

**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, 2020

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 (paragraph 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 97.4 million shares as of July 29, 2020.

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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, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 557.0	\$ 337.5
Accounts receivable, net of allowance for doubtful accounts of \$29.1 and \$19.0 as of June 30, 2020 and December 31, 2019, respectively	1,661.0	1,543.9
Unbilled services	535.4	481.4
Supplies inventory	342.3	244.7
Prepaid expenses and other	317.5	373.7
Total current assets	3,413.2	2,981.2
Property, plant and equipment, net	2,627.7	2,636.6
Goodwill, net	7,422.7	7,865.0
Intangible assets, net	3,877.2	4,034.5
Joint venture partnerships and equity method investments	72.3	84.9
Deferred income taxes	4.9	8.8
Other assets, net	431.1	435.4
Total assets	\$ 17,849.1	\$ 18,046.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 534.1	\$ 632.3
Accrued expenses and other	1,032.7	942.4
Unearned revenue	473.3	451.0
Short-term operating lease liabilities	195.3	206.5
Short-term finance lease liabilities	8.2	8.4
Short-term borrowings and current portion of long-term debt	790.8	415.2
Total current liabilities	3,034.4	2,655.8
Long-term debt, less current portion	5,416.6	5,789.8
Operating lease liabilities	615.5	596.6
Financing lease liabilities	87.5	91.1
Deferred income taxes and other tax liabilities	907.3	942.8
Other liabilities	415.6	383.2
Total liabilities	10,476.9	10,459.3
Commitments and contingent liabilities		
Noncontrolling interest	19.5	20.1
Shareholders' equity:		
Common stock, 97.3 and 97.2 shares outstanding at June 30, 2020 and December 31, 2019, respectively	9.0	9.0
Additional paid-in capital	32.1	26.8
Retained earnings	7,760.6	7,903.6
Accumulated other comprehensive loss	(449.0)	(372.4)
Total shareholders' equity	7,352.7	7,567.0
Total liabilities and shareholders' equity	\$ 17,849.1	\$ 18,046.4

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		Six Months Ended June 30,	
	30,			
	2020	2019	2020	2019
Revenues	\$ 2,768.8	\$ 2,881.7	\$ 5,592.6	\$ 5,672.9
Cost of revenues	2,008.3	2,056.9	4,104.1	4,058.4
Gross profit	760.5	824.8	1,488.5	1,614.5
Selling, general and administrative expenses	396.3	415.3	791.8	809.1
Amortization of intangibles and other assets	60.1	60.2	122.4	117.3
Goodwill and other asset impairments	—	—	437.4	—
Restructuring and other charges	6.4	13.6	31.8	34.2
Operating income	297.7	335.7	105.1	653.9
Other income (expense):				
Interest expense	(52.7)	(59.1)	(107.7)	(115.8)
Equity method income (loss), net	1.8	2.5	(4.8)	5.5
Investment income	2.5	1.4	5.1	2.0
Other, net	47.7	(10.5)	31.6	(20.9)
Earnings before income taxes	297.0	270.0	29.3	524.7
Provision for income taxes	65.4	79.3	114.6	148.1
Net earnings (loss)	231.6	190.7	(85.3)	376.6
Less: Net earnings attributable to the noncontrolling interest	—	(0.3)	(0.3)	(0.6)
Net earnings (loss) attributable to Laboratory Corporation of America Holdings	\$ 231.6	\$ 190.4	\$ (85.6)	\$ 376.0
Basic earnings (loss) per common share	\$ 2.38	\$ 1.94	\$ (0.88)	\$ 3.82
Diluted earnings (loss) per common share	\$ 2.37	\$ 1.93	\$ (0.88)	\$ 3.79

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)

	Three Months Ended June		Six Months Ended June 30,	
	30,			
	2020	2019	2020	2019
Net earnings (loss)	\$ 231.6	\$ 190.7	\$ (85.3)	\$ 376.6
Foreign currency translation adjustments	66.9	25.6	(80.5)	47.2
Net benefit plan adjustments	2.7	2.8	5.4	5.5
Other comprehensive earnings (loss) before tax	69.6	28.4	(75.1)	52.7
Provision (benefit) for income tax related to items of comprehensive earnings	(0.7)	(0.8)	(1.5)	(1.5)
Other comprehensive earnings (loss), net of tax	68.9	27.6	(76.6)	51.2
Comprehensive earnings (loss)	300.5	218.3	(161.9)	427.8
Less: Net earnings attributable to the noncontrolling interest	—	(0.3)	(0.3)	(0.6)
Comprehensive earnings (loss) attributable to Laboratory Corporation of America Holdings	<u>\$ 300.5</u>	<u>\$ 218.0</u>	<u>\$ (162.2)</u>	<u>\$ 427.2</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	Treasury Stock	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
BALANCE AT DECEMBER 31, 2018	\$ 11.7	\$ 1,451.1	\$ 7,079.8	\$ (1,108.1)	\$ (463.1)	\$ 6,971.4
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	185.6	—	—	185.6
Other comprehensive earnings, net of tax	—	—	—	—	23.6	23.6
Issuance of common stock under employee stock plans	—	24.7	—	—	—	24.7
Net share settlement tax payments from issuance of stock to employees	—	—	—	(19.4)	—	(19.4)
Stock compensation	—	25.5	—	—	—	25.5
Purchase of common stock	(0.1)	(100.0)	—	—	—	(100.1)
BALANCE AT MARCH 31, 2019	\$ 11.6	\$ 1,401.3	\$ 7,265.4	\$ (1,127.5)	\$ (439.5)	\$ 7,111.3
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	190.4	—	—	190.4
Other comprehensive earnings, net of tax	—	—	—	—	27.6	27.6
Issuance of common stock under employee stock plans	—	9.2	—	—	—	9.2
Net share settlement tax payments from issuance of stock to employees	—	—	—	(20.7)	—	(20.7)
Stock compensation	—	26.5	—	—	—	26.5
Retirement of treasury stock	(2.4)	(1,145.8)	—	1,148.2	—	—
Purchase of common stock	(0.1)	(199.8)	—	—	—	(199.9)
BALANCE AT JUNE 30, 2019	\$ 9.1	\$ 91.4	\$ 7,455.8	\$ —	\$ (411.9)	\$ 7,144.4
BALANCE AT DECEMBER 31, 2019	\$ 9.0	\$ 26.8	\$ 7,903.6	\$ —	\$ (372.4)	\$ 7,567.0
Adoption of credit loss accounting standard	—	—	(7.0)	—	—	(7.0)
Net earnings (loss) attributable to Laboratory Corporation of America Holdings	—	—	(317.2)	—	—	(317.2)
Other comprehensive earnings (loss), net of tax	—	—	—	—	(145.5)	(145.5)
Issuance of common stock under employee stock plans	—	26.9	—	—	—	26.9
Net share settlement tax payments from issuance of stock to employees	—	(22.0)	—	—	—	(22.0)
Stock compensation	—	17.9	—	—	—	17.9
Purchase of common stock	—	(49.6)	(50.4)	—	—	(100.0)
BALANCE AT MARCH 31, 2020	\$ 9.0	\$ —	\$ 7,529.0	\$ —	\$ (517.9)	\$ 7,020.1
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	231.6	—	—	231.6
Other comprehensive earnings, net of tax	—	—	—	—	68.9	68.9
Issuance of common stock under employee stock plans	—	1.8	—	—	—	1.8
Net share settlement tax payments from issuance of stock to employees	—	(9.5)	—	—	—	(9.5)
Stock compensation	—	39.8	—	—	—	39.8
Purchase of common stock	—	—	—	—	—	—
BALANCE AT JUNE 30, 2020	\$ 9.0	\$ 32.1	\$ 7,760.6	\$ —	\$ (449.0)	\$ 7,352.7

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)

	Six Months Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	\$ (85.3)	\$ 376.6
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	288.5	277.1
Stock compensation	57.7	52.0
Operating lease right-of-use asset expense	103.9	94.0
Goodwill and other asset impairments	437.4	—
Deferred income taxes	(29.4)	15.2
Other	55.4	21.3
Change in assets and liabilities (net of effects of acquisitions and divestitures):		
Increase in accounts receivable	(124.2)	(91.1)
Increase in unbilled services	(58.9)	(67.4)
Increase in supplies inventory	(98.4)	(1.7)
(Increase) decrease in prepaid expenses and other	33.1	16.1
Decrease in accounts payable	(88.9)	(109.0)
(Decrease) increase in unearned revenue	28.9	(5.0)
Decrease (increase) in accrued expenses and other	54.7	(158.8)
Net cash provided by operating activities	<u>574.5</u>	<u>419.3</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(205.1)	(179.4)
Proceeds from sale of assets	7.2	4.2
Proceeds from sale or distribution of investments	1.0	3.4
Investments in equity affiliates	(21.8)	(15.8)
Acquisition of businesses, net of cash acquired	(11.3)	(703.7)
Net cash used for investing activities	<u>(230.0)</u>	<u>(891.3)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from term loan	—	850.0
Payments on term loan	—	(250.0)
Proceeds from revolving credit facilities	151.7	419.5
Payments on revolving credit facilities	(151.7)	(384.5)
Net share settlement tax payments from issuance of stock to employees	(31.5)	(40.1)
Net proceeds from issuance of stock to employees	28.8	33.9
Purchase of common stock	(100.0)	(300.0)
Other	(17.0)	(17.1)
Net cash used for financing activities	<u>(119.7)</u>	<u>311.7</u>
Effect of exchange rate changes on cash and cash equivalents	(5.3)	(1.1)
Net increase (decrease) in cash and cash equivalents	<u>219.5</u>	<u>(161.4)</u>
Cash and cash equivalents at beginning of period	337.5	426.8
Cash and cash equivalents at end of period	<u>\$ 557.0</u>	<u>\$ 265.4</u>

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 together with its subsidiaries (the Company) is a leading global life sciences company that is deeply integrated in guiding patient care, providing comprehensive clinical laboratory and end-to-end drug development services. The Company's mission is to improve health and improve lives by delivering world-class diagnostic solutions, bringing innovative medicines to patients faster and using technology to provide better care. The Company serves a broad range of customers, including managed care organizations (MCOs), biopharmaceutical companies, governmental agencies, physicians and other healthcare providers (e.g., physician assistants and nurse practitioners, generally referred to herein as physicians), hospitals and health systems, employers, patients and consumers, contract research organizations (CROs), and independent clinical laboratories.

