



**8-K Filed October 21, 2010**



# 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 will be included in the Company's Form 10-K for the year ended December 31, 2009, and subsequent SEC filings. The Company has no obligation to provide any updates to these forward-looking statements even if its expectations change.

# Third Quarter Results

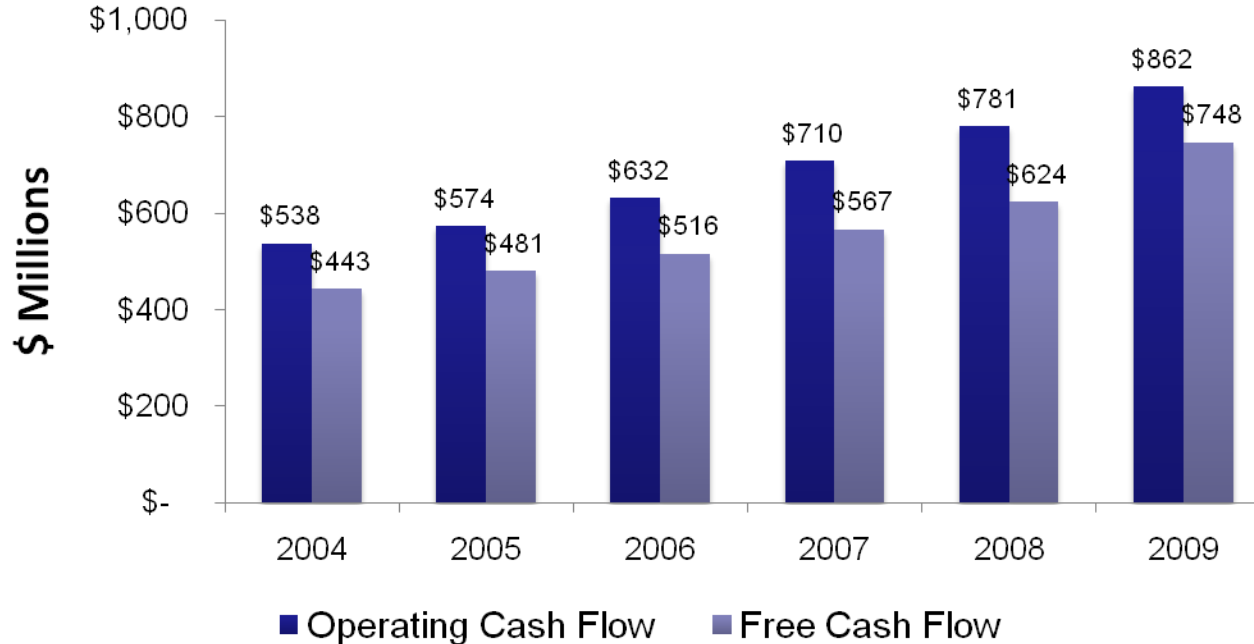
(In millions, except per share data)

	Three Months Ended Sep 30,		
	2010	2009	+/(−)
<b>Revenue</b>	<b>\$ 1,276.5</b>	<b>\$ 1,185.1</b>	<b>7.7%</b>
<b>Adjusted Operating Income <sup>(1)</sup></b>	<b>\$ 250.1</b>	<b>\$ 237.6</b>	<b>5.3%</b>
<b>Adjusted Operating Income Margin <sup>(1)</sup></b>	<b>19.6%</b>	<b>20.0%</b>	<b>(40)bp</b>
<b>Adjusted EPS <sup>(1)</sup></b>	<b>\$ 1.47</b>	<b>\$ 1.22</b>	<b>20.5%</b>
<b>Operating Cash Flow</b>	<b>\$ 176.2</b>	<b>\$ 246.4</b>	<b>-28.5%</b>
<b>Less: Capital Expenditures</b>	<b><u>\$ (34.3)</u></b>	<b><u>\$ (22.7)</u></b>	<b><u>51.1%</u></b>
<b>Free Cash Flow</b>	<b>\$ 141.9</b>	<b>\$ 223.7</b>	<b>-36.6%</b>

