LABORATORY CORP OF AMERICA HOLDINGS
Form 8-K
February 23, 2011

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 23, 2011
(Date of earliest event reported)

LABORATORY CORPORATION OF
AMERICA HOLDINGS
(Exact Name of Registrant as Specified in its Charter)

Delaware	1-11353	13-3757370
(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
(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 communication 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 in connection with non-deal related meetings at Barclays Capital in New York, NY on February 24, 2011.

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

By: /s/ F. SAMUEL EBERTS III
F. Samuel Eberts III
Chief Legal Officer and Secretary

February 23, 2011

February 24, 2011
New York, NY

Barclays Capital
NDR

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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, 2009, and subsequent SEC filings, and will be available in the Company's Form 10-K for year ended December 31, 2010, when filed.

Forward Looking Statement

Introduction
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Leading National
Lab Provider
• Fastest growing national lab
• $55 billion market
• Clinical, Anatomic and Genomic Testing
• Serving clients in all 50 states and Canada
• Foremost clinical trials testing business

Introduction
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Valuable Service
• Small component of total cost influences large percentage of clinical decisions
• Screening, early detection, and monitoring reduce downstream costs
• Companion diagnostics improve drug efficacy and reduce adverse drug effects

Attractive Market
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Attractive Market

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Growth Drivers

• Aging population

• Industry consolidation

• Advances in genomics

• Pharmacogenomics / companion diagnostics

• Cost pressures

Source: CDC National Ambulatory Medical Care Survey and Company Estimates

Attractive Market
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Opportunity to
Take Share
• Approximately 5,000
independent labs
• Less efficient, higher cost
competitors
Source: Washington G-2 Reports and Company estimates
$55 Billion US Lab Market

Attractive Market
Diversified Payor Mix
• No customer > 9% of revenue
• Limited government exposure
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Attractive Market
Diversified Test Mix
With Genzyme GeneticsSM*
acquisition, esoteric testing
comprises approximately
40% of revenue
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*GENZYME GENETICSSM 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.

Competitive Position
Scale and Scope
• National infrastructure
• Broad test offering
• Managed care contracts
• Economies of scale
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Primary LabCorp Testing Locations*
Esoteric Lab Locations
(CET, CMBP, Dianon, Esoterix, Monogram Biosciences, NGI, OTS, US Labs, Viromed)
Patient Service Centers*

Competitive Position

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Managed Care Relationships

• Exclusive national laboratory for UnitedHealthcare

• Sole national strategic partner for WellPoint

• Significant national plans recently renewed or extended on a multi-year basis, including WellPoint, Cigna and Humana

• Contracted with numerous local and regional anchor plans

Scientific
Leadership
• Introduction of new tests
• Acquisitions and licensing
• Collaborations with leading companies and academic institutions
Competitive Position

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Partner	Clinical Area
ARCA biopharma	Companion Diagnostics (Cardiovascular Disease)
BG Medicine	Cardiovascular Disease
Celera Diagnostics	Breast Cancer
Duke University	Joint Venture in biomarker development
Duke University	Lung Cancer
Exact Sciences	Colon Cancer
Intema Ltd.	Prenatal Testing
Johns Hopkins	Melanoma
MDxHealth	Companion Diagnostics (Oncology)
Medco Health Solutions	Companion Diagnostics (Research)
Merck	Companion Diagnostics (Infectious Disease)
On-Q-ity	Circulating tumor cells
University of Minnesota	Lupus
Veridex	Prostate Cancer
Yale University	Ovarian Cancer (exclusive)

Competitive Position
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Most Efficient and
Lowest Cost Provider
• Standardized lab and billing IT systems
• Automation of pre-analytics
• Supply chain optimization
• Sysmex fully automated hematology operations
• Gross margin improvement
• Bad debt reduction of 50bp in 2010

2010 Accomplishments

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Our Results

• Profitable revenue growth

• Empire contract

• Esoteric growth

• Acquisitions

• Improved IT and client connectivity

• LabCorp Beacon

• Enhanced experience for physicians and patients

• Continued scientific leadership

• Clearstone collaboration

• IL-28B

• New Monogram assays

• Maintained price

• Managed care stability

• Strong 2010 results

2011 Priorities

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Our Focus

• Operating objectives

• Genzyme Genetics integration

• LabCorp Beacon rollout

• Continue scientific leadership

• Financial objectives

• Profitable revenue growth

• Maintain price

• Control costs

2011 Priorities - Genzyme Genetics Integration

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Acquisition Rationale

• Creates the premier genetics and oncology business in the industry

• Builds on our strategy of leadership in personalized medicine

• Generates revenue opportunities

• Selling LabCorp's test menu to Genzyme Genetics accounts

• Selling Genzyme Genetics' test menu to LabCorp accounts

• Genzyme Genetics customer access to LabCorp's convenient PSC network

• Expanded use of genetic counselors

• Creates cost synergies

• Logistics

• Specimen collection

• G&A

• Facility overlap

2011 Priorities - Genzyme Genetics Integration

Increasing Importance
of Genetics

• Preconception
• Pre - and post - natal
• Identification of disease carriers
• Identification of disease predisposition
• Diagnosis of genetically caused or
influenced conditions (e.g., developmental delay)
• Disease prognosis and treatment
(especially cancer)