The Company reports its business in two segments, LabCorp Diagnostics (LCD) and Covance Drug Development (CDD). For further financial information about these segments, see Note 16 Business Segment Information to the Condensed Consolidated Financial Statements. During the three months ended June 30, 2020, LCD and CDD contributed approximately 61% and 39% respectively, of revenues to the Company. During the six months ended June 30, 2020, LCD and CDD contributed approximately 60% and 40%, 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."

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 United States (U.S.) Securities and Exchange Commission (SEC) and do not contain certain information included in the Company's 2019 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.

Recently Adopted Guidance

In June 2016, the FASB issued a new accounting standard intended to provide financial statement users with more decision-useful information about expected credit losses and other commitments to extend credit held by the reporting entity. The standard replaces the incurred loss impairment methodology in current generally accepted accounting principles (GAAP) with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company recorded an opening retained earnings adjustment of \$7.0 with the adoption of this standard on January 1, 2020.

In August 2018, the FASB issued a new accounting standard to reduce, modify, and add to the disclosure requirements on fair value measurements. The Company adopted this standard effective January 1, 2020. The adoption of this standard did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued a new accounting standard to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred

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

to develop or obtain internal-use software. The Company adopted this standard effective January 1, 2020. The adoption of this standard did not have a material impact on the consolidated financial statements.

New Accounting Pronouncements

In August 2018, the FASB issued a new accounting standard to reduce, modify, and add to the disclosure requirements on defined benefit pension and other postretirement plans. The standard is effective on January 1, 2021, with early adoption permitted. The Company is currently evaluating the impact this new standard will have on the consolidated financial statements.

In December 2019, the FASB issued a new accounting standard to simplify accounting for income taxes and remove, modify, and add to the disclosure requirements of income taxes. The standard is effective January 1, 2021, with early adoption permitted. The Company is currently evaluating the impact this new standard will have on the consolidated financial statements.

In January 2020, the FASB issued a new accounting standard to clarify the interaction of the accounting for equity securities and investments accounted for under the equity method of accounting and the accounting for certain forward contracts and purchased options. The standard is effective January 1, 2021. The Company is currently evaluating the impact this new standard will have on the consolidated financial statements.

In March 2020, the FASB issued a new accounting standard to provide optional expedients and exceptions if certain conditions are met for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. The expedients and exceptions in the standard are effective between March 12, 2020 and December 31, 2022. The Company did not elect to apply any of the expedients or exceptions for the period ended June 30, 2020 and is currently evaluating the impact this new standard will have on the consolidated financial statements.

Novel Coronavirus (COVID-19) Financial Statement Impact

In March 2020, COVID-19 was declared a pandemic. COVID-19 has had and continues to have an extensive impact on the global health and economic environment. Given the continued unpredictability of the COVID-19 pandemic and the corresponding government restrictions and customer behavior, there are a wide-range of feasible financial results for 2020. While the Company's Base Business continues to be negatively impacted by the COVID-19 pandemic, the Company's outlook has improved across the enterprise. Base Business includes the Company's business operations except for molecular and serology COVID-19 testing (COVID-19 Testing).

In LCD, demand for its Base Business continues to be below the Company's historical levels; however, the Company's Base Business has been steadily recovering from its trough in April, while at the same time COVID-19 Testing continues to grow and the Company continues to increase capacity for its COVID-19 molecular and antibody tests.

In CDD, while the pandemic is expected to continue to negatively impact its business, this impact is expected to subside throughout the year as CDD continues to work on projects supporting global vaccine and treatment development, with additional support from COVID-19 Testing.

As a result of the impact of the COVID-19 pandemic, during the six months ended June 30, 2020, the Company recorded goodwill and other asset impairment charges of \$437.4: \$426.4 within CDD and \$11.0 within LCD, all of which were recorded in the three months ended March 31, 2020. See Note 6 Goodwill and Intangible Assets for discussion of goodwill and intangible asset impairment and Note 2 Revenue for the discussion of credit losses and additional price concessions. The Company also wrote-off or wrote down certain of the Company's investments by \$25.4 due to the impact of COVID-19, \$7.1 included in Equity method earnings (loss), net (recorded in the three months ended March 31, 2020), and \$18.3 included in Other, net (\$13.1 recorded during the three months ended March 31, 2020 and \$5.2 recorded during the three months ended June 30, 2020).

In April 2020, the Company received cash payments of approximately \$55.9 from the Public Health and Social Services Emergency Fund for provider relief (Relief Fund) that was appropriated by Congress to the Department of Health and Human Services (HHS) in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Upon receiving and satisfying the terms and conditions associated with the distributed funds, the Company accounted for the transaction by applying the guidance in ASC 450-30 *Gain Contingencies*, and recorded these funds in Other, net non-operating income in the Consolidated Statement of Operations as of June 30, 2020.

The Company instituted numerous actions to help mitigate the financial impact from the COVID-19 pandemic, which included furloughs, reduced hours, and the suspension of discretionary merit adjustments and 401(k) plan contributions in the

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

United States (U.S.). In response to its improved business operations, the Company has been rapidly resuming regular work schedules and is proceeding with merit adjustments and will retroactively reinstate 401(k) plan contributions in the U.S.

Use of Estimates

The extent to which the COVID-19 pandemic has and will impact the Company's business and financial results will depend on numerous evolving factors including, but not limited to: the magnitude and duration of the COVID-19 pandemic, the extent to which it will impact worldwide macroeconomic conditions including interest rates, employment rates and health insurance coverage, the speed of the anticipated recovery, and governmental and business reactions to the pandemic. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company and the unknown future impacts of COVID-19 as of June 30, 2020 and through the date of this report. The accounting matters assessed included, but were not limited to, the Company's implicit price concessions and credit losses, equity investments, notes receivable and the carrying value of goodwill and other long-lived assets. The Company's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in additional material impacts to the Company's consolidated financial statements in future reporting periods.

2. REVENUES

The Company's revenues by segment payers/customer groups for the three and six months ended June 30, 2020, and 2019, were as follows:

	For the Three Months Ended June 30, 2020						
	U.S.	Canada	United Kingdom	Switzerland	Other Europe	Other	Total
Payer/Customer							
<i>LCD</i>							
Clients	20 %	1 %	— %	— %	— %	— %	21 %
Patients	7 %	— %	— %	— %	— %	— %	7 %
Medicare and Medicaid	7 %	— %	— %	— %	— %	— %	7 %
Third-party	25 %	1 %	— %	— %	— %	— %	26 %
<i>Total LCD revenues by payer</i>	<u>59 %</u>	<u>2 %</u>	<u>— %</u>	<u>— %</u>	<u>— %</u>	<u>— %</u>	<u>61 %</u>
<i>CDD</i>							
Biopharmaceutical and medical device companies	18 %	— %	5 %	4 %	3 %	9 %	39 %
Total revenues	<u>77 %</u>	<u>2 %</u>	<u>5 %</u>	<u>4 %</u>	<u>3 %</u>	<u>9 %</u>	<u>100 %</u>
	For the Three Months Ended June 30, 2019						
	U.S.	Canada	United Kingdom	Switzerland	Other Europe	Other	Total
Payer/Customer							
<i>LCD</i>							
Clients	16 %	1 %	— %	— %	— %	— %	17 %
Patients	8 %	— %	— %	— %	— %	— %	8 %
Medicare and Medicaid	8 %	— %	— %	— %	— %	— %	8 %
Third-party	26 %	2 %	— %	— %	— %	— %	28 %
<i>Total LCD revenues by payer</i>	<u>58 %</u>	<u>3 %</u>	<u>— %</u>	<u>— %</u>	<u>— %</u>	<u>— %</u>	<u>61 %</u>
<i>CDD</i>							
Biopharmaceutical and medical device companies	20 %	— %	4 %	5 %	3 %	7 %	39 %
Total revenues	<u>78 %</u>	<u>3 %</u>	<u>4 %</u>	<u>5 %</u>	<u>3 %</u>	<u>7 %</u>	<u>100 %</u>

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

For the Six Months Ended June 30, 2020

	U.S.	Canada	United Kingdom	Switzerland	Other Europe	Other	Total
Payer/Customer							
<i>LCD</i>							
Clients	18 %	1 %	— %	— %	— %	— %	19 %
Patients	7 %	— %	— %	— %	— %	— %	7 %
Medicare and Medicaid	7 %	— %	— %	— %	— %	— %	7 %
Third-party	25 %	2 %	— %	— %	— %	— %	27 %
<i>Total LCD revenues by payer</i>	<u>57 %</u>	<u>3 %</u>	<u>— %</u>	<u>— %</u>	<u>— %</u>	<u>— %</u>	<u>60 %</u>
<i>CDD</i>							
Biopharmaceutical and medical device companies	19 %	— %	5 %	5 %	3 %	8 %	40 %
<i>Total revenues</i>	<u>76 %</u>	<u>3 %</u>	<u>5 %</u>	<u>5 %</u>	<u>3 %</u>	<u>8 %</u>	<u>100 %</u>

For the Six Months Ended June 30, 2019

	U.S.	Canada	United Kingdom	Switzerland	Other Europe	Other	Total
Payer/Customer							
<i>LCD</i>							
Clients	16 %	1 %	— %	— %	— %	— %	17 %
Patients	8 %	— %	— %	— %	— %	— %	8 %
Medicare and Medicaid	8 %	— %	— %	— %	— %	— %	8 %
Third-party	26 %	2 %	— %	— %	— %	— %	28 %
<i>Total LCD revenues by payer</i>	<u>58 %</u>	<u>3 %</u>	<u>— %</u>	<u>— %</u>	<u>— %</u>	<u>— %</u>	<u>61 %</u>
<i>CDD</i>							
Biopharmaceutical and medical device companies	20 %	— %	4 %	5 %	3 %	7 %	39 %
<i>Total revenues</i>	<u>78 %</u>	<u>3 %</u>	<u>4 %</u>	<u>5 %</u>	<u>3 %</u>	<u>7 %</u>	<u>100 %</u>

Contract costs

CDD incurs sales commissions in the process of obtaining contracts with customers, which are recoverable through the service fees in the contract. Sales commissions that are payable upon contract award are recognized as assets and amortized over the expected contract term, along with related payroll tax expense. The amortization of commission expense is based on the weighted average contract duration for all commissionable awards in the respective business in which the commission expense is paid, which approximates the period over which goods and services are transferred to the customer. The amortization period of sales commissions ranges from approximately 1 to 5 years, depending on the business. For businesses that enter into primarily short-term contracts, the Company applies the practical expedient, which allows costs to obtain a contract to be expensed when incurred if the amortization period of the assets that would otherwise have been recognized is one year or less. Amortization of assets from sales commissions is included in selling, general, and administrative expense.

