

**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 June 30, 2023

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**

**13-3757370**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**358 South Main Street**

**Burlington,**

**North Carolina**

**27215**

(Address of principal executive offices)

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Exchange Act.

Title of Each Class	Trading Symbol	Name of exchange on which registered
Common Stock, \$0.10 par value	LH	New York Stock Exchange

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 88.6 million shares as of August 3, 2023.

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**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements (unaudited)**

**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in millions)  
(unaudited)

	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,930.6	\$ 320.6
Accounts receivable, net	1,904.8	1,785.5
Unbilled services	137.8	211.8
Supplies inventory	487.8	470.6
Prepaid expenses and other	659.9	610.4
Current assets of discontinued operations	—	1,226.1
Total current assets	5,120.9	4,625.0
Property, plant and equipment, net	2,762.1	2,794.1
Goodwill, net	6,182.2	6,123.7
Intangible assets, net	3,154.1	3,123.6
Joint venture partnerships and equity method investments	67.2	65.7
Deferred income taxes	6.4	6.4
Other assets, net	425.8	378.4
Long-term assets of discontinued operations	—	3,038.2
Total assets	<u>\$ 17,718.7</u>	<u>\$ 20,155.1</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 713.1	\$ 852.2
Accrued expenses and other	657.8	787.0
Unearned revenue	349.7	310.6
Short-term operating lease liabilities	154.8	163.8
Short-term finance lease liabilities	6.5	6.0
Short-term borrowings and current portion of long-term debt	301.4	301.3
Current liabilities of discontinued operations	—	657.6
Total current liabilities	2,183.3	3,078.5
Long-term debt, less current portion	5,042.4	5,038.8
Operating lease liabilities	623.5	652.9
Financing lease liabilities	81.7	83.6
Deferred income taxes and other tax liabilities	564.5	543.4
Other liabilities	418.5	401.1
Long-term liabilities of discontinued operations	—	241.3
Total liabilities	8,913.9	10,039.6
Commitments and contingent liabilities		
Noncontrolling interest	19.8	18.9
Shareholders' equity:		
Common stock, 88.7 and 88.2 shares outstanding at June 30, 2023, and December 31, 2022, respectively	8.1	8.1
Additional paid-in capital	94.4	—
Retained earnings	8,836.2	10,581.7
Accumulated other comprehensive loss	(153.7)	(493.2)
Total shareholders' equity	8,785.0	10,096.6
Total liabilities and shareholders' equity	<u>\$ 17,718.7</u>	<u>\$ 20,155.1</u>

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

**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per share data)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues	\$ 3,033.7	\$ 2,923.0	\$ 6,071.5	\$ 6,067.5
Cost of revenues	2,191.5	1,980.5	4,379.2	4,042.9
Gross profit	842.2	942.5	1,692.3	2,024.6
Selling, general and administrative expenses	505.8	432.4	963.0	854.4
Amortization of intangibles and other assets	51.5	49.8	104.9	100.0
Goodwill and other asset impairments	2.8	—	5.0	1.2
Restructuring and other charges	15.8	31.5	23.3	35.0
Operating income	266.3	428.8	596.1	1,034.0
Other income (expense):				
Interest expense	(49.8)	(42.3)	(100.5)	(84.4)
Equity method income, net	0.9	1.4	(1.2)	4.8
Investment income	4.5	1.7	6.7	2.5
Other, net	(16.9)	(29.5)	(23.8)	(45.2)
Earnings from continuing operations before income taxes	205.0	360.1	477.3	911.7
Provision for income taxes	49.8	92.1	113.7	222.6
Earnings from continuing operations	155.2	268.0	363.6	689.1
Earnings from discontinued operations, net of tax	33.9	90.9	38.8	161.9
Net earnings	189.1	358.9	402.4	851.0
Less: Net earnings attributable to the noncontrolling interest	(0.2)	(0.3)	(0.6)	(0.8)
Net earnings attributable to Laboratory Corporation of America Holdings	\$ 188.9	\$ 358.6	\$ 401.8	\$ 850.2
Basic earnings per common share:				
Basic earnings per common share continuing operations	\$ 1.75	\$ 2.90	\$ 4.10	\$ 7.43
Basic earnings per common share discontinued operations	\$ 0.38	\$ 0.99	\$ 0.43	\$ 1.74
Basic earnings per common share	\$ 2.13	\$ 3.89	\$ 4.53	\$ 9.17
Diluted earnings per common share:				
Diluted earnings per common share continuing operations	\$ 1.74	\$ 2.89	\$ 4.08	\$ 7.38
Diluted earnings per common share discontinued operations	\$ 0.38	\$ 0.98	\$ 0.43	\$ 1.73
Diluted earnings per common share	\$ 2.12	\$ 3.87	\$ 4.51	\$ 9.11

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

**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS**  
**(in millions, except per share data)**  
**(unaudited)**

	<b>Three Months Ended June</b>		<b>Six Months Ended June 30,</b>	
	<b>30,</b>			
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net earnings	\$ 189.1	\$ 358.9	\$ 402.4	\$ 851.0
Foreign currency translation adjustments	51.7	(241.1)	99.8	(315.7)
Net benefit plan adjustments	1.1	0.7	2.3	2.9
Other comprehensive earnings (loss) before tax	52.8	(240.4)	102.1	(312.8)
Provision (benefit) for income tax related to items of comprehensive earnings	(0.3)	(0.2)	(0.6)	(0.8)
Other comprehensive earnings (loss), net of tax	52.5	(240.6)	101.5	(313.6)
Comprehensive earnings	241.6	118.3	503.9	537.4
Less: Net earnings attributable to the noncontrolling interest	(0.2)	(0.3)	(0.6)	(0.8)
Comprehensive earnings attributable to Laboratory Corporation of America Holdings	<u>\$ 241.4</u>	<u>\$ 118.0</u>	<u>\$ 503.3</u>	<u>\$ 536.6</u>

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

**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN**  
**SHAREHOLDERS' EQUITY**  
(in millions)  
(unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
<b>BALANCE AT DECEMBER 31, 2021</b>	\$ 8.5	\$ —	\$ 10,456.8	\$ (191.9)	\$ 10,273.4
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	491.6	—	491.6
Other comprehensive earnings (loss), net of tax	—	—	—	(73.0)	(73.0)
Issuance of common stock under employee stock plans	—	18.2	—	—	18.2
Net share settlement tax payments from issuance of stock to employees	—	(27.3)	—	—	(27.3)
Stock compensation	—	38.2	—	—	38.2
<b>BALANCE AT MARCH 31, 2022</b>	<u>\$ 8.5</u>	<u>\$ 29.1</u>	<u>\$ 10,948.4</u>	<u>\$ (264.9)</u>	<u>\$ 10,721.1</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	358.6	—	358.6
Other comprehensive earnings (loss), net of tax	—	—	—	(240.6)	(240.6)
Dividends declared	—	—	(68.6)	—	(68.6)
Issuance of common stock under employee stock plans	—	0.9	—	—	0.9
Net share settlement tax payments from issuance of stock to employees	—	(10.1)	—	—	(10.1)
Stock compensation	—	39.4	—	—	39.4
Purchase of common stock	(0.2)	(59.3)	(340.5)	—	(400.0)
<b>BALANCE AT JUNE 30, 2022</b>	<u>\$ 8.3</u>	<u>\$ —</u>	<u>\$ 10,897.9</u>	<u>\$ (505.5)</u>	<u>\$ 10,400.7</u>
<b>BALANCE AT DECEMBER 31, 2022</b>	\$ 8.1	\$ —	\$ 10,581.7	\$ (493.2)	\$ 10,096.6
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	212.9	—	212.9
Other comprehensive earnings (loss), net of tax	—	—	—	49.0	49.0
Dividends declared	—	—	(64.7)	—	(64.7)
Issuance of common stock under employee stock plans	—	27.6	—	—	27.6
Net share settlement tax payments from issuance of stock to employees	—	(20.5)	—	—	(20.5)
Stock compensation	—	40.6	—	—	40.6
<b>BALANCE AT MARCH 31, 2023</b>	<u>\$ 8.1</u>	<u>\$ 47.7</u>	<u>\$ 10,729.9</u>	<u>\$ (444.2)</u>	<u>\$ 10,341.5</u>
Net earnings attributable to Laboratory Corporation of America Holdings	\$ —	\$ —	\$ 188.9	\$ —	\$ 188.9
Other comprehensive earnings (loss), net of tax	—	—	—	52.5	52.5
Fortrea Holdings Inc. spin off	—	—	(2,018.1)	238.0	(1,780.1)
Dividends declared	—	—	(64.5)	—	(64.5)
Issuance of common stock under employee stock plans	—	26.8	—	—	26.8
Net share settlement tax payments from issuance of stock to employees	—	(18.2)	—	—	(18.2)
Stock compensation	—	38.1	—	—	38.1
<b>BALANCE AT JUNE 30, 2023</b>	<u>\$ 8.1</u>	<u>\$ 94.4</u>	<u>\$ 8,836.2</u>	<u>\$ (153.7)</u>	<u>\$ 8,785.0</u>

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

**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)  
(unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$ 402.4	\$ 851.0
Earnings from discontinued operations, net of tax	(38.8)	(161.9)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	285.0	272.7
Stock compensation	67.3	63.7
Operating lease right-of-use asset expense	85.1	87.6
Goodwill and other asset impairments	5.0	1.2
Deferred income taxes	16.2	(23.9)
Other	3.1	14.5
Change in assets and liabilities (net of effects of acquisitions and divestitures):		
Decrease (increase) in accounts receivable	(107.6)	64.6
Decrease (increase) in unbilled services	74.1	(81.6)
Increase in supplies inventory	(16.1)	(35.7)
Increase in prepaid expenses and other	(30.2)	(17.5)
Increase (decrease) in accounts payable	(160.3)	112.5
Increase in unearned revenue	34.8	29.6
Decrease in accrued expenses and other	(272.8)	(272.2)
Net cash provided by continuing operating activities	347.2	904.6
Net cash provided by discontinued operating activities	125.4	23.9
Net cash provided by operating activities	472.6	928.5
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(181.5)	(247.4)
Proceeds from sale of assets	0.2	1.1
Proceeds from sale or distribution of investments	—	0.4
Proceeds from exit from swaps	—	3.0
Investments in equity affiliates	(10.4)	(4.7)
Acquisition of businesses, net of cash acquired	(136.9)	(554.9)
Net cash used in continuing investing activities	(328.6)	(802.5)
Net cash used in discontinued investing activities	(24.7)	(13.1)
Net cash used for investing activities	(353.3)	(815.6)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from revolving credit facilities	1,420.9	—
Payments on revolving credit facilities	(1,420.9)	—
Net share settlement tax payments from issuance of stock to employees	(38.7)	(37.4)
Net proceeds from issuance of stock to employees	54.4	19.1
Dividends paid	(129.0)	(66.7)
Purchase of common stock	—	(400.0)
Other	(11.4)	(12.4)
Net cash used in continuing financing activities	(124.7)	(497.4)
Net cash provided by discontinued financing activities	1,609.1	—
Net cash provided by (used in) financing activities	1,484.4	(497.4)
Effect of exchange rate changes on cash and cash equivalents	6.3	(19.4)
Net increase (decrease) in cash and cash equivalents	1,610.0	(403.9)
Cash and cash equivalents at beginning of period	430.0	1,472.7
Less: Cash and cash equivalents of discontinued operations as of beginning of period	\$ 109.4	\$ 90.5
Cash and cash equivalents at end of period	\$ 1,930.6	\$ 978.3

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

**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(dollars and shares in millions, except per share data)**

## **1. BASIS OF FINANCIAL STATEMENT PRESENTATION**

Laboratory Corporation of America® Holdings (Labcorp® or the Company) is a global leader of innovative and comprehensive laboratory service that serves physicians, hospitals, patients and biopharmaceutical clients. The Company provides insights and advances science to improve health and improve lives through its strong diagnostics and drug development laboratory capabilities.

On June 30, 2023 (the Distribution Date), Labcorp completed the previously announced separation (the Separation) of Fortrea Holdings Inc. (Fortrea) from the Company, see Note 2 (Discontinued Operations) to the Condensed Consolidated Financial Statements. The remainder of the Drug Development segment has been renamed as the Biopharma Laboratory Services Segment. All current and historical operating results of Fortrea are presented as Discontinued Operations, net of tax, in the consolidated statement of operations. All historical assets and liabilities of Fortrea are classified as current and long-term assets of discontinued operations and current and long-term liabilities of discontinued operations in the accompanying balance sheet as of December 31, 2022. The spin-off is expected to be treated as tax-free for the Company and its shareholders for U.S. federal income tax purposes.

The Company reports its business in two segments, Diagnostics Laboratories (Dx) and Biopharma Laboratory Services (BLS). For further financial information about these segments, see Note 12 (Business Segment Information) to the Condensed Consolidated Financial Statements. During the three months ended June 30, 2023, Dx and BLS contributed approximately 77% and 23%, respectively, of revenues to the Company. During the six months ended June 30, 2023, Dx and BLS contributed approximately 78% and 22%, respectively, of revenues to the Company.

The condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries for which it exercises control. Long-term investments in affiliated companies in which the Company exercises significant influence, but which it does not control, are accounted for using the equity method. Investments in which the Company does not exercise significant influence (generally, when the Company has an investment of less than 20.0% and no representation on the investee's board of directors) are accounted for at fair value, or at cost minus impairment adjusted for observable price changes in orderly transactions for an identical or similar investment of the same issuer for those investments that do not have readily determinable fair values. All significant inter-company transactions and accounts have been eliminated. The Company does not have any significant variable interest entities or special purpose entities whose financial results are not included in the condensed consolidated financial statements.

The financial statements of the Company's operating foreign subsidiaries are measured using the local currency as the functional currency. Assets and liabilities are translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average monthly exchange rates prevailing during the period. Resulting translation adjustments are included in "Accumulated other comprehensive income (loss)."

The accompanying condensed consolidated financial statements of the Company are unaudited. In the opinion of management, all adjustments necessary for a fair statement of results of operations, cash flows, and financial position have been made. Except as otherwise disclosed, all such adjustments are of a normal recurring nature. Interim results are not necessarily indicative of results for a full year. The year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles.

The condensed consolidated financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission (SEC) and do not contain certain information included in the Company's fiscal year 2022 Annual Report on Form 10-K (Annual Report). Therefore, these interim statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report.

### ***Recent Accounting Pronouncements***

On Dec. 14, 2022, the SEC adopted significant amendments to Rule 10b5-1 under the Securities Exchange Act of 1934 and new rules and disclosure requirements associated with 10b5-1 trading plans meant to address the SEC and other industry participants' views of potential abuses under the current insider trading regime, including "cooling-off" periods for insiders, prohibitions on overlapping plans, certain insider certifications, and other requirements. The final rules became effective for the Company in the second quarter of 2023.

On May 3, 2023, the SEC adopted amendments to the disclosure requirements relating to repurchases of an issuer's equity securities, including requiring issuers to provide daily repurchase activity on a quarterly basis. These disclosures will be required in the Company's first filing that covers its first full fiscal quarter beginning on or after October 1, 2023.



**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(dollars and shares in millions, except per share data)**

On July 26, 2023, the SEC adopted amendments intended to enhance and standardize disclosures related to cybersecurity. The amendments require timely disclosure of material cybersecurity incidents and annual disclosures related to cybersecurity risk management, strategy, and governance. These annual disclosures will be required beginning with annual reports for fiscal years ending after December 15, 2023, or the Company's 2023 Annual Report on Form 10-K.

## **2. DISCONTINUED OPERATIONS**

A discontinued operation may include a component or a group of components of the Company's operations. A disposal of a component or a group of components is reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results when the following occurs: (1) a component (or group of components) meets the criteria to be classified as held for sale; (2) the component or group of components is disposed of by sale; or (3) the component or group of components is disposed of other than by sale (for example, by abandonment or in a distribution to owners in a spin-off). For any component classified as held for sale or disposed of by sale or other than by sale, qualifying for presentation as a discontinued operation, the Company reports the results of operations of the discontinued operations (including any gain or loss recognized on the disposal or loss recognized on classification as held for sale of a discontinued operation), less applicable income taxes (benefit), as a separate component in the consolidated statement of operations for current and all prior periods presented. The Company also reports assets and liabilities associated with discontinued operations as separate line items on the consolidated balance sheet for prior periods.

The spin-off of Fortrea from Labcorp was achieved through the Company's pro-rata distribution of 100% of the outstanding shares of Fortrea common stock to holders of record of Labcorp common stock. Each holder of record of Labcorp common stock received one share of Fortrea common stock for every share of Labcorp common stock held at 5:00 p.m., Burlington, North Carolina, time on June 20, 2023, the record date for the distribution.

In June 2023, Fortrea, prior to the Separation and while a subsidiary of the Company, issued \$570.0 of 7.500% senior secured notes due 2030 (the Fortrea Notes). As of June 30, 2023, the initial proceeds were held in escrow for release to Fortrea upon satisfaction of certain conditions, including completion of the Separation. The proceeds from the Fortrea Notes were used to fund cash payments of approximately \$1,600.0 to the Company in connection with the Separation. The Company does not guarantee the Fortrea Notes following the Separation. Also in June 2023, Fortrea entered into three floating secured overnight financing rate (SOFR) credit facilities totaling \$1,520.0. These are comprised of \$450.0 Revolver maturing June 30, 2028; \$500.0 Term Loan A maturing June 30, 2028; and \$570.0 Term Loan B maturing June 30, 2030.

In connection with the spin-off, all outstanding (vested and unvested) share-based awards of the Company held by Fortrea employees were adjusted and converted into awards of Fortrea common stock. In each case, the award was equitably adjusted or converted in a manner intended to preserve the aggregate intrinsic value of the original Company equity award and, other than regarding performance share awards, the terms of the equity awards, such as vesting dates, generally remain substantially the same. These conversions and adjustments did not materially impact the number of Company share-based awards outstanding. In addition, the Company entered into several agreements with Fortrea on or prior to the Distribution Date that, among other things, provide a framework for the Company's relationship with Fortrea after the spin-off, including a separation and distribution agreement, a tax matters agreement, an employee matters agreement, and a transition services agreement. These agreements contain the key provisions relating to the spin-off, including provisions relating to the principal intercompany transactions required to effect the spin-off, the conditions to the spin-off and provisions governing the relationship between Fortrea and the Company after the spin-off.

### ***Financial Information of Discontinued Operations***

Earnings from Discontinued Operations, Net of Tax in the Consolidated Statements of Operations reflect the after-tax results of Fortrea's business and Separation-related fees, and does not include any allocation of general corporate overhead expense or interest expense of the Company.

