Cautionary Statement Regarding Forward Looking Statements

This presentation contains forward-looking statements including with respect to estimated 2016 results and guidance and the impact of various factors on operating results. Each of the forward-looking statements is subject to change based on various important factors, including without limitation, competitive actions in the marketplace, adverse actions of governmental and other third-party payers and the results from the Company's acquisition of Covance. Actual results could differ materially from those suggested by these forward-looking statements. Further information on potential factors that could affect LabCorp's operating and financial results is included in the Company's Form 10-K for the year ended December 31, 2015, including in each case under the heading risk factors, and in the Company's other filings with the SEC, as well as in the risk factors included in Covance's filings with the SEC. The information in this presentation should be read in conjunction with a review of the Company's filings with the SEC including the information in the Company's Form 10-K for the year ended December 31, 2015, under the heading MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The Company assumes no obligation to update any forward-looking information included in this presentation.
AGENDA

- Company Overview
- Update on “Wave One” Initiatives
- 2016 Highlights
- Financial Strength
- 2017 Priorities
WHO WE ARE

**LabCorp** is a world-leading life sciences company that is deeply integrated in guiding patient care.

Our Mission is to improve health and improve lives.
LABCORP OVERVIEW

A World-Leading Life Sciences Company

- Provides diagnostic, drug development and technology-enabled solutions for >110 million patient encounters per year
- Operates in two segments – LabCorp Diagnostics and Covance Drug Development
- ~$9.4B revenue expected in 2016\(^1\)
- >50,000 mission-driven employees worldwide
- Leadership in large, growing, fragmented global markets
- Experienced management team

1. Based on the midpoint of guidance issued on October 26, 2016
LABCORP DIAGNOSTICS OVERVIEW

Leading National Clinical Laboratory

- ~$6.6B revenue expected in 2016\(^1\)
- National network of 41 primary clinical laboratories and approximately 1,750 patient service centers
- Offers broad range of 4,800+ clinical, anatomic pathology, genetic and genomic tests
- Processes ~500,000 patient specimens daily
- >150 million unique patients seen over past 5 years
- Serves hundreds of thousands of customers, including physicians, government agencies, managed care organizations, hospitals and health systems, patients and consumers

1. Based on the midpoint of guidance issued on October 26, 2016
2. Presented on a pro forma basis as if the acquisition of Covance closed on January 1, 2015. Adjusted operating income and margin exclude unallocated corporate expenses, amortization, restructuring and other special items

---

Pro Forma Segment Financial Summary\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>Nine Months Ended</th>
<th>Change</th>
<th>Constant Currency Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/2016</td>
<td>9/30/2015</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$ 4,922</td>
<td>$ 4,659</td>
<td>5.6% 5.9%</td>
</tr>
<tr>
<td>Adj. O.I.</td>
<td>$ 1,005</td>
<td>$ 942</td>
<td>6.7%</td>
</tr>
<tr>
<td>Adj. O.I. %</td>
<td>20.4%</td>
<td>20.2%</td>
<td>20 bps</td>
</tr>
</tbody>
</table>
Leading CRO / Drug Development Services Provider

- ~$2.8B revenue expected in 2016\(^1\)
- Market leader in early development, central laboratory, and Phase I-IV clinical trial management services
- Collaborated on 87% of the 45 new drugs approved by FDA in 2015, including all 14 approved oncology drugs, and 20 of 21 drugs treating rare and orphan diseases
- **Xcellerate\(^\text{®}\) is the world’s most comprehensive investigator performance database**

---

**Pro Forma Segment Financial Summary**\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>Nine Months Ended</th>
<th>Constant Currency Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/2016</td>
<td>9/30/2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>$2,127</td>
<td>$1,937</td>
</tr>
<tr>
<td>Adj. O.I.</td>
<td>$306</td>
<td>$261</td>
</tr>
<tr>
<td>Adj. O.I. %</td>
<td>14.4%</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

---

1. Based on the midpoint of guidance issued on October 26, 2016
2. Presented on a pro forma basis as if the acquisition of Covance closed on January 1, 2015. Adjusted operating income and margin exclude unallocated corporate expenses, amortization, restructuring and other special items
DIVERSIFIED REVENUE BASE
(2016 REVENUE DISTRIBUTION THROUGH SEPTEMBER 30, 2016)

