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Laboratory Corp. of America Holdings Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Thank you, sir. [Operator Instructions] And your first question will come from the line of Robert Willoughby with Banc Of America Securities. Please proceed.

Bob Willoughby - Banc of America Securities

Good morning. Brad, just a question on the United payments, I think you mentioned a \$38 million number there in the K somewhere, do we tack on another \$10 million or so for the fourth quarter and assume that's kind of the run rate over the next three years and that can gradually decline?

William B. Hayes - Chief Financial Officer, Executive Vice President, Treasurer

Bob, I think at this point, that's a little bit, I would not do that. We still think there is an opportunity for us to decline. We did not change our estimate in the fourth quarter for what we think the eventual liability will be, which is at the end of the third quarter was \$115 million. So, from a cash flow perspective, yes, we will have that paid down in 2008 that fourth quarter that you mentioned. But in terms of a run rate, we're comfortable at the \$115 million for now but we think based on the trend that we would hope to do better in that line.

Bob Willoughby - Banc of America Securities

Okay, great. And just as it relates to the JV, what economically changed that mix you want to step up and consolidate it today versus six months ago?

William B. Hayes - Chief Financial Officer, Executive Vice President, Treasurer

I'm not sure that economically there was a change more so than an opportunity for us to purchase additional units and the resulting change in the partnership agreement, it has always been a nice part of our business that hasn't been very evident in our financial segments based on the way that was accounted for. So it's more of a change and just that opportunity was there and we decided to act on it.

Bob Willoughby - Banc of America Securities

Well, the opportunity wasn't there a while ago, it was just you would have done and had you have been able to do it earlier?

David P. King - President, Chief Executive Officer, Director

Bob, it's Dave. We have for a considerable period of time desired to increase our share of the partnership and we have been negotiating with our partners to be able to do that and the transaction came to fruition in January, but this has been something that we have complemented for a lengthy period of time.

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