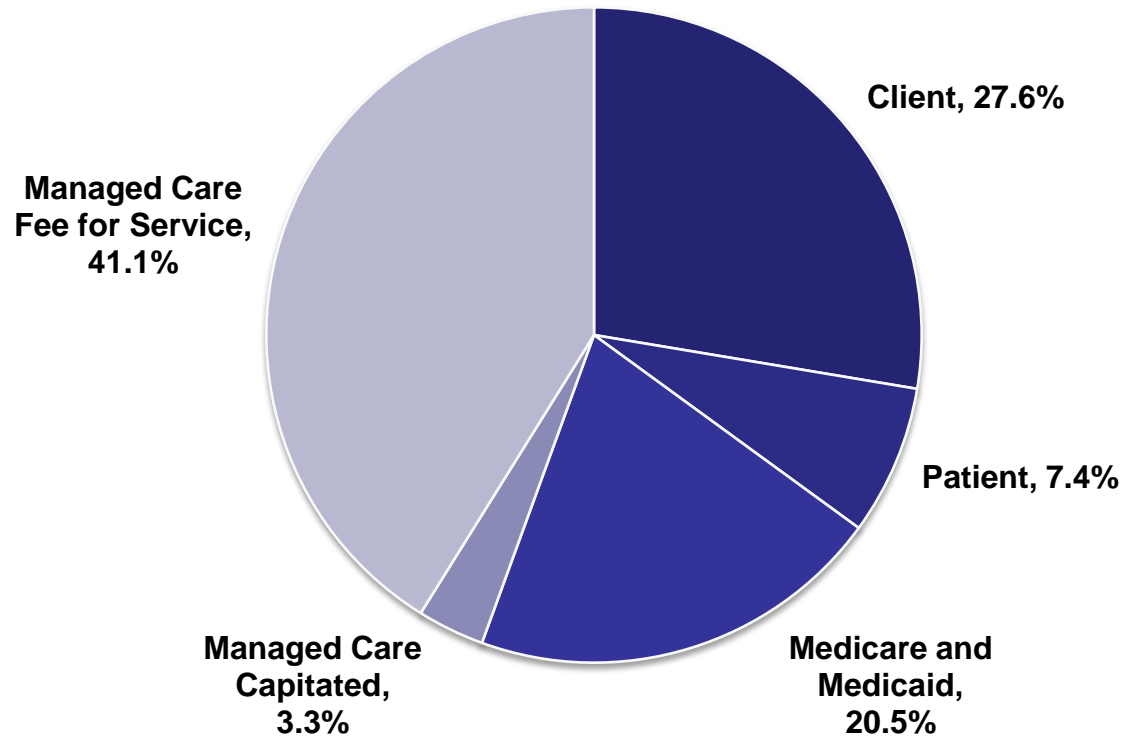
(1) See Reconciliation of non-GAAP Financial Measures (included herein)

