

## 2008 - A Year of Strong Performance



January 26, 2009

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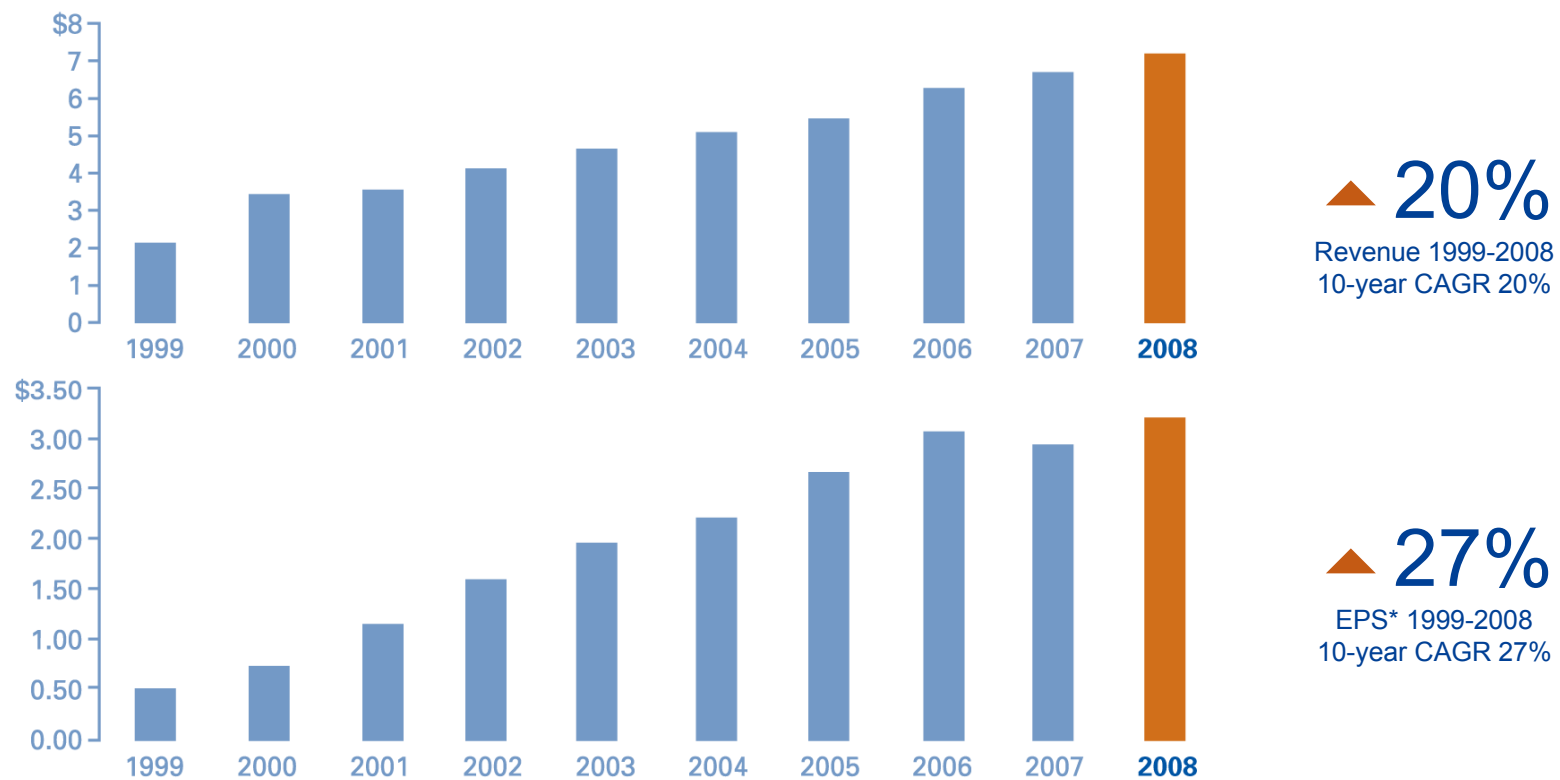


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“2008 was a year of solid performance, and our business is healthy and growing. We delivered strong revenue and earnings growth, despite the current economic environment. I am very pleased with our continued progress, and expect continued growth in both revenues and earnings in 2009.”