Unique Customer Mix

1. Includes physicians and hospitals, occupational testing services, non-U.S. clinical diagnostic laboratory operations, nutritional chemistry and food safety operations, and Beacon LBS
EXPANDED GROWTH OPPORTUNITIES WITH INCREASED GLOBAL PRESENCE

2014 Revenue Distribution

- USA: 92.7%
- Rest of World: 7.3%

> $70 billion addressable market

2016 Revenue Distribution

- USA: 80.9%
- Rest of World: 19.1%

> $200 billion addressable market

Markets Served

- North American Clinical Reference Laboratory
- Central Laboratory

Market Opportunities

- Global Clinical Reference Laboratory
- Drug Development
- Central Laboratory
- Market Access
- Food Safety and Chemistry

1. 2014 revenue excludes Covance. 2016 revenue from January 1st through September 30th.
2. Based on industry publications and company estimates.
3. Over 30 currencies in 2016 and no single currency (other than US dollar) accounts for more than 10% of 2016 revenue.
OUR MISSION: IMPROVE HEALTH AND IMPROVE LIVES

Delivering World Class Diagnostics

Bringing Innovative Medicines to Patients Faster

Using Technology to Provide Better Care

Organic Growth Through New Tests, Customers and Markets

Build / Acquire Complementary Capabilities

Integrate Diagnostic Information and Content

Use Tools and Technology to Improve Success, and Reduce Time and Cost, of Trials

Build / Acquire Complementary Capabilities

Develop Scalable Platforms and Applications for Customers

Commercialize Technology-Enabled Solutions
AGENDA

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2015 JP MORGAN CONFERENCE: COMBINATION PROVIDES SIGNIFICANT NEW GROWTH AVENUES

Wave One

1. Deliver faster clinical trial enrollment

2. Partner of choice to develop and commercialize companion diagnostics

3. Enhance Phase IV trial experience and post-market surveillance

Prioritized top 3 opportunities based on materiality, feasibility, and strategic fit
PATIENT RECRUITMENT AND SITE SELECTION SOLUTIONS

Combination of Covance and LabCorp Data Translates into Clear Financial and Strategic Benefits

- >$200 million of cumulative new orders won through the combination of LabCorp patient data and Covance capabilities
- Awarded 13 studies to date across multiple therapeutic categories
- Expect current awards to convert into nearly $100 million of revenue through 2018
- Nearly 100,000 patients have consented through our patient portal to be contacted about future relevant clinical trials
COMPANION AND COMPLEMENTARY DIAGNOSTICS (CDx)

Unmatched CDx Franchise Providing End-to-End Clinical Development and Commercial Lab Testing Solutions

- Dedicated global CDx team and laboratories
- Worked on 60+ CDx programs supporting 145+ clinical protocols in 2016
- 33% increase in revenue across drug development and commercial clinical laboratory testing since 2014
- CDx collaborations with 13 of top 20 pharmaceutical companies
- Only CRO awarded a podium presentation at World Companion Diagnostics Conference

Notable CDx Tests from LabCorp

- PD-L1 IHC 22C3 pharmDx (Merck’s Keytruda®)
- PD-L1 IHC 28-8 pharmDx (Bristol-Myers Squibb’s OPDIVO®)
- cobas® EGFR Mutation Test v2 (AstraZeneca’s TAGRISSO™ and Roche’s Tarceva®)
- Ventana PD-L1 (SP142) (Genentech’s TECENTRIQ®)

Keytruda is a registered trademark of Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc. OPDIVO is a registered trademark of Bristol-Myers Squibb Company. cobas is a registered trademark of Roche. TAGRISSO is a trademark of the AstraZeneca group of companies. Tarceva is a registered trademark of OSI Pharmaceuticals. TECENTRIQ is a registered trademark of Genentech, Inc.