**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars and shares in millions, except per share data)

The following table summarizes the significant line items included in Earnings from Discontinued Operations, Net of Tax in the Consolidated Statements of Operations for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues	\$ 766.5	\$ 773.9	\$ 1,506.6	\$ 1,529.0
Cost of revenues	629.1	593.7	1,244.5	1,198.0
Gross profit	137.4	180.2	262.1	331.0
Selling, general and administrative expenses	85.4	53.6	184.1	95.7
Amortization of intangibles and other assets	16.0	16.6	31.9	33.5
Restructuring and other charges	4.1	12.9	3.0	22.0
Operating income	31.9	97.1	43.1	179.8
Other income (expense):				
Interest expense	(0.5)	(0.2)	(0.5)	(0.3)
Investment income	0.5	0.3	(1.2)	0.6
Other, net	8.3	19.1	4.2	24.7
Earnings before income taxes	40.2	116.3	45.6	204.8
Provision for income taxes	6.3	25.4	6.8	42.9
Net earnings attributable to Laboratory Corporation of America Holdings	<u>\$ 33.9</u>	<u>\$ 90.9</u>	<u>\$ 38.8</u>	<u>\$ 161.9</u>

The following table summarizes the carrying value of the significant classes of assets and liabilities classified as discontinued operations as of December 31, 2022:

	December 31, 2022
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 109.4
Accounts receivable, net	436.5
Unbilled services	583.6
Prepaid expenses and other	96.6
Total current assets	1,226.1
Property, plant and equipment, net	162.1
Goodwill, net	1,997.3
Intangible assets, net	823.3
Deferred income taxes	1.2
Other assets, net	54.3
Total assets	<u>\$ 4,264.3</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
Current liabilities:	
Accounts payable	\$ 82.6
Accrued expenses and other	281.8
Unearned revenue	271.5
Short-term operating lease liabilities	21.7
Total current liabilities	657.6
Operating lease liabilities	26.8
Deferred income taxes and other tax liabilities	192.8
Other liabilities	21.7
Total liabilities	898.9
Total shareholders' equity	3,365.4
Total liabilities and shareholders' equity	<u>\$ 4,264.3</u>

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### 3. REVENUES

The Company's revenues by segment and by payers/customer groups for the three and six months ended June 30, 2023, and 2022, were as follows:

	For the Three Months Ended June 30, 2023				For the Three Months Ended June 30, 2022			
	North America	Europe	Other	Total	North America	Europe	Other	Total
<b>Payer/Customer</b>								
<i>Dx</i>								
Clients	24 %	— %	— %	24 %	23 %	— %	— %	23 %
Patients	10 %	— %	— %	10 %	9 %	— %	— %	9 %
Medicare and Medicaid	8 %	— %	— %	8 %	8 %	— %	— %	8 %
Third party	35 %	— %	— %	35 %	37 %	— %	— %	37 %
<i>Total Dx revenues by payer</i>	<u>77 %</u>	<u>— %</u>	<u>— %</u>	<u>77 %</u>	<u>77 %</u>	<u>— %</u>	<u>— %</u>	<u>77 %</u>
<i>BLS</i>								
Pharmaceutical, biotechnology and medical device companies	10 %	9 %	4 %	23 %	10 %	9 %	4 %	23 %
<b>Total revenues</b>	<u>87 %</u>	<u>9 %</u>	<u>4 %</u>	<u>100 %</u>	<u>87 %</u>	<u>9 %</u>	<u>4 %</u>	<u>100 %</u>

  

	For the Six Months Ended June 30, 2023				For the Six Months Ended June 30, 2022			
	North America	Europe	Other	Total	North America	Europe	Other	Total
<b>Payer/Customer</b>								
<i>Dx</i>								
Clients	25 %	— %	— %	25 %	22 %	— %	— %	22 %
Patients	10 %	— %	— %	10 %	7 %	— %	— %	7 %
Medicare and Medicaid	8 %	— %	— %	8 %	7 %	— %	— %	7 %
Third party	35 %	— %	— %	35 %	41 %	— %	— %	41 %
<i>Total Dx revenues by payer</i>	<u>78 %</u>	<u>— %</u>	<u>— %</u>	<u>78 %</u>	<u>77 %</u>	<u>— %</u>	<u>— %</u>	<u>77 %</u>
<i>BLS</i>								
Pharmaceutical, biotechnology and medical device companies	9 %	9 %	4 %	22 %	10 %	9 %	4 %	23 %
<b>Total revenues</b>	<u>87 %</u>	<u>9 %</u>	<u>4 %</u>	<u>100 %</u>	<u>87 %</u>	<u>9 %</u>	<u>4 %</u>	<u>100 %</u>

Revenues in the U.S. were \$2,537.0 (83.6%) and \$2,449.5 (83.8%) for the three months ended June 30, 2023, and 2022, respectively, and for the six months ended June 30, 2023, and 2022, were \$5,094.4 (83.9%) and \$5,061.6 (83.4%), respectively.

#### **Accounts Receivable, Unbilled Services and Unearned Revenue**

The following table provides information about accounts receivable, unbilled services, and unearned revenue from contracts with customers:

	June 30, 2023	December 31, 2022
Dx accounts receivable	\$ 1,114.4	\$ 1,046.9
BLS accounts receivable	821.0	769.3
Less BLS allowance for doubtful accounts	(30.6)	(30.7)
<b>Accounts receivable</b>	<u>\$ 1,904.8</u>	<u>\$ 1,785.5</u>
Gross unbilled services	\$ 148.7	\$ 222.3
Less reserve for unbilled services	(10.9)	(10.5)
<b>Unbilled services</b>	<u>\$ 137.8</u>	<u>\$ 211.8</u>
<b>Unearned revenue</b>	<u>\$ 349.7</u>	<u>\$ 310.6</u>

Revenues recognized during the period that were included in the unearned revenue balance at the beginning of the period were \$20.2 and \$21.1 for the three months ended June 30, 2023 and 2022, respectively, and \$72.8 and \$56.6 for the six months ended June 30, 2023, and 2022, respectively.

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**Credit Loss Rollforward**

The Company estimates future expected losses on accounts receivable, unbilled services and notes receivable over the remaining collection period of the instrument. The rollforward for the allowance for credit losses for the six months ended June 30, 2023, is as follows:

	Accounts Receivable	Unbilled Services	Note and Other Receivables	Total
Balance as of December 31, 2022	\$ 30.7	\$ 10.5	\$ 0.7	\$ 41.9
Plus, credit loss expense	4.3	—	—	4.3
Less, write offs	(4.4)	0.4	—	(4.0)
Balance as of June 30, 2023	<u>\$ 30.6</u>	<u>\$ 10.9</u>	<u>\$ 0.7</u>	<u>\$ 42.2</u>

The credit loss expense in the first six months primarily related to the collection risk from several biotech receivable balances in the first quarter.

**4. BUSINESS ACQUISITIONS**

During the six months ended June 30, 2023, the Company closed two acquisitions for cash of \$136.9 which expanded its presence in the northeastern U.S. and Canada. The preliminary purchase considerations for these acquisitions were allocated under the acquisition method of accounting to the estimated fair market value of the net assets acquired, including approximately \$84.1 in identifiable intangible assets. A residual amount of non-tax deductible goodwill of approximately \$50.8 was recorded as of June 30, 2023. The amortization period for non-compete agreements and customer list assets acquired from these businesses are 7 and 15 years, respectively. The purchase price allocations for these acquisitions have not been finalized as of June 30, 2023. Had the Company's total 2023 acquisitions been completed as of January 1, 2023, the Company's pro forma results would not have been materially different from those reported.

During the six months ended June 30, 2023, the Company recorded several measurement period adjustments for 2022 acquisitions, relating to final valuations and deferred tax true-ups. The adjustments include the following:

	Measurement Period Adjustments During Six Months Ended June 30, 2023
Cash and cash equivalents	\$ 0.2
Prepaid expenses and other	0.6
Property, plant and equipment	(1.5)
Goodwill	(29.4)
Intangible assets	19.5
Total assets acquired	<u>\$ (10.6)</u>
Accrued expenses and other	(8.3)
Deferred income taxes	(2.3)
Total liabilities acquired	<u>(10.6)</u>
Net assets acquired	<u>\$ —</u>

During the six months ended June 30, 2022, the Company acquired several businesses and related assets for approximately \$554.9 in cash. The purchase considerations for these acquisitions were allocated under the acquisition method of accounting to the estimated fair market value of the net assets acquired, including approximately \$325.3 in identifiable intangible assets and a residual amount of non-tax deductible goodwill of approximately \$332.8. The amortization period for intangible assets acquired from this businesses range from 5 to 15 years for customer relationships and non-compete agreements. These acquisitions were made primarily to complement and accelerate the Company's existing liquid biopsy capabilities and enhance the Company's diagnostic footprint and capabilities. The preliminary valuation of acquired assets and assumed liabilities, include the following:

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	<b>Amounts Acquired During Six Months Ended June 30, 2022</b>	
Accounts receivable	\$	4.1
Unbilled services		2.9
Inventories		2.6
Prepaid expenses and other		1.2
Property, plant and equipment		10.0
Goodwill		332.8
Intangible assets		325.3
Other assets		0.8
<b>Total assets acquired</b>	<b>\$</b>	<b>679.7</b>
Accounts payable		4.1
Accrued expenses and other		24.1
Unearned revenue		3.3
Deferred income taxes		17.1
Other liabilities		76.2
<b>Total liabilities acquired</b>		<b>124.8</b>
<b>Net assets acquired</b>	<b>\$</b>	<b>554.9</b>

*Pro Forma Information*

Had the Company's total 2022 acquisitions been completed as of January 1, 2022, the Company's pro forma results would have been as follows:

	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022	
Revenues	\$	2,961.9	\$	6,149.8
Net earnings from continuing operations attributable to Laboratory Corporation of America Holdings	\$	270.2	\$	690.0

## 5. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings attributable to the Company by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing net earnings including the impact of dilutive adjustments by the weighted average number of common shares outstanding plus potentially dilutive shares, as if they had been issued at the earlier of the date of issuance or the beginning of the period presented. Potentially dilutive common shares result primarily from the Company's outstanding stock options, restricted stock awards, restricted stock units, and performance share awards.

The following represents a reconciliation of basic earnings per share to diluted earnings per share:

	Three Months Ended June 30,						Six Months Ended June 30,					
	2023			2022			2023			2022		
	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount
Basic earnings per share:												
Net earnings	\$ 155.0	88.7	\$ 1.75	\$ 267.7	92.3	\$ 2.90	\$ 363.0	88.6	\$ 4.10	\$ 688.3	92.7	\$ 7.43
Dilutive effect of employee stock options and awards	—	0.3		—	0.4		—	0.4		—	0.6	
Net earnings including impact of dilutive adjustments	\$ 155.0	89.0	\$ 1.74	\$ 267.7	92.7	\$ 2.89	\$ 363.0	89.0	\$ 4.08	\$ 688.3	93.3	\$ 7.38

Diluted earnings per share represent the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. These potential shares include dilutive stock options and unissued restricted stock awards. The following table summarizes the potential common shares not included in the computation of diluted earnings per share because their impact would have been antidilutive:

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Employee stock options and awards	0.5	0.5	0.4	0.3

## 6. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the six months ended June 30, 2023, are as follows:

	Dx	BLS	Total
	June 30, 2023	June 30, 2023	June 30, 2023
Balance as of December 31, 2022	\$ 4,533.5	\$ 1,590.2	\$ 6,123.7
Goodwill acquired during the period	50.8	—	50.8
Foreign currency impact and other adjustments to goodwill	(16.3)	24.0	7.7
Balance as of June 30, 2023	\$ 4,568.0	\$ 1,614.2	\$ 6,182.2

The Company assesses goodwill and indefinite-lived intangibles for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company recognizes an impairment charge for the amount by which the reporting unit's carrying amount exceeds its fair value.

Although the Company believes that the current assumptions and estimates used in its goodwill analysis are reasonable, supportable, and appropriate, the Company's business could be impacted by unfavorable changes, including those that impact the existing assumptions used in the impairment analysis. Various factors could reasonably be expected to unfavorably impact existing assumptions: primarily a worsening economic environment and protracted economic downturn and related impacts, including delays in revenue from new customers; increases in customer termination activity; or increases in operating costs. Accordingly, there can be no assurance that the estimates and assumptions made for the purposes of the goodwill impairment analysis will prove to be accurate predictions of future performance.

The Company will continue to monitor the financial performance of, and assumptions for, its reporting units. A significant increase in the discount rate, decrease in the revenue and terminal growth rates, decreased operating margin, or substantial reductions in end markets and volume assumptions, could have a negative impact on the estimated fair value of the reporting units. A future impairment charge for goodwill or intangible assets could have a material effect on the Company's consolidated financial position and results of operations.

The components of identifiable intangible assets are as follows:

	June 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 3,595.7	\$ (1,262.8)	\$ 2,332.9	\$ 3,489.9	\$ (1,169.6)	\$ 2,320.3
Patents, licenses and technology	551.9	(258.1)	293.8	520.4	(243.3)	277.1
Non-compete agreements	86.7	(50.5)	36.2	80.1	(46.8)	33.3
Trade name	16.4	(4.6)	11.8	16.4	(3.5)	12.9
Land use right	3.5	(2.4)	1.1	3.5	(2.2)	1.3
Canadian licenses	470.1	—	470.1	468.7	—	468.7
Other	14.2	(6.0)	8.2	14.2	(4.2)	10.0
	<u>4,738.5</u>	<u>(1,584.4)</u>	<u>3,154.1</u>	<u>4,593.2</u>	<u>(1,469.6)</u>	<u>3,123.6</u>

Amortization of intangible assets for the three and six months ended June 30, 2023, and 2022, was \$51.5 and \$49.8 and \$104.9 and \$100.0, respectively. The amortization expense for the net carrying amount of intangible assets is estimated to be \$107.6 for the remainder of fiscal 2023, \$210.8 in fiscal 2024, \$201.4 in fiscal 2025, \$192.5 in fiscal 2026, \$181.1 in fiscal 2027, and \$1,675.4 thereafter.

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**7. DEBT**

Short-term borrowings and the current portion of long-term debt at June 30, 2023, and December 31, 2022, consisted of the following:

	June 30, 2023	December 31, 2022
4.00% senior notes due 2023	\$ 300.0	\$ 300.0
Debt issuance costs	(0.2)	(0.4)
Current portion of note payable	1.6	1.7
<b>Total short-term borrowings and current portion of long-term debt</b>	<b>\$ 301.4</b>	<b>\$ 301.3</b>

Long-term debt at June 30, 2023, and December 31, 2022, consisted of the following:

	June 30, 2023	December 31, 2022
2.30% senior notes due 2024	\$ 400.0	\$ 400.0
3.25% senior notes due 2024	600.0	600.0
3.60% senior notes due 2025	1,000.0	1,000.0
1.55% senior notes due 2026	500.0	500.0
3.60% senior notes due 2027	600.0	600.0
2.95% senior notes due 2029	650.0	650.0
2.70% senior notes due 2031	421.6	420.3
4.70% senior notes due 2045	900.0	900.0
Debt issuance costs	(30.8)	(33.8)
Note payable	1.6	2.3
<b>Total long-term debt</b>	<b>\$ 5,042.4</b>	<b>\$ 5,038.8</b>

During the second quarter of 2021, the Company entered into fixed-to-variable interest rate swap agreements for its 2.70% senior notes due 2031 with an aggregate notional amount of \$500.0 and variable interest rates based on three-month LIBOR plus 1.0706% to hedge against changes in the fair value of a portion of the Company's long-term debt. These interest rate swaps are included in other long-term liabilities and deducted from the value of the senior notes with an aggregate fair value of \$78.4 at June 30, 2023.

**Credit Facilities**

The Company maintains a senior revolving credit facility, which was amended and restated on April 30, 2021. It consists of a five-year facility in the principal amount of up to \$1,000.0, with the option of increasing the facility by up to an additional \$500.0, subject to the agreement of one or more new or existing lenders to provide such additional amounts and certain other customary conditions. The revolving credit facility also provides for a subfacility of up to \$100.0 for swing line borrowings and a subfacility of up to \$150.0 for issuances of letters of credit. The Company is required to pay a facility fee on the aggregate commitments under the revolving credit facility, at a per annum rate ranging from 0.10% to 0.225%, depending on the Company's debt ratings. The revolving credit facility is permitted to be used for general corporate purposes, including working capital, capital expenditures, funding of share repurchases and certain other payments, acquisitions, and other investments. The revolving credit facility also provides for the issuance of letters of credit without a reduction of the availability of borrowings under the facility. There were no balances outstanding on the Company's current revolving credit facility as of June 30, 2023 and December 31, 2022. As of June 30, 2023, the effective interest rate on the revolving credit facility was 6.17%. The credit facility expires on April 30, 2026.

Under the revolving credit facility, the Company is subject to negative covenants limiting subsidiary indebtedness and certain other covenants typical for investment grade-rated borrowers, and the Company is required to maintain certain leverage ratios. The Company was in compliance with all covenants in the revolving credit facility at June 30, 2023, and expects that it will remain in compliance with its existing debt covenants for the next twelve months.

There were \$84.7 in outstanding letters of credit as of June 30, 2023.

**8. PREFERRED STOCK AND COMMON SHAREHOLDERS' EQUITY**

The Company is authorized to issue up to 265.0 shares of common stock, par value \$0.10 per share. The Company is authorized to issue up to 30.0 shares of preferred stock, par value \$0.10 per share. There were no preferred shares outstanding as of June 30, 2023, and December 31, 2022.

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The changes in common shares issued are summarized below:

	Issued and Outstanding
Common shares at December 31, 2022	88.2
Shares issued under employee stock plans	0.5
Common shares at June 30, 2023	88.7

### Share Repurchase Program

As of June 30, 2023, the Company had outstanding authorization from the board of directors to purchase up to \$1,531.5 of the Company's common stock.

### Dividends

For the six months ended June 30, 2023, the Company paid \$129.0 in common stock dividends. On July 13, 2023, the Company announced a cash dividend of \$0.72 per share of common stock for the third quarter, or approximately \$64.8 in the aggregate. The dividend will be payable on September 8, 2023, to stockholders of record of all issued and outstanding shares of common stock as of the close of business on August 8, 2023. The declaration and payment of any future dividends will be at the discretion of the Company's board of directors.

### Accumulated Other Comprehensive Earnings (Loss)

The components of accumulated other comprehensive earnings (loss) are as follows:

	Foreign Currency Translation Adjustments	Net Benefit Plan Adjustments	Accumulated Other Comprehensive Earnings (Loss)
Balance as of December 31, 2022	\$ (462.3)	\$ (30.9)	\$ (493.2)
Fortrea Holdings Inc. spin off	231.6	6.4	238.0
Current year adjustments	99.8	12.5	112.3
Pension settlement charge	—	(7.9)	(7.9)
Amounts reclassified from accumulated other comprehensive income	—	(2.3)	(2.3)
Tax effect of adjustments	—	(0.6)	(0.6)
Balance as of June 30, 2023	\$ (130.9)	\$ (22.8)	\$ (153.7)

## 9. COMMITMENTS AND CONTINGENCIES

The Company is involved from time to time in various claims and legal actions, including arbitrations, class actions, and other litigation (including those described in more detail below), arising in the ordinary course of business. Some of these actions involve claims that are substantial in amount. These matters include, but are not limited to, intellectual property disputes, commercial and contract disputes, professional liability claims, employee-related matters, transaction-related disputes, securities and corporate law matters, and inquiries, including subpoenas and other civil investigative demands, from governmental agencies, Medicare or Medicaid payers and MCOs reviewing billing practices or requesting comment on allegations of billing irregularities that are brought to their attention through billing audits or third parties. The Company receives civil investigative demands or other inquiries from various governmental bodies in the ordinary course of its business. Such inquiries can relate to the Company or other parties, including physicians and other health care providers. The Company works cooperatively to respond to appropriate requests for information.

The Company also is named from time to time in suits brought under the qui tam provisions of the False Claims Act and comparable state laws. These suits typically allege that the Company has made false statements and/or certifications in connection with claims for payment from U.S. federal or state healthcare programs. The suits may remain under seal (hence, unknown to the Company) for some time while the government decides whether to intervene on behalf of the qui tam plaintiff. Such claims are an inevitable part of doing business in the healthcare field today.

The Company believes that it is in compliance in all material respects with all statutes, regulations, and other requirements applicable to its commercial laboratory operations and biopharma laboratory services. These industries are, however, subject to extensive regulation, and the courts have not interpreted many of the applicable statutes and regulations. Therefore, the applicable statutes and regulations could be interpreted or applied by a prosecutorial, regulatory, or judicial authority in a manner that would adversely affect the Company. Potential sanctions for violation of these statutes and regulations include significant civil and criminal penalties, fines, the loss of various licenses, certificates and authorizations, additional liabilities from third-party claims, and/or exclusion from participation in government programs.



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Many of the current claims and legal actions against the Company are in preliminary stages, and many of these cases seek an indeterminate amount of damages. The Company records an aggregate legal reserve, which is determined using calculations based on historical loss rates and assessment of trends experienced in settlements and defense costs. In accordance with FASB Accounting Standards Codification Topic 450 "Contingencies," the Company establishes reserves for judicial, regulatory, and arbitration matters outside the aggregate legal reserve if and when those matters present loss contingencies that are both probable and reasonably estimable and would exceed the aggregate legal reserve. When loss contingencies are not both probable and reasonably estimable, the Company does not establish separate reserves.

The Company is unable to estimate a range of reasonably probable loss for the proceedings described in more detail below in which damages either have not been specified or, in the Company's judgment, are unsupported and/or exaggerated and (i) the proceedings are in early stages, (ii) there is uncertainty as to the outcome of pending appeals or motions, (iii) there are significant factual issues to be resolved, and/or (iv) there are novel legal issues to be presented. For these proceedings, however, the Company does not believe, based on currently available information, that the adverse outcomes are probable and reasonably estimable, and it does not believe they will have a material adverse effect on the Company's financial statements.

The Company has received various subpoenas and other civil investigative demands related to Medicaid billing. In October 2009, the Company received a subpoena from the State of Michigan Department of Attorney General seeking documents related to its billing to Michigan Medicaid. The Company cooperated with this request. In October 2013, the Company received a Civil Investigative Demand from the State of Texas Office of the Attorney General requesting documents related to its billing to Texas Medicaid. The Company cooperated with this request. On October 5, 2018, the Company received a second Civil Investigative Demand from the State of Texas Office of the Attorney General requesting documents related to its billing to Texas Medicaid. The Company cooperated with this request. On January 26, 2021, the Company was notified that a qui tam Petition was pending under seal in the District Court, 250th Judicial District, Travis County, Texas, and that the State of Texas has intervened. On April 14, 2021, the Petition was unsealed. The Petition alleges that the Company submitted claims for reimbursement to Texas Medicaid that were higher than permitted under Texas Medicaid's alleged "best price" regulations, and that the Company offered remuneration to Texas health care providers in the form of discounted pricing for certain laboratory testing services in exchange for the providers' referral of Texas Medicaid business to the Company. The Petition seeks actual and double damages and civil penalties, as well as recovery of costs, attorney's fees, and legal expenses. On August 1, 2022, the District Court entered an order granting the Company's Motion for Partial Summary Judgment with respect to the claim that the Company submitted claims for reimbursement to Texas Medicaid that were higher than permitted under Texas Medicaid's alleged "best price" regulations. Plaintiffs filed a Notice of Non-Suit and Motion for Entry of Final Judgment and, on November 11, 2022, the court entered a Judgment. Plaintiffs filed a Notice of Appeal with respect to the court's order granting the Company's Motion for Partial Summary Judgment, referenced above. The Company will vigorously defend the lawsuit.

