

LABORATORY CORP OF AMERICA HOLDINGS  
Form 8-K  
February 15, 2007

**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

February 15, 2007

(Date of earliest event reported)

**LABORATORY CORPORATION OF  
AMERICA HOLDINGS**

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(Exact Name of Registrant as Specified in its Charter)

**DELAWARE**

**1-11353**

**13-3757370**

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(State or other jurisdiction  
of Incorporation)

(Commission  
File Number)

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

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

**27215**

**336-229-1127**

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(Address of principal executive offices)

(Zip  
Code)

(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 February 15, 2007.

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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: February 15, 2007

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

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**8-K Filed February 15, 2007**

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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, 2005, and subsequent SEC filings, and will be available in the Company's Form 10-K for the year ended December 31, 2006, when filed.

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The Clinical Laboratory Testing Market  
> \$40 - \$50 billion Annually

Industry CAGR of 5% - 7%

Market segments:

Routine ~ \$30 - \$35  
billion

Esoteric ~ \$4 - \$5 billion

Anatomic pathology ~ \$6  
- \$10 billion

Growth opportunities:

Consolidation

Esoteric and anatomic  
pathology testing

Hospital outpatient and  
outreach

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

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Industry Profile

Integral to quality healthcare

Screening for and early diagnosis of disease  
leads to improved outcomes

Monitoring of treatment effectiveness and  
disease recurrence

Correct therapy decisions based on known  
genetic markers

Cost effectiveness

Cutting-edge technologies

Influences 70% - 80% of healthcare decisions

Rigorous quality standards

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Profile of LabCorp

The leader in the esoteric and genomic testing market and second-largest clinical laboratory company in North America

Offers the broadest range of clinical and anatomic pathology services to aid clinicians in diagnosis, monitoring, prediction and prevention of disease

Conducts > 270 million tests annually

Connectivity with physicians offices

90% of results delivered electronically

70% of tests ordered electronically

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Profile of LabCorp

More than 25,000 employees nationwide

6,200 phlebotomists

2,600 couriers

700 MDs and PhDs

1,700 conveniently located patient service centers

Rigorously monitored, industry-leading quality and service metrics

Highest quality, CAP inspected and CLIA certified laboratories

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Primary Testing Locations

Primary LabCorp Testing Locations

Corporate Headquarters

Burlington, NC

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What is LabCorp?

**Clinical Pathology**

**Medical**

**Testing**

**Services**

**Esoteric**

**Testing**

**Genomics**

**Anatomic Pathology**

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Strategic Focus Areas

**Scientific**

**Leadership**

**Managed**

**Care**

**Customer**

**Focus**

Cancer diagnostics and monitoring

Advanced cardiovascular disease testing

Quality and service driven culture

Continuous enhancements in customer connectivity

First-time problem resolution

Advancement through acquisitions and licensing

Partner to control high cost leakage

Lab data enables better treatment and outcomes

Recognize value of lab services through appropriate pricing

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UnitedHealthcare

Exclusive national laboratory provider

\$3 billion in additional revenue over a 10-year contract term

EBITDA margins at least equal to our existing, industry-leading level

Revenue will ramp during 2007 and later years

Transition payments capped at \$200 million

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UnitedHealthcare

Phase 1 exclusivity in mature markets  
(MAMSI, Neighborhood, Pacificare  
Colorado), network manager for Oxford, plus  
sole national laboratory in all other markets

Phase 2 establish additional networks

Phase 3 use networks and standardized  
data to enhance development of evidence-  
based medicine

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UnitedHealthcare  
as a Growth Driver

United opportunity:

Mature markets

Direct business

Indirect business

Networks

Over 420 new patient access points:

Innovative Duane Reade agreement

400 other locations opened since 10/3/06

Available to all patients

New employees trained and on-board prior to 1/1/07 lab  
techs, phlebotomists, sales reps, couriers.