1. 2016 full year revenue is estimated based on run-rate through September 30th, 2016
UNIQUELY POSITIONED FOR PARTNERSHIPS IN REAL-WORLD EVIDENCE AND POST-MARKET SURVEILLANCE

Delivering Integrated Solutions for Commercially-Approved Products in “Real-World” Setting

- Lab Assist Program with Top 20 pharmaceutical partner to facilitate required monthly liver testing
- Patient and provider support through program enrollment, monthly test scheduling, and follow up on missed appointments
- Convenient access to LabCorp’s Patient Service Center network for specimen collections or drop-offs
- Customized informatics enable electronic delivery of results to providers and patients
- Coordination between Covance Market Access and LabCorp Diagnostics

- Program Coordinator calls the patient to schedule monthly testing
- Sample is collected and submitted to LabCorp
- Results are delivered to the provider’s office
AGENDA

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## Innovative Use Cases for LabCorp Data and Technical Expertise Contribute to New Study Awards

<table>
<thead>
<tr>
<th>Trial</th>
<th>Data / Capability</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention of upper respiratory tract infections with seasonal incidence</td>
<td>LabCorp-generated data enables Covance to flexibly open and close sites based on timely insights into viruses of interest circulating in a particular community</td>
<td></td>
</tr>
<tr>
<td>Non-alcoholic steatohepatitis (NASH)</td>
<td>Leveraged the LabCorp database of physicians ordering Fibrosure, a non-invasive biomarker of fibrosis, in client proposals</td>
<td></td>
</tr>
<tr>
<td>Rare genetic disorder</td>
<td>Director in Biochemical &amp; Molecular Genetics at LabCorp will serve as “Geneticist Expert,” and LabCorp team will conduct review, validation and classification of mutation types</td>
<td></td>
</tr>
<tr>
<td>Cardiopulmonary bypass surgery involving use of frozen platelets</td>
<td>LabCorp's Chief Medical Officer served as in-house consultant for transfusion medicine for RFP</td>
<td></td>
</tr>
</tbody>
</table>
Integrated “Research Hub” Model for Hospitals and Health Systems, Adding Value for All Key Stakeholders

- Grow reference testing
- Cultivate long-term, comprehensive partnerships
- Collaboration and medical institution growth
- Expand patient recruitment
- Enhance site identification

- Access to new revenue stream
- Differentiate from competitors
- Enhance academic reputation
- Reduce costs under value-based reimbursement framework
- Greater access to clinical trials
- Improve patient care and outcomes
Combined Expertise in Oncology Drives Growth

- Utilized LabCorp data and Covance informatics to secure Phase III study in Acute Myeloid Leukemia
  - Heat map highlighted U.S. physicians with high volume of AML patients; 50,000+ patients represented in this dataset from LabCorp
  - Physicians in LabCorp database evaluated for clinical trial experience and categorized by expertise and practice type
- Integrated, end-to-end development and commercialization capabilities in immuno-oncology
  - Doubled the number of immuno-oncology study awards and related backlog year on year
  - Performed thousands of PD-L1 tests through Diagnostic and Drug Development segments
- Published real world utilization data at ASCO
Internally-Developed Technology Improves Quality of Care Delivered

**BeaconLBS**
- Scalable front-end platform providing physician decision support through integrated workflow
- Successful pilot in Florida with UnitedHealthcare
- Compliance with evidence-based guidelines when ordering lab tests increased ~50% since initiation
- Set for expansion into Texas in 2017

**Xcellerate Monitoring**
- Scalable software-as-a-service platform that enables centralized risk-based monitoring
- Implemented first set of studies with Eli Lilly
LABCORP DIAGNOSTICS HIGHLIGHT

Broad and Flexible Health System and Large Provider Collaborations Have Been a Successful Model for Over Three Decades

- 1,800+ hospital clients, and 200+ partnerships
- Average partnership length of ~6 years
- Significant progress on multiple strategic health system initiatives in 2016
- Enhanced executive leadership focused on comprehensive partnerships
Acquiring Assets of Mount Sinai Health System Clinical Outreach Laboratories

- LabCorp will provide comprehensive laboratory services
- Exploring opportunities to collaborate on companion diagnostics, clinical trials and medical education
- LabCorp’s differentiators include:
  - Access to clinical trials and research through Covance Drug Development
  - Enhanced IT and data analytics
  - Standardized testing platforms
- Meets stated financial criteria

“[LabCorp’s] unparalleled reputation and success ensure our patients will continue to have access to high-quality, high-value and convenient testing services.”

“LabCorp’s proven track record of service excellence, breadth of diagnostic capabilities, and cost-efficiency will benefit our community now and in years to come.”

“We are confident this transaction will provide great benefits for our patients and physicians and allow Mount Sinai to continue to invest in our core strategic programs.”