On August 31, 2015, the Company was served with a putative class action lawsuit, *Patty Davis v. Laboratory Corporation of America, et al.*, filed in the Circuit Court of the Thirteenth Judicial Circuit for Hillsborough County, Florida. The complaint alleges that the Company violated the Florida Consumer Collection Practices Act by billing patients who were collecting benefits under the Workers' Compensation Statutes. The lawsuit seeks injunctive relief and actual and statutory damages, as well as recovery of attorney's fees and legal expenses. In April 2017, the Circuit Court granted the Company's Motion for Judgment on the Pleadings. The Plaintiff appealed the Circuit Court's ruling to the Florida Second District Court of Appeal. On October 16, 2019, the Florida Second District Court of Appeal reversed the Circuit Court's dismissal, but certified a controlling issue of Florida law to the Florida Supreme Court. On February 17, 2020, the Florida Supreme Court accepted jurisdiction of the lawsuit. The court held oral arguments on December 9, 2020. On May 26, 2022, the Florida Supreme Court issued an opinion approving the result of the Florida Second District Court of Appeal in favor of the Plaintiff. The Company will vigorously defend the lawsuit.

On March 10, 2017, the Company was served with a putative class action lawsuit, *Victoria Bouffard, et al. v. Laboratory Corporation of America Holdings*, filed in the U.S. District Court for the Middle District of North Carolina. The complaint alleges that the Company's patient list prices unlawfully exceed the rates negotiated for the same services with private and public health insurers in violation of various state consumer protection laws. The lawsuit also alleges breach of implied contract or quasi-contract, unjust enrichment, and fraud. The lawsuit seeks statutory, exemplary, and punitive damages, injunctive relief, and recovery of attorney's fees and costs. In May 2017, the Company filed a Motion to Dismiss Plaintiffs' Complaint and Strike Class Allegations; the Motion to Dismiss was granted in March 2018 without prejudice. On October 10, 2017, a second putative class action lawsuit, *Sheryl Anderson, et al. v. Laboratory Corporation of America Holdings*, was filed in the U.S. District Court for the Middle District of North Carolina. The complaint contained similar allegations and sought similar relief to the *Bouffard* complaint, and added additional counts regarding state consumer protection laws. On August 10, 2018, the Plaintiffs filed an Amended Complaint, which consolidated the *Bouffard* and *Anderson* actions. On September 10, 2018, the Company filed a Motion to Dismiss Plaintiffs' Amended Complaint and Strike Class Allegations. On August 16, 2019, the court entered

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an order granting in part and denying in part the Motion to Dismiss the Amended Complaint, and denying the Motion to Strike the Class Allegations. On August 26, 2021, Plaintiffs filed a Motion for Class Certification. On February 13, 2023, the court entered an order denying Plaintiffs' Motion for Class Certification. On February 27, 2023, Plaintiffs filed a Petition for Permission to Appeal the court's order with the U.S. Court of Appeals for the Fourth Circuit. On April 5, 2023, the Fourth Circuit denied Plaintiffs' Petition. On December 29, 2021, a related lawsuit, *Nathaniel J. Nolan, et al. v. Laboratory Corporation of America Holdings*, was filed in the U.S. District Court for the Middle District of North Carolina. The complaint alleges that the Company's patient acknowledgement of estimated financial responsibility form is misleading. The lawsuit seeks a declaratory judgment under the consumer protection laws of Nevada and Florida that the form is materially misleading and deceptive, an injunction barring the use of the form, damages on behalf of an alleged class, and attorney's fees and expenses. On February 28, 2022, the Company filed a Motion to Dismiss all claims. On February 13, 2023, the court entered an order granting the Company's Motion to Dismiss. On March 13, 2023, Plaintiffs filed a Notice of Appeal. The Company will vigorously defend the lawsuits.

On April 1, 2019, Covance Research Products was served with a Grand Jury Subpoena issued by the Department of Justice (DOJ) in Miami, Florida requiring the production of documents related to the importation into the United States of live non-human primate shipments originating from or transiting through China, Cambodia, and/or Vietnam from April 1, 2014 through March 28, 2019. The Company is cooperating with the DOJ.

On May 14, 2019, Retrieval-Masters Creditors Bureau, Inc. d/b/a American Medical Collection Agency (AMCA), an external collection agency, notified the Company about a security incident AMCA experienced that may have involved certain personal information about some of the Company's patients (the AMCA Incident). The Company referred patient balances to AMCA only when direct collection efforts were unsuccessful. The Company's systems were not impacted by the AMCA Incident. Upon learning of the AMCA Incident, the Company promptly stopped sending new collection requests to AMCA and stopped AMCA from continuing to work on any pending collection requests from the Company. AMCA informed the Company that it appeared that an unauthorized user had access to AMCA's system between August 1, 2018, and March 30, 2019, and that AMCA could not rule out the possibility that personal information on AMCA's system was at risk during that time period. Information on AMCA's affected system from the Company may have included name, address, and balance information for the patient and person responsible for payment, along with the patient's phone number, date of birth, referring physician, and date of service. The Company was later informed by AMCA that health insurance information may have been included for some individuals, and because some insurance carriers utilize the Social Security Number as a subscriber identification number, the Social Security Number for some individuals may also have been affected. No ordered tests, laboratory test results, or diagnostic information from the Company were in the AMCA affected system. The Company notified individuals for whom it had a valid mailing address. For the individuals whose Social Security Number was affected, the notice included an offer to enroll in credit monitoring and identity protection services that was provided free of charge for 24 months.

Twenty-three putative class action lawsuits were filed against the Company related to the AMCA Incident in various U.S. District Courts. Numerous similar lawsuits have been filed against other health care providers who used AMCA. These lawsuits were consolidated into a multidistrict litigation in the District of New Jersey. On November 15, 2019, the Plaintiffs filed a Consolidated Class Action Complaint in the U.S. District Court of New Jersey. The consolidated Complaint generally alleged that the Company did not adequately protect its patients' data and failed to timely notify those patients of the AMCA Incident. The Complaint asserted various causes of action, including but not limited to negligence, breach of implied contract, unjust enrichment, and the violation of state data protection statutes. The Complaint sought damages on behalf of a class of all affected Company customers. On January 22, 2020, the Company filed Motions to Dismiss all claims. On December 16, 2021, the court granted in part and denied in part the Company's Motion to Dismiss. On March 31, 2022, the Plaintiffs filed an Amended Complaint alleging claims for negligence, negligence *per se*, breach of confidence, invasion of privacy, and various state statutory claims, including a claim under the California Confidentiality of Medical Information Act. The Company filed a Motion to Dismiss certain claims of the Amended Complaint. On May 5, 2023, the court granted in part and denied in part the Company's Motion to Dismiss. The Company will vigorously defend the remaining claims in the multi-district litigation.

The Company was served with a shareholder derivative lawsuit, *Raymond Eugenio, Derivatively on Behalf of Nominal Defendant, Laboratory Corporation of America Holdings v. Lance Berberian, et al.*, filed in the Court of Chancery of the State of Delaware on April 23, 2020. The complaint asserts derivative claims on the Company's behalf against the Company's board of directors and certain executive officers. The complaint generally alleges that the defendants failed to ensure that the Company utilized proper cybersecurity safeguards and failed to implement a sufficient response to data security incidents, including the AMCA Incident. The complaint asserts derivative claims for breach of fiduciary duty and seeks relief including damages, certain disclosures, and certain changes to the Company's internal governance practices. On June 2, 2020, the Company filed a Motion to Stay the lawsuit due to its overlap with the multi-district litigation referenced above. On July 2,

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2020, the Company filed a Motion to Dismiss. On July 14, 2020, the court entered an order staying the lawsuit pending the resolution of the multi-district litigation. The lawsuit will be vigorously defended.

Certain governmental entities have requested information from the Company related to the AMCA Incident. The Company received a request for information from the Office for Civil Rights (OCR) of the Department of Health and Human Services. On April 28, 2020, OCR notified the Company of the closure of its inquiry. The Company has also received requests from a multi-state group of state Attorneys General and is cooperating with these requests for information.

On January 31, 2020, the Company was served with a putative class action lawsuit, *Luke Davis and Julian Vargas, et al. v. Laboratory Corporation of America Holdings*, filed in the U.S. District Court for the Central District of California. The lawsuit alleges that visually impaired patients are unable to use the Company's touchscreen kiosks at Company patient service centers in violation of the Americans with Disabilities Act and similar California statutes. The lawsuit seeks statutory damages, injunctive relief, and attorney's fees and costs. On March 20, 2020, the Company filed a Motion to Dismiss Plaintiffs' Complaint and to Strike Class Allegations. In August 2020, the Plaintiffs filed an Amended Complaint. On April 26, 2021, the Plaintiffs and the Company each filed Motions for Summary Judgment and the Plaintiffs filed a Motion for Class Certification. On May 23, 2022, the court entered an order granting Plaintiffs' Motion for Class Certification. On June 6, 2022, the Company filed a Petition for Permission to Appeal the Order Granting Class Certification with the U.S. Court of Appeals for the Ninth Circuit. On September 22, 2022, the Ninth Circuit granted the Company's Petition for Permission to Appeal the Order Granting Class Certification. The Company will vigorously defend the lawsuit.

On October 16, 2020, Ravgen Inc. filed a patent infringement lawsuit, *Ravgen Inc. v. Laboratory Corporation of America Holdings*, in the U.S. District Court for the Western District of Texas, alleging infringement of two Ravgen-owned U.S. patents. The lawsuit seeks monetary damages, enhancement of those damages for willfulness, and recovery of attorney's fees and costs. On September 28, 2022, a jury rendered a verdict in favor of the Plaintiff on the remaining patent at issue, finding that the Company willfully infringed Ravgen's patent, and awarded damages of \$272.0. Plaintiff filed post-trial motions seeking enhanced damages of up to \$817.0 based on the finding of willfulness, as well as attorney's fees and costs. On May 12, 2023, the court issued an order granting Plaintiff's motion in part and awarding enhanced damages of \$100.0. The Company strongly disagrees with the verdict, based on a number of legal factors, and will vigorously defend the lawsuit through the appeal process. On June 4, 2021, the Company also instituted proceedings before the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office challenging the validity of the Ravgen patent at issue in the trial. In November 2022, the Patent Trial and Appeal Board issued a decision upholding the validity of the Ravgen patent, and the Company has filed an appeal of this decision.

On May 14, 2020, the Company was served with a putative class action lawsuit, *Jose Bermejo v. Laboratory Corporation of America (Bermejo I)* filed in the Superior Court of California, County of Los Angeles Central District, alleging that certain non-exempt California-based employees were not properly compensated for driving time or properly paid wages upon termination of employment. The Plaintiff asserts these actions violate various California Labor Code provisions and Section 17200 of the Business and Professional Code. The lawsuit seeks monetary damages, civil penalties, and recovery of attorney's fees and costs. On June 15, 2020, the lawsuit was removed to the U.S. District Court for the Central District of California. On June 16, 2020, the Company was served with a Private Attorney General Act lawsuit by the same plaintiff in *Jose Bermejo v. Laboratory Corporation of America (Bermejo II)*, filed in the Superior Court of California, County of Los Angeles Central District, alleging that certain Company practices violated California Labor Code penalty provisions related to unpaid and minimum wages, unpaid overtime, unpaid meal and rest break premiums, untimely payment of wages following separation of employment, failure to maintain accurate pay records, and non-reimbursement of business expenses. The second lawsuit seeks to recover civil penalties and recovery of attorney's fees and costs. On October 28, 2020, the court issued an order staying proceedings in *Bermejo II* pending resolution of *Bermejo I*. The second lawsuit seeks to recover civil penalties and recovery of attorney's fees and costs. On February 24, 2022, the parties entered into a Memorandum of Understanding of the terms of a settlement of the *Bermejo I* and *Bermejo II* lawsuits and on March 17, 2023, the court issued a preliminary approval of the parties' settlement agreement of the *Bermejo I* lawsuit, but the *Bermejo II* lawsuit settlement is still pending Court approval.

On June 14, 2021, a single plaintiff filed a Private Attorney General Act lawsuit, *Becker v. Laboratory Corporation of America*, in the Superior Court of California, County of Orange, alleging various violations of the California Labor Code, including that the Plaintiff was not properly compensated for work and overtime hours, not properly paid meal and rest break premiums, not reimbursed for certain business-related expenses, and received inaccurate wage statements. The lawsuit seeks monetary damages, civil penalties, and recovery of attorney's fees and costs. A settlement of the *Bermejo I* and *Bermejo II* lawsuits, if approved by the court, will resolve the *Becker* lawsuit.

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On November 23, 2021, the Company was served with a single plaintiff Private Attorney General Act lawsuit, *Poole v. Laboratory Corporation of America*, filed in the Superior Court of California, County of Kern, alleging various violations of the California Labor Code, including that Plaintiff was not properly paid wages owed, not properly paid meal and rest break premiums, not reimbursed for certain business related expenses, and other allegations including the untimely payment of wages and receipt of inaccurate wage statements. The lawsuit seeks monetary damages, civil penalties, and recovery of attorney's fees and costs. The case was removed to the U.S. District Court for the Eastern District of California. A settlement of the *Bermejo I* and *Bermejo II* lawsuits, if approved by the court, will resolve the portion of the *Poole* lawsuit relating to service representatives and senior service representatives.

On October 5, 2020, the Company was served with a putative class action lawsuit, *Williams v. LabCorp Employer Services, Inc. et al.*, filed in the Superior Court of California, County of Los Angeles, alleging that certain non-exempt California-based employees were not properly compensated for work and overtime hours, not properly paid meal and rest break premiums, not reimbursed for certain business-related expenses, not properly paid for driving or wait times, and received inaccurate wage statements. The Plaintiff also asserts claims for unfair competition under Section 17200 of the Business and Professional Code. On November 4, 2020, the lawsuit was removed to the U.S. District Court for the Central District of California. The lawsuit seeks monetary damages, liquidated damages, civil penalties, and recovery of attorney's fees and costs. On June 24, 2021, the District Court remanded the case to the Superior Court of California, County of Los Angeles on the grounds that potential damages did not meet the Class Action Fairness Act (CAFA), 28 U.S.C. § 1332(d), jurisdictional threshold. The parties entered into a settlement agreement dated September 9, 2022, which is pending court approval.

On June 7, 2023, the Company was served with a putative class action lawsuit, *Connie Howard, Yadira Yazmin Hernandez, and Deborah Reynolds, et al. v. Laboratory Corporation of America, Laboratory Corporation of America Holdings, and Meta Platforms, Inc.*, filed in the U.S. District Court for the Northern District of California, alleging that the Company's website includes a tracking code created by Meta, known as the Meta Pixel, that sent information related to Plaintiffs and their online activities to Meta. Plaintiffs assert claims against the Company under California and Pennsylvania law and seek to represent classes of all persons in California, or in Pennsylvania, who allegedly entered search terms into the Company's website and who used Facebook during a time that Plaintiffs allege the Meta Pixel was active on the Company's website. Plaintiffs seek an injunction, damages, attorneys' fees, and costs. The Company will vigorously defend the lawsuit.

On August 14, 2020, the Company was served with a Subpoena Duces Tecum issued by the State of Colorado Office of the Attorney General requiring the production of documents related to urine drug testing in all states. The Company is cooperating with this request.

On February 7, 2022, the Company was served with a Subpoena Duces Tecum issued by the DOJ in Camden, New Jersey requiring the production of documents related to non-invasive prenatal screening tests. The Company is cooperating with the DOJ.

On June 27, 2022, the Company was served with a Subpoena Duces Tecum issued by the DOJ in Boston, Massachusetts requiring the production of documents related to urine drug testing. The Company is cooperating with the DOJ.

In April 2023, the Company received Civil Investigative Demands issued by the DOJ in Washington, D.C. requiring the production of information related to the Medicare billing rule regarding reimbursement for laboratory testing performed for hospital patients. The Company is cooperating with the DOJ.

There are various other pending legal proceedings involving the Company including, but not limited to, additional employment-related lawsuits, professional liability lawsuits, and commercial lawsuits. While it is not feasible to predict the outcome of such proceedings, in the opinion of the Company, the likelihood of loss is remote and any reasonably possible loss associated with the resolution of such proceedings is not expected to be material to the Company's financial condition, results of operations, or cash flows, either individually or in the aggregate.

Under the Company's present insurance programs, coverage is obtained for catastrophic exposure as well as those risks required to be insured by law or contract. The Company is responsible for the uninsured portion of losses related primarily to general, professional and vehicle liability, certain medical costs and workers' compensation. The self-insured retentions are on a per-occurrence basis without any aggregate annual limit. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregated liability of claims incurred.

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**10. FAIR VALUE MEASUREMENTS**

The Company's population of financial assets and liabilities subject to fair value measurements as of June 30, 2023, and December 31, 2022, is as follows:

	Balance Sheet Classification	Fair Value as of June 30, 2023	Fair Value Measurements as of June 30, 2023		
			Using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
Noncontrolling interest put	Noncontrolling interest	\$ 15.5	\$ —	\$ 15.5	\$ —
Cross currency swaps	Other liabilities	68.4	—	68.4	—
Interest rate swaps	Other liabilities	78.4	—	78.4	—
Cash surrender value of life insurance policies	Other assets, net	106.3	—	106.3	—
Deferred compensation liability	Other liabilities	101.1	—	101.1	—
Contingent consideration	Accrued expenses and other; Other liabilities	69.0	—	—	69.0

  

	Balance Sheet Classification	Fair Value as of December 31, 2022	Fair Value Measurements as of December 31, 2022		
			Using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
Noncontrolling interest put	Noncontrolling interest	\$ 15.0	\$ —	\$ 15.0	\$ —
Cross currency swaps	Other liabilities, net	45.7	—	45.7	—
Interest rate swaps	Other liabilities, net	79.7	—	79.7	—
Cash surrender value of life insurance policies	Other assets, net	100.7	—	100.7	—
Deferred compensation liability	Other liabilities	96.9	—	96.9	—
Contingent consideration	Accrued expenses and other; Other liabilities	77.4	—	—	77.4

  

Fair Value Measurement of Level 3 Liabilities		Contingent Consideration
Balance at December 31, 2022		\$ 77.4
Adjustments		(8.4)
Balance as of June 30, 2023		\$ 69.0

The Company has a noncontrolling interest put related to its Ontario subsidiary that has been classified as mezzanine equity in the Company's condensed consolidated balance sheets. The noncontrolling interest put is valued at its contractually determined value, which approximates fair value.

The Company offers certain employees the opportunity to participate in an employee-funded deferred compensation plan (DCP). A participant's deferrals are allocated by the participant to one or more of 26 measurement funds, which are indexed to externally managed funds. From time to time, to offset the cost of the growth in the participant's investment accounts, the Company purchases life insurance policies, with the Company named as beneficiary of the policies. Changes in the cash surrender value of the life insurance policies are based upon earnings and changes in the value of the underlying investments, which are typically invested in a similar manner to the participant's allocations. Changes in the fair value of the DCP obligation are derived using quoted prices in active markets based on the market price per unit multiplied by the number of units. The cash surrender value and the DCP obligations are classified within Level 2 because their inputs are derived principally from observable market data by correlation to the hypothetical investments.

Contingent accrued earn-out business acquisition consideration liabilities are measured at fair value using Level 3 valuations. These contingent consideration liabilities were recorded at fair value on the acquisition date and are remeasured quarterly based on the then assessed fair value and adjusted if necessary. The increases or decreases in the fair value of contingent consideration payable can result from changes in anticipated revenue levels and changes in assumed discount periods and rates. As the fair value measure is based on significant inputs that are not observable in the market, they are categorized as Level 3.

The carrying amounts of cash and cash equivalents, accounts receivable, income taxes receivable, and accounts payable are considered to be representative of their respective fair values due to their short-term nature. The fair market value of the senior notes, based on market pricing, was approximately \$5,007.7 and \$4,973.9 as of June 30, 2023, and December 31, 2022,

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respectively. The Company's note and debt instruments are classified as Level 2 instruments, as the fair market values of these instruments are determined using other observable inputs.