Surya N. Mohapatra, Ph.D.  
Chairman and Chief Executive Officer

# History of Strong Growth



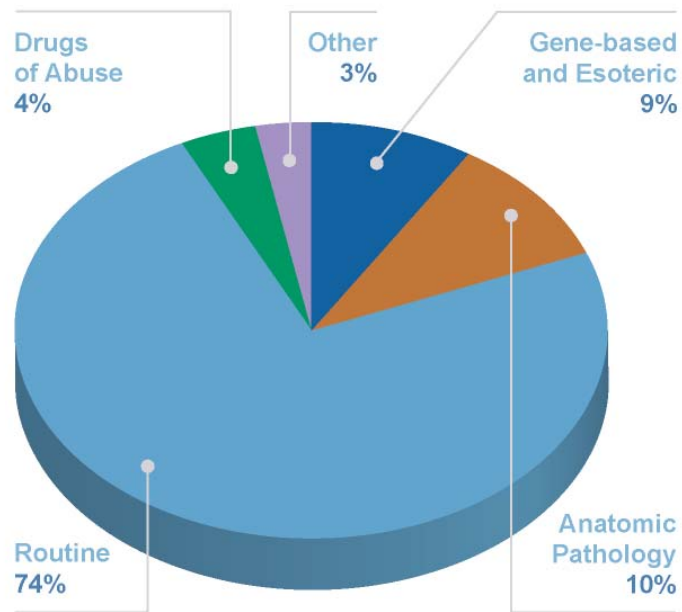
\$ in Billions except EPS  
\*EPS is from continuing operations

Patients | Growth | People



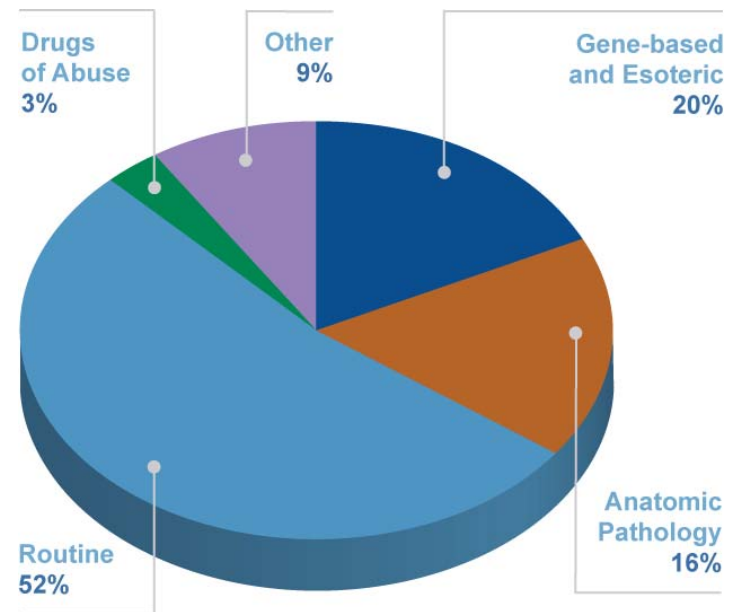
# Moving to Higher Growth, Higher Margin Testing Segments

2000 Revenue



Total Revenue: \$3.4 Billion

2008 Revenue



Total Revenue: \$7.2 Billion

## Our Longer Term Goals

Undisputed World Leader in Diagnostic Testing,  
Information and Services

Profitably Grow > Industry Rate

Expand Operating Income to 20% of Revenues

Expand International Operations to ~10% of Revenues

# Strategy to Drive Profitable Growth

## Sustainable Competitive Advantage

Deliver Superior Patient Experience

Continuously Drive Six Sigma Quality

Lead in Medical Innovation/Information

Leverage Unparalleled Assets & Capabilities

Expand Diagnostic Scope

Expand Geographic Reach



# Solid Q4 2008 Performance

## Continuing Operations

(\$ in millions – except EPS)