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2011 Priorities - Genzyme Genetics Integration

Increasing Importance
of Oncology

• More sophisticated methods of cancer testing complement traditional biopsies

• Value of diagnostics for disease prognosis, and monitoring of progression and recurrence

• Critical role of testing in therapy selection

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2011 Priorities - Beacon Rollout

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Intuitive Order Entry

•Streamlined Ordering

Provider, Diagnosis, Test and Collection information are all displayed in a single screen

•Requisition and Account Logic

Automatically generates requisitions with appropriate account numbers

•Key Time-saving Features

• Send to PSC

• Standing orders

• Electronic add-on testing

• User-defined pick lists

2011 Priorities - Beacon Rollout

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AccuDraw Integration

•Reduce Errors

•Reduce Training Time

•Proven Results

Success in LabCorp Patient Service Centers will be extended to customers

2011 Priorities - Beacon Rollout

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Unified Results

•Centralizes Lab Connectivity

View lab reports from DIANON Systems, Esoterix, LabCorp, Litholink, USLabs, and CMBP

•Share Results

Email, fax, print and annotations make it easy to share critical information

•Visual Cues

Supports physician decision making, enhances the timeliness of patient care and facilitates follow-up with abnormal results in red and unread reports in bold

2011 Priorities - Beacon Rollout

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Results on the Go

•Clear, Concise Reports

Physicians and staff can quickly access results via iPhone® or iPad™ including alerts for abnormal or critical lab results

•Connect to Patients

Access patient demographics directly from the results for phone or email follow up

2011 Priorities - Beacon Rollout

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Trends & Analytics

•One-Click Trending

Physicians and staff can quickly view a single test or analyte for one patient and the trended history for that patient

•Sort and Filter Results

Providers can filter their entire patient population on demographics and test results to identify trends and patients at risk

•View Lab History

2011 Priorities - Scientific Leadership

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"K-RAS testing should be routinely conducted in all colorectal cancer patients immediately after diagnosis to ensure the best treatment strategies for the individual Patient"

- Dr. Eric Van Cutsem, presenter at the June 2008 American Society of Clinical Oncology meeting

FDA recommends genetic screening prior to treatment with Abacavir

ROCKVILLE, Md -- July 24, 2008 -- The US Food and Drug Administration (FDA) has issued an alert regarding serious, and sometimes fatal, hypersensitivity reactions (HSRs) caused by abacavir (Ziagen) therapy in patients with a particular human leukocyte antigen (HLA) allele, HLA-B* 5701.

Genetic tests for HLA-B*5701 are already available, and all patients should be screened for the HLA-B*5701 allele before starting or restarting treatment with abacavir or abacavir-containing medications.

"FDA has approved the expanded use of Selzentry… to include adult patients with CCR5-tropic HIV-1 virus who are starting treatment for the first time."

- ViiV Healthcare Press Release, November 20th, 2009

Continue Scientific Leadership

- Recent offerings in companion diagnostics and personalized medicine
- IL-28B
- K-RAS
- HLA-B* 5701
- BRAF Gene Mutation Detection
- EGFR Mutation Analysis
- CYP 450 2C19
- Trofile® (CCR5 Tropism)
- PhenoSense®, PhenoSense GT®
- HERmark®
- Outcome Improvement Programs
- CKD program
- Litholink kidney stone program
- Clearstone collaboration
- Global clinical trials capability
- Presence in China

Excellent Performance

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Revenue and
EPS Growth

• 6-year revenue CAGR of
approximately 8.4%

• 6-year Adjusted EPS CAGR
of approximately 14.6%

Revenue and Adjusted EPS Growth: 2004 - 2010 (1) (2)

(1) Excluding the $0.09 per diluted share impact in 2005 of restructuring and other special charges, and a non-recurring investment loss; excluding the $0.06 per diluted share impact in 2006 of restructuring and other special charges; excluding the $0.25 per diluted share impact in 2007 of restructuring and other special charges; excluding the $0.44 per diluted share impact in 2008 of restructuring and other special charges; excluding the ($0.09) per diluted share impact in 2009 of restructuring and other special charges; excluding the ($0.17) per diluted share impact in 2010 of restructuring and other special charges.

(2) EPS, as presented represents adjusted, non-GAAP financial measures. Diluted EPS, as reported in the Company’s Annual Report were: $2.45 in 2004; $2.71 in 2005; $3.24 in 2006; $3.93 in 2007; $4.26 in 2008; $4.98 in 2009; and $5.29 in 2010

Excellent Performance

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Cash Flow

• 6-year FCF CAGR of 9.4%

• Strategic acquisitions

• $2.0 B+ share repurchase over last three years

Note: $ in millions and Free Cash Flow is a non-GAAP metric

Excellent Performance

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Free Cash Flow Per Share

• 6-year FCF Per Share CAGR of 16.1%

• FCF Yield ranged from approximately 8% to 10% in 2010

Note: Free Cash Flow Per Share and Free Cash Flow Yield are non-GAAP metrics

FCF Yield range noted above was calculated using trailing twelve month Free Cash Flow, weighted average diluted share counts and closing stock prices during 2010