#### **Cross Currency Swap**

During the fourth quarter of 2018, the Company entered into U.S. Dollar (USD) to Swiss Franc cross-currency swap agreements with an aggregate notional value of \$600.0. During the second quarter of 2022, the Company terminated \$300.0 of those cross-currency swap agreements and entered into new USD to Swiss Franc cross-currency swap agreements with an aggregate notional value of \$300.0 that mature in 2024. These cross currency swaps are included in other long-term liabilities as appropriate with an aggregate fair value of \$68.4 and \$45.7 as of June 30, 2023 and December 31, 2022, respectively. Changes in the fair value of the cross-currency swaps are charged or credited through accumulated other comprehensive income in the Consolidated Balance Sheet until the hedged item is recognized in earnings. The cumulative amount of the fair value hedging adjustments are recognized as currency translation within the Consolidated Statement of Comprehensive Earnings.

#### **11. SUPPLEMENTAL CASH FLOW INFORMATION**

	Six Months Ended June 30,	
	2023	2022
Cash paid during period for:		
Interest	\$ 109.5	\$ 95.5
Income taxes, net of refunds	133.3	277.8
Disclosure of non-cash financing and investing activities:		
Change in accrued property, plant and equipment	16.5	(11.2)

#### **12. BUSINESS SEGMENT INFORMATION**

The following table is a summary of segment information for the three and six months ended June 30, 2023, and 2022. The “management approach” has been used to present the following segment information. This approach is based upon the way the management of the Company organizes segments within an enterprise for making operating decisions and assessing performance. Financial information is reported on the basis that it is used internally by the chief operating decision maker (CODM) for evaluating segment performance and deciding how to allocate resources to segments. The Company’s chief executive officer has been identified as the CODM.

As a result of the spin-off, the Company recast the segment results to exclude the historical results of Fortrea. Additionally, the remaining operations of the Drug Development segment has been renamed as the BLS Segment. Prior periods have been conformed for comparability.

Segment asset information is not presented because it is not used by the CODM at the segment level. The Corporate costs not allocated to segments include the costs of centralized functions other charges such as acquisition expenses, spin-off costs, remaining unallocated costs of the CDCS business, and COVID-19 related costs not deemed to relate to segment. Centralized functions include corporate governance, executive management and related human resources, finance, legal, risk management, and information technology functions.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Revenues:</b>				
Dx	\$ 2,340.8	\$ 2,255.4	\$ 4,723.6	\$ 4,709.5
BLS	699.0	677.9	1,360.3	1,382.1
Intercompany eliminations and other	(6.1)	(10.3)	(12.4)	(24.1)
Total revenues	<u>\$ 3,033.7</u>	<u>\$ 2,923.0</u>	<u>\$ 6,071.5</u>	<u>\$ 6,067.5</u>
<b>Operating Earnings:</b>				
Dx segment operating income	\$ 409.7	\$ 515.6	\$ 851.2	\$ 1,198.7
BLS segment operating income	104.6	93.0	178.2	188.9
Segment operating income	514.3	608.6	1,029.4	1,387.6
General corporate and unallocated expenses	(177.9)	(98.5)	(300.1)	(217.4)
Amortization of intangibles and other assets	(51.5)	(49.8)	(104.9)	(100.0)
Restructuring and other charges	(15.8)	(31.5)	(23.3)	(35.0)
Goodwill and other asset impairments	(2.8)	—	(5.0)	(1.2)
Total operating income	<u>\$ 266.3</u>	<u>\$ 428.8</u>	<u>\$ 596.1</u>	<u>\$ 1,034.0</u>

### 13. SUBSEQUENT EVENTS

On July 6, 2023, the Company entered into an agreement to acquire select assets of Legacy Health's outreach laboratory business in the northwest U.S. Labcorp will also manage Legacy Health's inpatient hospital laboratories through a long-term agreement to provide staffing, leadership, scientific knowledge, analytics, supply chain services and laboratory support. On July 24, 2023, the Company also completed the acquisition of certain assets of Enzo Biochem, Inc. in New Jersey, which serves the New York tri-state healthcare communities. On August 3, 2023, the Company announced it had entered into an agreement with Tufts Medicine, a leading integrated academic health system in Massachusetts, to acquire the Tufts Medicine outreach laboratory business and select operating assets as a first step toward a larger strategic partnership. The combined purchase price for these transactions was approximately \$385.0.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FORWARD-LOOKING STATEMENTS

The Company has made in this report, and from time to time may otherwise make in its public filings, press releases, and discussions by Company management, forward-looking statements concerning the Company's operations, performance, and financial condition, as well as its strategic objectives. Some of these forward-looking statements relate to future events and expectations and can be identified by the use of forward-looking words such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates", or "anticipates" or the negative of those words or other comparable terminology. Such forward-looking statements speak only as of the time they are made and are subject to various risks and uncertainties and the Company claims the protection afforded by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those currently anticipated due to a number of factors in addition to those discussed elsewhere herein, including in the "Summary of Material Risks" and "Risk Factors" section of the Annual Report on Form 10-K, and in the Company's other public filings, press releases, and discussions with Company management, including:

1. changes in government and third-party payer regulations, reimbursement, or coverage policies or other future reforms in the U.S. healthcare system (or in the interpretation of current regulations), new insurance or payment systems, including state, regional or private insurance cooperatives (e.g., health insurance exchanges) affecting governmental and third-party coverage or reimbursement for commercial laboratory testing, including the impact of the U.S. Protecting Access to Medicare Act of 2014 (PAMA);
2. significant monetary damages, fines, penalties, assessments, refunds, repayments, damage to the Company's reputation, unanticipated compliance expenditures, and/or exclusion or debarment from or ineligibility to participate in government programs, among other adverse consequences, arising from enforcement of anti-fraud and abuse laws and other laws applicable to the Company in jurisdictions in which the Company conducts business;
3. significant fines, penalties, costs, unanticipated compliance expenditures, and/or damage to the Company's reputation arising from the failure to comply with applicable privacy and security laws and regulations, including the U.S. Health Insurance Portability and Accountability Act of 1996, the U.S. Health Information Technology for Economic and Clinical Health Act, the European Union's General Data Protection Regulation and similar laws and regulations in jurisdictions in which the Company conducts business;
4. loss or suspension of a license or imposition of fines or penalties under, or future changes in, or interpretations of applicable licensing laws or regulations regarding the operation of clinical laboratories and the delivery of clinical laboratory test results, including, but not limited to, the U.S. Clinical Laboratory Improvement Act of 1967 and the U.S. Clinical Laboratory Improvement Amendments of 1988 and similar laws and regulations in jurisdictions in which the Company conducts business;
5. penalties or loss of license arising from the failure to comply with applicable occupational and workplace safety laws and regulations, including the U.S. Occupational Safety and Health Administration requirements, the U.S. Needlestick Safety and Prevention Act, and similar laws and regulations in jurisdictions in which the Company conducts business;
6. fines, unanticipated compliance expenditures, suspension of manufacturing, enforcement actions, damage to the Company's reputation, injunctions, or criminal prosecution arising from failure to maintain compliance with current good manufacturing practice regulations and similar requirements of various regulatory agencies in jurisdictions in which the Company conducts business;
7. sanctions or other remedies, including fines, unanticipated compliance expenditures, enforcement actions, injunctions or criminal prosecution arising from failure to comply with the Animal Welfare Act or applicable national, state and local laws and regulations in jurisdictions in which the Company conducts business;
8. changes in testing guidelines or recommendations by government agencies, medical specialty societies, and other authoritative bodies affecting the utilization of laboratory tests;
9. changes in applicable government regulations or policies affecting the approval, availability of, and the selling and marketing of diagnostic tests, drug development, or the conduct of drug development and medical device and diagnostic studies and trials, including regulations and policies of the U.S. Food and Drug Administration, the U.S. Department of Agriculture, the Medicine and Healthcare products Regulatory Agency in the United Kingdom, the National Medical Products Administration in China, the Pharmaceutical and Medical Devices Agency in Japan, the European Medicines Agency, the European Union and similar regulations and policies of agencies in other jurisdictions in which the Company conducts business;



10. changes in government regulations or reimbursement pertaining to the pharmaceutical, biotechnology and medical device and diagnostic industries, changes in reimbursement of pharmaceutical products, or reduced spending on research and development by pharmaceutical, biotechnology and medical device and diagnostic customers;
11. liabilities that result from the failure to comply with corporate governance requirements;
12. increased competition, including price competition, potential reduction in rates in response to price transparency initiatives and consumerism, competitive bidding and/or changes or reductions to fee schedules, and competition from companies that do not comply with existing laws or regulations or otherwise disregard compliance standards in the industry;
13. changes in payer mix or payment structure or process, including insurance carrier participation in health insurance exchanges, an increase in capitated reimbursement mechanisms, the impact of clearinghouses on the claims reimbursement process, the impact of a shift to consumer-driven health plans or plans carrying an increased level of member cost-sharing, and adverse changes in payer reimbursement or payer coverage policies (implemented directly or through a third-party utilization management organization) related to specific diagnostic tests, categories of testing or testing methodologies;
14. failure to retain or attract MCO business as a result of changes in business models, including risk based or network approaches, out-sourced laboratory network management or utilization management companies, or other changes in strategy or business models by MCOs;
15. failure to obtain and retain new customers, an unfavorable change in the mix of testing services ordered, or a reduction in tests ordered, specimens submitted, or services requested by existing customers, and delays in payments from customers;
16. consolidation and convergence of customers, competitors, and suppliers, potentially causing material shifts in insourcing, utilization, pricing, reimbursement and supply chain access;
17. failure to effectively develop and deploy new systems, system modifications or enhancements required in response to evolving market and business needs;
18. customers choosing to insource services that are or could be purchased from the Company;
19. failure to identify, successfully close and effectively integrate and/or manage acquisitions of new businesses or failure to maintain key customers and/or employees as a result of uncertainty surrounding the integration of acquisitions;
20. inability to achieve the expected benefits and synergies of newly-acquired businesses, including due to items not discovered in the due diligence process, and the impact on the Company's cash position, levels of indebtedness and stock price;
21. termination, loss, delay, reduction in scope or increased costs of contracts, including large contracts and multiple contracts;
22. liability arising from errors or omissions in the performance of testing services, contract research services or other contractual arrangements;
23. changes or disruption in the provision or transportation of services or supplies provided by third parties; or their termination for failure to follow the Company's performance standards and requirements;
24. damage or disruption to the Company's facilities;
25. damage to the Company's reputation, loss of business, or other harm from acts of animal rights activists or potential harm and/or liability arising from animal research activities;
26. adverse results in litigation matters;
27. inability to attract and retain experienced and qualified personnel or the loss of significant personnel as a result of illness, increased competition for talent, wage growth, or other market factors;
28. failure to develop or acquire licenses for new or improved technologies, such as point-of-care testing, mobile health technologies, and digital pathology, or potential use of new technologies by customers and/or consumers to perform their own tests;
29. substantial costs arising from the inability to commercialize newly licensed tests or technologies or to obtain appropriate coverage or reimbursement for such tests;
30. failure to obtain, maintain, and enforce intellectual property rights for protection of the Company's products and services and defend against challenges to those rights;

31. scope, validity, and enforceability of patents and other proprietary rights held by third parties that may impact the Company's ability to develop, perform, or market the Company's products or services or operate its business;
32. business interruption, receivables impairment, delays in cash collection impacting days sales outstanding, supply chain disruptions or inventory obsolescence, increases in material cost or other operating costs, or other impacts on the business due to natural disasters, including adverse weather, fires and earthquakes; political crises, including terrorism and war; public health crises and disease epidemics and pandemics; changes in the global economy; and other events outside of the Company's control;
33. discontinuation or recalls of existing testing products;
34. a failure in the Company's information technology systems, including with respect to testing turnaround time and billing processes, or the failure of the Company or its third-party suppliers and vendors to maintain the security of business information or systems or to protect against cybersecurity attacks such as denial of service attacks, malware, ransomware, and computer viruses, or delays or failures in the development and implementation of the Company's automation platforms, any of which could result in a negative effect on the Company's performance of services, a loss of business or increased costs, damages to the Company's reputation, significant litigation exposure, an inability to meet required financial reporting deadlines, or the failure to meet future regulatory or customer information technology, data security and connectivity requirements;
35. business interruption, increased costs, and other adverse effects on the Company's operations due to the unionization of employees, union strikes, work stoppages, general labor unrest or failure to comply with labor or employment laws;
36. failure to maintain the Company's days sales outstanding levels, cash collections (in light of increasing levels of patient responsibility), profitability and/or reimbursement arising from unfavorable changes in third-party payer policies, payment delays introduced by third-party utilization management organizations, and increasing levels of patient payment responsibility;
37. impact on the Company's revenues, cash collections, and the availability of credit for general liquidity or other financing needs arising from a significant deterioration in the economy or financial markets or in the Company's credit ratings by Standard & Poor's and/or Moody's;
38. failure to maintain the expected capital structure for the Company, including failure to maintain the Company's investment grade rating, or leverage ratio covenants under its revolving credit facility;
39. changes in reimbursement by foreign governments and foreign currency fluctuations;
40. inability to obtain certain billing information from physicians, resulting in increased costs and complexity, a temporary disruption in receipts, and ongoing reductions in reimbursements and revenues;
41. expenses and risks associated with international operations, including, but not limited to, compliance with the U.S. Foreign Corrupt Practices Act (FPCA), the U.K. Bribery Act, other applicable anti-corruption laws and regulations, trade sanction laws and regulations, and economic, political, legal and other operational risks associated with foreign jurisdictions;
42. failure to achieve expected efficiencies and savings in connection with the Company's business process improvement initiatives;
43. changes in tax laws and regulations or changes in their interpretation;
44. global economic conditions and government and regulatory changes;
45. risks associated with the impacts and expected benefits and costs of the recently completed spin-off of Fortrea, including but not limited to factors that could adversely affect the Company's ability to realize the expected benefits of the spin-off, the failure of the spin-off to qualify as a tax-free transaction for U.S. federal income tax purposes, and potential exposure to unexpected claims, liabilities, or costs under the Company's agreements with Fortrea and/or otherwise in connection with the spin-off; and
46. the effects, duration, and severity of the ongoing COVID-19 pandemic, including the impact on operations, personnel, supplies, liquidity, and collections, as well as the impact of past or future actions or omissions by the Company or governments in response to the COVID-19 pandemic including, but not limited to, the end of the federal Public Health Emergency, and damage to the Company's reputation or loss of business resulting from the perception of the Company's response to the COVID-19 pandemic.

Except as may be required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Given these uncertainties, one should not put undue reliance on any forward-looking statements.

**GENERAL (dollars in millions, except per share data)**

Revenues for the six months ended June 30, 2023, were \$6,071.5, an increase of 0.1% from \$6,067.5 during the six months ended June 30, 2022. The increase was due to acquisitions, net of divestitures, of 1.6%, partially offset by lower organic revenue of 1.3% and unfavorable foreign currency translation of 0.2%. The 1.3% decrease in organic revenue was driven by an 11.2% decrease in COVID-19 PCR and antibody testing (COVID-19 Testing), partially offset by a 9.9% increase in the company's organic Base Business. Base Business includes Labcorp's operations except for COVID-19 Testing.

The Company defines organic growth as the increase in revenue excluding the year-over-year impact of acquisitions, divestitures, and currency. Acquisition and divestiture impact is considered for a twelve month period following the close of each transaction.

**Separation of Fortrea Holdings Inc.**

On June 30, 2023, Labcorp completed the previously announced separation of Fortrea from the Company.

The spin-off of Fortrea from Labcorp was achieved through the Company's pro-rata distribution of 100% of the outstanding shares of Fortrea common stock to holders of record of Labcorp common stock. Each holder of record of Labcorp common stock received one share of Fortrea common stock for every share of Labcorp common stock held at 5:00 p.m., Burlington, North Carolina time on June 20, 2023, the record date for the distribution.

In June 2023, Fortrea, prior to the Separation and while a subsidiary of the Company, issued \$570.0 of 7.500% senior secured notes due 2030 (the Fortrea Notes). As of June 30, 2023, the initial proceeds were held in escrow for release to Fortrea upon satisfaction of certain conditions, including completion of the Separation. The proceeds from the Fortrea Notes were used to fund cash payments of approximately \$1,600.0 to the Company in connection with the Separation. The Company does not guarantee the Fortrea Notes following the Separation. Also in June 2023, Fortrea Holdings Inc. entered into three floating secured overnight financing rate (SOFR) credit facilities totaling \$1,520.0. These are comprised of \$450.0 Revolver maturing June 30, 2028; \$500.0 Term Loan A maturing June 30, 2028; and \$570.0 Term Loan B maturing June 30, 2030.

Upon closing of the spin transaction, Fortrea made a cash distribution to the Company of approximately \$1,600.0 as consideration for the assets that the Company contributed to Fortrea in connection with the spin-off. The Company intends to use these proceeds toward a \$1,000.0 accelerated share repurchase program and paying down \$300.0 of debt maturing this year, with the remaining funds to be returned to shareholders through additional future share repurchases and/or cash dividends.

All current and historical operating results of Fortrea are presented as Discontinued Operations, net of tax, in the consolidated statement of operations. The spin-off is expected to be treated as tax-free for the Company and its shareholders for U.S. federal income tax purposes.

As a result of the separation of Fortrea, the Company recast segment results to exclude the historical results of the CDCS business for all periods presented. The remaining operations of the previously reported Drug Development segment has been renamed the Biopharma Laboratory Services segment.

**RESULTS OF OPERATIONS (dollars in millions)****Three months ended June 30, 2023, compared with three months ended June 30, 2022****Revenues**

	Three Months Ended June 30,		Change
	2023	2022	
Dx	\$ 2,340.8	\$ 2,255.4	3.8 %
BLS	699.0	677.9	3.1 %
Intercompany eliminations and other	(6.1)	(10.3)	40.8 %
Total	\$ 3,033.7	\$ 2,923.0	3.8 %

Total revenues for the three months ended June 30, 2023, were \$3,033.7, an increase of 3.8% over \$2,923.0 in the second quarter of 2022. The increase was due to organic growth of 2.0%, acquisitions, net of divestitures, of 1.6% and favorable foreign currency translation of 0.2%. The 2.0% increase in organic revenue was driven by a 9.8% increase in the Company's organic Base Business, partially offset by a 7.8% decrease in COVID-19 Testing.

Dx revenues for the three months ended June 30, 2023, were \$2,340.8, an increase of 3.8% over \$2,255.4 in the second quarter of 2022. The increase was due to organic revenue of 1.8% and acquisitions of 2.2%, partially offset by unfavorable foreign currency translation of 0.2%. The 1.8% increase in organic revenue was due to an 11.9% increase in the Base Business, partially offset by a 10.1% decrease in COVID-19 Testing. Total Base Business growth compared to the Base Business in the

prior year was 15.7%. The increase was due to the Ascension lab management agreement of approximately 7% as well as continued volume recovery compared to last year, which was negatively impacted by COVID-19.

Dx total volume (measured by requisitions) for the three months ended June 30, 2023, increased by 1.4% as acquisition volume contributed 2.5%, while organic volume decreased by 1.1%. Organic volume was impacted by a 6.1% decrease in COVID-19 Testing, partially offset by a 5.1% increase in the Base Business. Price/mix increased by 2.4% due to organic Base Business growth of 6.8%, partially offset by a decrease in COVID-19 Testing of 3.9%, lower acquisitions of 0.3%, and unfavorable foreign currency translation of 0.2%. Base Business volume increased 8.1% compared to the Base Business last year. Price/mix was up 7.5% in the Base Business compared to the Base Business last year, which includes the benefit of the Ascension lab management agreement.

BLS revenues for the three months ended June 30, 2023, were \$699.0, an increase of 3.1% over \$677.9 in the second quarter of 2022. The increase was primarily due to organic growth of 2.1% and favorable foreign currency translation of 1.5%, partially offset by divestitures of 0.4%. The increase in organic revenue was negatively impacted by approximately 5.0% due to non-human primate (NHP) related constraints in its Early Development business.

#### **Cost of Revenues**

	Three Months Ended June 30,		Change
	2023	2022	
Cost of revenues	\$ 2,191.5	\$ 1,980.5	10.7 %
Cost of revenues as a % of revenues	72.2 %	67.8 %	

Cost of revenues increased 10.7% during the three months ended June 30, 2023, as compared with the corresponding period in 2022. Cost of revenues as a percentage of revenues during the three months ended June 30, 2023, increased to 72.2% as compared to 67.8% in the corresponding period in 2022. This increase in cost of revenues as a percent of revenues was primarily due to a reduction in COVID-19 Testing revenues and higher personnel costs, partially offset by a recovery in the organic Base Business.

#### **Selling, General and Administrative Expenses**

	Three Months Ended June 30,		Change
	2023	2022	
Selling, general and administrative expenses	\$ 505.8	\$ 432.4	17.0 %
Selling, general and administrative expenses as a % of revenues	16.7 %	14.8 %	

Selling, general and administrative expenses as a percentage of revenues were 16.7% and 14.8% during the three months ended June 30, 2023, and 2022, respectively. The increase is primarily due to a reduction in COVID-19 Testing revenues and spin-off transaction costs, partially offset by the impact of the Ascension lab management agreement.