1. Quote attributed to Carlos Cordon-Cardo, MD, PhD, Irene Heinz Given and John LaPorte Given Professor and Chairman, Department of Pathology, Mount Sinai Health System
2. Quote attributed to Donald Scanlon, Chief Financial Officer and Chief of Corporate Services, Mount Sinai Health System
Increased Patient Engagement
  - Mobile-Friendly Patient Portal
  - Clinical Trial Patient Consents
  - Self Service Registration in 2017 (opportunity for clinical trial opt-ins)

Integrated Clinical Decision Support Capabilities
  - LabCorp Link
  - LithoLink CDS Platform and Reports
  - UpToDate® Advisor

Enhanced Revenue Cycle Management Tools
  - Nationwide Real-Time Eligibility Verification

Introduced Patient Responsibility Estimate (Price Transparency)
Novel Drug Development Solutions Drive Growth and Loyalty

<table>
<thead>
<tr>
<th>Solution</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Integrated LabCorp Diagnostics’ specialty test menu into global central laboratory services</td>
<td>• <strong>Nearly 10x increase</strong> in number of complex tests referred from Covance to LabCorp</td>
</tr>
<tr>
<td>• Leveraged the Xcellerate informatics platform to optimize and execute an enrollment strategy for 12,000-patient Cardiovascular Outcomes trial</td>
<td>• Enrollment for this 600 site, 37 country study was completed <strong>5 months ahead of original stretch goal</strong></td>
</tr>
<tr>
<td>• Developed a “One Stop” laboratory solution that manages all internal and external lab vendors</td>
<td>• Executed <strong>two multi-year sole source agreements</strong> with top 20 pharmaceutical companies</td>
</tr>
<tr>
<td>• Early Phase Development Solutions (EPDS) available from pre-Clinical Lead Optimization through Clinical Proof of Concept with consistent and focused project team</td>
<td>• Through EPDS, worked with <strong>over 50 companies</strong> worldwide in pre-clinical, early clinical or both stages of development</td>
</tr>
</tbody>
</table>
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- Company Overview
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LONG-TERM REVENUE GROWTH

1. 2005-2014 revenue excludes Covance results. 2008 revenue includes a $7.5 million adjustment relating to certain historic overpayments made by Medicare for claims submitted by a subsidiary of the Company
2. Guidance issued on October 26, 2016

Midpoint of Guidance ~10.5%
LONG-TERM ADJUSTED EPS GROWTH\(^1,2\)

1. EPS, as presented, represents adjusted, non-GAAP financial measures (excludes amortization, restructuring and other special charges). Diluted EPS, as reported in the Company’s Annual Report were: $2.71 in 2005; $3.24 in 2006; $3.93 in 2007; $4.16 in 2008; $4.98 in 2009; $5.29 in 2010; $5.11 in 2011; $5.99 in 2012; $6.25 in 2013; $5.91 in 2014; and $4.34 in 2015

2. 2005-2014 figures exclude Covance results, and other items discussed in the Appendix

3. Guidance issued on October 26, 2016
FREE CASH FLOW\textsuperscript{1,2}

2006 – 2015 Average Free Cash Flow: $652 million

1. 2006-2014 figures exclude Covance results
2. Operating Cash Flow and Free Cash Flow in 2011 excludes the $49.5 million Hunter Labs settlement
3. Guidance issued on October 26, 2016
EFFECTIVE CAPITAL DEPLOYMENT TO BUILD SHAREHOLDER VALUE

Approximately $9.6 Billion in Capital Deployment Between 2012 and September 30, 2016¹

- **Covance Acquisition**: 58% ($1.2 Billion)
- **Capital Expenditures**: 11% ($1.8 Billion)
- **Other Acquisitions**: 12% ($1.2 Billion)
- **Share Repurchase**: 19% ($5.6 Billion)
- **Approximately $9.6 Billion in Capital Deployment Between 2012 and September 30, 2016¹**

¹ Includes cash from operations (approximately $4.1 billion) as well as debt (approximately $3.7 billion) and equity issuance (approximately $1.8 billion)
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2017 STRATEGIC PRIORITIES

- Solution Focus
- Fully-Integrated Organization
- Return of Capital to Shareholders - Reinitiated Share Repurchases
The Combination of Covance and LabCorp will:

