LABORATORY CORP OF AMERICA HOLDINGS
Form 8-K
November 10, 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

November 10, 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 the presentation at the Credit Suisse 2011 Healthcare Conference in Phoenix, AZ on November 10, 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

November 10, 2011

November 10, 2011
Phoenix, AZ

Credit Suisse 2011
Healthcare Conference

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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, 2010, and subsequent SEC filings.

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

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.

Mission Statement
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We Will Offer The Highest Quality
Laboratory Testing and Most
Compelling Value to Our
Customers
We Will Execute This Mission
Through Our Five Pillar Strategy

Five Pillar Strategy
Pillar One
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Deploy Cash to Enhance
Footprint and Test Menu
and to Buy Shares

Five Pillar Strategy—Pillar One
Strong Cash Generation
Strong Cash Generation
Cash Flow
• 6-year FCF CAGR of 9.4%
• Strategic acquisitions
• $3.7 B share repurchase
since 2004 (through Q3 2011)
Note: $ in millions and Free Cash Flow is a non-GAAP metric
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Five Pillar Strategy—Pillar One
Impressive FCF Trend
Free Cash Flow Per Share
• 6-year FCF Per Share CAGR of 16.1%
• 2011 FCF Yield range of
approximately 8% to 10%
through Q3
Note: Free Cash Flow Per Share and Free Cash Flow Yield are non-GAAP metrics
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Five Pillar Strategy—Pillar One

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*

Five Pillar Strategy—Pillar One
Key Uses of Cash
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Key Uses of Cash

- Acquisitions
- Genzyme Genetics
- Westcliff (LabWest, Inc)
- DCL
- Share Repurchase
- $337 million in 2010
- $478 million through Q3 2011

Five Pillar Strategy—Pillar One
Genzyme Genetics Aquisition
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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

Five Pillar Strategy—Pillar One
Importance of Genetics
• Preconception
• Pre- and post-natal
• Identification of disease carriers
• Identification of disease predisposition
• Diagnosis of genetically caused or influenced conditions (eg, developmental delay)
• Disease prognosis and treatment (especially cancer)

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• 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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Five Pillar Strategy—Pillar One
Importance of Oncology

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Five Pillar Strategy
Pillar Two
Enhance IT Capabilities
To Improve Physician
and Patient Experience

Five Pillar Strategy—Pillar Two
LabCorp Beacon™ | Physician Experience
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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

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Unified Results

•Centralizes Lab Connectivity

View lab reports from DIANON Systems, Esoterix, LabCorp, Litholink, US Labs, 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

Five Pillar Strategy—Pillar Two

LabCorp Beacon™ | Physician Experience

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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 results for phone or email follow up

Five Pillar Strategy—Pillar Two

LabCorp Beacon™ | Physician Experience

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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

Five Pillar Strategy—Pillar Two

LabCorp Beacon™ | Physician Experience

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AccuDraw Integration

•Reduce Errors

•Reduce Training Time

•Proven Results

Success in LabCorp Patient Service Centers will be extended to customers

Online Appointment Scheduling

•Patient Convenience

•Improved Service Experience

•2011 Enhancements Will Improve Collections at the Time of Scheduling

Five Pillar Strategy—Pillar Two

LabCorp Beacon™ | Patient Experience

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Five Pillar Strategy
Pillar Three
Continue to Improve
Efficiency to Offer the
Most Compelling Value
in Laboratory Services

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• Standardized lab and billing IT systems
• Automation of pre-analytics
• Supply chain optimization
• Sysmex fully automated hematology operations
• Consistent gross margin improvement (net of acquisitions)
• Full year bad debt reduction of 50bp in 2010 and an additional reduction of 25bp in Q3 of 2011

Five Pillar Strategy—Pillar Three
Most Efficient Provider

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Five Pillar Strategy
Pillar Four
Scientific Innovation At
Appropriate Pricing

Partner	Clinical Area
ARCA biopharma	Companion Diagnostics (Cardiovascular Disease)
BG Medicine	Cardiovascular Disease
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)
University of Minnesota	Lupus
Veridex	Prostate Cancer
Yale University	Ovarian Cancer (exclusive)