Primary connectivity with more physician offices in key  
markets

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Revenue Growth Drivers

Managed Care

Partner of choice for major managed care organizations

Recognition of value from standardized lab data

Breadth of test menu, quality, convenience

Cancer diagnostics

Anatomic pathology - \$6 - \$10 billion fragmented market

Treatment decisions/monitoring

Recurrence testing

Cardiovascular disease

Lab testing is foundation for determining need for imaging, invasive procedures, pharmaceutical treatments

VAP, NMR, high-sensitivity CRP

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EBITDA Margin Growth Drivers

Increased volumes through fixed-cost infrastructure

Larger number of esoteric tests offered, more esoteric tests ordered

Further operational efficiencies

Increase automation in pre-analytic processes

Logistics / route structure optimization

Supply chain management

Improvement in collections / bad debt

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LabCorp's Investment and  
Performance Fundamentals

Industry-leading EBITDA margins

Significant free cash flow

Focus on returning value to shareholders

Strategic acquisitions

Organic growth opportunities

Share repurchase

Flexibility for future growth opportunities

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Five-Year Revenue and EPS Trend

Revenue CAGR of 9% - Diluted EPS CAGR of 19%

(1)

(1)

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

(2)

Excluding the \$0.07 per diluted share impact in 2006 of restructuring and other special charges, and the \$0.10 per diluted share impact in 2006 of adoption of SFAS 123(R).

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Five-Year OCF and EBITDA Margin Trend

OCF CAGR of 9% - EBITDA Margin Growth of 420 bps

(1)

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

(2)

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

(3)

Excluding the impact in 2006 of restructuring and other special charges and of the adoption of SFAS 123(R).

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Fourth Quarter Results

(in millions, except per share data)

(1) Excludes restructuring and other special charges of \$6.9 million and \$7.7 million, recorded by the Company in the fourth quarters of 2005 and 2006, respectively, and \$6.4 million of stock compensation expense recorded by the Company in the fourth quarter of 2006 from the adoption of SFAS 123(R).

(2) Excludes the \$0.03 and \$0.04 per diluted share impact of the restructuring and other special charges recorded in the fourth quarters of 2005 and 2006, respectively, and the \$0.03 per diluted share impact in the fourth quarter of 2006 from the adoption of SFAS 123(R).

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Full-Year Results

(in millions, except per share data)

(1) For 2005, EBITDA excludes restructuring and other special charges of \$16.9 million and a non-recurring investment loss of \$3.1 million. For 2006, EBITDA excludes restructuring and other special charges of \$13.4 million, and \$23.3 million of stock compensation expense from the adoption of SFAS 123(R).

(2) For 2005, Diluted EPS excludes the \$0.09 per diluted share impact of restructuring and other special charges and the non-recurring investment loss recorded in 2005. For 2006, Diluted EPS excludes the \$0.06 per diluted share impact of restructuring and other special charges, and the \$0.11 per diluted share impact from the adoption of SFAS 123(R).

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2006 Full-Year Financial  
Achievements

Diluted EPS of \$3.41 (1)

EBITDA margin of 26.7% of sales (2)

Operating cash flow of \$632.3 million

Increased revenues 7.9% (3.7% volume; 4.2%  
price)

Repurchased approximately \$435 million of  
LabCorp stock

(1)

Excludes the \$0.06 per diluted share impact of the restructuring and other special charges recorded in 2006, and the \$0.11 per diluted share impact of the required change in accounting for stock based compensation adopted in 2006.

(2)

Based on EBITDA of \$959.0 million, excluding the \$13.4 million impact of restructuring and other special charges and the \$23.3 million impact of the change in accounting for stock based compensation adopted in 2006.

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Revenue by Payer 2006  
(in millions)

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Revenue by Business Area 2006  
(in millions)

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Revenue Mix by Business Area  
(in millions)

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Revenue by Payer 2006  
(in millions, except PPA)

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Revenue Mix by Business Area  
(in millions, except PPA)

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2007 Financial Guidance

Excluding the impact of any share repurchase activity after December 31, 2006, guidance for 2007 is as follows:

Net sales growth of approximately 11 to 13% compared to 2006

EBITDA margins of 26.4% to 26.8% of net sales

Diluted EPS in the range of \$3.93 to \$4.09

Operating cash flow of between \$690 and \$710 million, excluding any transition payments related to the Company's agreement with UnitedHealthcare

Capital expenditures of between \$110 and \$120 million, excluding any additional capital expenditures related to the Company's agreement with UnitedHealthcare

Net interest expense of approximately \$46 million

Bad debt rate of approximately 4.8% of net sales

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

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Supplemental Financial Information

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