#### **Amortization of Intangibles and Other Assets**

	Three Months Ended June 30,		Change
	2023	2022	
Amortization of intangibles and other assets	\$ 51.5	\$ 49.8	3.4 %

The increase in amortization of intangibles and other assets primarily reflects additional amortization for assets acquired subsequent to June 30, 2022.

#### **Goodwill and Other Asset Impairments**

	Three Months Ended June 30,		Change
	2023	2022	
Goodwill and other asset impairments	\$ 2.8	\$ —	100.0 %

The Company recorded impairment charges of \$2.8 in intangible assets during the three months ended June 30, 2023. The Company recorded no impairment charges during the three months ended June 30, 2022.

#### **Restructuring and Other Charges**

	Three Months Ended June 30,		Change
	2023	2022	
Restructuring and other charges	\$ 15.8	\$ 31.5	(49.8)%

During the three months ended June 30, 2023, the Company recorded net restructuring and other charges of \$15.8. The charges were comprised of \$5.2 related to severance and other personnel costs and \$8.9 in facility closures, lease terminations,

and general integration activities. The charges were adjusted by the reversal of a previously established liability of \$0.6 in unused severance liabilities and the increase of a previously established liability of \$2.3 in unused facility-related costs.

During the three months ended June 30, 2022, the Company recorded net restructuring and other charges of \$31.5. The charges were comprised of \$15.1 related to severance and other personnel costs and \$16.9 in facility closures, lease terminations, and general integration activities. The charges were adjusted by the reversal of a previously established liability of \$0.5 in unused severance costs.

### **Interest Expense**

	Three Months Ended June 30,		Change
	2023	2022	
Interest expense	\$ (49.8)	\$ (42.3)	17.7 %

The increase in interest expense for the three months ended June 30, 2023, as compared with the corresponding period in 2022, is primarily due to the increased interest rates on variable rate debt and higher borrowings under the Credit Facility.

### **Equity Method Income**

	Three Months Ended June 30,		Change
	2023	2022	
Equity method income, net	\$ 0.9	\$ 1.4	(33.8)%

Equity method income represents the Company's ownership share in joint venture partnerships along with equity investments in other companies in the health care industry. The decrease in income for the three months ended June 30, 2023, as compared with the corresponding period in 2022, was primarily due to the decreased profitability of the Company's joint ventures in 2023.

### **Other, net**

	Three Months Ended June 30,		Change
	2023	2022	
Other, net	\$ (16.9)	\$ (29.5)	(42.7)%

The change in Other, net for the three months ended June 30, 2023, as compared to the three months ended June 30, 2022, is primarily due to investment losses of \$4.1 for the three months ended June 30, 2023 compared to investment losses of \$6.2 for the corresponding period of 2022. In addition, foreign currency transaction losses of \$11.2 were recognized for the three months ended June 30, 2023 as compared to losses of \$23.5 for the corresponding period of 2022.

### **Income Tax Expense**

	Three Months Ended June 30,		Change
	2023	2022	
Income tax expense	\$ 49.8	\$ 92.1	(46.0)%
Income tax expense as a % of earnings before income taxes	24.3 %	25.6 %	

The current year effective tax rate differs from the U.S. federal statutory rate of 21.0% primarily due to state income taxes and the disallowance of certain executive compensation which are partially offset by research and development tax credits and favorable foreign rate differentials. The prior year effective tax rate differed from the U.S. federal statutory rate of 21.0% primarily due to state income taxes which were partially offset by windfall stock compensation deductions and favorable foreign rate differentials.

### **Operating Income by Segment**

As a result of the spin-off of Fortrea, which was completed on June 30, 2023, the Company recast the segment results to exclude the historical results of the CDCS business for all periods presented. The remaining operations of the previously reported Drug Development segment has been renamed the Biopharma Laboratory Services segment.

	Three Months Ended June 30,		Change
	2023	2022	
Dx segment operating income	\$ 409.7	\$ 515.6	(20.5)%
Dx segment operating margin	17.5 %	22.9 %	(5.4)%
BLS segment operating income	104.6	93.0	12.5 %
BLS segment operating margin	15.0 %	13.7 %	1.3 %
Segment operating income	514.3	608.6	(15.5)%
General corporate and unallocated expenses	(177.9)	(98.5)	80.6 %
Amortization of intangibles and other assets	(51.5)	(49.8)	3.4 %
Restructuring and other charges	(15.8)	(31.5)	(49.8)%
Goodwill and other asset impairments	(2.8)	—	1.0 %
Total operating income	\$ 266.3	\$ 428.8	(37.9)%

Dx operating income was \$409.7 for the three months ended June 30, 2023, a decrease of \$105.9 over operating income of \$515.6 in the corresponding period of 2022, and Dx operating margin decreased 540 basis points year-over-year. The decrease was due to a reduction in COVID-19 Testing. Excluding the mix impact from Ascension, Base Business margin increased due to the benefit of organic growth and LaunchPad savings, which was partially offset by higher personnel expense.

BLS operating income was \$104.6 for the three months ended June 30, 2023, an increase of \$11.6 over operating income of \$93.0 in the corresponding period of 2022. The increase was due to demand growth and LaunchPad savings, partially offset by higher personnel expense. The improvement in operating income and margin was impacted by NHP-related constraints.

General corporate expenses are comprised primarily of administrative services such as executive management, human resources, legal, finance, corporate affairs, and information technology. Corporate expenses were \$177.9 for the three months ended June 30, 2023, an increase of \$79.4 over corporate expenses of \$98.5 in the corresponding period of 2022, primarily due to spin-off transaction costs, personnel costs, bonus allocation, and research and development costs.

The Company remains on track to deliver approximately \$350.0 of net savings from its three-year LaunchPad initiative by the end of 2024.

#### **Six Months Ended June 30, 2023, compared with six months ended June 30, 2022**

#### **Revenues**

	Six Months Ended June 30,		Change
	2023	2022	
Dx	\$ 4,723.6	\$ 4,709.5	0.3 %
BLS	1,360.3	1,382.1	(1.6)%
Intercompany eliminations and other	(12.4)	(24.1)	48.5 %
Total	\$ 6,071.5	\$ 6,067.5	0.1 %

The increase in revenues for the six months ended June 30, 2023, as compared with the corresponding period in 2022 was 0.1%. The increase was due to acquisitions net of divestitures of 1.6%, partially offset by lower organic revenue of 1.3% and unfavorable foreign currency translation of 0.2%. The 1.3% decrease in organic revenue was driven by an 11.2% decrease in COVID-19 Testing, partially offset by a 9.9% increase in the Company's organic Base Business.

Dx revenues for the six months ended June 30, 2023, were \$4,723.6, an increase of 0.3% over \$4,709.5 during the six months ended June 30, 2022. The increase was due to acquisitions of 2.1%, partially offset by lower organic revenue of 1.6% and unfavorable foreign currency translation of 0.2%. The 1.6% decrease in organic revenue was due to a 14.4% decrease in COVID-19 Testing, partially offset by a 12.8% increase in the Base Business. Total Base Business growth compared to the Base Business in the prior year was 17.7%, which includes the benefit from the Ascension lab management agreement of approximately 7%.

Dx total volume (measured by requisitions) for the six months ended June 30, 2023, decreased by 1.0% as organic volume decreased by 3.4% and acquisition volume contributed 2.4%. Organic volume was impacted by a 9.5% decrease in COVID-19 Testing, partially offset by a 6.1% increase in Base Business. Price/mix increased by 1.3% due to organic Base Business growth of 6.7%, partially offset by a decrease in COVID-19 Testing of 4.9%, unfavorable foreign currency translation of 0.3%, and lower acquisitions of 0.2%. Base Business volume increased 9.5% compared to the Base Business last year. Price/mix was up 8.2% in the Base Business compared to the Base Business last year, which includes the benefit of the Ascension lab management agreement.

BLS revenues for the six months ended June 30, 2023, were \$1,360.3, a decrease of 1.6% over \$1,382.1 during the six months ended June 30, 2022. The decrease was primarily due to an organic decline of 1.1%, unfavorable foreign currency

translation of 0.1%, and divestitures net of acquisitions of 0.3%. The decrease in organic revenue was negatively impacted by approximately 6.0% due to NHP related constraints. BLS backlog expected to convert to revenue in the next 12 months is \$2,460.0 or 30.9%.

### **Cost of Revenues**

	Six Months Ended June 30,		Change
	2023	2022	
Cost of revenues	\$ 4,379.2	\$ 4,042.9	8.3 %
Cost of revenues as a % of revenues	72.1 %	66.6 %	

Cost of revenues increased 8.3% during the six months ended June 30, 2023, as compared with the corresponding period in 2022. Cost of revenues as a percentage of revenues during the six months ended June 30, 2023, increased to 72.1% as compared to 66.6% in the corresponding period in 2022. This increase in cost of revenues as a percent of revenues was primarily due to a reduction in COVID-19 Testing revenues, the impact of the Ascension Management Service Agreement, and higher personnel expenses, partially offset by organic Base Business growth and LaunchPad savings.

### **Selling, General and Administrative Expenses**

	Six Months Ended June 30,		Change
	2023	2022	
Selling, general and administrative expenses	\$ 963.0	\$ 854.4	12.7 %
Selling, general and administrative expenses as a % of revenues	15.9 %	14.1 %	

Selling, general and administrative expenses as a percentage of revenues were 15.9% and 14.1% during the six months ended June 30, 2023, and 2022, respectively. The increase is primarily due to a reduction in COVID-19 Testing revenues and spin-off transaction costs, partially offset by the impact of the Ascension lab management agreement.

### **Amortization of Intangibles and Other Assets**

	Six Months Ended June 30,		Change
	2023	2022	
Amortization of intangibles and other assets	\$ 104.9	\$ 100.0	4.9 %

The increase in amortization of intangibles and other assets primarily reflects additional amortization for assets acquired subsequent to June 30, 2022.

### **Goodwill and Other Asset Impairments**

	Six Months Ended June 30,		Change
	2023	2022	
Goodwill and other asset impairments	\$ 5.0	\$ 1.2	315.9 %

The Company recorded impairment charges of \$5.0 in capitalized software costs and other intangible assets during the six months ended June 30, 2023. The Company recorded impairment charges of \$1.2 in other assets in Ukraine and Russia during the six months ended June 30, 2022.

### **Restructuring and Other Charges**

	Six Months Ended June 30,		Change
	2023	2022	
Restructuring and other charges	\$ 23.3	\$ 35.0	(33.3)%

During the six months ended June 30, 2023, the Company recorded net restructuring and other charges of \$23.3. The charges were comprised of \$9.2 related to severance and other personnel costs and \$13.2 in facility closures, lease terminations, and general integration activities. The charges were adjusted by the reversal of \$1.1 of previously established severance liabilities and the increase of a previously established liability of \$2.0 in unused facility-related costs.

During the six months ended June 30, 2022, the Company recorded net restructuring and other charges of \$35.0. The charges were comprised of \$17.4 related to severance and other personnel costs and \$17.6 in facility closures, lease terminations, and general integration activities. The charges were adjusted by the reversal of a previously established liability of \$1.0 in unused severance costs and \$0.1 in unused facility-related costs.

### Interest Expense

	Six Months Ended June 30,		Change
	2023	2022	
Interest expense	\$ (100.5)	\$ (84.4)	19.1 %

The increase in interest expense for the six months ended June 30, 2023, as compared with the corresponding period in 2022, is primarily due to the increased interest rates on variable rate debt and higher borrowings under the Credit Facility.

### Equity Method Income

	Six Months Ended June 30,		Change
	2023	2022	
Equity method income, net	\$ (1.2)	\$ 4.8	(124.3)%

Equity method income represents the Company's ownership share in joint venture partnerships along with equity investments in other companies in the health care industry. The decrease in income for the six months ended June 30, 2023, as compared with the corresponding period in 2022, was primarily due to the decreased profitability of the Company's joint ventures in 2023.

### Other, net

	Six Months Ended June 30,		Change
	2023	2022	
Other, net	\$ (23.8)	\$ (45.2)	(47.2)%

The change in Other, net for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, is primarily due to investment losses of \$5.6 for the three months ended June 30, 2023 compared to investment losses of \$14.2 for the corresponding period of 2022. In addition, foreign currency transaction losses of \$18.0 were recognized for the six months ended June 30, 2023 as compared to losses of \$31.7 for the corresponding period of 2022.

### Income Tax Expense

	Six Months Ended June 30,		Change
	2023	2022	
Income tax expense	\$ 113.7	\$ 222.6	(48.9)%
Income tax expense as a % of earnings before income taxes	23.8 %	24.4 %	

The current year effective tax rate differs from the U.S. federal statutory rate of 21.0% primarily due to state income taxes and the disallowance of certain executive compensation which are partially offset by research and development tax credits and favorable foreign rate differentials. The prior year effective tax rate differed from the U.S. federal statutory rate of 21.0% primarily due to state income taxes which were partially offset by windfall stock compensation deductions and favorable foreign rate differentials.

### Operating Income by Segment

During the fourth quarter of 2022, the Company modified the segment performance measure to exclude the amortization of intangibles and other assets, restructuring and other charges, goodwill and other asset impairments, and certain corporate charges for items such as transaction costs, remaining unallocated costs of the CDCS business, COVID-19-related costs, and other special items. These changes align with how the CODM now evaluates segment performance and allocates resources. Prior periods have been conformed for comparability.

	Six Months Ended June 30,		Change
	2023	2022	
Dx segment operating income	\$ 851.2	\$ 1,198.7	(29.0)%
Dx segment operating margin	18.0 %	25.5 %	(7.4)%
BLS segment operating income	178.2	188.9	(5.7)%
BLS segment operating margin	13.1 %	13.7 %	(0.6)%
Segment operating income	1,029.4	1,387.6	(25.8)%
General corporate and unallocated expenses	(300.1)	(217.4)	38.0 %
Amortization of intangibles and other assets	(104.9)	(100.0)	4.9 %
Restructuring and other charges	(23.3)	(35.0)	(33.4)%
Goodwill and other asset impairments	(5.0)	(1.2)	316.7 %
Total operating income	\$ 596.1	\$ 1,034.0	(42.4)%



Dx operating income was \$851.2 for the six months ended June 30, 2023, a decrease of \$347.5 over operating income of \$1,198.7 in the corresponding period of 2022, and Dx operating margin decreased 740 basis points year-over-year. The decrease was due to a reduction in COVID-19 Testing and higher personnel costs, partially offset by a recovery in the Base Business.

BLS operating income was \$178.2 for the six months ended June 30, 2023, a decrease of \$10.7 over operating income of \$188.9 in the corresponding period of 2022. The decrease was due to NHP-related constraints and higher personnel costs, partially offset by demand growth and LaunchPad savings.

General corporate expenses are comprised primarily of administrative services such as executive management, human resources, legal, finance, corporate affairs, and information technology. Corporate expenses were \$300.1 for the six months ended June 30, 2023, a increase of \$82.7 over corporate expenses of \$217.4 in the corresponding period of 2022, primarily due to spin-off transaction costs, personnel costs, bonus allocation, and research and development costs.

The Company remains on track to deliver approximately \$350.0 of net savings from its three-year LaunchPad initiative by the end of 2024.

#### **LIQUIDITY AND CAPITAL RESOURCES (dollars and shares in millions)**

The Company's cash-generating ability and financial condition typically have provided ready access to capital markets. The Company's principal source of liquidity is operating cash flow, supplemented by proceeds from debt offerings. The Company believes that its balances of cash and cash equivalents and borrowing capacity, along with cash generated from operations, will be sufficient to satisfy its cash requirements, cash dividends, and share repurchases over the next twelve months. The Company's senior unsecured revolving credit facility is further discussed in Note 7 (Debt) to the Company's condensed consolidated financial statements.

In summary, the Company's cash flows from continuing operations were as follows for the six months ended June 30, 2023, and 2022, respectively:

	Six Months Ended June 30,	
	2023	2022
Net cash provided by operating activities from continuing operations	\$ 347.2	\$ 904.6
Net cash used for investing activities from continuing operations	(328.6)	(802.5)
Net cash used for financing activities from continuing operations	(124.7)	(497.4)
Effect of exchange rate changes on cash and cash equivalents	6.3	(19.4)
Net decrease in cash and cash equivalents from continuing operations	<u>\$ (99.8)</u>	<u>\$ (414.7)</u>

#### **Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2023, and 2022, totaled \$1,930.6 and \$978.3, respectively. Cash and cash equivalents consist of highly liquid instruments, such as time deposits, commercial paper, and other money market investments, which have original maturities of three months or less.

#### **Cash Flows from Operating Activities**

During the six months ended June 30, 2023, the Company's continuing operations provided \$347.2 of cash as compared to \$904.6 during the same period in 2022. The \$557.4 decrease in cash provided from operations in 2023 as compared with the corresponding 2022 period is primarily due to lower cash earnings.

#### **Cash Flows from Investing Activities**

Net cash used for investing activities for the six months ended June 30, 2023, was \$328.6 as compared to \$802.5 for the six months ended June 30, 2022. The change in cash used for investing activities was primarily due to a decrease in business acquisitions and lower capital expenditures during the six months ended June 30, 2023. Capital expenditures were \$181.5 and \$247.4 for the six months ended June 30, 2023, and 2022, respectively.

#### **Cash Flows from Financing Activities**

Net cash used by financing activities for the six months ended June 30, 2023, was \$124.7 as compared to \$497.4 for the six months ended June 30, 2022. The change in cash flows from financing activities for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, was primarily due to no share repurchase activity during the six months ended June 30, 2023 as compared to \$400.0 during the corresponding period in 2022. Upon closing of the spin transaction, Fortrea made a cash distribution to the Company of approximately \$1,600.0 as partial consideration for the assets that the Company contributed to Fortrea in connection with the spin-off. The Company intends to use approximately \$1.0 billion of the proceeds toward an accelerated share repurchase program and \$300.0 to pay down debt maturing this year.

At June 30, 2023, the Company had \$1,930.6 of cash and \$1,000.0 of available borrowings under its revolving credit

facility, which does not mature until 2026. Under the Company's revolving credit facility, the Company is subject to negative covenants limiting subsidiary indebtedness and certain other covenants typical for investment grade-rated borrowers and the Company is required to maintain certain leverage ratios. The Company was in compliance with all covenants under the revolving credit facility at June 30, 2023, and expects that it will remain in compliance with its existing debt covenants for the next twelve months.

For the six months ended June 30, 2023, the Company did not repurchase any of the Company's common stock. As of June 30, 2023, the Company had an outstanding authorization from the board of directors to purchase up to \$1,531.5 more of the Company's common stock with no expiration date.

For the six months ended June 30, 2023, the Company paid \$129.0 in common stock dividends. On July 13, 2023, the Company announced a cash dividend of \$0.72 per share of common stock for the second quarter, or approximately \$64.8 in the aggregate. The dividend will be payable on September 8, 2023, to stockholders of record of all issued and outstanding shares of common stock as of the close of business on August 8, 2023. The declaration and payment of any future dividends will be at the discretion of the Company's board of directors.

### **Credit Ratings**

The Company's investment grade debt ratings from Moody's and from Standard and Poor's (S&P) contribute to its ability to access capital markets.

### **ITEM 3. Quantitative and Qualitative Disclosures about Market Risk (dollars in millions)**

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange rates, interest rates, and other relevant market rate or price changes. In the ordinary course of business, the Company is exposed to various market risks, including changes in foreign currency exchange and interest rates, and the Company regularly evaluates its exposure to such changes. The Company addresses its exposure to market risks, principally the market risks associated with changes in foreign currency exchange rates and interest rates, through a controlled program of risk management that includes, from time to time, the use of derivative financial instruments such as foreign currency forward contracts, and interest rate and cross currency swap agreements.

#### **Foreign Currency Exchange Rates**

Approximately 13.6% of the Company's revenues for the six months ended June 30, 2023, and approximately 14.3% of the Company's revenue for the six months ended June 30, 2022, were denominated in currencies other than the U.S. Dollar (USD). The Company's financial statements are reported in USD and, accordingly, fluctuations in exchange rates will affect the translation of revenues and expenses denominated in foreign currencies into USD for purposes of reporting the Company's consolidated financial results. In the second quarter of 2023 and the year ended December 31, 2022, the most significant currency exchange rate exposures were to the Canadian dollar, Swiss Franc, Euro and British Pound. Excluding the impacts from any outstanding or future hedging transactions, a hypothetical change of 10% in average exchange rates used to translate all foreign currencies to USD would have impacted income before income taxes for the six months ended June 30, 2023, by approximately \$12.1. Gross accumulated currency translation adjustments recorded as a separate component of shareholders' equity were \$51.7 and \$(241.1) at June 30, 2023 and 2022, respectively. The Company does not have significant operations in countries in which the economy is considered to be highly inflationary.

