- IT capabilities/support (LIS, portal, mobile)
- Complementary AP services
- Scientific Expertise
- Quality / Standardization
- Operating expense savings
- Infrastructure
- Economies of Scale
- Access to capital

# CLEAR MISSION THE LABCORP OF THE FUTURE



# EXCELLENT PERFORMANCE

## Revenue and Adjusted EPS Excluding Amortization Growth: 2007 – 2012 <sup>1,2,3</sup>



1. Excluding the \$0.25 per diluted share impact of restructuring and other special charges and the \$0.27 per diluted share impact from amortization in 2007; 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

2. EPS, as presented represents adjusted, non-GAAP financial measures. Diluted EPS, as reported in the Company's Annual Report were: \$3.93 in 2007; \$4.16 in 2008; \$4.98 in 2009; \$5.29 in 2010; \$5.11 in 2011; and \$5.99 in 2012

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>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>	<u>2003</u>	<u>2002</u>
Cash flows from operations <sup>1</sup>	\$841.4	\$905.1	\$883.6	\$862.4	\$780.9	\$709.7	\$632.3	\$574.2	\$538.1	\$564.3	\$444.9
Capital expenditures	(173.8)	(145.7)	(126.1)	(114.7)	(156.7)	(142.6)	(115.9)	(93.6)	(95.0)	(83.6)	(74.3)
Free cash flow <sup>2</sup>	<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>	<u>480.7</u>	<u>370.6</u>
Weighted average diluted shares outstanding	97.4	101.8	105.4	109.1	111.8	121.3	134.7	144.9	150.7	144.8	144.2

(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)