	\$	Δ 2007
Revenues	\$1,800	+1.7%
- Rev/Req		+2.8%
- Volume		- 0.4%
Operating Income	\$ 317	+1.6%
- % of Revenues	17.6%	—
Earnings	\$170	+10%
Diluted EPS	\$0.87	+10%
Operating Cash	\$363	+2%

## Q4 Discussion Points

Revenues impacted by:

Improved test mix

Reduced drugs of abuse testing

Lab management contracts

\$16 charge reduced operating income % by ~1% and EPS \$0.05

Tax contingency resolution increased EPS \$0.05



# Strong Full Year 2008 Results

## Continuing Operations

(\$ in millions – except EPS)

	<u>\$</u>	<u>Δ 2007</u>
Revenues	\$7,249	+8.1%
- Rev/Req		+5.5%
- Volume		+2.7%
Operating Income	\$1,222	+12%
- % of Revenues	16.9%	+0.6%
Earnings	\$632	+14%
Diluted EPS	\$3.23	+14%
Operating Cash	\$1,063	+15%

## FY Discussion Points

Revenues impacted by:

AmeriPath acquisition (+5%)

Improved test mix

Reduced drugs of abuse testing

Improvement driven by top-line growth and efficiencies



# 2008 – A Year of Considerable Accomplishments

## Financial

- 8.1% Revenue growth
- 14% Earnings growth
- 0.6% Margin expansion
- \$ 1.1B Cash from operations
- \$300M Annualized cost savings, on track for \$500M savings

## Corporate Recognition

- ✓ Joined list of Fortune's Most Admired Companies
- ✓ Dow Jones Sustainability Indexes
- ✓ "Best Employer for Healthy Lifestyles" by National Business Group on Health

## Patient Experience

- ✓ Empowering patients by providing lab results through Google Health™
- ✓ Blueprint for Wellness™ available directly to consumers through web and expanded employer access
- ✓ Expanded use of popular Patient Appointment Scheduling

# 2008 – A Year of Considerable Accomplishments

## Medical Leadership

- ✓ 20% growth in gene-based, esoteric and AP revenues
- ✓ Gene-based, esoteric and AP is 36% of revenues
- ✓ Launched HE4 -- FDA cleared test to monitor women with ovarian cancer
- ✓ Expanded Leumeta™ test offering to 22 tests
- ✓ Introduced KRAS -- assists treatment decisions for lung and colon cancer patients
- ✓ Licensed Septin 9 biomarker -- developing plasma-based colorectal cancer test
- ✓ Introduced first commercially available test for Chikungunya
- ✓ Launched UroRisk and StoneRisk – gold standard for kidney stone evaluation
- ✓ Introduced age-related macular degeneration susceptibility test
- ✓ Acquired additional biomarker capability to aid development of companion diagnostics



# 2008 – A Year of Considerable Accomplishments

## Unparalleled Assets

- ✓ Added 15,000 physician Care360™ users, bringing total to >140,000
- ✓ Increased medication e-prescribing volume ~120% to annualized rate of 4.5 million
- ✓ ChartMaxx™ named “Best in KLAS”
- ✓ Completed implementation of clinical portal for 7 Health Information Exchanges

## International & Product Expansion

- ✓ International presence
  - Obtained cervical cancer testing contract with National Cancer Screening Service of Ireland
  - Launched India lab, received CAP, NABL and NGSP Level 1 certification
- ✓ Point of Care and Near Patient Testing
  - Received CLIA waiver for HemoCue Micro-albumin test
  - Launched [DoYouHaveTheGuts.com](http://DoYouHaveTheGuts.com) to increase colorectal cancer awareness

## Continued Revenue & Earnings Growth

Revenues	↑ ~3%
Operating Income %	approaching 18%
EPS	\$3.50 - \$3.70, ↑ 8% - 15%
Cash from Operations *	~\$1 billion
CapEx	~\$200 million

## Improving Operational Efficiencies

\*Excludes expected payment of the \$316 million reserve established for the previously disclosed NID matter

Clear Leader in an Attractive and Growing Industry

Differentiated Offering

Bi-focal Business Approach— Doing What is Right in the Short Term and Planning for the Long Term

Operationally and Financially Strong

Committed to Driving Superior Shareholder Returns