The Company earns revenue from service contracts over a period of time, ranging from months to years. Accordingly, exchange rate fluctuations during this period may affect the Company's profitability with respect to such contracts. The Company is also subject to foreign currency transaction risk for fluctuations in exchange rates during the period of time between the consummation and cash settlement of transactions. The Company limits its foreign currency transaction risk through exchange rate fluctuation provisions stated in some of its contracts with customers, or it may hedge transaction risk with foreign currency forward contracts. At June 30, 2023, the Company had 10 open foreign exchange forward contracts with various amounts maturing monthly through July 2023 with a notional value totaling approximately \$415.3. At December 31, 2022, the Company had 27 open foreign exchange forward contracts with various amounts maturing monthly through January 2023 with a notional value totaling approximately \$629.5.

The Company is party to U.S. to Swiss Franc cross-currency swap agreements with an aggregate notional amount of \$600.0, \$300.0 maturing in 2024 and \$300.0 maturing in 2025, as a hedge against the impact of foreign exchange movements on its net investment in a Swiss Franc functional currency subsidiary.

#### **Interest Rates**

Some of the Company's debt from time to time is subject to interest at variable rates. As a result, fluctuations in interest rates can affect the business. The Company attempts to manage interest rate risk and overall borrowing costs through an appropriate mix of fixed and variable rate debt including by the utilization of derivative financial instruments, primarily interest rate swaps.

Borrowings under the Company's term loan credit facility, now repaid, and revolving credit facility are subject to variable interest rates, unless fixed through interest rate swaps or other agreements.

In May 2021, to hedge against changes in the fair value portion of the Company's long-term debt, the Company entered into fixed-to-variable interest rate swap agreements for the 2.70% senior notes due 2031 with an aggregate notional value of \$500.0 and variable interest rates based on three-month LIBOR plus 1.0706%.

#### **ITEM 4. Controls and Procedures**

##### ***Evaluation of Disclosure Controls and Procedures***

As of the end of the period covered by this Quarterly Report on Form 10-Q, the Company carried out, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon this evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2023.

##### ***Changes in Internal Control Over Financial Reporting***

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that occurred during the quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES****PART II - OTHER INFORMATION****Item 1. Legal Proceedings**

See Note 9 (Commitments and Contingencies) to the Company's condensed consolidated financial statements, above, which is incorporated herein by reference.

**Item 1A. Risk Factors**

The risk factors set forth below revise and supplement the corresponding risk factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. With the exception of the following, there have been no material changes in the risk factors that appear in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

**The Company depends on a variety of U.S. and international financial institutions to provide us with banking services. The default or failure of one or more of the financial institutions that we rely on may adversely affect the Company's business and financial condition.**

The Company maintains the majority of its cash and cash equivalents in accounts with major U.S. and international financial institutions, and our deposits at certain of these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where the Company maintains its cash and cash equivalents, there can be no assurance that the Company would be able to access uninsured funds in a timely manner or at all. Additionally, bank payment processes could become unavailable which could temporarily impact the Company's ability to conduct business with suppliers and pay its employees on a timely basis. Any inability to access or delay in accessing these funds could adversely affect the Company's business and financial condition.

**The recently completed spin-off of Fortrea Holdings Inc. may not achieve the intended results.**

On June 30, 2023, Labcorp completed the previously announced spin-off of Fortrea Holdings Inc. (Fortrea). The spin-off poses risks and challenges that could impact the Company's business, including, but not limited to, the failure to achieve the intended benefits from the spin-off, the failure to receive tax-free treatment for U.S. federal income purposes, and potential exposure to unexpected claims, liabilities, or costs under the Company's agreements with Fortrea in connection with the spin-off.

The spin-off may adversely impact relationships with customers, suppliers, employees, and other business counterparties and the Company may experience delays, business disruption, increased costs, including from lost synergies, which could adversely affect the Company's business, financial condition, and results of operations. The Company may also experience increased challenges in attracting, retaining, and motivating key personnel, which could harm the Company's business. The Company's ongoing transitional and commercial arrangements with Fortrea intend to provide for a seamless delivery of services to the customers and other stakeholders of the independent companies following the spin-off, but those arrangements may not meet the intended objectives and could have unexpected costs or challenges, which could negatively impact the Company's business, including relationships with customers and other business counterparties, and which could also result in a decline in value of the Company.

**The Company might not be able to engage in certain desirable capital-raising or strategic transactions.**

The Company's ability to engage in certain transactions could be limited or restricted in order to preserve, for U.S. federal income tax purposes, the tax-free qualification of the Fortrea spin-off and certain related transactions under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code. Even if the spin-off and certain related transactions otherwise qualify for tax-free treatment under Section 355 of the Code, they may result in corporate-level taxable gain to the Company if there is a 50% or greater change in ownership, by vote or value, of shares of the Company's stock, Fortrea's stock, or the stock of a successor of either occurring as part of a plan or series of related transactions that includes the spin-off, which is generally presumed to include any acquisitions or issuances of stock within two years of the spin-off. To avoid realizing such taxable gain, the Company may be restricted or limited in its capital-raising or in the strategic transactions that it elects to pursue during such time period.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds (dollars and shares in millions, except per share data)**

The Board of Directors has authorized the repurchase of specified amounts of the Company's stock since 2007. During the three months ended June 30, 2023, the Company did not repurchase any of its common stock. As of June 30, 2023, the Company had outstanding authorization from the board of directors to purchase up to \$1,531.5 of the Company's common stock. The repurchase authorization has no expiration date.

## Item 5. Other Information

During the three months ended June 30, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits

(a)	Exhibits
2.1†*	<a href="#">Separation and Distribution Agreement, dated June 29, 2023, by and between Laboratory Corporation of America Holdings and Fortrea Holdings Inc. (incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed on July 3, 2023)</a>
10.1†*	<a href="#">Tax Matters Agreement, dated June 29, 2023, by and between Laboratory Corporation of America Holdings and Fortrea Holdings Inc. (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on July 3, 2023)</a>
10.2†	<a href="#">Employee Matters Agreement, dated June 29, 2023, by and between Laboratory Corporation of America Holdings and Fortrea Holdings Inc. (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on July 3, 2023)</a>
10.3†*	<a href="#">Transition Services Agreement, dated June 29, 2023, by and between Laboratory Corporation of America Holdings and Fortrea Holdings Inc. (incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K filed on July 3, 2023)</a>
10.4**	<a href="#">Laboratory Corporation of America Holdings Amended and Restated 2016 Employee Stock Purchase Plan</a>
10.5**	<a href="#">First Amendment to the Laboratory Corporation of America Holdings Amended and Restated 2016 Employee Stock Purchase Plan</a>
31.1**	<a href="#">Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)</a>
31.2**	<a href="#">Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)</a>
32***	<a href="#">Written Statement of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)</a>
101.INS**	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH**	Inline XBRL Taxonomy Extension Schema
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)
†	Certain schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish supplementally copies of any of the omitted schedules to the Securities and Exchange Commission upon its request.
*	Certain portions of this exhibit have been redacted pursuant to Item 601(b)(2)(ii) and Item 601(b)(10)(iv) of Regulation S-K, as applicable. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the Commission upon its request.
**	filed herewith
***	furnished herewith

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LABORATORY CORPORATION OF AMERICA HOLDINGS

Registrant

By: /s/ ADAM H. SCHECHTER  
Adam H. Schechter  
Chief Executive Officer

By: /s/ GLENN A. EISENBERG  
Glenn A. Eisenberg  
Executive Vice President and  
Chief Financial Officer

August 4, 2023

**LABORATORY CORPORATION OF AMERICA HOLDINGS**  
**2016 EMPLOYEE STOCK PURCHASE PLAN**  
**As Amended and Restated, Effective January 1, 2022**

**1. PURPOSE AND INTERPRETATION**

(a) The purpose of the Plan is to encourage and to enable Eligible Employees of the Company and its Participating Affiliates, through after-tax payroll deductions or periodic cash contributions, to acquire proprietary interests in the Company through the purchase and ownership of shares of Stock. The Plan is intended to benefit the Company and its shareholders (a) by incentivizing Participants to contribute to the success of the Company and to operate and manage the Company's business in a manner that will provide for the Company's long-term growth and profitability and that will benefit its shareholders and other important stakeholders and (b) by encouraging Participants to remain in the employ of the Company or its Participating Affiliates.

(b) The Plan and the Options granted under the Plan are intended to satisfy the requirements for an "employee stock purchase plan" under Code Section 423. Notwithstanding the foregoing, the Company makes no undertaking to, nor representation that it will, maintain the qualified status of the Plan or any Options granted under the Plan. In addition, Options that do not satisfy the requirements for an "employee stock purchase plan" under Code Section 423 may be granted under the Plan pursuant to the rules, procedures, or sub-plans adopted by the Administrator, in its sole discretion, for certain Eligible Employees.

**2. DEFINITIONS**

(a) "**Account**" shall mean a bookkeeping account established and maintained to record the amount of funds accumulated pursuant to the Plan with respect to a Participant for the purpose of purchasing shares of Stock under the Plan.

(b) "**Administrator**" shall mean the Board, the Compensation Committee of the Board, or any other committee of the Board designated by the Board.

(c) "**Board**" shall mean the Board of Directors of the Company.

(d) "**Code**" shall mean the Internal Revenue Code of 1986, as amended, as now in effect or as hereafter amended, and any successor thereto. References in the Plan to any Code Section shall be deemed to include, as applicable, regulations and guidance promulgated under such Code Section.

(e) "**Company**" shall mean Laboratory Corporation of America Holdings, a Delaware corporation, and any successor thereto.

(f) "**Custodian**" shall mean the third-party administrator designated by the Administrator from time to time.

(g) "**Effective Date**" shall mean May 11, 2016, subject to approval of the Plan by the Company's shareholders on such date, the Plan having been adopted by the Board on March 25, 2016.

(h) "**Eligible Compensation**" shall mean, unless otherwise established by the Administrator prior to the start of an Offering Period, regular base pay (including any shift differentials) but excludes any bonus, overtime payment, sales commission, contribution to any Code Section 125 or 401(k) plan or to the extent applicable, its equivalence under the laws of a foreign jurisdiction, or other form of extra compensation.

(i) "**Eligible Employee**" shall mean a natural person who has been an employee (including an officer) of the Company or a Participating Affiliate for at least six (6) months as of an Offering Date, except the following, who shall not be eligible to participate under the Plan: (i) an employee whose customary employment is twenty (20) hours or less per week, (ii) an employee whose customary employment is for not more than five (5) months in any calendar year, (iii) an employee who, after exercising his or her rights to purchase shares of Stock under the Plan, would own (directly or by attribution pursuant to Code Section 424(d)) shares of Stock (including shares that may be acquired under any outstanding Options) representing five percent (5%) or more of the total combined voting power of all classes of stock of the Company, (iv) an employee who is a citizen or resident of a foreign jurisdiction (without regard to whether such employee is also a U.S. citizen or resident alien), if the grant of an Option under the Plan or an Offering Period to such employee is prohibited under the laws of such foreign jurisdiction or compliance with the laws of such foreign jurisdiction would cause the Plan or an Offering Period to violate the requirements of Code Section 423 and (v) any other natural person whom the Administrator determine to exclude from an offering designed to satisfy the requirements of Code Section 423 provided such exclusion is permitted by Code Section 423 and the guidance issued thereunder as well as, to the extent applicable, the laws of a foreign jurisdiction. Notwithstanding the foregoing, for purposes of a Non-423(b) Offering under the Plan, if any, the Administrator shall have the authority, in its sole discretion, to establish a different definition of Eligible Employee as it may deem advisable or necessary.

(j) "**Enrollment Form**" shall mean the agreement(s) between the Company and an Eligible Employee, in such written, electronic, or other format and/or pursuant to such written, electronic, or other process as may be established by the Administrator from time to time, pursuant to which an Eligible Employee elects to participate in the Plan or to which a Participant elects to make changes with respect to the Participant's participation as permitted by the Plan.

(k) "**Enrollment Period**" shall mean that period of time prescribed by the Administrator, which period shall conclude prior to the Offering Date, during which Eligible Employees may elect to participate in an Offering Period. The duration and timing of Enrollment Periods may be changed or modified by the Administrator from time to time.

(l) "**Fair Market Value**" shall mean the value of each share of Stock subject to the Plan on a given date determined as follows: (i) if on such date the shares of Stock are listed on an established national or regional stock exchange or are publicly traded on an established securities market, the Fair Market Value of the shares of Stock shall be the closing price of the shares of Stock on such exchange or in such market (the exchange or market selected by the Administrator if there is more than one such exchange or market) on such date or, if such date is not a Trading Day, on the Trading Day immediately preceding such date, or, if no sale of the shares of Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported; or (ii) if the shares of Stock are not listed on such an exchange or traded on such a market, the Fair Market Value of the shares of Stock shall be determined by the Board in good faith.

(m) "**Holding Period**" shall have the meaning set forth in Section 10(c)(i).

(n) "**Non-423(b) Offering**" shall mean the rules, procedures, or sub-plans, if any, adopted by the Administrator, in its sole discretion, as a part of the Plan, pursuant to which Options that do not satisfy the requirements for "employee stock purchase plans" that are set forth under Code Section 423 may be granted to Eligible Employees as a separate offering under the Plan.

(o) "**Offering Date**" shall mean the first day of any Offering Period under the Plan.

(p) "**Offering Period**" shall mean the period determined by the Administrator pursuant to Section 7, which period shall not exceed twenty-seven (27) months, during which payroll deductions or periodic cash contributions are accumulated for the purpose of purchasing Stock under the Plan.



(q) "**Option**" shall mean the right granted to Participants to purchase shares of Stock pursuant to an offering under the Plan.

(r) "**Outstanding Election**" shall mean a Participant's then-current election to purchase shares of Stock in an Offering Period, or that part of such an election which has not been cancelled (including any voluntary cancellation under Section 5 and deemed cancellation under Section 11) prior to the close of business on the last Trading Day of the Offering Period (or if an Offering Period has multiple Purchase Periods, the last Trading Day of the Purchase Period) or such other date as determined by the Administrator.

(s) "**Participating Affiliate**" shall mean any Subsidiary designated by the Administrator from time to time, in its sole discretion, whose employees may participate in the Plan or in a specific Offering Period under the Plan, if such employees otherwise qualify as Eligible Employees.

(t) "**Participant**" shall mean an Eligible Employee who has elected to participate in the Plan pursuant to Section 5.

(u) "**Plan**" shall mean this Laboratory Corporation of America Holdings 2016 Employee Stock Purchase Plan, as it may be amended from time to time.

(v) "**Prior Plan**" shall mean the Laboratory Corporation of America Holdings 1997 Employee Stock Purchase Plan, as amended.

(w) "**Purchase Period**" shall mean the period during an Offering Period designated by the Administrator on the last Trading Day of which purchases of Stock are made under the Plan. An Offering Period may have one or more Purchase Periods.

(x) "**Purchase Price**" shall mean the purchase price of each share of Stock purchased under the Plan; *provided, however*, that the Purchase Price shall not be less than the lesser of eighty-five percent (85%) of the average of the high and low sales price of the Common Stock on the New York Stock Exchange on the Offering Date or the last Trading Day of the Offering Period (or if an Offering Period has multiple Purchase Periods, on the last Trading Day of the Purchase Period).

(y) "**Stock**" shall mean the common stock, par value \$0.10 per share, of the Company, or any security into which shares of Stock may be changed or for which shares of Stock may be exchanged as provided in Section 12.

(z) "**Subsidiary**" shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the Effective Date shall be considered a Subsidiary commencing as of such date.

(aa) "**Termination of Employment**" shall mean, with respect to a Participant, a cessation of the employee-employer relationship between the Participant and the Company or a Participating Affiliate for any reason as well as the occurrences included below that would constitute termination of employment at law,

(i) including, without limitation, (A) a voluntary or involuntary termination of employment by resignation, discharge, dismissal, redundancy, expiry of fixed-term contract, death, disability, retirement, (B) or the disaffiliation of a Subsidiary, (C) unless otherwise determined or provided by the Administrator, a transfer of employment to a Subsidiary that is not a Participating Affiliate as of the first day immediately following the three (3)-month period following such transfer, and (D) a termination of employment where

the individual continues to provide certain services to the Company or a Subsidiary in a non-employee role, but

(ii) excluding (A) such termination of employment where there is a simultaneous reemployment of the Participant by the Company or a Participating Affiliate, and (B) any bona fide and Company-approved or Participating Affiliate-approved leave of absence, such as family leave, medical leave, personal leave, and military leave, or such other leave that meets the requirements of Treasury Regulations section 1.421-1(h)(2) or, to the extent applicable, its equivalence under the laws of a foreign jurisdiction; *provided, however*, where the period of leave exceeds three (3) months and the employee's right to reemployment is not guaranteed either by statute or by contract, the employee-employer relationship will be deemed to have terminated on the first day immediately following such three (3)-month period.

(bb) "**Trading Day**" shall mean a day on which the New York Stock Exchange is open for trading.

### **3. SHARES SUBJECT TO THE PLAN**

(a) Share Reserve. Subject to adjustment as provided in Section 12, the maximum number of shares of Stock that may be issued pursuant to Options granted under the Plan (including any Non-423(b) Offering established hereunder) is two million five hundred thousand (2,500,000) shares. The shares of Stock reserved for issuance under the Plan may be authorized but unissued shares, treasury shares, or shares purchased on the open market.

(b) Participation Adjustment as a Result of the Share Reserve. If the Administrator determines that the total number of shares of Stock remaining available under the Plan is insufficient to permit the number of shares of Stock to be purchased by all Participants on the last Trading Day of an Offering Period (or if an Offering Period has multiple Purchase Periods, on the last Trading Day of the Purchase Period) pursuant to Section 9, the Administrator shall make a participation adjustment, where the number of shares of Stock purchasable by all Participants shall be reduced proportionately in as uniform and equitable a manner as is reasonably practicable, as determined in the Administrator's sole discretion. After such adjustment, the Administrator shall refund in cash all affected Participants' Account balances for such Offering Period as soon as practicable thereafter.

(c) Applicable Law Limitations on the Share Reserve. If the Administrator determines that some or all of the shares of Stock to be purchased by Participants on the last Trading Day of an Offering Period (or if an Offering Period has multiple Purchase Periods, the last Trading Day of the Purchase Period) would not be issued in accordance with applicable laws or any approval by any regulatory body as may be required or the shares of Stock would not be issued pursuant to an effective Form S-8 registration statement or that the issuance of some or all of such shares of Stock pursuant to a Form S-8 registration statement is not advisable due to the risk that such issuance will violate applicable laws, the Administrator may, without Participants' consent, terminate any outstanding Offering Period and the Options granted thereunder and refund in cash all affected Participants' Account balances for such Offering Period as soon as practicable thereafter.

### **4. ADMINISTRATION**

(a) Generally. The Plan shall be administered under the direction of the Administrator. Subject to the express provisions of the Plan, the Administrator shall have full authority, in its sole discretion, to take any actions it deems necessary or advisable for the administration of the Plan, including, without limitation:

(i) Interpreting and construing the Plan and Options granted under the Plan; prescribing, adopting, amending, waiving, and rescinding rules and regulations it deems appropriate to implement the Plan, including amending any outstanding Option, as it may deem advisable or necessary to comply with applicable laws; correcting any defect or supplying any omission or reconciling any inconsistency in the Plan or Options granted under the Plan; and making all other decisions relating to the operation of the Plan;

(ii) Establishing the timing and length of Offering Periods and Purchase Periods;

(iii) Establishing minimum and maximum contribution rates;

(iv) Establishing new or changing existing limits on the number of shares of Stock a Participant may elect to purchase with respect to any Offering Period, if such limits are announced prior to the first Offering Period to be affected;

(v) Adopting such rules, procedures, or sub-plans as may be deemed advisable or necessary to comply with the laws of countries other than the United States, to allow for tax-preferred treatment of the Options or otherwise to provide for the participation by Eligible Employees who reside outside of the United States, including determining which Eligible Employees are eligible to participate in the Non-423(b) Offering or other sub-plans established by the Administrator;

(vi) Establishing the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars and permitting payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the processing of properly completed Enrollment Forms; and

(vii) Furnishing to the Custodian such information as the Custodian may require.

The Administrator's determinations under the Plan shall be final, binding, and conclusive upon all persons.

(b) Custodian. If the Administrator designates a Custodian for the Plan, the Custodian shall act as custodian under the Plan and shall perform such duties as requested by the Administrator in accordance with any agreement between the Company and the Custodian. The Custodian shall establish and maintain, as agent for each Participant, an Account and any subaccounts as may be necessary or desirable for the administration of the Plan.

(c) No Liability. Neither the Board, the Compensation Committee of the Board, any other committee of the Board, or the Custodian, nor any of their agents or designees, shall be liable to any person (i) for any act, failure to act, or determination made in good faith with respect to the Plan or Options granted under the Plan or (ii) for any tax (including any interest and penalties) by reason of the failure of the Plan, an Option, or an Offering Period to satisfy the requirements of Code Section 423, the failure of the Participant to satisfy the requirements of Code Section 423, or otherwise asserted with respect to the Plan, Options granted under the Plan, or shares of Stock purchased or deemed purchased under the Plan.

