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## Laboratory Corp. of America Holdings Q3 2008 Earnings Conference Call Transcript

### Question-and-Answer Session

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[Operator Instructions]. Your first question comes from the line of Adam Feinstein of Barclays Capital.

**Adam Feinstein - Barclays Capital**

Okay. Thank you. Good morning, everyone.

**David P. King - President and Chief Executive Officer**

Good morning.

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

Good morning.

**Adam Feinstein - Barclays Capital**

Just had a few questions here. Maybe just starting with volumes. Just curious to get your thoughts in terms of what the biggest change relative to the second quarter... you spoke about the extra business day, but even backing that out it is still better than what we would have thought. I guess curious to get your thoughts in terms of how you compare Q3 relative to Q2 on the volume front? And then a couple follow-up questions.

**David P. King - President and Chief Executive Officer**

I think a couple things happened. One, as you remember, we annualized the loss of Aetna in the beginning of Q3, so that provided some volume improvement. Second, as I mentioned I think going back to our first quarter call, when we began to see impact on volume, we began re-deploying our sales force and focusing very heavily on wellness testing and also on physician specialties that we felt the patients would have less discretion in coming to see the doctor. So areas like cancer, endocrinology, rheumatology and I think what you are seeing in this quarter, is that those efforts have been productive, and we are very pleased obviously with the volume improvement.

**Adam Feinstein - Barclays Capital**

Okay. Good. And just maybe with respect to UNH just curious there, any update on the Sierra business? Just curious in terms of pricing escalators I believe you had for that contract that would kick-in over time? Just curious if we will start to see that in the Q4?

**David P. King - President and Chief Executive Officer**

I don't have any update on the Sierra business at this point. We did have a price increase that took effect on October 1st. So we will see some positive price impact from that United increase in Q4.

**Adam Feinstein - Barclays Capital**

Okay. Great. And then just generally speaking in terms of pricing, it seems like the outlook is definitely better than it was a year... this time last year, and just curious to get your thoughts in terms of managed care contracting in a general... obviously last year was a very big year. It seems like things are very stable now. Just curious to get any updates in terms of what you guys are hearing, and as you look it up a year... look forward to future rate increases.

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