CDD incurs costs to fulfill contracts with customers, which are recoverable through the service fees in the contract. Contract fulfillment costs include software implementation costs and setup costs for certain market access solutions. These costs are recognized as assets and amortized over the expected term of the contract to which the implementation relates, which is the period over which services are expected to be provided to the customer. This period typically ranges from 2 to 5 years. Amortization of deferred contract fulfillment costs is included in cost of goods sold.

	June 30, 2020	December 31, 2019
Sales commission assets	\$ 32.0	\$ 28.6
Deferred contract fulfillment costs	13.3	14.9
Total	<u>\$ 45.3</u>	<u>\$ 43.5</u>

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Amortization related to sales commission assets and associated payroll taxes for the three months ended June 30, 2020, and 2019, was \$5.5 and \$5.1, respectively and for the six month periods ended June 30, 2020, and 2019, was \$10.8 and \$9.5, respectively. Amortization related to deferred contract fulfillment costs for the three months ended June 30, 2020, and 2019, was \$2.3 and \$1.9, respectively, and was \$5.3 and \$3.8, respectively, for the six month periods ended June 30, 2020, and 2019.

Receivables, Unbilled Services and Unearned Revenue

Unbilled services are comprised primarily of unbilled receivables, but also include contract assets. A contract asset is recorded when a right to payment has been earned for work performed, but billing and payment for that work is determined by certain contractual milestones, whereas unbilled receivables are billable upon the passage of time. While CDD attempts to negotiate terms that provide for billing and payment of services prior or in close proximity to the provision of services, this is not always possible and there are fluctuations in the level of unbilled services and unearned revenue from period to period. The following table provides information about receivables, unbilled services, and unearned revenue (contract liabilities) from contracts with customers for CDD.

	June 30, 2020	December 31, 2019
Receivables, which are included in accounts receivable	\$ 730.5	\$ 771.1
Unbilled services	539.7	483.7
Unearned revenue	471.4	449.2

Revenues recognized during the period, that were included in the unearned revenue balance at the beginning of the period for the six months ended June 30, 2020, and June 30, 2019, were \$102.2 and \$161.6, respectively.

Credit Loss Rollforward

With the adoption of current expected credit loss standard in 2020, 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, 2020, is as follows:

	For the Six Months Ended June 30, 2020			
	Accounts Receivable	Unbilled Services	Note Receivable	Total
Allowance for credit losses as of December 31, 2019	\$ 19.0	\$ 2.3	\$ —	\$ 21.3
Current expected credit losses opening balance impact on retained earnings	1.9	0.2	5.0	7.1
Plus, credit loss expense	9.1	1.9	5.0	16.0
Less, write offs	0.9	0.1	—	1.0
Ending allowance for credit losses	\$ 29.1	\$ 4.3	\$ 10.0	\$ 43.4

The note receivable is the floating note receivable due 2022 from the Envigo transaction which is recorded in Other assets, net.

During the six months ended June 30, 2020, the Company also recorded \$23.3 of additional implicit price concessions as a result of anticipated collection challenges from the economic decline.

Performance Obligations Under Long-Term Contracts

Long-term contracts at the Company consist primarily of fully managed clinical studies within CDD. The amount of existing performance obligations under such long-term contracts unsatisfied as of June 30, 2020, was \$4,498.8. The Company expects to recognize approximately 31% of the remaining performance obligations as of June 30, 2020, as revenue over the next 12 months, and the balance thereafter. The Company's long-term contracts generally range from 1 to 8 years.

Within CDD, revenues of \$13.7 and \$48.4 were recognized during the six months ended June 30, 2020, and 2019, respectively, from performance obligations that were satisfied in previous periods. This revenue comes from adjustments related to changes in scope and estimates in full service clinical studies.

3. BUSINESS ACQUISITIONS AND DISPOSITIONS

On June 3, 2019, CDD acquired Envigo's nonclinical contract research services business, expanding CDD's global nonclinical drug development capabilities with additional locations and resources. Additionally, the Company divested the Covance Research Products (CRP) business, which was a part of CDD, to Envigo. As part of this sale, CDD entered into a multi-year, renewable supply agreement with Envigo. The Company paid cash consideration of \$601.0, received a floating rate

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secured note of \$110.0, and recorded a loss on the sale of CRP of \$12.2. The Company funded the transaction through a new term loan facility.

The final valuation of acquired assets and assumed liabilities in the transaction as of June 3, 2019, include the following:

Consideration Transferred				
Cash consideration	\$	601.0		
Fair value of CRP		110.0		
Total	\$	711.0		
		Preliminary	Measurement	
		June 30, 2019	Period	
			Adjustments	
			Final	
			June 30, 2020	
Net Assets Acquired				
Cash and cash equivalents	\$	15.1	\$ (3.8)	\$ 11.3
Accounts receivable		16.5	(4.4)	12.1
Unbilled services		26.5	(0.9)	25.6
Inventories		4.5	—	4.5
Prepaid expenses and other		3.5	7.3	10.8
Property, plant and equipment (including ROU operating lease assets)		99.1	29.3	128.4
Deferred income taxes		25.5	(0.3)	25.2
Goodwill		432.2	(55.6)	376.6
Customer relationships		125.8	15.0	140.8
Trade name and trademarks		0.6	—	0.6
Other assets		9.9	—	9.9
Total assets acquired		759.2	(13.4)	745.8
Accounts payable		15.4	(0.2)	15.2
Accrued expenses and other		11.6	(1.2)	10.4
Unearned revenue		49.9	—	49.9
Operating lease liabilities		15.0	(15.0)	—
Other liabilities		66.3	3	69.3
Total liabilities acquired		158.2	(13.4)	144.8
Net Envigo assets acquired		601.0	\$ —	\$ 601.0
Floating rate secured note receivable due 2022		110.0		
Total	\$	711.0		

The final purchase consideration for Envigo has been allocated to the estimated fair market value of the net assets acquired, including approximately \$141.4 in identifiable intangible assets and a residual amount of non-tax-deductible goodwill of approximately \$376.6. The amortization period for intangible assets acquired is 11 years for customer relationships.

During the six months ended June 30, 2020, the Company recorded a \$5.0 charge for the estimated credit loss related to the CDD floating rate secured note receivable due 2022 from Envigo.

During the six months ended June 30, 2020, the Company acquired a business and related assets for approximately \$17.3 in cash (including contingent consideration of \$6.0 and net of cash acquired). The purchase consideration for this acquisition has been allocated to the estimated fair market value of the net assets acquired, including approximately \$9.2 in identifiable intangible assets and a residual amount of non-tax deductible goodwill of approximately \$8.1. This acquisition was made primarily to expand its specialty testing.

During the six months ended June 30, 2019, the Company acquired various businesses and related assets for approximately \$117.7 in cash (net of cash acquired). The purchase consideration for all acquisitions in the six months ended June 30, 2019, has been allocated to the estimated fair market value of the net assets acquired, including approximately \$90.7 in identifiable intangible assets and a residual amount of non-tax deductible goodwill for approximately \$53.8. The amortization periods for intangible assets acquired from these businesses range from 11 to 15 years for customer relationships. These acquisitions were made primarily to extend the Company's geographic reach in important market areas, enhance the Company's scientific differentiation and to expand the breadth and scope of the Company's CRO services. The excess of the fair value of the consideration conveyed over the fair value of the net assets acquired was recorded as goodwill. The goodwill reflects the Company's expectations to utilize the acquired businesses' workforce and established relationships and the benefits of being able to leverage operational efficiencies with favorable growth opportunities in these markets.

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Unaudited Pro Forma Information

Had the Company's total 2019 and 2020 acquisitions been completed as of January 1, 2019, the Company's pro forma results would have been as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues	\$ 2,770.7	\$ 2,941.0	\$ 5,596.7	\$ 5,775.9
Net earnings attributable to Laboratory Corporation of America Holdings	\$ 231.8	\$ 194.3	\$ (84.9)	\$ 382.6

4. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing net earnings attributable to Laboratory Corporation of America Holdings by the weighted average number of common shares outstanding. Diluted earnings (loss) 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 (loss) per share to diluted earnings (loss) per share:

	Three Months Ended June 30,						Six Months Ended June 30,					
	2020			2019			2020			2019		
	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount	Earnings (Loss)	Shares	Per Share Amount	Earnings	Shares	Per Share Amount
Basic earnings (loss) per share:												
Net earnings (loss)	\$ 231.6	97.3	\$ 2.38	\$ 190.4	98.1	\$ 1.94	\$ (85.6)	97.2	\$ (0.88)	\$ 376.0	98.4	\$ 3.82
Dilutive effect of employee stock options and awards	—	0.4		—	0.7		—	—		—	0.7	
Net earnings (loss) including impact of dilutive adjustments ^(a)	<u>\$ 231.6</u>	<u>97.7</u>	<u>\$ 2.37</u>	<u>\$ 190.4</u>	<u>98.8</u>	<u>\$ 1.93</u>	<u>\$ (85.6)</u>	<u>97.2</u>	<u>\$ (0.88)</u>	<u>\$ 376.0</u>	<u>99.1</u>	<u>\$ 3.79</u>

^(a) Due to the Company's net loss for the six months ended June 30, 2020, diluted earnings (loss) per share is the same as basic earnings (loss) per share.

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Employee stock options and awards	0.8	0.2	1.3	0.2

5. RESTRUCTURING AND OTHER CHARGES

During the six months ended June 30, 2020, the Company recorded net restructuring and other charges of \$31.8: \$11.8 within LCD and \$20.0 within CDD. The charges were comprised of \$10.5 related to severance and other personnel costs, \$8.0 for a CDD lab facility and equipment impairments, and \$20.0 in facility closures, impairment of operating lease right-of-use assets and general integration activities. The charges were offset by the reversal of previously established liability of \$1.0 and \$5.7 in unused severance costs and facility-related costs, respectively.

During the six months ended June 30, 2019, the Company recorded net restructuring and other charges of \$34.2: \$16.1 within LCD and \$18.1 within CDD. The charges were comprised of \$20.3 related to severance and other personnel costs and \$13.5 in costs associated with facility closures, impairment of operating lease right-of-use assets and general integration initiatives. The charges were increased by the adjustment of previously established reserves of \$0.4 in severance reserves.