# Cash Flow Trends

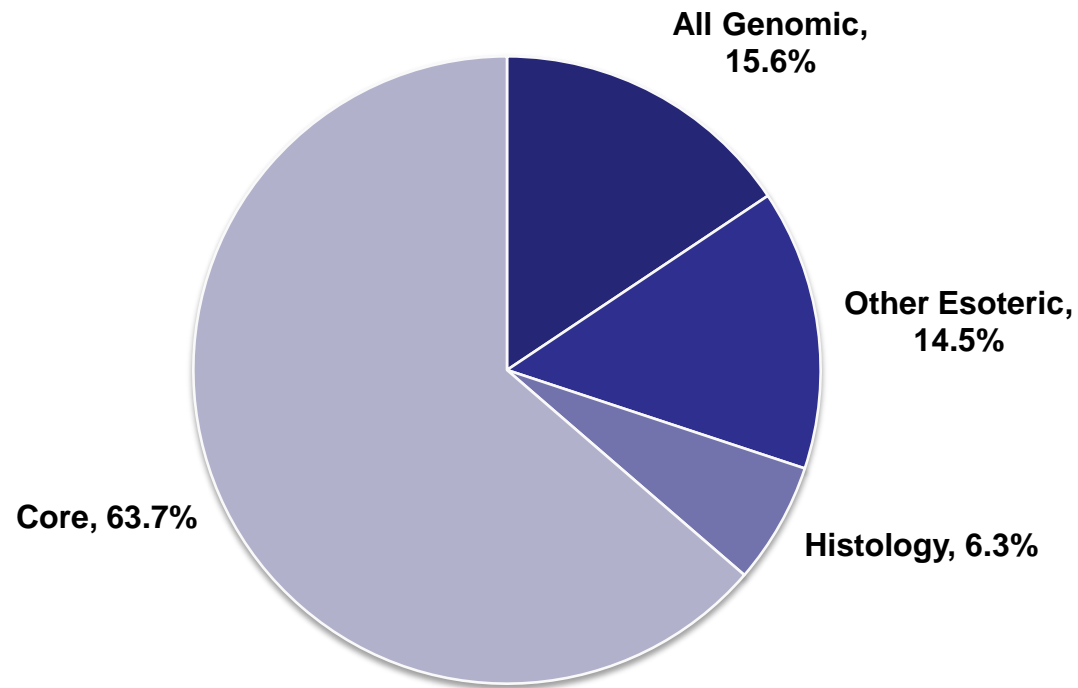
**11% FCF CAGR  
2004-2009**



# Revenue by Payer- US 2010 YTD



# Revenue by Business Area - US 2010 YTD



# Revenue by Payer

(in millions, except PPA)

	YTD Q3-2008				YTD Q3-2009				YTD Q3-2010			
	Revenue				Revenue				Revenue			
	\$'s	%	Accns	PPA	\$'s	%	Accns	PPA	\$'s	%	Accns	PPA
<b>Client</b>	\$ 895.7	28%	26.844	\$ 33.37	\$ 911.6	27%	26.641	\$ 34.22	\$ 967.3	28%	26.030	\$ 37.16
<b>Patient</b>	280.1	9%	1.708	\$164.00	256.8	8%	1.596	\$160.91	\$ 258.9	7%	1.579	\$163.98
<b>Third Party (Medicare/Medicaid)</b>	602.0	19%	14.220	\$ 42.33	677.9	20%	14.960	\$ 45.31	\$ 718.8	21%	15.053	\$ 47.75
<b>Managed Care:</b>												
- <b>Capitated</b>	135.5	4%	11.409	\$ 11.88	127.4	4%	11.269	\$ 11.30	\$ 116.0	3%	10.300	\$ 11.26
- <b>Fee for service</b>	1,282.4	40%	28.352	\$ 45.23	1,375.4	41%	29.225	\$ 47.06	\$1,439.9	41%	29.809	\$ 48.30
<b>Total Managed Care</b>	1,417.9	44%	39.761	\$ 35.66	1,502.8	45%	40.494	\$ 37.11	\$1,555.9	44%	40.109	\$ 38.79
<b>LabCorp Total - US</b>	\$3,195.6	100%	82.533	\$ 38.72	\$3,349.1	100%	83.691	\$ 40.02	\$3,500.9	100%	82.771	\$ 42.30
<b>LabCorp Total - Canada</b>	\$ 190.4		5.957	\$ 31.97	\$ 180.5		6.855	\$ 26.33	\$ 207.6		6.873	\$ 30.21
<b>LabCorp Total</b>	\$3,386.1		88.490	\$ 38.26	\$3,529.7		90.546	\$ 38.98	\$3,708.5		89.644	\$ 41.37

# Revenue by Business Area

(in millions, except PPA)

	YTD Q3-2008				YTD Q3-2009				YTD Q3-2010			
	Revenue				Revenue				Revenue			
	\$'s	%	Accns	PPA	\$'s	%	Accns	PPA	\$'s	%	Accns	PPA
All Genomic	\$ 486.7	15%	6.539	\$ 74.43	\$ 516.8	15%	6.812	\$ 75.87	\$ 547.1	16%	6.702	\$ 81.64
Other Esoteric	378.6	12%	9.086	41.67	452.8	14%	10.607	42.69	506.0	14%	11.872	42.62
Histology	241.9	8%	1.921	125.94	221.5	7%	1.823	121.49	219.1	6%	1.764	124.20
All Genomic / Esoteric	1,107.1	35%	17.545	63.10	1,191.1	36%	19.242	61.90	1,272.2	36%	20.338	62.55
Core	2,088.5	65%	64.987	32.14	2,158.0	64%	64.449	33.48	2,228.7	64%	62.433	35.70
LabCorp Total - US	\$ 3,195.6	100%	82.533	\$ 38.72	\$ 3,349.1	100%	83.691	\$ 40.02	\$ 3,500.9	100%	82.771	\$ 42.30
LabCorp Total - Canada	\$ 190.4		5.957	\$ 31.97	\$ 180.5		6.855	\$ 26.33	\$ 207.6		6.873	\$ 30.21
LabCorp Total	\$ 3,386.1		88.490	\$ 38.26	\$ 3,529.7		90.546	\$ 38.98	\$ 3,708.5		89.644	\$ 41.37