## 5. PARTICIPATION IN THE PLAN AND IN AN OFFERING PERIOD

(a) Generally. An Eligible Employee may become a Participant for an Offering Period under the Plan by completing the prescribed Enrollment Form and submitting such Enrollment Form to the Company (or the Company's designee), in the format and pursuant to the process as prescribed by the Administrator, during the Enrollment Period prior to the commencement of the Offering Period to which it relates. If properly completed and timely submitted, the Enrollment Form will become effective for the first Offering Period following submission of the Enrollment Form and all subsequent Offering Periods as provided by Section 5(b) until (i) it is terminated in accordance with Section 11, (ii) it is modified by filing another Enrollment Form in accordance with this Section 5(a), (including an election is made to cease payroll deductions or periodic cash contributions in accordance with Section 6(c)), or (iii) the Participant is otherwise ineligible to participate in the Plan or in a subsequent Offering Period.

(b) Automatic Re-Enrollment. Following the end of each Offering Period, each Participant shall automatically be re-enrolled in the next Offering Period at the applicable rate of payroll deductions or periodic cash contributions in effect on the last Trading Day of the prior Offering Period or otherwise as provided under Section 6, unless (i) the Participant has experienced a Termination of Employment, or (ii) the Participant is otherwise ineligible to participate in the Plan or in the next Offering Period.

Notwithstanding the foregoing, the Administrator may require current Participants to complete and submit a new Enrollment Form at any time it deems necessary or desirable to facilitate Plan administration or for any other reason.

## 6. PAYROLL DEDUCTIONS OR PERIODIC CASH CONTRIBUTIONS

(a) Generally. Each Participant's Enrollment Form shall contain a payroll deduction authorization pursuant to which he or she shall elect to have a designated whole percentage of Eligible Compensation between one percent (1%) and ten percent (10%) deducted, on an after-tax basis, on each payday during the Offering Period and credited to the Participant's Account for the purchase of shares of Stock pursuant to the offering. The Administrator shall also have the authority, but not the obligation, to permit a Participant to elect to make periodic cash contributions, in lieu of payroll deductions, for the purchase of shares of Stock pursuant to the offering. Notwithstanding the foregoing, if local law prohibits payroll deductions, a Participant may elect to participate in an Offering Period through contributions to his or her Account in a format and pursuant to a process acceptable to the Administrator. In such event, any such Participant shall be deemed to participate in a separate offering under the Plan, unless the Administrator otherwise expressly provides.

(b) Insufficiency of Contributions. Subject to Section 6(e), if in any payroll period a Participant has no pay or his or her pay is insufficient (after other authorized deductions) to permit deduction of the full amount of his or her payroll deduction election, then (i) the payroll deduction election for such payroll period shall be reduced to the amount of pay remaining, if any, after all other authorized deductions, and (ii) the percentage or dollar amount of Eligible Compensation shall be deemed to have been reduced by the amount of the reduction in the payroll deduction election for such payroll period. Deductions of the full amount originally elected by the Participant will recommence as soon as his or her pay is sufficient to permit such payroll deductions; *provided, however*, no additional amounts shall be deducted to satisfy the Outstanding Election. If the Administrator authorizes a Participant to elect to make periodic cash contributions in lieu of payroll deductions, the failure of a Participant to make any such contributions shall reduce, to the extent of the deficiency in such payments, the number of shares purchasable under the Plan by the Participant.

(c) Cessation after Offering Date. A Participant may cease his or her payroll deductions or periodic cash contributions during an Offering Period by properly completing and timely submitting a new Enrollment Form to the Company (or the Company's designee), in the format and pursuant to the process as prescribed by the Administrator, at any time prior to the last day of such Offering Period (or if an Offering Period has multiple Purchase Periods, the last day of such Purchase Period). Any such cessation in payroll deductions or periodic cash contributions shall be effective as soon as administratively practicable thereafter and shall remain in effect for successive Offering Periods as provided in Section 5(b) unless the Participant submits a new Enrollment Form for a later Offering Period in accordance with Section 5(a). A Participant may only increase his or her rate of payroll deductions or periodic cash contributions in accordance with Section 6(d).

(d) Modification Prior to Offering Date. A Participant may increase or decrease his or her rate of payroll deductions or periodic cash contributions, to take effect on the Offering Date of the Offering Period following submission of the Enrollment Form, by properly completing and timely submitting a new Enrollment Form in accordance with Section 5(a).

(e) Authorized Leave or Disability after Offering Date. Subject to Section 11, if a Participant is absent from work due to an authorized leave of absence or disability (and has not experienced a Termination of Employment), such Participant shall have the right to elect (i) to remain a Participant in the Plan for the then-current Offering Period (or if an Offering Period has multiple Purchase Periods, the then-current Purchase Period) but to cease his or her payroll deductions or periodic cash contributions in accordance with Section 6(c), or (ii) to remain a Participant in the Plan for the then-current Offering Period (or if an Offering Period has multiple Purchase Periods, the then-current Purchase Period) but to authorize payroll deductions to be made from payments made by the Company or a Participating Affiliate to the Participant during such leave of absence or disability and to undertake to make additional cash payments to the Plan

at the end of each payroll period during the Offering Period to the extent that the payroll deductions from payments made by the Company or a Participating Affiliate to such Participant are insufficient to meet such Participant's Outstanding Election. Neither the Company nor a Participating Affiliate shall advance funds to a Participant if the Participant's payroll deductions and additional cash payments during the Participant's leave of absence or disability are insufficient to fund the Participant's Account at his or her Outstanding Election.

## **7. OFFERING PERIODS AND PURCHASE PERIODS; PURCHASE PRICE**

(a) The Administrator shall determine from time to time, in its sole discretion, the Offering Periods and Purchase Periods under the Plan. Each Offering Period shall consist of one or more Purchase Periods, as determined by the Administrator. Unless otherwise established by the Administrator prior to the start of an Offering Period, the Plan shall have two (2) Offering Periods (with concurrent Purchase Periods) that commence each calendar year, and each Offering Period shall be of approximately six (6) months' duration, with the first such Offering Period beginning on the first Trading Day of January and ending on the last Trading Day of the immediately following June, and the second such Offering Period beginning on the first Trading Day of July and ending on the last Trading Day of the immediately following December; *provided, however*, that the first Offering Period under the Plan shall commence on the first Trading Day of July following the Effective Date and shall end on the last Trading Day of the immediately following December.

(b) The Administrator shall determine from time to time, in its sole discretion, the Purchase Price of each share of Stock for an Offering Period. Unless otherwise established by the Administrator prior to the start of an Offering Period, the Purchase Price shall be the lesser of eighty-five percent (85%) of the average of the high and low sales price of the Common Stock on the New York Stock Exchange on the Offering Date or the last Trading Day of the Offering Period (or if an Offering Period has multiple Purchase Periods, on the last Trading Day of the Purchase Period).

## **8. GRANT OF OPTION**

(a) Grant of Option. On each Offering Date, each Participant in such Offering Period shall automatically be granted an Option to purchase as many whole or, provided the participant purchases at least one whole share, fractional shares of Stock as the Participant will be able to purchase with the payroll deductions or periodic cash contributions credited to the Participant's Account during the applicable Offering Period.

(b) 5% Owner Limit. Notwithstanding any provisions of the Plan to the contrary, no Participant shall be granted an Option to purchase shares of Stock under the Plan if such Participant (or any other person whose Stock would be attributed to such Participant pursuant to Code Section 424(d)), immediately after such Option is granted, would own or hold Options to purchase shares of Stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Subsidiaries.

(c) Other Limitation. The Administrator may determine, as to any Offering Period, that the offering shall not be extended to "highly compensated employees" within the meaning of Code Section 414(q).

## **9. PURCHASE OF SHARES OF STOCK; PURCHASE LIMITATIONS**

(a) Purchase. Unless the Participant's participation in the Plan has otherwise been terminated as provided in Section 11, such Participant will be deemed to have automatically exercised his or her Option to purchase Stock on the last Trading Day of the Offering Period (or if an Offering Period has multiple Purchase Periods, the last Trading Day of the Purchase Period) for the maximum number of shares of Stock that may be purchased at the Purchase Price with the Participant's Account balance at that time; *provided, however*, the number of shares of Stock purchased is subject to adjustment by Section 3, this Section 9, and Section 12. The Administrator shall cause the amount credited to each Participant's Account to be applied to such purchase, and the amount applied to

purchase shares of Stock pursuant to an Option shall be deducted from the applicable Participant's Account.

(b) Limit on Number of Shares Purchased. Notwithstanding Section 8(a) or Section 9(a), in no event may a Participant purchase more than fifty thousand (50,000) shares of Stock in any one Offering Period; *provided, however*, that the Administrator may, in its sole discretion, prior to the start of an Offering Period, set a different limit on the number of shares of Stock a Participant may purchase during such Offering Period.

(c) Limit on Value of Shares Purchased. Notwithstanding any provisions of the Plan to the contrary, excluding Options granted pursuant to any Non-423(b) Offering, no Participant shall be granted an Option to purchase shares of Stock under the Plan which permits the Participant's rights to purchase shares under all "employee stock purchase plans" (described in Code Section 423) of the Company and its Subsidiaries to accrue at a rate which exceeds twenty-five thousand dollars (\$25,000) of the Fair Market Value of such shares of Stock (determined at the time such Options are granted) for each calendar year in which such Options are outstanding at any time.

(d) No Fractional Shares. Notwithstanding any provisions of the Plan to the contrary, no Participant may exercise an Option to purchase less than one whole share of Stock, and any Option to purchase less than one whole share of Stock shall be automatically terminated on the last Trading Day of the Offering Period (or if an Offering Period has multiple Purchase Periods, the last Trading Day of the Purchase Period). Unless the Participant's participation in the Plan has otherwise been terminated as provided in Section 11, the portion of a Participant's Account balance remaining as a result of a Participant's inability to exercise an Option to purchase less than one whole share of Stock shall be transferred to the Participant's brokerage account.

## **10. STOCK ISSUANCE; SHAREHOLDER RIGHTS; AND SALES OF PLAN SHARES**

(a) Stock Issuance and Account Statements. Shares of Stock purchased under the Plan will be held by the Custodian. The Custodian may hold the shares of Stock purchased under the Plan by book entry or in the form of stock certificates in nominee names and may commingle shares held in its custody in a single account without identification as to individual Participants. The Company shall cause the Custodian to deliver to each Participant a statement for each Offering Period during which the Participant purchases Stock under the Plan, which statement shall reflect, for each such Participant, (i) the amount of payroll deductions withheld or periodic cash contributions made during the Offering Period, (ii) the number of shares of Stock purchased, (iii) the Purchase Price of the shares of Stock purchased, and (iv) the total number of shares of Stock held by the Custodian for the Participant as of the end of the Offering Period.

(b) Shareholder Rights. A Participant shall not be a shareholder or have any rights as a shareholder with respect to shares of Stock subject to the Participant's Options under the Plan until the shares of Stock are purchased pursuant to the Options and such shares of Stock are transferred into the Participant's name on the Company's books and records. No adjustment will be made for dividends or other rights for which the record date is prior to such time. Following purchase of shares of Stock under the Plan and transfer of such shares of Stock into the Participant's name on the Company's books and records, a Participant shall become a shareholder with respect to the shares of Stock purchased during such Offering Period (or, if applicable, Purchase Period) and, except as otherwise provided in Section 10(c), shall thereupon have all dividend, voting, and other ownership rights incident thereto.

(c) Sales of Plan Shares. The Administrator shall have the right to require any or all of the following with respect to shares of Stock purchased under the Plan:

(i) that a Participant may not request that all or part of the shares of Stock be reissued in the Participant's own name and shares be delivered to the Participant until two (2) years (or such shorter period of time as the Administrator may designate) have elapsed since the Offering Date of the Offering Period in

which the shares were purchased and one (1) year has elapsed since the day the shares were purchased (the “**Holding Period**”);

(ii) that all sales of shares of Stock during the Holding Period applicable to such purchased shares be performed through a licensed broker acceptable to the Company; and

(iii) that Participants abstain from selling or otherwise transferring shares of Stock purchased pursuant to the Plan for a period lasting up to two (2) years from the date the shares of Stock were purchased pursuant to the Plan.

#### **11. DEEMED CANCELLATION OR TERMINATION OF PARTICIPATION**

(a) Termination of Employment Other than Death. In the event a Participant who holds outstanding Options to purchase shares of Stock under the Plan experiences a Termination of Employment for any reason other than death prior to the last Trading Day of the Offering Period, the Participant's outstanding Options to purchase shares of Stock under the Plan shall automatically terminate, and the Administrator shall refund in cash the Participant's Account balance as soon as practicable thereafter.

(b) Death. In the event of the death of a Participant while the Participant holds outstanding Options to purchase shares of Stock under the Plan, the legal representatives of such Participant's estate (or, if the Administrator permits a beneficiary designation, the beneficiary or beneficiaries most recently designated by the Participant prior to his or her death) may, within three (3) months after the Participant's death (but no later than the last Trading Day of the Offering Period (or if an Offering Period has multiple Purchase Periods, the last Trading Day of the then-current Purchase Period)) by written notice to the Company (or the Company's designee), elect one of the following alternatives. In the event the Participant's legal representatives (or, if applicable, beneficiary or beneficiaries) fail to deliver such written notice to the Company (or the Company's designee) within the prescribed period, the alternative in Section 11(b)(ii) shall apply.

(i) The Participant's outstanding Options shall be reduced to the number of shares of Stock that may be purchased, as of the last day of the Offering Period (or if an Offering Period has multiple Purchase Periods, the last Trading Day of the then-current Purchase Period), with the amount then credited to the Participant's Account; or

(ii) The Participant's Options to purchase shares of Stock under the Plan shall automatically terminate, and the Administrator shall refund in cash, to the Participant's legal representatives, the Participant's Account balance as soon as practicable thereafter.

(c) Other Termination of Participation. If a Participant ceases to be eligible to participate in the Plan for any reason, the Administrator shall refund in cash the affected Participant's Account balance as soon as practicable thereafter. Once terminated, participation may not be reinstated for the then-current Offering Period, but, if otherwise eligible, the Eligible Employee may elect to participate in a subsequent Offering Period in accordance with Section 5.

#### **12. CHANGES IN CAPITALIZATION**

(a) Changes in Stock. If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any recapitalization, reclassification, stock split, reverse stock split, spin-off, combination of shares, exchange of shares, stock dividend, or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares that may be purchased under the Plan shall be adjusted proportionately and accordingly by the Company. In addition, the number and kind of shares for which Options are outstanding shall be similarly adjusted so that the proportionate interest of a Participant immediately following such event shall, to the extent practicable, be the same as immediately prior to such event. Any such adjustment in outstanding Options shall not change the aggregate Purchase

Price payable by a Participant with respect to shares subject to such Options but shall include a corresponding proportionate adjustment in the Purchase Price per share. Notwithstanding the foregoing, in the event of a spin-off that results in no change in the number of outstanding shares of Stock, the Company may, in such manner as the Company deems appropriate, adjust (i) the number and kind of shares for which Options are outstanding under the Plan and (ii) the Purchase Price per share.

(b) Reorganization in Which the Company Is the Surviving Corporation. Subject to Section 12(c), if the Company shall be the surviving corporation in any reorganization, merger, or consolidation of the Company with one or more other corporations, all outstanding Options under the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Options would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the Purchase Price per share so that the aggregate Purchase Price thereafter shall be the same as the aggregate Purchase Price of the shares subject to such Options immediately prior to such reorganization, merger, or consolidation.

(c) Reorganization in Which the Company Is Not the Surviving Corporation, Sale of Assets or Stock, and Other Corporate Transactions. Upon any dissolution or liquidation of the Company, or upon a merger, consolidation, or reorganization of the Company with one or more other corporations in which the Company is not the surviving corporation, or upon a sale of all or substantially all of the assets of the Company to another corporation, or upon any transaction (including, without limitation, a merger, consolidation, or reorganization in which the Company is the surviving corporation) approved by the Board that results in any person or entity owning more than fifty percent (50%) of the combined voting power of all classes of stock of the Company, the Plan and all Options outstanding hereunder shall terminate, except to the extent provision is made in writing in connection with such transaction for the continuation of the Plan and/or the assumption of the Options theretofore granted, or for the substitution for such Option of new rights covering the stock of a successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares and purchase prices, in which event the Plan and rights theretofore granted shall continue in the manner and under the terms so provided. In the event of any such termination of the Plan, the Offering Period shall be deemed to have ended on the last Trading Day prior to such termination, and in accordance with Section 9, the Options of each Participant then outstanding shall be deemed to be automatically exercised on such last Trading Day. The Administrator shall send written notice of an event that will result in such a termination to all Participants at least five (5) days prior to the date upon which the Plan will be terminated.

(d) Adjustments. Adjustments under this Section 12 related to stock or securities of the Company shall be made by the Administrator, whose determination in that respect shall be final, binding, and conclusive.

(e) No Limitations on Company. The grant of an Option pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

### **13. TERM; AMENDMENT, SUSPENSION, AND TERMINATION OF THE PLAN**

(a) Term. The Plan shall be effective as of the Effective Date. The outstanding offering period under the Prior Plan shall be the last offering period under the Prior Plan which ends on June 30, 2016. The Plan shall terminate on the first to occur of (i) the day before the tenth (10<sup>th</sup>) anniversary of the date of adoption of the Plan by the Board, (ii) the date on which all shares of Stock reserved for issuance under the Plan pursuant to Section 3 have been issued, (iii) the date determined in accordance with Section 12, and (iv) the date determined in accordance with Section 13(b).

(b) Amendment, Suspension, and Termination of the Plan. The Administrator may, at any time and from time to time, amend, suspend, or terminate the Plan or an Offering Period under the Plan; *provided, however*, that no amendment, suspension, or termination shall, without the consent of the Participant, impair any rights of a Participant that have vested at the time of such amendment, suspension, or



termination. Without approval of the shareholders of the Company, no amendment shall be made (i) increasing the number of shares reserved for issuance under the Plan pursuant to Section 3 (except as provided in Section 12) or (ii) changing the eligibility requirements for participating in the Plan.

#### 14. GENERAL PROVISIONS

(a) Withholding of Taxes. To the extent that a Participant recognizes ordinary income in connection with a sale or other transfer of any shares of Stock purchased under the Plan, the Company may withhold amounts needed to cover such taxes from any payments otherwise due and owing to the Participant or from shares that would otherwise be issued to the Participant under the Plan.

(b) Options Not Transferable or Assignable. A Participant's Options under the Plan may not be sold, pledged, assigned, or transferred in any manner, whether voluntarily, by operation of law, or otherwise. If a Participant sells, pledges, assigns, or transfers his or her Options in violation of this Section 14(b), such Options shall immediately terminate, and the Participant shall immediately receive a refund of the amount then credited to the Participant's Account. Any payment of cash or issuance of shares of Stock under the Plan may be made only to the Participant (or, in the event of the Participant's death, to the Participant's estate or, if the Administrator permits a beneficiary designation, the beneficiary or beneficiaries most recently designated by the Participant prior to his or her death). During a Participant's lifetime, only such Participant may exercise his or her Options under the Plan.

(c) No Right to Continued Employment. Neither the Plan nor any Option to purchase Stock under the Plan confers upon any Eligible Employee or Participant any right to continued employment with the Company or any of its Subsidiaries, nor will a Participant's participation in the Plan restrict or interfere in any way with the right of the Company or any of its Subsidiaries to terminate the Participant's employment at any time.

(d) No Interest on Payments. No interest shall be paid on sums withheld from a Participant's pay or otherwise contributed for the purchase of shares of Stock under the Plan unless otherwise determined necessary by the Administrator.

(e) Governmental Regulation. The Company's obligation to issue, sell, and deliver shares of Stock pursuant to the Plan is subject to such approval of any governmental authority and any national securities exchange or other market quotation system as may be required in connection with the authorization, issuance, or sale of such shares.

(f) Rule 16b-3. Transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or any successor provision under the Securities Exchange Act of 1934, as amended. If any provision of the Plan or action by the Administrator fails to so comply, it shall be deemed null and void to the extent permitted by applicable law and deemed advisable by the Board. Moreover, in the event the Plan does not include a provision required by Rule 16b-3 to be stated in the Plan, such provision (other than one relating to eligibility requirements or the price and amount of awards) shall be deemed automatically to be incorporated by reference into the Plan.

(g) Payment of Plan Expenses. The Company shall bear all costs of administering and carrying out the Plan.

(h) Application of Funds. All funds received or held by the Company under the Plan may be used for any corporate purpose until applied to the purchase of Stock and/or refunded to Participants.

(i) Governing Law. The validity and construction of the Plan and the Options granted hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware (other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation

of the Plan and the Options granted under the Plan to the substantive laws of any other jurisdiction), except to the extent superseded by applicable U.S. federal laws.