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The following represents the Company's restructuring reserve activities for the period indicated:

	LCD		CDD		Total
	Severance and Other Employee Costs	Facility Costs	Severance and Other Employee Costs	Facility Costs	
Balance as of December 31, 2019	\$ 0.5	\$ 2.7	\$ 5.5	\$ 4.7	\$ 13.4
Restructuring charges	2.7	3.5	7.8	6.4	20.4
Adjustments to prior restructuring accruals	(0.1)	(0.4)	(0.9)	(5.3)	(6.7)
Impairment of lab facility and equipment	—	—	—	8.0	8.0
Impairment of operating lease right-of-use asset	—	6.1	—	4.0	10.1
Cash payments and other adjustments	(3.0)	(9.9)	(3.8)	(15.5)	(32.2)
Balance as of June 30, 2020	<u>\$ 0.1</u>	<u>\$ 2.0</u>	<u>\$ 8.6</u>	<u>\$ 2.3</u>	<u>\$ 13.0</u>
Current					\$ 9.4
Non-current					3.6
					<u>\$ 13.0</u>

6. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the six months ended June 30, 2020, are as follows:

	LCD	CDD	Total
Balance as of January 1, 2020	\$ 3,721.5	\$ 4,143.5	\$ 7,865.0
Goodwill acquired during the period	8.1	—	8.1
Impairment	(3.7)	(418.7)	(422.4)
Foreign currency impact and other adjustments to goodwill	6.4	(34.4)	(28.0)
Balance as of June 30, 2020	<u>\$ 3,732.3</u>	<u>\$ 3,690.4</u>	<u>\$ 7,422.7</u>

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. Based upon the revised forecasted revenues and operating income following the declaration of the COVID-19 global pandemic, management concluded there was a triggering event and updated its annual 2019 goodwill impairment testing as of March 31, 2020, for its CDD reporting units, including one where the 2019 fair value exceeded carrying value by approximately 10%, and its LCD reporting units. Based on the quantitative impairment assessment, the Company concluded that the fair value was less than carrying value for two of its reporting units and recorded a goodwill impairment of \$418.7 for the CDD segment and \$3.7 for LCD segment.

The Company utilized a combination of income and market approaches to determine the fair value of the CDD reporting units. Based upon the results of the quantitative assessments, the Company concluded that the fair value was less than its carrying value for one of the CDD reporting units. A non-cash charge of \$418.7 was recognized and included in goodwill and other asset impairments on the Consolidated Statement of Operations to reduce the carrying amount of goodwill for the CDD reporting unit to fair value. Following the impairment charge, the carrying value of goodwill for this reporting unit is \$1,560.5. The other CDD reporting unit evaluated indicated a fair value that exceeded carrying value by less than 10%. Management notes that a 1% change in the discount rate in the March 31, 2020, analysis would reduce the headroom to approximately 2.0%. Goodwill for this reporting unit as of June 30, 2020 is \$628.5.

The Company utilized the income approach to determine the fair value of the LCD reporting units. Based upon the results of the quantitative assessments, the Company concluded the fair value of one of the reporting units was less than its carrying value. A non-cash charge of \$3.7 was recognized and included in goodwill and other asset impairments on the Consolidated Statement of Operations to reduce the carrying amount of goodwill for this LCD reporting unit to zero. The other LCD reporting unit evaluated indicated a fair value that exceeded carrying value by less than 10.0%. Management notes that a 1% change in the discount rate in the March 31, 2020, analysis would cause the fair value to be less than carrying value and would result in an impairment of approximately \$40.0. Goodwill and indefinite-lived intangibles of Canadian licenses for this reporting unit as of June 30, 2020 were \$84.4 and \$459.7, respectively.

Although the Company believes that the current assumptions and estimates used in its goodwill analysis are reasonable, supportable, and appropriate, continued efforts to maintain or improve the performance of this business could be impacted by unfavorable or unforeseen changes which could impact the existing assumptions used in the impairment analysis. Various

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factors could reasonably be expected to unfavorably impact existing assumptions: primarily delays in new customer bookings and the related delay in revenue from new customers, increases in customer termination activity or increases in operating costs. In addition, given the ongoing and rapidly changing nature of the COVID-19 pandemic, there is significant uncertainty regarding the duration and severity of the pandemic as well as any future government restrictions, which may unfavorably impact existing assumptions. 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. Management's impairment analysis utilizes significant judgments and assumptions related to the market comparable method analysis, such as selected market multiples, and those related to cash flow projections, such as revenue and terminal growth rates, projected operating margin, and the discount rate. 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, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 4,424.3	\$ (1,419.9)	\$ 3,004.4	\$ 4,441.7	\$ (1,329.5)	\$ 3,112.2
Patents, licenses and technology	449.0	(245.5)	203.5	453.6	(235.7)	217.9
Non-compete agreements	96.2	(65.0)	31.2	90.9	(60.5)	30.4
Trade name	408.1	(234.3)	173.8	408.2	(219.9)	188.3
Land use right	10.8	(6.2)	4.6	10.9	(5.5)	5.4
Canadian licenses	459.7	—	459.7	480.3	—	480.3
	<u>\$ 5,848.1</u>	<u>\$ (1,970.9)</u>	<u>\$ 3,877.2</u>	<u>\$ 5,885.6</u>	<u>\$ (1,851.1)</u>	<u>\$ 4,034.5</u>

The Company recorded a non-cash charge of \$2.7 for the impairment of a CDD tradename during the six months ended June 30, 2020.

Amortization of intangible assets for the three months ended June 30, 2020 and 2019, was \$60.1 and \$60.2, respectively and for the six months ended June 30, 2020 and 2019 was \$122.4 and \$117.3, respectively. Amortization expense for the net carrying amount of intangible assets is estimated to be \$118.2 for the remainder of fiscal 2020, \$235.6 in fiscal 2021, \$229.6 in fiscal 2022, \$224.2 in fiscal 2023, \$219.2 in fiscal 2024, and \$2,311.1 thereafter.

7. DEBT

Short-term borrowings and the current portion of long-term debt at June 30, 2020, and December 31, 2019, consisted of the following:

	June 30, 2020	December 31, 2019
4.625% senior notes due 2020	\$ 414.6	\$ 413.7
2019 Term Loan	375.0	—
Debt issuance costs	(1.0)	(0.7)
Current portion of note payable	2.2	2.2
Total short-term borrowings and current portion of long-term debt	<u>\$ 790.8</u>	<u>\$ 415.2</u>

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Long-term debt at June 30, 2020, and December 31, 2019, consisted of the following:

	June 30, 2020	December 31, 2019
3.20% senior notes due 2022	\$ 500.0	\$ 500.0
3.75% senior notes due 2022	500.0	500.0
4.00% senior notes due 2023	300.0	300.0
3.25% senior notes due 2024	600.0	600.0
3.60% senior notes due 2025	1,000.0	1,000.0
3.60% senior notes due 2027	600.0	600.0
4.70% senior notes due 2045	900.0	900.0
2.30% senior notes due 2024	400.0	400.0
2.95% senior notes due 2029	650.0	650.0
2019 Term Loan	—	375.0
Debt issuance costs	(39.8)	(42.2)
Note payable	6.4	7.0
Total long-term debt	\$ 5,416.6	\$ 5,789.8

Credit Facilities

On June 3, 2019, the Company entered into a new \$850.0 2019 term loan facility that matures on June 3, 2021. The 2019 term loan facility accrues interest at a per annum rate equal to, at the Company's election, either a LIBOR rate plus a margin ranging from 0.55% to 1.175%, or a base rate determined according to a prime rate or federal funds rate plus a margin ranging from 0.0% to 0.175%. The 2019 term loan balance at June 30, 2020 and December 31, 2019, was \$375.0 and \$375.0, respectively. As of June 30, 2020, the effective interest rate on the 2019 term loan was 0.98%.

The Company also maintains a senior revolving credit facility consisting 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 \$350.0, 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 0.00% to 0.25%. 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. There were no balances outstanding on the Company's current revolving credit facility at June 30, 2020, and December 31, 2019. As of June 30, 2020, the effective interest rate on the revolving credit facility was 1.14%. The credit facility expires on September 15, 2022.

Under the term loan facility and 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. In May 2020, the Company entered into amendments to its term loan facility and its revolving credit facility, in each case to, among other things, increase the maximum leverage ratio covenant to 5.0x debt to last twelve months EBITDA for each of the three periods ended June 30, September 30, and December 31, 2020, 4.5x for period ended March 31, 2021 and then reverts back to 4.0x. The Company was in compliance with all covenants in the term loan facility and the revolving credit facility at June 30, 2020 and expects that it will remain in compliance with its existing debt covenants for the next twelve months.

The Company's availability of \$997.0 at June 30, 2020, under its revolving credit facility reflects a reduction equivalent to the amount of the Company's outstanding letters of credit.

Liquidity

During the fourth quarter of 2020, \$412.2 of the Company's senior notes mature. The Company has elected to redeem these notes in August 2020 at par using from available cash on hand and borrowings under its revolving credit facility.

At June 30, 2020, the Company had \$557.0 of cash and \$997.0 of available borrowings under its revolving credit facility, which does not mature until 2022, and the Company was in compliance with all of its debt covenants. In May 2020, in order to obtain increased financial covenant flexibility, the Company and its lenders entered into amendments to the term loan facility and the revolving credit facility to increase the maximum leverage ratio to 5.0x debt to last twelve months EBITDA for the three month periods ending June 30, September 30 and December 31, 2020 and 4.5x for the period ended March 31, 2021. The amendments also provide that during any period in which the Company's leverage ratio exceeds 4.5x debt to last twelve months

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EBITDA (i) the Company will be prohibited from consummating share repurchases, subject to limited exceptions, (ii) borrowings under the revolving credit facility will accrue interest at a per annum rate equal to, at the Company's election, either a LIBOR rate plus a margin of 1.25% or a base rate plus a margin of 0.25%, (iii) the facility fee that the Company is required to pay on the aggregate commitments under the revolving credit facility will be 0.25% per annum, and (iv) borrowings under the term loan facility will accrue interest at a per annum rate equal to, at the Company's election, either a LIBOR rate plus a margin of 1.175% or a base rate plus a margin of 0.175%.

The Company is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business and the effects such impacts will have on the Company's liquidity. The significance of the impact on the Company's business is not yet certain and depends on numerous evolving factors that the Company may not be able to accurately predict.

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, 2020 and December 31, 2019.

