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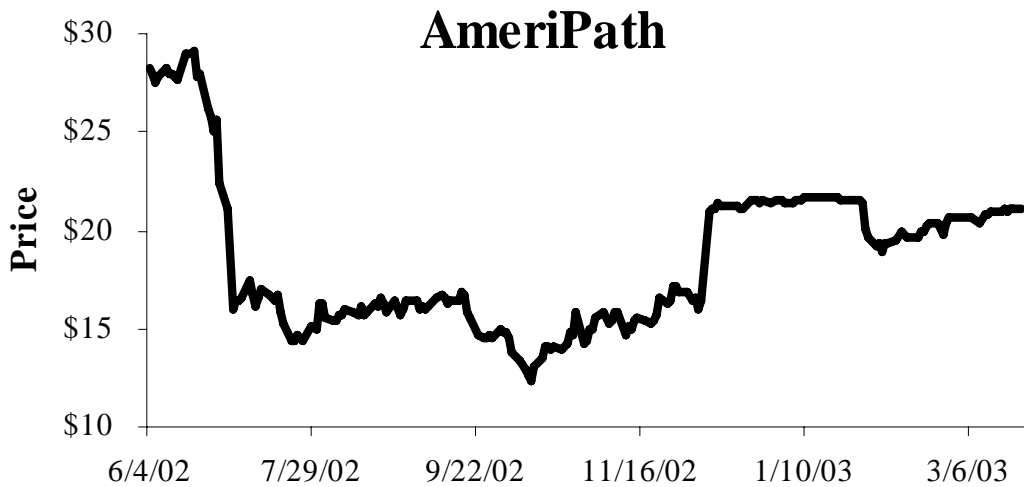
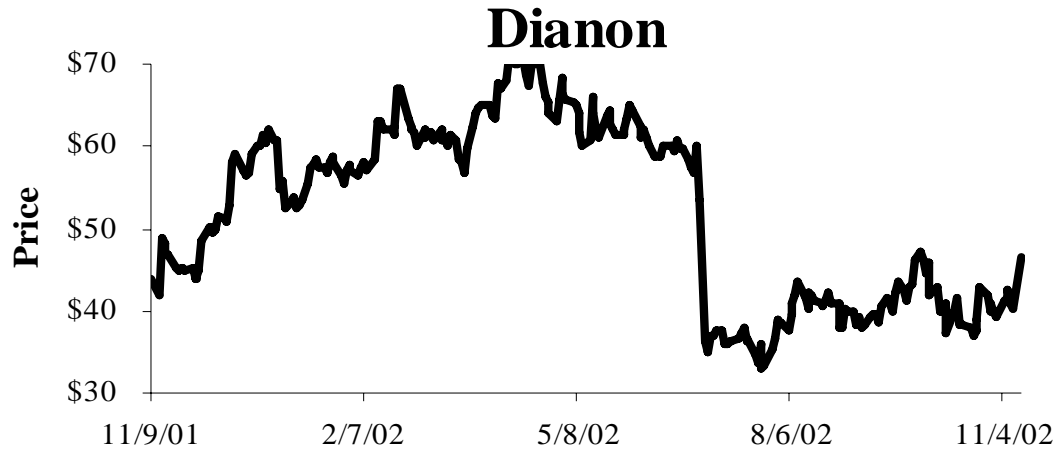
# **Anatomic Pathology: A Wall Street Perspective**

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**The stock market tends to under-appreciate  
the value of AP...**

# Pre-acquisition stock performance



# Acquisition Premiums

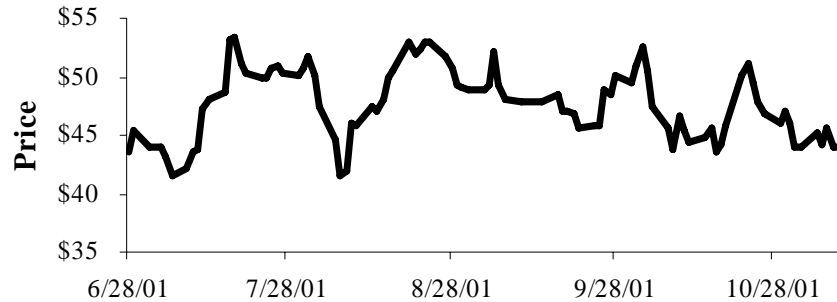
<b>Takeout Premiums</b>	<b>UCOR</b>	<b>DIAN</b>	<b>PATH</b>
Date of Acquisition Announcement	Jun-01	Nov-02	Mar-07
Price Prior To Acquisition Announcement <sup>1</sup>	\$12.40	\$40.85	\$16.45
Takout Price	\$16.26	\$47.50	\$21.25
<b>Takout Premium</b>	<b>31.1%</b>	<b>16.3%</b>	<b>29.2%</b>