- Accelerate long-term profitable growth through expanded market opportunities
- Commercialize new business models in clinical care and research settings
- Increase shareholder value, including return of capital
- Continue to enhance capabilities that guide patient care, fulfilling our mission of improving health and improving lives
YEAR-TO-DATE PRO FORMA SEGMENT RESULTS
(DOLLARS IN MILLIONS)

Pro forma results assume that the acquisition of Covance closed on January 1, 2015

<table>
<thead>
<tr>
<th>Net Revenue</th>
<th>Nine Months Ended 9/30/16</th>
<th>Nine Months Ended 9/30/15</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>LabCorp Diagnostics</td>
<td>$4,922.1</td>
<td>$4,659.2</td>
<td>5.6%</td>
</tr>
<tr>
<td>Covance Drug Development</td>
<td>$2,126.6</td>
<td>$1,937.3</td>
<td>9.8%</td>
</tr>
<tr>
<td>Total Net Revenue</td>
<td>$7,048.2</td>
<td>$6,596.5</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Adjusted Operating Income\(^2, 3\)

<table>
<thead>
<tr>
<th>Net Revenue</th>
<th>Nine Months Ended 9/30/16</th>
<th>Nine Months Ended 9/30/15</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>LabCorp Diagnostics</td>
<td>$1,005.1</td>
<td>$942.0</td>
<td>6.7%</td>
</tr>
<tr>
<td>Adjusted Operating Margin</td>
<td>20.4%</td>
<td>20.2%</td>
<td>20 bps</td>
</tr>
<tr>
<td>Covance Drug Development</td>
<td>$306.2</td>
<td>$260.9</td>
<td>17.4%</td>
</tr>
<tr>
<td>Adjusted Operating Margin</td>
<td>14.4%</td>
<td>13.5%</td>
<td>90 bps</td>
</tr>
<tr>
<td>Unallocated Corporate Expense</td>
<td>($108.9)</td>
<td>($98.5)</td>
<td>(10.6%)</td>
</tr>
<tr>
<td>Total Adjusted Operating Income</td>
<td>$1,202.4</td>
<td>$1,104.4</td>
<td>8.9%</td>
</tr>
<tr>
<td>Total Adjusted Operating Margin</td>
<td>17.1%</td>
<td>16.7%</td>
<td>40 bps</td>
</tr>
</tbody>
</table>

(1) The consolidated net revenue and adjusted operating income are presented net of inter-segment transaction eliminations
(2) Adjusted Operating Income excludes amortization, restructuring and special items
(3) See Reconciliation of non-GAAP Financial Measures in Appendix
The following consolidated results include Covance as of February 19, 2015; prior to February 19, 2015, all consolidated results exclude Covance

### LABORATORY CORPORATION OF AMERICA HOLDINGS

**Reconciliation of Non-GAAP Financial Measures**

*(in millions, except per share data)*

<table>
<thead>
<tr>
<th></th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted Operating Income</strong></td>
<td><strong>2016</strong></td>
</tr>
<tr>
<td>Operating Income</td>
<td>$989.0</td>
</tr>
<tr>
<td>Acquisition-related costs</td>
<td>15.1</td>
</tr>
<tr>
<td>Restructuring and other special charges</td>
<td>48.6</td>
</tr>
<tr>
<td>Consulting fees and executive transition expenses</td>
<td>7.9</td>
</tr>
<tr>
<td>Wind-down of minimum volume contract operations</td>
<td>4.0</td>
</tr>
<tr>
<td>LaunchPad system implementation costs</td>
<td>7.1</td>
</tr>
<tr>
<td>Amortization of intangibles and other assets</td>
<td>130.7</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>$1,202.4</td>
</tr>
</tbody>
</table>

**Adjusted EPS**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings per common share</td>
<td>$5.25</td>
<td>$3.29</td>
</tr>
<tr>
<td>Restructuring and special items</td>
<td>0.56</td>
<td>1.83</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>0.86</td>
<td>0.82</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>$6.67</td>
<td>$5.94</td>
</tr>
</tbody>
</table>
The following consolidated results include Covance as of February 19, 2015; prior to February 19, 2015, all consolidated results exclude Covance