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## Labcorp Employee Stock Purchase Plan Canadian sub-plan

### SUB-PLAN FOR CANADIAN PARTICIPANTS

#### 1. APPLICATION

This Sub-Plan sets forth additional terms and conditions applicable to the rights granted to, and the shares of Stock purchased by, Eligible Employees under the Plan who are, or are deemed to be, resident in Canada for the purpose of payment of income taxes or are otherwise liable to tax under the Income Tax Act (Canada) in respect their participation in the Plan (a "**Canadian Participant**").

The Plan and this Sub-Plan are complimentary to each other and shall be deemed as one. In any case of contradiction between the provisions of this Sub-Plan and the Plan, the provisions set out in the Sub-Plan shall prevail. Any capitalized terms used in this Sub-Plan but not defined shall have the meaning given to those terms in the Plan.

#### 2. GLOBAL PROVISIONS

(a) English Language. By participating in the Plan, each Canadian Participant acknowledges that such Canadian Participant is proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Canadian Participant to understand the terms and conditions of the Plan, this Sub-Plan and any other related document under the Plan. If a Canadian Participant has received the Plan, the Sub-Plan or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(c) Currency. Each Canadian Participant understands that, if the Canadian Participant's payroll deductions under the Plan are made in any currency other than U.S. dollars, such contributions will be converted to U.S. dollars on or prior to the date shares of Stock are purchased under the Plan using a prevailing exchange rate in effect at the time such conversion is performed, as determined by the Company. Each Canadian Participant understands and agrees that neither the Company or its Participating Affiliates shall be liable for any foreign exchange rate fluctuation between the Canadian Participant's Canadian dollar and the U.S. dollar that may affect the value of the purchase rights granted to the Canadian Participant under the Plan, or of any amounts due to the Canadian Participant under the Plan or as a result of the subsequent sale of any shares of Stock acquired under the Plan.

(d) Acknowledgment of Nature of Plan and Rights. In participating in the Plan and this Sub-Plan, each Canadian Participant acknowledges that:

(i) for employment and labor law purposes, except if required by the applicable employment standards legislation, the rights granted and the shares of Stock purchased under the Plan are an extraordinary item that do not constitute wages or salary of any kind for services of any kind rendered to the Company or its Participating Affiliates, and the award of rights is outside the scope of the Canadian Participant's employment or service contract, if any;

(ii) for employment and labor law purposes, except if required by the applicable employment standards legislation, the rights granted and the shares of Stock purchased under the Plan are not part of integral, normal or expected wages or salary for any purposes, including, but not limited to, calculation of any notice of termination of employment, payment in lieu of any notice of termination of employment, severance, resignation, termination (with or without Cause, as defined below), redundancy, expiry of fixed-term contract, dismissal, end of service payments, bonuses, holiday pay, paid time off, long-

service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or its Participating Affiliates;

(iii) the rights and the shares of Stock purchased under the Plan are not intended to be an integral component of compensation or to replace any pension rights or compensation;

(iv) neither the rights nor any provision of Plan or the policies adopted pursuant to the Plan confer upon any Canadian Participant any right with respect to service or continuation of current service and shall not be interpreted to form an employment or a service contract or relationship with the Company or its Participating Affiliates;

(v) the future value of the underlying shares of Stock is unknown and cannot be predicted with certainty;

(vi) if the underlying shares of Stock do not increase in value, the right may have no value;

(vii) if a Canadian Participant acquires shares of Stock, the value of such shares acquired upon purchase may increase or decrease in value, even below the original price paid; and

(viii) participation in the Plan by a Canadian Participant is purely voluntary and the Canadian Participant has not been induced to participate by expectation of engagement, appointment, employment or continued engagement, appointment or employment, as applicable.

(e) Applicable Withholding Taxes. To the extent that a Canadian Participant realizes employment income in connection with the purchase of shares of Stock under the Plan, the Company or its Participating Affiliates may withhold all taxes and other source deductions or other amounts which the Company or its Participating Affiliates are required by law to withhold from any payments otherwise due and owing to the Canadian Participant or from shares that would otherwise be issued to the Canadian Participant under the Plan.

### 3. LANGUAGE CONSENT

The parties acknowledge that it is their express wish that the Plan, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

***Consentement relatif à la langue utilisée. Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.***

### 4. TERMINATION OF EMPLOYMENT

In the event of termination of a Canadian Participant's employment, the Canadian Participant's right to purchase shares of Stock under the Plan, if any, will terminate, and he or she shall be deemed to have elected to withdraw from the Plan, effective as of the Canadian Participant's Termination Date.

"Cause" shall mean, in respect of a Canadian Participant: (i) in respect of the termination of an employee employed in Ontario, wilful misconduct, disobedience or wilful neglect of duty by the employee that is not trivial and is not condoned by the employee's employer; and (ii) in respect of an employee employed in another jurisdiction outside of Ontario, such conduct by the employee which permits the

employee's employer to terminate the employee without notice, payment in lieu of notice or severance pay, whether arising under statute, contract or at law.

**"Termination Date"** shall mean in respect of a Canadian Participant whose employment or term of office with a Participating Affiliate terminates for any reason, including by reason of retirement, expiry of fixed-term contract, resignation, death, disability, termination without Cause, termination for Cause, the last day of the Canadian Participant's actual and active employment or term of office with a Participating Affiliate, which in the event of a termination without Cause or termination due to disability shall include any minimum statutory period of individual notice of termination or pay in lieu to the extent required by the applicable employment standards legislation, but shall exclude any other period of deemed employment as well as additional notice or severance periods or pay in lieu in respect of which the Canadian Participant is in receipt of or may be eligible to receive at statute, common law or civil law, pursuant to a contract, or otherwise. For greater certainty, (a) a Termination Date shall be determined without reference to any statutory severance, notice of mass lay-offs or any contractual or common law or civil law notice of termination or pay in lieu that the Canadian Participant is entitled to or in receipt of; and (b) in no event will the Canadian Participant receive less than that the entitlements required by applicable minimum employment standards legislation.

For absolutely certainty, each Canadian Participant represents, warrants and acknowledges that such Canadian Participant has read and understood the terms and conditions of the Plan which: (i) state that the Canadian Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any compensation, Options or shares of Stock which would have been granted or payable after the Canadian Participant's Termination Date, including but not limited to damages in lieu of notice at common law or civil law; and (ii) have the effect that no period of common law or civil law reasonable notice that exceeds the Canadian Participant's minimum statutory individual notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Canadian Participant's entitlement under this Plan. By participating in this Plan, each Canadian Participant expressly waives any eligibility or entitlement to receive damages or payment in lieu of any forfeited amounts under this Plan that would have vested, accrued or been paid during any common law or civil law reasonable notice period that exceeds such Canadian Participant's minimum statutory individual notice period under the applicable employment standards legislation (if any).

The payroll deductions credited to such Canadian Participant's account during the Offering Period shall be paid to such Canadian Participant or, in the case of his or her death, to the executor, administrator or liquidator of the estate of the Canadian Participant, as soon as reasonably practicable and such Canadian Participant's rights for the Offering Period shall be automatically terminated on the Termination Date.

## **5. AUTHORIZED LEAVE**

**"An Authorized Leave of Absence and Disability"** in respect of a Canadian Participant shall mean : (i) a paid leave of absence, approved by the Company or its Participating Affiliates and paid through the Company or a Participating Affiliate's payroll, including, for greater certainty, a leave during which the Canadian Participant is in receipt of short-term disability benefits; or (ii) an unpaid leave of absence taken in accordance with applicable employment standards legislation during which the applicable legislation requires that the Canadian Participant be permitted to elect to continue participation in the Plan during the leave.

## **6. PURCHASE OF SHARES**

Notwithstanding anything in the Plan to the contrary, the purchase of Shares for any Canadian Participant shall occur on the first Trading Day following the end of the Offering Period, and the Purchase Price shall be calculated by reference to the sales price of the Common Stock on the New York Stock Exchange on such date.

## 7. DATA PROTECTION

The Company collects and processes various types of information that is used to administer or support the Plan. "**Personal Information**" means information that can be used to identify or authenticate an individual but does not include business contact information and publicly available information.

In addition to the global provisions of the Sub-Plan, each Canadian Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant Personal Information from all personnel, professional or not, involved in the administration and operation of the Plan, where necessary or inadvertent, including personal biographical information (including an Eligible Employee's name, address, gender and date of birth), tax reporting information (including a Social Insurance Number and citizenship information), as well as contact information. Each Canadian Participant further authorizes the Company to disclose and discuss the Plan and this Sub-Plan with their advisors, to the extent reasonably

necessary to administer the Plan and this Sub-Plan, including in relation to audits and communication of the Plan. Each Canadian Participant further authorizes the Company to record Personal Information and Plan information, and to keep such information in the Eligible Employee's employee file.

The Company affirms its commitment to ensure that all Personal Information of Canadian Participants collected, maintained and used, is kept confidential and used only for the purposes for which it is intended, and assumes responsibility for safeguarding such Personal Information in accordance with the Plan and Sub-Plan requirements and all applicable laws.

In the event of a security breach, the Company will take reasonable steps to comply with all applicable breach notification processes in accordance with applicable law. A security breach occurs when the security or confidentiality of Personal Information is comprised, and includes the unauthorized collection, use, or disclosure of Personal Information.

The measures that the Company will undertake to safeguard the security of Personal Information collected include, but are not necessarily limited to, taking the following steps commensurate with industry standards, as applicable: (i) limiting employee and contractor access to Personal Information; (ii) securing business facilities, data centers, paper files, services back-up systems and computing equipment; (iii) implementing network, device, database, and platform security in accordance with industry standards; (iv) securing information transmission, storage and disposal; (v) implementing appropriate personnel security and integrity procedures and practices; and (vi) providing appropriate privacy and information security training to employees.

The administration of the Plan might entail storage of Personal Information outside of Canada, including, without limitation, in the following countries: United States of America. Canadian Participants will be clearly informed of such storage outside Canada and any changes thereto, and be provided with the contact information of an individual who can answer questions regarding the collection and use of Personal Information.

## 8. NOTIFICATIONS

(a) Securities Law Information. There may be securities law implications to a Canadian Participant who sells shares of Stock acquired through the Plan through a broker other than a broker appointed under the Plan or if the sale does not take place through the facilities of a stock exchange outside of Canada on which the shares of Stock are listed and the Canadian Participant shall be solely responsible for complying with any such securities laws, if applicable.

(b) Foreign Asset/Account Reporting Information. If a Canadian Participant is a Canadian resident, such Canadian Participant may be required to report his or her foreign property on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds a certain threshold at any time during the year. Shares of Stock and rights to receive shares of Stock (e.g., Options) under the Plan are property which are included in foreign property that must be reported. Such Options must be reported - generally at a nil cost - if the threshold is exceeded because of other foreign property. When shares of Stock are acquired, their cost generally is the adjusted cost base ("ACB") of the shares. The ACB would ordinarily equal the fair market value of the shares of Stock at the time of purchase, but if other shares of Stock are also owned, this ACB may have to be averaged with the ACB of the other shares of Stock. The form must be filed by April 30<sup>th</sup> of the following year.

## Labcorp Employee Stock Purchase Plan

### UK sub-plan

#### Sub-plan for United Kingdom participants

##### 1. Application and interpretation

1.1 This Sub-Plan sets forth additional terms and conditions applicable to the rights granted to, and the shares of Stock purchased by, Eligible Employees (as such term shall apply for potential participants in the United Kingdom for the purposes of this Sub-Plan) under the Plan:

- (a) who are, or are deemed to be, resident in the United Kingdom for the purpose of payment of income taxes;
- (b) who are otherwise liable to tax in the United Kingdom in respect of their participation in the Plan; and/or
- (c) to whom the Administrator (in its absolute discretion) designates this Sub-Plan shall apply (including, without limitation, as a result of their employment being subject to the laws of the United Kingdom),

each, a “**UK Participant**”.

1.2 The Plan and this Sub-Plan are complimentary to each other and the terms of the Plan shall apply to this Sub-Plan unless otherwise stated. In any case of contradiction between the provisions of this Sub-Plan and the Plan, the provisions set out in the Sub-Plan shall prevail. Any capitalized terms used in this Sub-Plan but not otherwise defined in this Sub-Plan shall have the meaning given to those terms in the Plan.

1.3 In this Sub-Plan:

- (a) “**Employee Tax**” means income tax, employee’s National Insurance contributions and any other employee’s social security contributions (whether or not in force at the date of the UK Participant becoming a participant in the Plan and this Sub-Plan, including the employee’s portion of any UK Health and Social Care Levy), together with any similar or equivalent taxes, contributions, withholdings or levies in the UK or any other jurisdiction, or any other sums for which the relevant employer is required to account to HM Revenue & Customs or any other tax or social security authority on behalf of the relevant UK Participant, and any interest or penalties relating to any of them;
- (b) “**ITEPA 2003**” means the Income Tax (Earnings and Pensions) Act 2003;
- (c) “**Pounds Sterling**” shall mean the lawful currency of the United Kingdom.

##### 2. Eligible Employees

For the purposes of this Sub-Plan, and noting that an offer to a UK Participant would be a Non-423(b) Offering, the definition of “Eligible Employee” in paragraph 2(i) of the Plan shall be amended by way of the deletion of sub-paragraphs 2(i)(i) and 2(i)(ii).



### 3. Important risk and currency information

- 3.1 Each UK Participant understands and acknowledges that the value of any Shares acquired pursuant to the Plan and this Sub-Plan can go up or down, and that a UK Participant could get back less than the original amount of their payroll deductions (or any other amount invested in Shares) and be exposed to a capital loss; and
- 3.2 Each UK Participant understands and acknowledges that, if the UK Participant's payroll deductions under the Plan and this Sub-Plan are made in any currency other than U.S. dollars, such contributions will be converted to U.S. dollars on or prior to the date shares of Stock are purchased under the Plan and this Sub-Plan using a prevailing exchange rate in effect at the time such conversion is performed, as determined by the Company. Each UK Participant understands and agrees that neither the Company or its Participating Affiliates shall be liable for any foreign exchange rate fluctuation between Pounds Sterling (or any other relevant currency) and the U.S. dollar that may affect the value of the purchase rights granted to the UK Participant under the Plan and this Sub-Plan, or of any amounts due to the UK Participant under the Plan and this Sub-Plan or as a result of the subsequent sale of any shares of Stock acquired under the Plan and this Sub-Plan.

### 4. Relationship to employment

- 4.1 The rights and obligations of an UK Participant in relation to his or her office or employment with the Company or any Participating Affiliate (including but not limited to under any employment contract or service contract) shall not be affected by this Sub-Plan, the Plan, or any Enrollment Form or other documentation or agreements in relation to this Sub-Plan or the Plan. If on termination of employment or engagement (lawfully or otherwise) any UK Participant loses any rights or benefits under this Sub-Plan or the Plan (including rights or benefits that he would not have lost had the employment or engagement not been terminated), the UK Participant is not entitled to any compensation for such loss of rights."
- 4.2 Rule 14(c) of the Plan shall be amended as follows in relation to this Sub-Plan and UK Participants:

None of the Plan, this Sub-Plan or any Option to purchase Stock under the Plan or this Sub-Plan confers upon any Eligible Employee or UK Participant any right to continued employment with the Company, any Subsidiary or any Participating Affiliate, and a UK Participant's participation in the Plan or this Sub-Plan shall not restrict or interfere in any way with the right of the Company, any Subsidiary or any Participating Affiliate to terminate the UK Participant's employment in accordance with applicable law.

### 5. Tax

- 5.1 As a condition of participation in the Plan and this Sub-Plan, the Administrator may require a UK Participant to enter into any election for tax purposes that the Administrator (in its absolute discretion) deems necessary and/or desirable, including (without limitation) an election under section 431(1) of ITEPA 2003 in circumstances where a Holding Period applies under Section 10(c)(i) of the Plan.
- 5.2 Notwithstanding any other provision of the Plan, a UK Participant's participation in the Plan and this Sub-Plan (including the purchase of Stock under the Plan and this Sub-Plan) shall be conditional upon such UK Participant making adequate provision for payment of an amount equal to any Employee Tax for which the Company, any Subsidiary or any Participating Affiliate is liable

to account or pay in connection with the UK Participant's participation in the Plan and this Sub-Plan (including the purchase of Stock under the Plan and this Sub-Plan) (all such liabilities, together, the "**Relevant Tax Liabilities**").

- 5.3 Each UK Participant shall indemnify (on an after-tax basis) the Company, each Subsidiary and each Participating Affiliate (each, an "**Indemnified Party**") for any Employee Tax which the Indemnified Party may be liable to deduct, withhold, account for or pay by reason of the UK Participant's participation in the Plan and this Sub-Plan (including the UK Participant's purchase of Stock).
- 5.4 Notwithstanding any other provision of the Plan, the Administrator may determine, and each UK Participant agrees that the Administrator may determine, that the UK Participant shall satisfy the Relevant Tax Liabilities in any way determined by the Administrator in the Administrator's absolute discretion (but subject at all times to the requirements of applicable law), including (without limitation) the Company, any Subsidiary or any Participating Affiliate:
- (a) withholding a number of Stock having an aggregate fair market value equal to such Relevant Tax Liabilities;
  - (b) withholding cash from the UK Participant's aggregate payroll deductions under the Plan and this Sub-Plan equal to such Relevant Tax Liabilities (and, for the avoidance of doubt, such cash need not be applied to the purchase of Stock and the UK Participant shall have no right to receive or be paid such cash);
  - (c) withholding an amount equal to such Relevant Tax Liabilities from the UK Participant's salary and/or any other amounts payable to the UK Participant (including in their capacity as an employee) by the Company, any Subsidiary or any Participating Affiliate; and/or
  - (d) requiring the UK Participant to account directly to the Company, any Subsidiary or any Participating Affiliate for an amount equal to the Relevant Tax Liabilities on a timely basis.

#### 6. **Data protection**

The Company will process each UK Participant's personal data in connection with the Plan and this Sub-Plan in accordance with the terms of the privacy notice previously provided to the UK Participant.

**FIRST AMENDMENT  
TO THE  
LABORATORY CORPORATION OF AMERICA HOLDINGS  
2016 EMPLOYEE STOCK PURCHASE PLAN  
As Amended and Restated Effective January 1, 2022**

THIS FIRST AMENDMENT to the Laboratory Corporation of America Holdings 2016 Employee Stock Purchase Plan was made on the 1<sup>st</sup> day of May, 2023.

WHEREAS, Laboratory Corporation of America Holdings, a Delaware corporation (the Company) created the Laboratory Corporation of America Holdings Amended and Restated 2016 Employee Stock Purchase Plan (the "Plan") with an original effective date of May 11, 2016; and

WHEREAS, pursuant to Section 13(b) of the Plan, the Company has the right to amend the Plan; and

WHEREAS, the Compensation and Human Capital Committee of the Board of Directors of the Company approved the adoption of a new definition of "Fair Market Value" under the Plan on the 1<sup>st</sup> day of May, 2023.

RESOLVED, that effective as of the 1<sup>st</sup> day of May, 2023, the definition of "Fair Market Value" under the Plan shall be amended to read as follows:

"(l) "Fair Market Value" shall mean the value of each share of Stock subject to the Plan on a given date determined as follows: (i) if on such date the shares of Stock are listed on an established national or regional stock exchange or are publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the average of the high and low sales price of the Stock on such exchange or in such market (the exchange or market selected by the Administrator if there is more than one such exchange or market) on such date or, if such date is not a Trading Day, on the Trading Day immediately preceding such date, or, if no sale of the shares of Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported; or (ii) if the shares of Stock are not listed on such an exchange or traded on such a market, the Fair Market Value of the shares of Stock shall be determined by the Board in good faith."

IN WITNESS WHEREOF, the Company has caused this First Amendment to the Plan to be executed as of the date first written above.

Laboratory Corporation of America Holdings

By: /s/ Sandra van der Vaart  
Sandra D. van der Vaart  
Executive Vice President and Chief Legal Officer

## Exhibit 31.1

### Certification

I, Adam H. Schechter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Laboratory Corporation of America Holdings;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2023

By: /s/ ADAM H. SCHECHTER  
Adam H. Schechter  
Chief Executive Officer  
(Principal Executive Officer)

## Exhibit 31.2

### Certification

I, Glenn A. Eisenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Laboratory Corporation of America Holdings;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2023

By: /s/ GLENN A. EISENBERG  
Glenn A. Eisenberg  
Chief Financial Officer  
(Principal Financial Officer)

**Exhibit 32**

Written Statement of  
Chief Executive Officer and Chief Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Laboratory Corporation of America Holdings (the “Company”), each hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the Period Ended June 30, 2023, filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ ADAM H. SCHECHTER  
Adam H. Schechter  
Chief Executive Officer  
August 4, 2023

By: /s/ GLENN A. EISENBERG  
Glenn A. Eisenberg  
Chief Financial Officer  
August 4, 2023

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Laboratory Corporation of America Holdings and will be retained by Laboratory Corporation of America Holdings and furnished to the Securities and Exchange Commission or its staff upon request.