# Financial Guidance - 2010

Excluding the impact of restructuring and other special charges and share repurchase activity after September 30, 2010, guidance for 2010 is:

• Revenue growth <sup>(1)</sup> :	Approximately 5.0%
• Adjusted EPS <sup>(2)</sup> :	\$5.52 to \$5.57
• Operating cash flow of approximately <sup>(3)</sup> :	\$870 Million
• Capital expenditures of approximately:	\$135 Million

(1) Compared to previous guidance of 4.5% to 5.5%

(2) Compared to previous guidance of \$5.40 to \$5.55

(3) Operating cash flow guidance excludes any transition payments to UnitedHealthcare

(4) This guidance does not include any impact from the Genzyme Genetics acquisition

# Supplemental Financial Information

## Laboratory Corporation of America

### Other Financial Information

September 30, 2010

(\$ in millions)

	Q1 10	Q2 10	Q3 10	YTD 10
Depreciation	\$ 32.2	\$ 32.0	\$ 32.2	\$ 96.3
Amortization	\$ 17.4	\$ 17.7	\$ 18.0	\$ 53.1
Capital expenditures	\$ 24.5	\$ 34.5	\$ 34.3	\$ 93.3
Cash flows from operations	\$ 232.0	\$ 216.2	\$ 176.2	\$ 624.4
Bad debt as a percentage of sales	5.05%	4.80%	4.80%	4.88%
Effective interest rate on debt:				
Zero coupon-subordinated notes	2.00%	2.00%	2.00%	2.00%
5 1/2% Senior Notes	5.38%	5.38%	5.38%	5.38%
5 5/8% Senior Notes	5.75%	5.75%	5.75%	5.75%
Term loan	3.67%	3.67%	3.67%	3.67%
Revolving credit facility (weighted average)	0.58%	0.70%	0.61%	0.61%
Days sales outstanding	46	45	44	44
UnitedHealthcare transition payments - Billed	\$ 10.1	\$ 1.1	\$ -	\$ 11.2
UnitedHealthcare transition payments - Paid	\$ 14.5	\$ 2.1	\$ 0.2	\$ 16.8

# Reconciliation of non-GAAP Financial Measures

## Reconciliation of non-GAAP Financial Measures

(In millions, except per share data)

	Three Months Ended Sep 30,	
	<u>2010</u>	<u>2009</u>
<u>Adjusted Operating Income</u>		
Operating income	\$ 235.3	\$ 234.9
Restructuring and other special charges <sup>(1) (2)</sup>	<u>\$ 14.8</u>	<u>\$ 2.7</u>
Adjusted operating income	<u><u>\$ 250.1</u></u>	<u><u>\$ 237.6</u></u>
 <u>Adjusted EPS</u>		
Diluted earnings per common share	\$ 1.34	\$ 1.21
Impact of restructuring and other special charges <sup>(1) (2)</sup>	<u>\$ 0.13</u>	<u>\$ 0.01</u>
Adjusted EPS	<u><u>\$ 1.47</u></u>	<u><u>\$ 1.22</u></u>

(1) During the third quarter of 2010, the Company recorded restructuring and other special charges of \$21.8 million, consisting of \$10.9 million in professional fees and expenses associated with recent acquisitions; \$7.0 million in bridge financing fees associated with the signing of an asset purchase agreement for Genzyme Genetics; and \$3.9 million in severance related liabilities associated with workforce reduction initiatives. The after tax impact of these charges decreased net earnings for the three months ended September 30, 2010, by \$13.4 million and diluted earnings per share by \$0.13 (\$13.4 million divided by 104.1 million shares).

(2) During the third quarter of 2009, the Company recorded a charge of approximately \$2.7 million representing fees and expenses associated with its acquisition of Monogram Biosciences. The after tax impact of this charge reduced net earnings for the three months ended September 30, 2009, by \$1.6 million and diluted earnings per share by \$0.01 (\$1.6 million divided by 108.8 million shares).



 **LabCorp**  
Laboratory Corporation of America