The changes in common shares issued are summarized below:

	Issued and Outstanding
Common shares at December 31, 2019	97.2
Common stock issued under employee stock plans	0.6
Retirement of common stock	(0.5)
Common shares at June 30, 2020	97.3

Share Repurchase Program

At the end of 2019, the Company had outstanding authorization from the board of directors to purchase \$900.0 of Company common stock. During three months ended March 31, 2020, the Company purchased 0.6 shares of its common stock. When the Company repurchases shares, the amount paid to repurchase the shares in excess of the par or stated value is allocated to additional paid-in-capital unless subject to limitation or the balance in additional paid-in-capital is exhausted. Remaining amounts are recognized as a reduction in retained earnings. As of June 30, 2020, the Company had outstanding authorization from the board of directors to purchase up to \$800.0 of the Company's common stock. The repurchase authorization has no expiration date; however, the Company temporarily suspended stock repurchases beginning in March 2020 due to the impact of the COVID-19 pandemic.

Accumulated Other Comprehensive Earnings

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, 2019	\$ (285.4)	\$ (87.0)	\$ (372.4)
Current year adjustments	(80.5)	5.4	(75.1)
Tax effect of adjustments	—	(1.5)	(1.5)
Balance as of June 30, 2020	\$ (365.9)	\$ (83.1)	\$ (449.0)

9. INCOME TAXES

The Company does not recognize a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that it believes is greater than 50% likely to be realized.

The gross unrecognized income tax benefits were \$40.4 and \$31.7 at June 30, 2020 and December 31, 2019, respectively. It is anticipated that the amount of the unrecognized income tax benefits will change within the next 12 months; however, these changes are not expected to have a significant impact on the results of operations, cash flows or the financial position of the Company.

As of June 30, 2020 and December 31, 2019, \$40.4 and \$31.7, respectively, are the approximate amounts of gross unrecognized income tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods.

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The Company recognizes interest and penalties related to unrecognized income tax benefits in income tax expense. Accrued interest and penalties related to uncertain tax positions totaled \$8.2 and \$5.5 as of June 30, 2020 and December 31, 2019, respectively.

The Company has substantially concluded all U.S. federal income tax matters for years through 2015. Substantially all material state and local and foreign income tax matters have been concluded through 2014 and 2010, respectively.

The Company has various state and foreign income tax examinations ongoing throughout the year. The Company believes adequate provisions have been recorded related to all open tax years.

10. 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; 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 drug development support services. The healthcare diagnostics and drug development 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.

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 estimable and would exceed the aggregate legal reserve. When loss contingencies are not both probable and 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 outcomes will have a material adverse effect on the Company's financial condition, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period.

As previously reported, the Company responded to an October 2007 subpoena from the U.S. Department of Health & Human Services Office of Inspector General's regional office in New York. On August 17, 2011, the U.S. District Court for the Southern District of New York unsealed a False Claims Act lawsuit, *United States of America ex rel. NPT Associates v. Laboratory Corporation of America Holdings*, which alleges that the Company offered UnitedHealthcare kickbacks in the form of discounts in return for Medicare business. The Plaintiff's Third Amended Complaint further alleges that the Company's billing practices violated the False Claims Acts of 14 states and the District of Columbia. The lawsuit seeks actual and treble damages and civil penalties for each alleged false claim, as well as recovery of costs, attorney's fees, and legal expenses.

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Neither the U.S. government nor any state government has intervened in the lawsuit. The Company's Motion to Dismiss was granted in October 2014 and Plaintiff was granted the right to replead. On January 11, 2016, Plaintiff filed a motion requesting leave to file an amended complaint under seal and to vacate the briefing schedule for the Company's Motion to Dismiss, while the government reviews the amended complaint. The Court granted the motion and vacated the briefing dates. Plaintiff then filed the Amended Complaint under seal. The Company will vigorously defend the lawsuit.

In addition, the Company has received various other subpoenas since 2007 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 is cooperating with this request.

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 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 Company will vigorously defend the lawsuit.

In December 2014, the Company received a Civil Investigative Demand issued pursuant to the U.S. False Claims Act from the U.S. Attorney's Office for South Carolina, which requested information regarding alleged remuneration and services provided by the Company to physicians who also received draw and processing/handling fees from competitor laboratories Health Diagnostic Laboratory, Inc. (HDL) and Singulex, Inc. (Singulex). The Company cooperated with the request. On April 4, 2018, the U.S. District Court for the District of South Carolina, Beaufort Division, unsealed a False Claims Act lawsuit, *United States of America ex rel. Scarlett Lutz, et al. v. Laboratory Corporation of America Holdings*, which alleges that the Company's financial relationships with referring physicians violate federal and state anti-kickback statutes. The Plaintiffs' Fourth Amended Complaint further alleges that the Company conspired with HDL and Singulex in violation of the Federal False Claims Act and the California and Illinois insurance fraud prevention acts by facilitating HDL's and Singulex's offers of illegal inducements to physicians and the referral of patients to HDL and Singulex for laboratory testing. The lawsuit seeks actual and treble damages and civil penalties for each alleged false claim, as well as recovery of costs, attorney's fees, and legal expenses. Neither the U.S. government nor any state government has intervened in the lawsuit. The Company filed a Motion to Dismiss seeking the dismissal of the claims asserted under the California and Illinois insurance fraud prevention statutes, the conspiracy claim, the reverse False Claims Act claim, and all claims based on the theory that the Company performed medically unnecessary testing. On January 16, 2019, the Court entered an order granting in part and denying in part the Motion to Dismiss. The Court dismissed the Plaintiffs' claims based on the theory that the Company performed medically unnecessary testing, the claims asserted under the California and Illinois insurance fraud prevention statutes, and the reverse False Claims Act claim. The Court denied the Motion to Dismiss as to the conspiracy claim. The Company will vigorously defend the lawsuit.

Prior to the Company's acquisition of Sequenom, Inc. (Sequenom) between August 15, 2016 and August 24, 2016, six putative class-action lawsuits were filed on behalf of purported Sequenom stockholders (captioned *Malkoff v. Sequenom, Inc., et al.*, No. 16-cv-02054- JAH-BLM, *Gupta v. Sequenom, Inc., et al.*, No. 16-cv-02084-JAH-KSC, *Fruchter v. Sequenom, Inc., et al.*, No. 16-cv-02101- WQH-KSC, *Asiatrade Development Ltd. v. Sequenom, Inc., et al.*, No. 16-cv-02113-AJB-JMA, *Nunes v. Sequenom, Inc., et al.*, No. 16-cv-02128-AJB-MDD, and *Cusumano v. Sequenom, Inc., et al.*, No. 16-cv-02134-LAB-JMA) in the U.S. District Court for the Southern District of California challenging the acquisition transaction. The complaints asserted claims against Sequenom and members of its board of directors (the Individual Defendants). The *Nunes* action also named the Company and Savoy Acquisition Corp. (Savoy), a wholly owned subsidiary of the Company, as defendants. The complaints alleged that the defendants violated Sections 14(e), 14(d)(4) and 20 of the Securities Exchange Act of 1934 by failing to disclose certain allegedly material information. In addition, the complaints in the *Malkoff* action, the *Asiatrade* action, and the *Cusumano* action alleged that the Individual Defendants breached their fiduciary duties to Sequenom shareholders. The actions sought, among other things, injunctive relief enjoining the merger. On August 30, 2016, the parties entered into a Memorandum of Understanding (MOU) in each of the above-referenced actions. On September 6, 2016, the Court entered an order consolidating for all pre-trial purposes the six individual actions described above under the caption *In re Sequenom, Inc.*

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Shareholder Litig., Lead Case No. 16-cv-02054-JAH-BLM, and designating the complaint from the *Malkoff* action as the operative complaint for the consolidated action. On November 11, 2016, two competing motions were filed by two separate stockholders (James Reilly and Shikha Gupta) seeking appointment as lead plaintiff under the terms of the Private Securities Litigation Reform Act of 1995. On June 7, 2017, the Court entered an order declaring Mr. Reilly as the lead plaintiff and approving Mr. Reilly's selection of lead counsel. The parties agree that the MOU has been terminated. The Plaintiffs filed a Consolidated Amended Class Action Complaint on July 24, 2017, and the Defendants filed a Motion to Dismiss, which remains pending. On March 13, 2019, the Court stayed the action in its entirety pending the U.S. Supreme Court's anticipated decision in *Emulex Corp. v. Varjabedian*. On April 23, 2019, however, the U.S. Supreme Court dismissed the writ of certiorari in *Emulex* as improvidently granted. 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 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. The Company will vigorously defend the lawsuit.

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 will be 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 have been 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. On January 22, 2020, the Company filed Motions to Dismiss all claims. The consolidated Complaint generally alleges that the Company did not adequately protect its patients' data and failed to timely notify those patients of the AMCA Incident. The Complaint asserts 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 seeks damages on behalf of a class of all affected Company customers. The Company will vigorously defend the multi-district litigation.

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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, 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.

Three putative class action lawsuits related to California wage and hour laws have been served on the Company. On September 21, 2018, the Company was served with a putative class action lawsuit, *Alma Haro v. Laboratory Corporation of America, et al.*, filed in the Superior Court of California, County of Los Angeles. On June 10, 2019, the Company was served with a putative class action lawsuit, *Ignacio v. Laboratory Corporation of America*, filed in Superior Court of California, County of Los Angeles. On July 1, 2019, the Company was served with a putative class action lawsuit, *Jan v. Laboratory Corporation of America*, filed in the Superior Court of California, County of Sacramento. All three cases were subsequently removed to the U.S. District Court for the Central District of California, and then consolidated for all pre-trial proceedings. In the lawsuits, Plaintiffs allege that employees were not properly paid overtime compensation, minimum wages, meal and rest break premiums, did not receive compliant wage statements, and were not properly paid wages upon termination of employment. The Plaintiffs assert these actions violate various California Labor Code provisions and constitute an unfair competition practice under California law. The lawsuits seek monetary damages, civil penalties, and recovery of attorney's fees and costs. The parties reached a tentative settlement resolving the claims for all three cases. The settlement is subject to Court approval. If the settlement is not approved, the Company will vigorously defend the lawsuits.

On July 30, 2019, the Company was served with a class action lawsuit, *Mitchell v. Covance, Inc. et al.*, filed in the U.S. District Court for the Eastern District of Pennsylvania. Plaintiff alleges that certain individuals employed by Covance Inc. and Chiltern International Inc. were misclassified as exempt employees under the Fair Labor Standards Act and the Pennsylvania Minimum Wage Act and were thereby not properly paid overtime compensation. The lawsuit seeks monetary damages, liquidated damages, and recovery of attorneys' fees and costs. On February 3, 2020, the Court denied without prejudice the Plaintiff's motion to conditionally certify a putative class action. The Company will vigorously defend the lawsuit.

