

LABORATORY CORP OF AMERICA HOLDINGS
Form 10-Q
April 28, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-11353

LABORATORY CORPORATION OF
AMERICA HOLDINGS
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

13-3757370
(I.R.S. Employer Identification No.)

358 South Main Street,
Burlington, North Carolina
(Address of principal executive offices)

27215
(Zip Code)

(Registrant's telephone number, including area code) 336-229-1127

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (paragraph 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated Filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

The number of shares outstanding of the issuer's common stock is 104.0 million shares, net of treasury stock as of April 22, 2010.

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PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)

(unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 172.2	\$ 148.5
Accounts receivable, net of allowance for doubtful accounts of \$169.9 and \$173.1 at March 31, 2010 and December 31, 2009, respectively	614.3	574.2
Supplies inventories	82.5	90.0
Prepaid expenses and other	74.3	80.1
Deferred income taxes	37.7	42.8
Total current assets	981.0	935.6
Property, plant and equipment, net	488.4	500.8
Goodwill, net	1,911.1	1,897.1
Intangible assets, net	1,382.1	1,342.2
Investments in joint venture partnerships	69.2	71.4
Other assets, net	102.4	90.7
Total assets	\$4,934.2	\$4,837.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 169.3	\$ 183.1
Accrued expenses and other	347.1	275.7
Noncontrolling interest	--	142.4
Short-term borrowings and current portion of long-term debt	370.0	417.2
Total current liabilities	886.4	1,018.4
Long-term debt, less current portion	958.3	977.2
Deferred income taxes and other tax liabilities	604.0	577.7
Noncontrolling interest	145.6	--
Other liabilities	161.3	158.4
Total liabilities	2,755.6	2,731.7
Commitments and contingent liabilities	--	--
Noncontrolling interest	20.2	--
Shareholders' equity		
Common stock, 104.2 and 105.3 shares outstanding at March 31, 2010 and December 31, 2009, respectively	12.4	12.5
Additional paid-in capital	--	36.7

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Retained earnings	3,002.7	2,927.9
Less common stock held in treasury	(934.9)	(932.5)
Accumulated other comprehensive income	78.2	61.5
Total shareholders' equity	2,158.4	2,106.1
Total liabilities and shareholders' equity	\$4,934.2	\$4,837.8

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS(in millions, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2010	2009
Net sales	\$1,193.6	\$1,155.7
Cost of sales	686.7	666.3
Gross profit	506.9	489.4
Selling, general and administrative expenses	246.0	233.8
Amortization of intangibles and other assets	17.4	15.1
Restructuring and other special charges	9.3	--
Operating income	234.2	240.5
Other income (expenses):		
Interest expense	(14.6)	(17.0)
Income from joint venture partnerships, net	3.8	2.8
Investment income	0.3	0.4
Other, net	(0.6)	