LABORATORY CORPORATION OF AMERICA HOLDINGS  
Reconciliation of Non-GAAP Financial Measures  
(in millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$ 727.0</td>
<td>$ 597.8</td>
</tr>
<tr>
<td>Less: Capital expenditures</td>
<td>(204.6)</td>
<td>(170.7)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$ 522.4</td>
<td>$ 427.1</td>
</tr>
</tbody>
</table>

**Free Cash Flow, Excluding Acquisition Related Charges:**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$ 727.0</td>
<td>$ 597.8</td>
</tr>
<tr>
<td>Add back: Acquisition related charges</td>
<td>-</td>
<td>153.5</td>
</tr>
<tr>
<td>Net cash provided by operating activities, excluding acquisition related charges</td>
<td>$ 727.0</td>
<td>$ 751.3</td>
</tr>
<tr>
<td>Less: Capital expenditures</td>
<td>(204.6)</td>
<td>(170.7)</td>
</tr>
<tr>
<td>Free cash flow, excluding acquisition related charges</td>
<td>$ 522.4</td>
<td>$ 580.6</td>
</tr>
</tbody>
</table>
1) During the third quarter of 2016, the Company recorded net restructuring and special items of $22.8 million. The charges included $14.1 million in severance and other personnel costs along with $9.1 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of $0.2 million in unused facility-related costs and $0.2 million in unused personnel costs. The Company incurred $5.9 million in fees and expenses associated with acquisitions completed during the quarter and incurred additional legal and other costs of $1.3 million relating to the wind-down of its minimum volume contract operations. The Company also recorded $1.4 million in consulting expenses relating to fees incurred as part of its Covance integration costs and compensation analysis, along with $0.5 million in short-term equity retention arrangements relating to the acquisition of Covance and $3.4 million of accelerated equity and other final compensation relating to executive transition announced during the third quarter and incurred $3.7 million of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative (all recorded in selling, general and administrative expenses). The Company also incurred $5.6 million of interest expense relating to the early retirement of subsidiary indebtedness acquired as part of its recent acquisition of Sequenom. The after tax impact of these charges decreased net earnings for the quarter ended September 30, 2016, by $28.5 million and diluted earnings per share by $0.27 ($28.5 million divided by 104.9 million shares).

During the first two quarters of 2016, the Company recorded net restructuring and other special charges of $25.8 million. The charges included $9.0 million in severance and other personnel costs along with $21.6 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of $2.2 million in unused facility-related costs and $2.6 million in unused severance reserves. The Company incurred $1.5 million in fees and expenses associated with completed acquisitions and incurred additional legal and other costs of $2.7 million relating to the wind-down of its minimum volume contract operations. The Company also recorded $3.0 million in consulting expenses relating to fees incurred as part of its Covance integration costs and compensation analysis, along with $1.8 million in short-term equity retention arrangements relating to the acquisition of Covance and $4.1 million of accelerated equity compensation relating to the announced retirement of a Company executive and incurred $4.8 million of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative (all recorded in selling, general and administrative expenses). In conjunction with certain international legal entity tax structuring, the Company recorded a one-time tax liability of $1.1 million.

The after tax impact of these charges decreased net earnings for the nine months ended September 30, 2016, by $58.1 million and diluted earnings per share by $0.56 ($58.1 million divided by 104.2 million shares).
2) During the third quarter of 2015, the Company recorded net restructuring and special items of $26.3 million. The charges included $24.4 million in severance and other personnel costs along with $2.2 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of $0.3 million in unused facility-related costs. The Company also recorded $3.5 million in consulting expenses relating to fees incurred as part of its Covance integration costs, along with $1.4 million in short-term equity retention arrangements relating to the acquisition of Covance (all recorded in selling, general and administrative expenses). In addition, the Company recorded a non-cash loss of $2.3 million, upon the dissolution of one of its equity investments (recorded in other, net in the accompanying Consolidated Statements of Operations). The after tax impact of these charges decreased net earnings for the quarter ended September 30, 2015, by $27.7 million and diluted earnings per share by $0.27 ($27.7 million divided by 102.9 million shares).