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. The Company will vigorously defend the lawsuit.

On May 14, 2020, the Company was served with a putative class action lawsuit, *Jose Bermejo v. Laboratory Corporation of America* 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*, 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. The Company will vigorously defend both lawsuits.

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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.

11. PENSION AND POSTRETIREMENT PLANS

Retirement Plans

All employees eligible for the LCD defined-contribution retirement plan (LCD 401(k) Plan) receive a minimum 3% non-elective contribution (NEC) concurrent with each payroll period. Employees are not required to make a contribution to the LCD 401(k) Plan to receive the NEC. The NEC is non-forfeitable and vests immediately. The LCD 401(k) Plan also permits discretionary contributions by the Company of 1% to 3% of pay for eligible employees based on service. The Company incurred expense of \$13.9 and \$16.2 for the LCD 401(k) Plan during the three months ended June 30, 2020 and 2019 respectively, and \$27.4 and \$32.2 during the six months ended June 30, 2020 and 2019, respectively.

All of the CDD U.S. employees are eligible to participate in the CDD 401(k) Plan, which is available on a voluntary basis and features a maximum 4.5% Company match, based upon a percentage of the employee's contributions. The Company incurred expense of \$20.3 and \$17.9 for the Covance 401(k) plan during the three months ended June 30, 2020, and 2019, respectively, and \$43.8 and \$37.8 during the six months ended June 30, 2020 and 2019, respectively.

The Company also maintains several other small 401K plans associated with companies acquired over the last several years.

Pension Plans

The Company has a defined-benefit retirement plan (Company Plan) and a nonqualified supplemental retirement plan (PEP). Both plans have been closed to new participants since December 31, 2009. Employees participating in the Company Plan and PEP no longer earn service-based credits, but continue to earn investment credits.

The Company Plan covers substantially all LCD employees employed prior to December 31, 2009. The benefits to be paid under the Company Plan are based on years of credited service through December 31, 2009, interest credits and average compensation. The Company's policy is to fund the Company Plan with at least the minimum amount required by applicable regulations.

The PEP covers a portion of the Company's senior management group. Prior to 2010, the PEP provided for the payment of the difference, if any, between the amount of any maximum limitation on annual benefit payments under the Employee Retirement Income Security Act of 1974 and the annual benefit that would be payable under the Company Plan but for such limitation. Effective January 1, 2010, employees participating in the PEP no longer earn service-based credits. The PEP is an unfunded plan.

The effect on operations for the Company Plan and the PEP is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Service cost for administrative expenses	\$ 1.3	\$ 1.0	\$ 2.6	\$ 2.0
Interest cost on benefit obligation	2.8	3.5	5.6	7.0
Expected return on plan assets	(3.8)	(3.8)	(7.5)	(7.6)
Net amortization and deferral	2.2	2.6	4.8	5.2
Defined benefit plan costs	\$ 2.5	\$ 3.3	\$ 5.5	\$ 6.6

The service cost component of net periodic pension cost and net periodic post-retirement benefit cost is included in operating expenses with other employee compensation costs. The other components of net benefit cost, including amortization or prior service cost/credit and settlement and curtailment effects are included in other, net non-operating expenses. During the six months ended June 30, 2020, the Company made no contributions to the Company Plan. The related net pension obligation for the Company Plan and PEP was \$92.7 and \$93.4 as of June 30, 2020 and December 31, 2019, respectively.

As a result of the Covance acquisition, the Company sponsors two defined benefit pension plans for the benefit of its employees at two U.K. subsidiaries (U.K. Plans) and one defined benefit pension plan for the benefit of its employees at a German subsidiary (German Plan), all of which are legacy plans of previously acquired companies. The U.K. Plans were closed to future accrual as of December 31, 2019. Benefit amounts for all three plans are based upon years of service and compensation; however, the U.K. Plans were based on service and compensation through December 31, 2019. The German

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Plan is unfunded while the U.K. Plans are funded. The Company's funding policy has been to contribute annually a fixed percentage of the eligible employee's salary, and additional amounts, at least equal to the local statutory funding requirements.

As a result of the Envigo acquisition, the Company assumed a defined benefit pension plan for the benefit of Envigo's U.K. employees (the Envigo Plan), which is a legacy plan of a company previously acquired by Envigo. The Envigo Plan is a funded plan that is closed to future accrual. The Company's funding policy has been to contribute amounts at least equal to the local statutory funding requirements.

The related net pension obligation for these plans inclusive of the U.K. Plans, German Plan, and the Envigo Plan, was \$86.0 and \$99.1 as of June 30, 2020 and December 31, 2019, respectively.

12. FAIR VALUE MEASUREMENTS

The Company's population of financial assets and liabilities subject to fair value measurements as of June 30, 2020, and December 31, 2019, is as follows:

	Balance Sheet Classification	Fair Value as of June 30, 2020	Fair Value Measurements as of June 30, 2020 Using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
Noncontrolling interest put	Noncontrolling interest	\$ 15.2	\$ —	\$ 15.2	\$ —
Cross currency swaps	Other assets, net	14.3	—	14.3	—
Interest rate swaps	Other assets, net	2.3	—	2.3	—
Cash surrender value of life insurance policies	Other assets, net	78.6	—	78.6	—
Deferred compensation liability	Other liabilities	76.8	—	76.8	—
Contingent consideration	Other liabilities	9.0	—	—	9.0
			Fair Value Measurements as of December 31, 2019 Using Fair Value Hierarchy		
	Balance Sheet Classification	Fair Value as of December 31, 2019	Level 1	Level 2	Level 3
Noncontrolling interest put	Noncontrolling interest	\$ 15.8	\$ —	\$ 15.8	\$ —
Cross currency swaps	Other assets, net	3.2	—	3.2	—
Interest rate swaps	Other assets, net	1.5	—	1.5	—
Cash surrender value of life insurance policies	Other assets, net	80.2	—	80.2	—
Deferred compensation liability	Other liabilities	76.7	—	76.7	—
Investment in equity securities	Other current assets	9.1	9.1	—	—
Contingent consideration	Other liabilities	9.9	—	—	9.9
Fair Value Measurement of Level 3 Liabilities			Contingent Consideration		
Balance at December 31, 2019			\$ 9.9		
Payments			(4.8)		
Adjustments			(2.1)		
Additions			6.0		
Balance at June 30, 2020			\$ 9.0		

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 16 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 participants' 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

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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 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 \$6,433.0 and \$6,140.6 as of June 30, 2020 and December 31, 2019, 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.

13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company addresses its exposure to market risks, principally the market risk associated with changes in interest rates and foreign currency exchange rates, through a controlled program of risk management that includes, from time to time, the use of derivative financial instruments. The Company does not hold or issue derivative financial instruments for trading purposes. The Company does not believe that its exposure to market risk is material to the Company's financial position or results of operations.

Interest Rate Swap

The Company is party to a fixed-to-variable interest rate swap agreement for its 4.625% senior notes which mature on November 15, 2020, with a notional amount of \$300.0 and variable interest rates based on one-month LIBOR plus 2.298% to hedge against changes in the fair value of a portion of the Company's debt. On July 17, 2020, notice was given to holders of the notes that the Company had elected to redeem the outstanding securities on August 17, 2020. The interest rate swap derivative financial instrument is accounted for as fair value hedge of the Senior Notes due 2020. These interest rate swaps are included in prepaid and other assets or liabilities, as applicable, and added to the value of the Senior Notes. As the specific terms and notional amount of the derivative financial instrument matches those of the fixed-rate debt being hedged, the derivative instrument is assumed to be a perfectly effective hedge and accordingly, there is no impact to the Company's Condensed Consolidated Statements of Operations. Cash flows from the interest rate swap are included in operating activities.

	Carrying amount of hedged liabilities as of		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities as of	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
<i>Balance Sheet Line Item in which Hedged Items are Included</i>				
Current portion, long term debt	\$ 302.3	\$ 301.5	\$ 2.3	\$ 1.5

Cross Currency Swap

During the fourth quarter of 2018, the Company entered into six U.S. Dollar to Swiss Franc cross-currency swap agreements with an aggregate notional value of \$600.0 and which are accounted for as a hedge against the impact of foreign exchange movements on its net investment in a Swiss subsidiary. Of the notional value, \$300.0 matures in 2022 and \$300.0 matures in 2025. These cross currency swaps maturing in 2022 and 2025 are included in other long-term assets as of June 30, 2020. Changes in the fair value of the cross-currency swaps are recorded as a component of the foreign currency translation adjustment in accumulated other comprehensive income in the Condensed Consolidated Balance Sheet until the hedged item is recognized in earnings. The cumulative amount of the fair value hedging adjustment included in the current value of the cross currency swaps is \$(8.8) and \$11.1 for the three and six months ended June 30, 2020, and was recognized as currency translation within the Condensed Consolidated Statement of Comprehensive Earnings. There were no amounts reclassified from the Condensed Consolidated Statement of Comprehensive Earnings to the Condensed Consolidated Statement of Operations during the three months or six months ended June 30, 2020.

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

The table below presents the fair value of derivatives on a gross basis and the balance sheet classification of those instruments:

Balance Sheet Caption		June 30, 2020			December 31, 2019		
		Fair Value of Derivative			Fair Value of Derivative		
		Asset	Liability	U.S. Dollar Notional	Asset	Liability	U.S. Dollar Notional
<i>Derivatives Designated as Hedging Instruments</i>							
Interest rate swap	Prepaid expenses and other/Other liabilities	\$ 2.3	\$ —	\$ 300.0	\$ 1.5	\$ —	\$ 300.0
Cross currency swaps	Other assets, net or Other liabilities	\$ 14.3	\$ —	\$ 600.0	\$ 3.2	\$ —	\$ 600.0

The table below provides information regarding the location and amount of pretax (gains) losses of derivatives designated in fair value hedging relationships:

	Amount of pre-tax gain/(loss) included in other comprehensive income		Amounts reclassified to the Statement of Operations		Amount of pre-tax gain/(loss) included in other comprehensive income		Amounts reclassified to the Statement of Operations	
	Three Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
Interest rate swap contracts	\$ (0.9)	\$ 4.3	\$ —	\$ —	\$ 0.9	\$ 6.8	\$ —	\$ —
Cross currency swaps	\$ (8.8)	\$ (7.8)	\$ —	\$ —	\$ 11.1	\$ 4.0	\$ —	\$ —

No gains or losses from derivative instruments classified as hedging instruments have been recognized into income for the three and six months ended June 30, 2020 and 2019.