Five Pillar Strategy—Pillar Four

Scientific Innovation

- Introduction of new tests
- Acquisitions and licensing
- Collaborations with leading companies and academic institutions

"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

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Five Pillar Strategy—Pillar Four
Scientific Innovation

• 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 acquisition
• Global clinical trials capability
• Presence in China

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Five Pillar Strategy
Pillar Five
Alternative Delivery
Models

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

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Excellent Performance

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Our Results

• Profitable revenue growth

• United contract extended through the end of 2018

• Esoteric growth

• Acquisitions

• Improved IT and client connectivity

• Beacon order entry rollout

• Completed the Patient Portal

• Enhanced experience for physicians and patients

• Continued scientific leadership

• Clearstone acquisition

• IL-28B

• New offerings in Women's Health and companion diagnostics

• Maintained price

• Managed care stability

• Strong results

Recent Accomplishments

Note: During both the first quarter of 2010 and the first quarter of 2011, inclement weather reduced Adjusted EPS Excluding Amortization by approximately eight cents

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Third Quarter and YTD 2011 Results

	Three Months Ended Sep 30,			Nine Months Ended Sep 30,		
	2011	2010	+/(-)	2011	2010	+/(-)
Revenue	$ 1,404.5	$ 1,276.5	10.0%	$ 4,176.2	$ 3,708.5	12.6%
Adjusted Operating Income (1)	$ 263.5	$ 250.1	5.4%	$ 806.8	$ 764.1	5.6%
Adjusted Operating Income Margin (1)	18.8%	19.6%	-80 bp	19.3%	20.6%	-130 bp
Adjusted EPS Excluding Amortization (1)	$ 1.61	$ 1.58	1.9%	$ 4.80	$ 4.54	5.7%
Operating Cash Flow (2)	$ 176.8	$ 176.2	0.3%	$ 577.0	$ 624.4	-7.6%
Less: Capital Expenditures	$ (40.4)	$ (34.3)	17.8%	$ (115.6)	$ (93.3)	23.9%
Free Cash Flow	$ 136.4	$ 141.9	-3.9%	$ 461.4	$ 531.1	-13.1%

(1) See Reconciliation of non-GAAP Financial Measures (included herein)
(2) Operating Cash Flow was reduced by $49.5 million as a result of the Hunter Labs settlement

Operating Cash Flow	$ 176.8	$ 577.0
Hunter Labs settlement	$ 49.5	$ 49.5
Adjusted Operating Cash Flow	$ 226.3	$ 626.5

Key Points
• Critical position in health care delivery system
• Attractive market
• Consistent strategy
• Excellent cash flow deployed to enhance strong competitive position
• IT innovation to improve physician and patient experience
• Most efficient provider delivering greatest value
• Scientific leadership
• Alternative delivery models
• Track record of execution and success
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 Sep 30,	
Adjusted Operating Income	2011	2010
Operating income	$ 239.4	$ 235.3
Restructuring and other special charges (1) (2)	24.1	14.8
Adjusted operating income	$ 263.5	$ 250.1
Adjusted EPS Excluding Amortization		
Diluted earnings per common share	$ 1.31	$ 1.34
Impact of restructuring and other special charges (1) (2)	0.17	0.13
Amortization expense	0.13	0.11
Adjusted EPS Excluding Amortization (3)	$ 1.61	$ 1.58

1) During the third quarter of 2011, the Company recorded net restructuring and other special charges of $24.1 million, consisting of $7.9 million in severance related liabilities and $16.2 million in net facility-related costs primarily associated with ongoing integration of the Clearstone, Genzyme Genetics and Westcliff acquisitions. The after tax impact of these charges decreased net earnings for the three months ended September 30, 2011, by $16.9 million and diluted earnings per share by $0.17 ($16.9 million divided by 102.2 million shares).