(1) UroCor's price is based on the 90-day average prior to announcement

Source: FactSet

# Post-acquisition stock performance

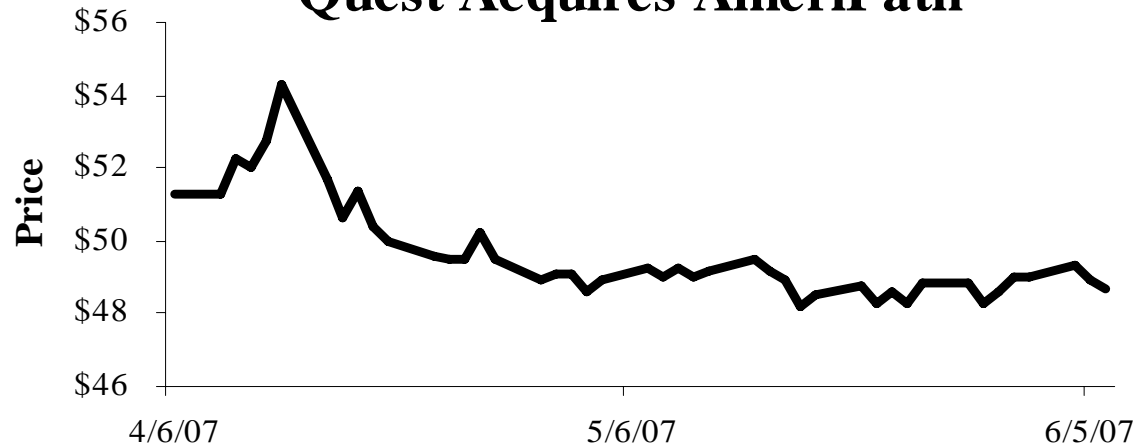
## Dianon Acquires UroCor



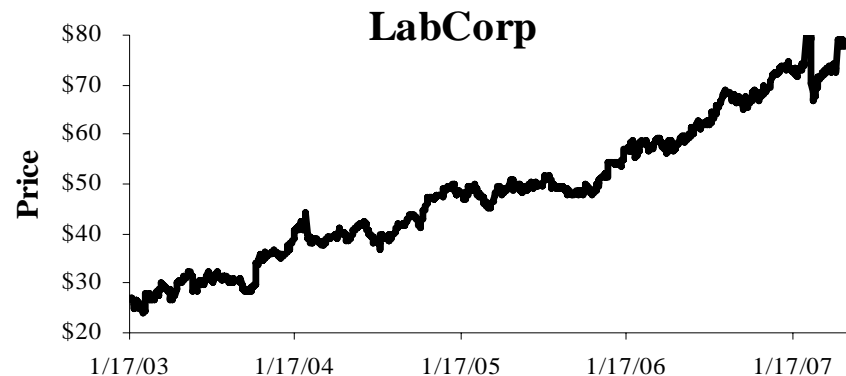
## LabCorp Acquires Dianon



## Quest Acquires AmeriPath



# Post closing stock performance



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## AmeriPath Transactions

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Welsh Carson purchase price for AmeriPath (3/27/03)	\$839.4
Welsh Carson sale price for AmeriPath (5/31/07)	<u>\$2,000.0</u>
Welsh Carson Return on Investment	138.3%
Welsh Carson CAGR	23.1%

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Note: \$ in Millions

Source: AmeriPath and Quest Diagnostics, Inc.

# What the market believes

- Can't manage docs
- Lab tests are a commodity
- Managed care has the upper hand
- Medicare won't tolerate high margins
- Promise of new tests is mostly hype

# What we believe the market is missing

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## Potential Cost Saving Synergies - AmeriPath

	Low	Med	High
<i>Near-Term</i>			
Reducing PATH SG&A	\$36	\$48	\$60
Improving PATH Bad Debt	\$9	\$18	\$27
Reducing Freight and Courier	\$4	\$7	\$9
<i>Long-Term</i>			
Lab Consolidation	\$15	\$20	\$25
Pathologist Count Reduction	\$6	\$8	\$10