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Six Months Ended June 30,	
	2020	2019
Supplemental schedule of cash flow information:		
Cash paid during period for:		
Interest	\$ 111.5	\$ 123.8
Income taxes, net of refunds	15.1	119.6
Disclosure of non-cash financing and investing activities:		
Conversion of zero-coupon convertible debt	—	7.2
Change in accrued property, plant and equipment	(17.1)	(12.5)
Floating rate secured note receivable due 2022 from the sale of CRP	—	110.0

15. BUSINESS SEGMENT INFORMATION

The following table is a summary of segment information for the three and six months ended June 30, 2020 and 2019. 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.

Segment asset information is not presented because it is not used by the CODM at the segment level. Operating earnings of each segment represents revenues less directly identifiable expenses to arrive at operating income for the segment. General management and administrative corporate expenses are included in general corporate expenses below.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Revenues:				
LCD	\$ 1,692.7	\$ 1,760.9	\$ 3,394.7	\$ 3,482.9
CDD	1,093.7	1,126.3	2,237.5	2,201.0
Intercompany eliminations and other	(17.6)	(5.5)	(39.6)	(11.0)
Revenues	2,768.8	2,881.7	5,592.6	5,672.9
Operating earnings (loss):				
LCD	281.3	312.5	486.7	580.8
CDD	65.5	65.8	(273.2)	153.8
General corporate expenses	(49.1)	(42.6)	(108.4)	(80.7)
Total operating income	297.7	335.7	105.1	653.9
Non-operating expenses, net	(0.7)	(65.7)	(75.8)	(129.2)
Earnings before income taxes	297.0	270.0	29.3	524.7
Provision for income taxes	65.4	79.3	114.6	148.1
Net earnings (loss)	231.6	190.7	(85.3)	376.6
Less net income attributable to noncontrolling interests	—	(0.3)	(0.3)	(0.6)
Net income (loss) attributable to Laboratory Corporation of America Holdings	\$ 231.6	\$ 190.4	\$ (85.6)	\$ 376.0

16. SUBSEQUENT EVENTS

In July 2020, the Company acquired two businesses and related assets for approximately \$200.0 in cash (net of cash acquired). These acquisitions will be included in both the LCD and CDD segments and were made primarily to extend the Company's geographic reach in important market areas, enhance the Company's scientific differentiation and to expand the breadth and scope of the Company's services.

On July 17, 2020, notice was given to holders of \$412.2 of the Company's senior notes, due November 15, 2020, that the Company had elected to redeem the outstanding securities on August 17, 2020 at par. The Company will repay the notes with available cash on hand and borrowings under its revolving credit facility.

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

FORWARD-LOOKING STATEMENTS

Laboratory Corporation of America® Holdings together with its subsidiaries (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. 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 "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 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 a fine 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 and 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 (U.K.), the National Medical Products Administration in China, the Pharmaceutical and Medical Devices Agency in Japan, the

- European Medicines Agency 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 biopharmaceutical and medical device and diagnostic industries, changes in reimbursement of biopharmaceutical products or reduced spending on research and development by biopharmaceutical 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 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, including insurance carrier participation in health insurance exchanges, an increase in capitated reimbursement mechanisms, 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 managed care organization (MCO) business as a result of changes in business models, including new 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 payment from customers;
 16. difficulty in maintaining relationships with customers or retaining key employees as a result of uncertainty surrounding the integration of acquisitions and the resulting negative effects on the business of the Company;
 17. consolidation and convergence of MCOs, biopharmaceutical companies, health systems, large physician organizations and other customers, potentially causing material shifts in insourcing, utilization, pricing and reimbursement, including full and partial risk-based models;
 18. failure to effectively develop and deploy new systems, system modifications or enhancements required in response to evolving market and business needs;
 19. customers choosing to outsource services that are or could be purchased from the Company;
 20. failure to identify, successfully close, and effectively integrate and/or manage acquisitions of new businesses;
 21. 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;
 22. termination, loss, delay, reduction in scope or increased costs of contracts, including large contracts and multiple contracts;
 23. liability arising from errors or omissions in the performance of testing services, contract research services, or other contractual arrangements;
 24. 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;
 25. damage or disruption to the Company's facilities;
 26. 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;
 27. adverse results in litigation matters;
 28. inability to attract and retain experienced and qualified personnel or the loss of significant personnel as a result of illness or otherwise;
 29. 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;

30. substantial costs arising from the inability to commercialize newly licensed tests or technologies or to obtain appropriate coverage or reimbursement for such tests;
31. 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;
32. 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;
33. business interruption, receivable impairment, delays in cash collection impacting days sales outstanding, supply chain disruptions, increases in 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, and other events outside of the Company's control;
34. discontinuation or recalls of existing testing products;
35. 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;
36. 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;
37. 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;
38. 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;
39. 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 term loan facility and revolving credit facility;
40. changes in reimbursement by foreign governments and foreign currency fluctuations;
41. 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;
42. expenses and risks associated with international operations, including, but not limited to, compliance with the U.S. Foreign Corrupt Practices Act, 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;
43. failure to achieve expected efficiencies and savings in connection with the Company's business process improvement initiatives;
44. changes in tax laws and regulations or changes in their interpretation, including the U.S. Tax Cuts and Jobs Act (TCJA);
45. global economic conditions and government and regulatory changes, including, but not limited to the U.K.'s exit from the European Union; and
46. effects, duration, and severity of the ongoing COVID-19 pandemic, including the impact on operations, personnel, and liquidity, and the actions the Company, or governments, have taken or may take in response, 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, including the availability and accuracy and timeliness of delivery of any tests that the Company develops, collaborates on or provides for the detection of COVID-19.

it 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, 2020 were \$5,592.6, a decrease of (1.4)% from \$5,672.9 during the six months ended June 30, 2019. The decrease in revenues was due to a 3.6% decline of organic revenue, 0.4% from the disposition of a business, and 0.1% from unfavorable foreign currency translation, partially offset by 2.6% from acquisitions. The 3.6% decline of organic revenue was due to the pandemic, which reduced the Company's organic Base Business by 11.7%, partially offset by 8.1% from COVID-19 related business. Base Business includes the Company's business operations except for molecular and serology COVID-19 testing (COVID-19 Testing). The decline in the organic Base Business includes the negative impact from PAMA of 0.6%.

In March 2020, COVID-19 was declared a pandemic. COVID-19 has had and continues to have an extensive impact on the global health and economic environments. Given the continued unpredictability of the COVID-19 pandemic and the corresponding government restrictions and customer behavior, there are a wide-range of feasible financial results for 2020. While the Company's Base Business continues to be negatively impacted by the COVID-19 pandemic, the Company's outlook has improved across the enterprise.

In LCD, demand for its Base Business continues to be below the Company's historical levels; however, the Company's Base Business has been steadily recovering from its trough in April, while at the same time COVID-19 Testing continues to grow. To date, the Company has performed more than 9.2 million molecular and 2.2 million antibody COVID-19 tests and has a current capacity of 180,000 molecular and 300,000 antibody tests per day. The Company continues to increase capacity across multiple platforms for its COVID-19 Testing subject to the availability of equipment and testing supplies and key personnel.

In CDD, while the pandemic is expected to continue to negatively impact its business, this impact is expected to subside throughout the year as CDD continues to work on projects supporting global vaccine and treatment development, with additional support from COVID-19 Testing.

As a result of the impact of COVID-19, during the six months ended June 30, 2020, the Company recorded goodwill and other asset impairment charges of \$437.4, \$426.4 within CDD and \$11.0 within LCD, all of which were recorded in the three months ended March 31, 2020. See Note 6 Goodwill and Intangible Assets for discussion of goodwill and intangible asset impairments and Note 2 Revenue for the discussion of credit losses and additional price concessions. The Company also wrote-off or wrote down certain of the Company's investments by \$25.4 due to the impact of COVID-19, \$7.1 included in Equity method earnings (loss), net (recorded in the three months ended March 31, 2020), and \$18.3 included in Other, net (\$13.1 recorded during the three months ended March 31, 2020 and \$5.2 recorded during the three months ended June 30, 2020).

The Company instituted numerous actions to help mitigate the financial impact from the COVID-19 pandemic, which included furloughs, reduced hours, and the suspension of discretionary merit adjustments and 401(k) plan contributions in the United States (U.S.). In response to its improved outlook, the Company has been rapidly resuming regular work schedules and is proceeding with merit adjustments and will retroactively reinstate 401(k) plan contributions in the U.S.

In April 2020, the Company received cash payments of approximately \$55.9 from the Public Health and Social Services Emergency Fund for provider relief (Relief Fund) that was appropriated by Congress to the Department of Health and Human Services (HHS) in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Upon receiving and satisfying the terms and conditions associated with the distributed funds, the Company accounted for the transaction by applying the guidance in ASC 450-30 *Gain Contingencies*, and recorded these funds in Other, net non-operating income in the Consolidated Statement of Operations as of June 30, 2020.

On July 30, the Company announced plans to create a program to offer total antibody testing at no charge through the patient's doctor in support of increased blood plasma donations for use as a possible COVID-19 treatment. The Company is working with public health authorities and the provider community on the details of the three-month program and is evaluating the impact this program will have on the consolidated financial statements.

There remains significant uncertainty regarding the duration and severity of the pandemic and its impact on the Company's business, results of operations and financial position for the balance of 2020 and beyond. For more information regarding the risks associated with COVID-19 and its impact on the Company's business, see Risk Factors in Part II - Item 1A.

RESULTS OF OPERATIONS (dollars in millions)*Three months ended June 30, 2020, compared with three months ended June 30, 2019***Revenues**

	Three Months Ended June 30,		Change
	2020	2019	
LCD	\$ 1,692.7	\$ 1,760.9	(3.9)%
CDD	1,093.7	1,126.3	(2.9)%
Intercompany eliminations and other	(17.6)	(5.5)	220.0 %
Total	\$ 2,768.8	\$ 2,881.7	(3.9)%

The decrease in revenues for the three months ended June 30, 2020, as compared with the corresponding period in 2019 was 3.9%. The decrease in revenue was due to a 5.4% decline of organic revenue, 0.3% from the disposition of a business, and 0.1% from unfavorable foreign currency translation, partially offset by 1.9% from acquisitions. The 5.4% decline of organic revenue was due to the pandemic, which reduced the Company's organic Base Business by 20.9%, partially offset by COVID-19 Testing of 15.4%. The decline in organic Base Business includes the lower Medicare and Medicaid pricing as a result of PAMA of 0.5%.

