

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal laboratories (listed alphabetically by state) are located in or near the following metropolitan areas. In certain areas, we have more than one principal laboratory facility as a result of recent acquisitions.

<u>Location</u>	<u>Leased or Owned</u>
Phoenix, Arizona	Leased by Joint Venture
Los Angeles, California (3)	One owned, two leased
Sacramento, California	Leased
San Diego, California	Leased
San Jose, California	Leased
San Juan Capistrano, California	Owned
Denver, Colorado	Leased
New Haven, Connecticut	Owned
Washington, D.C. (Chantilly, Virginia)	Leased
Miami, Florida (2)	One owned, one leased
Tampa, Florida	Owned
Atlanta, Georgia	Owned
Chicago, Illinois (2)	One owned, one leased
Indianapolis, Indiana	Leased by Joint Venture
Kansas City, Kansas	Leased
Lexington, Kentucky	Owned
Louisville, Kentucky	Leased
New Orleans, Louisiana	Owned
Baltimore, Maryland	Owned
Boston, Massachusetts	Leased
Detroit, Michigan	Leased
St. Louis, Missouri	Owned
Las Vegas, Nevada	Owned
New York, New York (Teterboro, New Jersey)	Owned
Long Island, New York	Leased
Cincinnati, Ohio	Owned
Dayton, Ohio	Leased by Joint Venture
Oklahoma City, Oklahoma	Leased by Joint Venture
Portland, Oregon	Leased
Erie, Pennsylvania	Leased by Joint Venture
Philadelphia, Pennsylvania	Leased
Pittsburgh, Pennsylvania	Leased
Nashville, Tennessee	Leased
Dallas, Texas	Leased
Houston, Texas	Leased
Seattle, Washington	Leased

Our executive offices are located at a leased facility in Lyndhurst, New Jersey. We also lease a site in Norristown, Pennsylvania, that serves as a billing center; a site in Tampa, Florida that serves as a billing call center; a site in Lee's Summit, Missouri that serves as a call center for our risk assessment services business; a site in San Clemente, California, that serves as the main facility for Nichols Institute Diagnostics; a site in Cincinnati that serves as the main office for MedPlus; a site in Northgate, California that serves as an administrative office for our clinical trials business; and we are in the process of transitioning our operations to leased facilities in West Hills, California, that will serve as our regional laboratory in the Los Angeles metropolitan area. We also own an administrative office in Collegeville, Pennsylvania, and a site in West Norriton, Pennsylvania, that serves as our national data center. We own our laboratory facility in Mexico City, Mexico and lease laboratory facilities in San Juan, Puerto Rico, and Heston, England. We believe that, in

general, our laboratory facilities are suitable and adequate for our current and anticipated future levels of operation. We believe that if we were unable to renew a lease on any of our testing facilities, we could find alternative space at competitive market rates and relocate our operations to such new location.

Item 3. Legal Proceedings

In addition to the investigations described in “Business – Government Investigations and Related Claims”, we are involved in various legal proceedings arising in the ordinary course of business. Some of the proceedings against us involve claims that are substantial in amount. Although we cannot predict the outcome of such proceedings or any claims made against us, we do not anticipate that the ultimate outcome of the various proceedings or claims will have a material adverse effect on our financial condition, but may be material to our results of operations and cash flows in the period in which the impact of such matters is determined or paid.

Item 4. Submission of Matters to a Vote of Security Holders

None.