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Note: \$ in Millions

Source: Company reports and Wachovia Capital Markets, LLC estimates

# Quest has a pretty good track record

## DGX Acquisition History

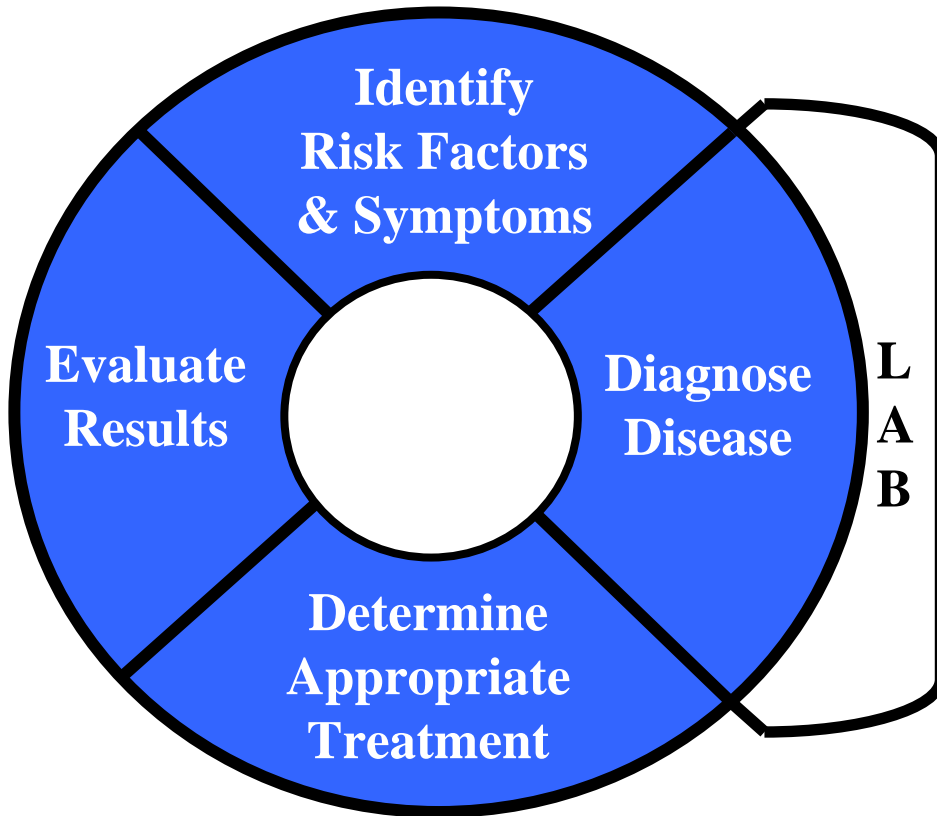
	PATH	LABS	ULAB	AML	SKB
Date of Transaction Close	'07	Nov-05	Feb-03	Apr-02	Aug-99
Purchase Price	\$2,000.000	\$900.000	\$1,100.000	\$500.000	\$1,300.000
Financing	Cash	Cash	Cash/Stock	Cash	Cash/Stock
TTM Revenue of Acquired Entity at Announcement	\$752.000	\$490.000	\$390.000	\$300.000	\$1,600.000
Multiple Paid on Revenue (ttm)	2.7x	1.8x	2.8x	1.7x	0.8x
TTM EBITDA of Acquired Entity at Announcement	\$115.000	\$68.000	\$60.000	\$40.000	
Multiple Paid on EBITDA (ttm)	17.4x	13.2x	18.3x	12.5x	
Projected Synergies At Close		\$30.000	\$30.000	\$15.000	\$100.000
Synergies Achieved		\$40.000	\$30.000	\$15.000	\$150.000

Note: \$ in Millions

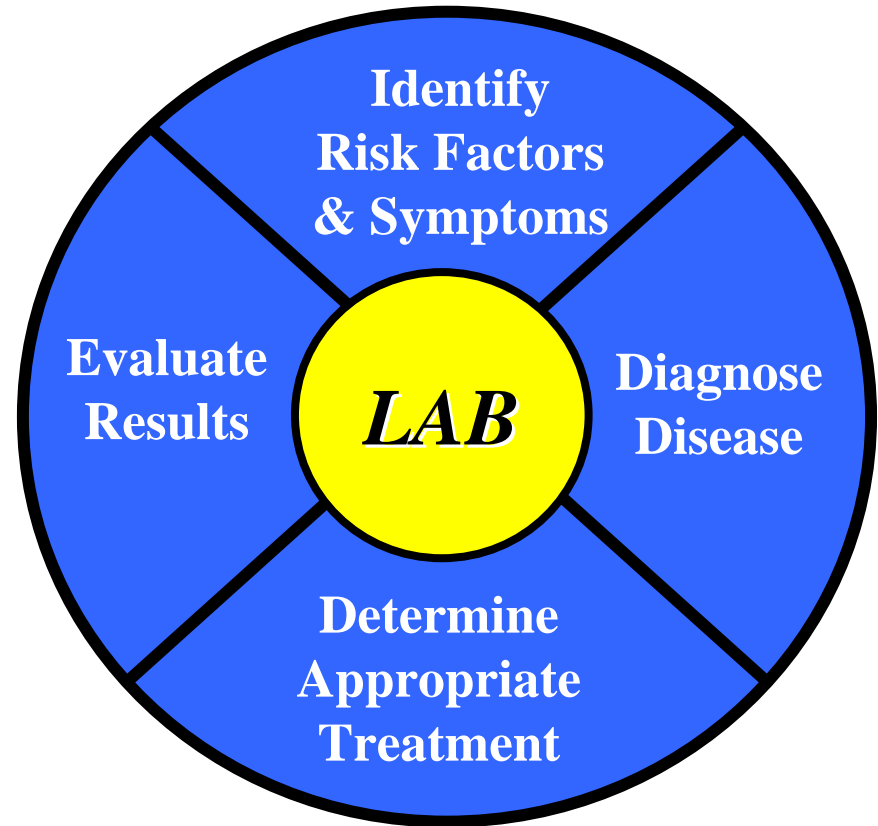
Source: Company reports and Wachovia Capital Markets, LLC estimates

# What else the market is missing

## Old Paradigm



## New Paradigm



# Though timing is always a question...

“In particular, we expect that developments in molecular genetics will lead to explosive growth in testing to determine whether specific therapies may be appropriate for specific patients”

Some Wall Street Analyst  
October, 2000

**Questions or comments?**

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