During the first two quarters of 2011, the Company recorded restructuring and other special charges of $81.8 million. The restructuring charges included $10.9 million in net severance and other personnel costs along with $20.5 million in net facility-related costs primarily associated with the ongoing integration of the Genzyme Genetics and Westcliff acquisitions. The special charges also include $34.5 million ($49.5 million, net of previously recorded reserves of $15.0 million) relating to the settlement of the Hunter Labs litigation in California, along with $1.1 million for legal costs associated with the planned acquisition of Orchid Cellmark incurred during the second quarter of 2011, both of which were recorded in Selling, General and Administrative Expenses in the Company’s Statement of Operations. The charges also included a $14.8 million write-off of an investment made in a prior year.

For the nine months ended September 30, 2011, the after tax impact of these combined charges decreased net earnings by $66.3 million and diluted earnings per share by $0.65 ($66.3 million divided by 102.3 million shares).

2) 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 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).

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.

For the nine months ended September 30, 2010, the after tax impact of these combined charges decreased net earnings by $19.1 million and diluted earnings per share by $0.18 ($19.1 million divided by 105.4 million shares).

3) The Company continues to grow its business through acquisitions and uses 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 September 30, 2011 and 2010, intangible amortization was $21.2 million and $18.0 million, respectively ($13.0 million and $11.0 million net of tax, respectively) and decreased EPS by $0.13 ($13.0 million divided by 102.2 million shares) and $0.11 ($11.0 million divided by 104.1 million shares), respectively. For the nine months ended September 30, 2011 and 2010, intangible amortization was $64.6 million and $53.1 million respectively ($39.5 million and $32.5 million net of tax, respectively) and decreased EPS by $0.39 ($39.5 million divided by 102.3 million shares) and $0.31 ($32.5 million divided by 105.4 million shares), respectively.

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Reconciliation of non-GAAP Financial Measures

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

	Nine Months Ended Sep 30,	
Adjusted Operating Income	2011	2010
Operating income	$ 700.9	$ 740.0
Restructuring and other special charges (1) (2)	105.9	24.1
Adjusted operating income	$ 806.8	$ 764.1
Adjusted EPS Excluding Amortization		
Diluted earnings per common share	$ 3.76	$ 4.05
Impact of restructuring and other special charges (1) (2)	0.65	0.18
Amortization expense	0.39	0.31
Adjusted EPS Excluding Amortization (3)	$ 4.80	$ 4.54

1) During the third quarter of 2011, the Company recorded net restructuring and other special charges of $24.1 million, consisting of $7.9 million in severance related liabilities and $16.2 million in net facility-related costs primarily associated with ongoing integration of the Clearstone, Genzyme Genetics and Westcliff acquisitions. The after tax impact of these charges decreased net earnings for the three months ended September 30, 2011, by $16.9 million and diluted earnings per share by $0.17 ($16.9 million divided by 102.2 million shares).

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For the nine months ended September 30, 2010, the after tax impact of these combined charges decreased net earnings by $19.1 million and diluted earnings per share by $0.18 ($19.1 million divided by 105.4 million shares).

3) The Company continues to grow its business through acquisitions and uses 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 September 30, 2011 and 2010, intangible amortization was $21.2 million and $18.0 million, respectively ($13.0 million and $11.0 million net of tax, respectively) and decreased EPS by $0.13 ($13.0 million divided by 102.2 million shares) and $0.11 ($11.0 million divided by 104.1 million shares), respectively. For the nine months ended September 30, 2011 and 2010, intangible amortization was $64.6 million and $53.1 million respectively ($39.5 million and $32.5 million net of tax, respectively) and decreased EPS by $0.39 ($39.5 million divided by 102.3 million shares) and $0.31 ($32.5 million divided by 105.4 million shares), respectively.

Laboratory Corporation of America
Other Financial Information
FY 2009, FY 2010 and Q1-Q3 2011

	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11
Bad debt as a percentage of sales	5.3%	5.3%	5.3%	5.3%	5.0%	4.8%	4.8%	4.7%	4.7%	4.7%	4.5%
Days sales outstanding	52	50	48	44	46	45	44	46	47	46	46
A/R coverage (Allow. for Doubtful Accts. / A/R)	19.5%	20.6%	21.9%	23.2%	21.7%	20.7%	20.4%	18.5%	19.4%	20.6%	21.1%