Fourth Quarter and Full Year 2010 Results

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(1) During the first quarter of 2010 inclement weather reduced revenue by an estimated $23 million and EPS by approximately eight cents

	Three Months Ended Dec 31,			Twelve Months Ended Dec 31,		
	2010	2009	+/(-)	2010	2009	+/(-)
Revenue	$1,295.40	$1,165.10	11.2%	$5,003.90	$4,694.70	6.6%
Adjusted Operating Income (1)	$252.40	$221.90	13.7%	$1,016.50	$954.90	6.5%
Adjusted Operating Income Margin (1)	19.5%	19.0%	50 bp	20.3%	20.3%	- bp
Adjusted EPS (1)	$1.34	$1.16	15.5%	$5.55	$4.89	13.5%
Operating Cash Flow	$259.20	$224.70	15.4%	$883.60	$862.40	2.5%
Less: Capital Expenditures	($32.80)	($37.60)	-12.8%	($126.10)	($114.70)	9.9%
Free Cash Flow	$226.40	$187.10	21.0%	$757.50	$747.70	1.3%

Key Points
• Critical position in health care delivery system
• Attractive market
• Strong competitive position - well positioned to gain share
• Leadership in personalized medicine
• Excellent cash flow
• Strong balance sheet
Conclusion
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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 Dec 31,	
Adjusted Operating Income	2010	2009
Operating income	$ 238.8	$ 215.8
Restructuring and other special charges (1) (2)	13.6	6.1
Adjusted operating income	$ 252.4	$ 221.9
Adjusted EPS		
Diluted earnings per common share	$ 1.26	$ 1.33
Impact of restructuring and other special charges (1) (2)	0.08	(0.17)
Adjusted EPS	$ 1.34	$ 1.16

(1) During the fourth quarter of 2010, the Company recorded restructuring and other special charges of $13.6 million, consisting of $14.8 million in professional fees and expenses associated with recent acquisitions, which were offset by a net restructuring credit of $1.2 million resulting from the reversal of unused severance and facility closure liabilities. The after tax impact of these charges decreased net earnings for the three months ended December 31, 2010, by $8.3 million and diluted earnings per share by $0.08 ($8.3 million divided by 104.5 million shares).

(2) During the fourth quarter of 2009, the Company recorded net charges of $3.3 million ($2.0 million after tax) relating to severance payments for the reduction of certain management positions and the closing of redundant and underutilized facilities. The Company also adopted amendments to its employee pension plans, effective January 1, 2010, resulting in the recognition of a one-time net curtailment charge of $2.8 million ($1.7 million after tax). In addition, the Company recorded favorable adjustments of $21.5 million to its fourth quarter tax provision relating to the resolution of certain state tax issues under audit, as well as the realization of foreign tax credits. Combined, these net after tax adjustments increased net earnings for the quarter ended December 31, 2009 by $17.8 million and increased diluted earnings per share for the quarter by $0.17 ($17.8 million divided by 107.5 million shares).

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Reconciliation of non-GAAP Financial Measures

Reconciliation of non-GAAP Financial Measures
(In millions, except per share data)

	Year Ended Dec 31,	
Adjusted Operating Income	2010	2009
Operating income	$ 978.8	$ 935.9
Restructuring and other special charges (1) (2)	37.7	19.0
Adjusted operating income	$ 1,016.5	$ 954.9
Adjusted EPS		
Diluted earnings per common share	$ 5.29	$ 4.98
Impact of restructuring and other special charges (1) (2) (3) (4)	0.26	(0.09)
Adjusted EPS	$ 5.55	$ 4.89

(1) 2010 includes net restructuring and other special charges of $44.7 million ($27.4 million after tax), consisting of $25.7 million in professional fees and expenses associated with recent acquisitions;
$7.0 million in bridge financing fees; and $12.0 million in severance related liabilities associated with workforce reduction initiatives.
(2) 2009 includes net restructuring charges of $13.5 million ($8.1 million after tax), a one-time charge of $2.8 million ($1.7 million after tax) for curtailment of employee pension plans, and $2.7 million
($1.6 million after tax) transaction fees and expenses associated with the acquisition of Monogram Biosciences.
(3) In 2009, the Company recorded favorable adjustments of $21.5 million to its fourth quarter tax provision relating to the resolution of certain state tax issues under audit, as well as the realization of
foreign tax credits. In 2008, the Company recorded a $7.1 million reduction to its fourth quarter tax provision as a result of tax treaty amendments with Canada. These adjustments had no impact on
operating income, but did increase net earnings by $21.5 million and $7.1 million, respectively.
(4) 2010: $27.4 million divided by 105.4 million shares
2009: $10.1 million divided by 109.1 million shares

Supplemental Financial Information
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Laboratory Corporation of America
Other Financial Information
FY 2009 and FY 2010
($ in millions)

	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10
Bad debt as a percentage of sales	5.30%	5.30%	5.30%	5.30%	5.05%	4.80%	4.80%	4.70%
Days sales outstanding	52	50	48	44	46	45	44	43