During the first two quarters of 2015, the Company recorded net restructuring and other special charges of $33.5 million. The charges included $9.5 million in severance and other personnel costs along with $9.8 million in costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of $0.6 million in unused facility-related costs. In addition, the Company recorded asset impairments of $14.8 million relating to lab and customer service applications that will no longer be used. The Company also recorded $11.6 million of consulting expenses relating to fees incurred as part of its LaunchPad business process improvement initiative as well as Covance integration costs. In addition, the Company also expensed $2.9 million in short-term equity retention arrangements relating to the acquisition of Covance.

During the first quarter of 2015, the Company recorded $166.0 million of one-time costs associated with its acquisition of Covance. The costs included $79.5 million of Covance employee equity awards, change in control payments and short-term retention arrangements that were accelerated or triggered by the acquisition transaction (recorded in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations). The acquisition costs also included advisor and legal fees of $33.9 million (recorded in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations), $15.2 million of deferred financing fees associated with the Company’s bridge loan facility as well as a make-whole payment of $37.4 million paid to call Covance’s private placement debt outstanding at the purchase date (both amounts recorded in interest expense in the accompanying Consolidated Statements of Operations).

The after tax impact of these charges decreased net earnings for the nine months ended September 30, 2015, by $182.5 million and diluted earnings per share by $1.83 ($182.5 million divided by 99.7 million shares).
3) The Company continues to grow the business through acquisitions and uses Adjusted EPS excluding amortization as a measure of operational performance, growth and shareholder returns. The Company believes adjusting EPS for amortization provides investors with better insight into the operating performance of the business. For the quarters ended September 30, 2016 and 2015, intangible amortization was $41.1 million and $44.9 million, respectively ($28.4 million and $31.3 million net of tax, respectively) and decreased EPS by $0.27 ($28.4 million divided by 104.9 million shares) and $0.30 ($30.8 million divided by 102.9 million shares), respectively. For the nine months ended September 30, 2016 and 2015, intangible amortization was $130.7 million and $120.6 million, respectively ($89.4 million and $81.9 million net of tax, respectively) and decreased EPS by $0.86 ($89.4 million divided by 104.2 million shares) and $0.82 ($81.9 million divided by 99.7 million shares), respectively.

4) During the first quarter of 2015, the Company’s operating cash flows were reduced due to payment of $153.5 million in acquisition-related charges. These payments were comprised of $75.5 million in legal and advisor fees, $40.6 million in accelerated Covance employee equity awards, and $37.4 million in make-whole payments triggered by calling Covance private placement notes outstanding at the time of the transaction.
(1) EPS, as presented, represents adjusted, non-GAAP financial measures (excludes amortization, restructuring and other special charges). Diluted EPS, as reported in the Company’s Annual Report were: $2.71 in 2005; $3.24 in 2006; $3.93 in 2007; $4.16 in 2008; $4.98 in 2009; $5.29 in 2010; $5.11 in 2011; $5.99 in 2012; $6.25 in 2013; $5.91 in 2014; and $4.34 in 2015.

(2) 2005-2014 figures exclude Covance results. Excluding the $0.09 per diluted share impact of restructuring and other special charges and the $0.21 per diluted share impact from amortization in 2005; excluding the $0.06 per diluted share impact of restructuring and other special charges and the $0.23 per diluted share impact from amortization in 2006; excluding the $0.25 per diluted share impact of restructuring and other special charges and the $0.27 per diluted share impact from amortization in 2007; excluding the $0.44 per diluted share impact of restructuring and other special charges and the $0.31 per diluted share impact from amortization in 2008; excluding the ($0.09) per diluted share impact of restructuring and other special charges and the $0.35 per diluted share impact from amortization in 2009; excluding the $0.26 per diluted share impact of restructuring and other special charges and the $0.43 per diluted share impact from amortization in 2010; excluding the $0.72 per diluted share impact of restructuring and other special charges, the $0.03 per diluted share impact from a loss on the divestiture of assets and the $0.51 per diluted share impact from amortization in 2011; excluding the $0.29 per diluted share impact of restructuring and other special charges and the $0.54 per diluted share impact from amortization in 2012; excluding the $0.15 per diluted share impact of restructuring and other special charges and the $0.55 per diluted share impact from amortization in 2013; excluding the $0.34 per diluted share impact of restructuring and other special charges and the $0.55 per diluted share impact from amortization in 2014; and excluding the $2.44 per diluted share impact of restructuring and other special charges and the $1.13 per diluted share impact from amortization in 2015.

(3) Guidance issued on October 26, 2016.