LCD revenues for the quarter were \$1,692.7, a decrease of 3.9% compared to revenues of \$1,760.9 in the second quarter of 2019. The decrease in revenues was primarily due to a 4.9% decline in organic revenue and 0.1% from unfavorable foreign currency translation, partially offset by 1.1% from acquisitions. The 4.9% organic revenue decline includes a 30.1% decline of the organic Base Business (due to the pandemic), partially offset by 25.2% from COVID-19 Testing. The 30.1% decline of the organic Base Business includes a 0.8% negative impact from PAMA and a 1.2% reduction due to the September 2019 nonrenewal of the BeaconLBS - UnitedHealthcare contract pertaining to the Florida market.

Total volume (measured by requisitions) decreased by 19.5% as organic volume declined by 20.7%, partially offset by acquisition volume of 1.2%. The decline in organic volume includes a 35.3% reduction of organic Base Business (due to the pandemic), partially offset by increased demand for COVID-19 Testing of 14.6%. The organic Base Business volumes continued to improve throughout the quarter with daily volume in June averaging approximately 17.0% below June volume in 2019. At the same time, demand for COVID-19 Testing continues to increase, contributing approximately 23.0% to total volume in June. While total volume declined 19.5%, price/mix increased by 15.6% due to COVID-19 Testing of 10.7% and the Base Business of 4.9%. The Base Business price includes the negative impact from PAMA of 0.8% and the non-renewal of the BeaconLBS contract of 1.2%.

CDD revenues for the second quarter were \$1,093.7, a decrease of 2.9% over revenues of \$1,126.3 in the second quarter of 2019. The decrease in revenues was primarily due to a 5.2% decline in organic revenue, 0.7% from the disposition of a business, and 0.1% from unfavorable foreign currency translation, partially offset by 3.1% benefit from an acquisition. The decline in organic revenue was primarily due to the negative impact from the pandemic, partially offset by a 1.1% increase from COVID-19 molecular testing through its Central Laboratories business. The pandemic continues to cause delays in clinical trial progression and associated testing, reductions in investigator site access, as well as interruptions to the supply chain particularly impacting the nonclinical business unit.

Cost of Revenues

	Three Months Ended June 30,		Change
	2020	2019	
Cost of revenues	\$ 2,008.3	\$ 2,056.9	(2.4)%
Cost of revenues as a % of revenues	72.5 %	71.4 %	

Cost of revenues decreased 2.4% during the three months ended June 30, 2020, as compared with the corresponding period in 2019. Cost of revenues as a percentage of revenues during the three months ended June 30, 2020, increased to 72.5% as compared to 71.4% in the corresponding period in 2019. This increase was primarily due to the impact of COVID-19, higher personnel costs (primarily driven by merit increases), and PAMA, partially offset by LaunchPad savings.

Selling, General and Administrative Expenses

	Three Months Ended June 30,		Change
	2020	2019	
Selling, general and administrative expenses	\$ 396.3	\$ 415.3	(4.6)%
Selling, general and administrative expenses as a % of revenues	14.3 %	14.4 %	

During the three months ended June 30, 2020, the Company incurred \$4.6 of acquisition and divestiture related costs and \$7.8 in management transition costs. In addition, the Company recorded \$0.2 of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative and \$1.8 related to miscellaneous other items. These charges were offset by insurance proceeds of \$10.0 related to the 2018 ransomware attack. These items increased selling, general and administrative expenses by \$7.7.

During the three months ended June 30, 2019, the Company incurred \$33.2 in acquisition and divestiture costs, \$1.5 in management transition costs and \$0.1 in costs related to the 2018 ransomware attack. In addition, the Company recorded \$2.6 of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative. These items increased selling, general and administrative expenses by \$37.4.

Excluding these charges, selling, general and administrative expenses as a percentage of revenues were 14.0% and 13.1% during each of the three months ended June 30, 2020, and 2019, respectively.

Amortization of Intangibles and Other Assets

	Three Months Ended June 30,		Change
	2020	2019	
LCD	\$ 25.3	\$ 25.6	(1.2)%
CDD	34.8	34.6	0.6 %
Total amortization of intangibles and other assets	\$ 60.1	\$ 60.2	(0.2)%

The decrease in amortization of intangibles and other assets within LCD primarily reflects the impact of acquisitions occurring after June 30, 2019, net of Amortization of intangible assets within CDD increased primarily due to the impact of acquisitions occurring after June 30, 2019.

Restructuring and Other Special Charges

	Three Months Ended June 30,		Change
	2020	2019	
Restructuring and other charges	\$ 6.4	\$ 13.6	(52.9)%

During the three months ended June 30, 2020, the Company recorded net restructuring and other charges of \$6.4: \$3.7 within LCD and \$2.7 within CDD. The charges were comprised of \$5.4 related to severance and other personnel costs, \$3.3 for a CDD lab facility and equipment impairment, and \$4.2 in facility closures, impairment of operating lease right-of-use assets and general integration activities. The charges were offset by the reversal of previously established liability of \$1.0 and \$5.5 in unused severance costs and facility-related costs, respectively.

During the three months ended June 30, 2019, the Company recorded net restructuring and other special charges of \$13.6: \$3.0 within LCD and \$10.6 within CDD. The charges were comprised of \$3.5 related to severance and other personnel costs along with \$10.2 in costs associated with facility closures, impairment of operating lease right-of-use assets and general integration initiatives. The charges were offset by the reversal of previously established reserves of \$0.1 in unused facility reserves.

Interest Expense

	Three Months Ended June 30,		Change
	2020	2019	
Interest expense	\$ (52.7)	\$ (59.1)	(10.8)%

The decrease in interest expense for the three months ended June 30, 2020, as compared with the corresponding period in 2019, is primarily due to a lower outstanding balance on term loans, lower variable interest rates, the repayment of the 2.625% senior notes and a portion of the 4.625% senior notes in 2019, partially offset by the issuance of \$1,050.0 in debt securities in November 2019.

Equity Method Income

	Three Months Ended June 30,		Change
	2020	2019	
Equity method income, net	\$ 1.8	\$ 2.5	(28.0)%

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. All of these partnerships and investments reside within LCD. The

decrease in income for the three months ended June 30, 2020, as compared with the corresponding period in 2019, was primarily due to decreased profitability of the Company's joint ventures.

Other, net

	Three Months Ended June 30,		Change
	2020	2019	
Other, net	\$ 47.7	\$ (10.5)	(554.3)%

The change in other, net for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, is primarily due to \$55.9 of funding from the Relief Fund that was appropriated by Congress to the HHS in the CARES Act. This funding was partially offset by the \$5.2 write-off or write down of certain of the Company's investments primarily due to the negative impact of the COVID-19 global pandemic. In addition, foreign currency transaction losses of \$1.7 were recognized for the three months ended June 30, 2020 and losses of \$3.2 were recognized in the corresponding period of 2019.

Income Tax Expense

	Three Months Ended June 30,		Change
	2020	2019	
Income tax expense	\$ 65.4	\$ 79.3	(17.5)%
Income tax expense as a % of earnings before income taxes	22.0 %	29.4 %	

The 2020 tax rate was favorable to the 2019 tax rate due to the mix of earnings inclusive of federal, state, and foreign changes.

Operating Income by Segment

	Three Months Ended June 30,		Change
	2020	2019	
LCD operating income	\$ 281.3	\$ 312.5	(10.0)%
LCD operating margin	16.6 %	17.7 %	(1.1)%
CDD operating income	65.5	65.8	(0.5)%
CDD operating margin	6.0 %	5.9 %	0.1 %
General corporate expenses	(49.1)	(42.6)	15.3 %
Total operating income	\$ 297.7	\$ 335.7	(11.3)%

LCD operating income was \$281.3 for the three months ended June 30, 2020, a decrease of 10.0% over operating income of \$312.5 in the corresponding period of 2019, and LCD operating margin decreased 1.1% basis points year-over-year. The decrease was primarily due to the reduction in the Base Business (primarily due to the pandemic) and higher personnel costs, partially offset by the increase in COVID-19 Testing and LaunchPad savings. The Company remains on track to deliver approximately \$200.0 of net savings from its three-year LCD's LaunchPad initiative by the end of 2021.

CDD operating income was \$65.5 for the three months ended June 30, 2020, a decrease over operating income of \$65.8 in the corresponding period of 2019. The decrease was primarily due to the negative impact from the pandemic and higher personnel costs, partially offset by molecular COVID-19 testing and LaunchPad savings. The Company remains on track to deliver approximately \$150.0 of net savings from its three-year CDD's LaunchPad initiative by the end of 2020.

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 \$49.1 for the three months ended June 30, 2020, an increase of 15.3% over corporate expenses of \$42.6 in the corresponding period of 2019. The increase in corporate expenses in 2020 is primarily due to higher personnel costs, including executive transition costs.

Six months ended June 30, 2020, compared with six months ended June 30, 2019

Revenues

	Six Months Ended June 30,		Change
	2020	2019	
LCD	\$ 3,394.7	\$ 3,482.9	(2.5)%
CDD	2,237.5	2,201.0	1.7 %
Intercompany eliminations and other	(39.6)	(11.0)	260.0 %
Total	\$ 5,592.6	\$ 5,672.9	(1.4)%

Revenues for the six months ended June 30, 2020 were \$5,592.6, a decrease of (1.4)% from \$5,672.9 during the six months ended June 30, 2019. The decrease in revenues was due to a 3.6% decline of organic revenue, 0.4% from the disposition of a business, and 0.1% from unfavorable foreign currency translation, partially offset by 2.6% from acquisitions. The 3.6% decline of organic revenue was due to a 11.7% decline in the Company's organic Base Business (as a result of the pandemic), partially offset by 8.1% from COVID-19 related business. The decline in the organic Base Business includes the negative impact from PAMA of 0.6%.

LCD revenues for the six months ended June 30, 2020 were \$3,394.7, a decrease of 2.5% compared to revenues of \$3,482.9 for the six months ended June 30, 2019. The decrease in revenue was due to a 3.9% decline in organic revenue, partially offset by 1.4% from acquisitions. The 3.9% decline in organic revenue, was due to a 17.1% decline of the organic Base Business (due to the pandemic), partially offset by 13.2% from COVID-19 Testing. The 17.1% decline of organic Base Business includes a 1.0% negative impact from PAMA and a 1.2% reduction due to the September 2019 nonrenewal of the BeaconLBS - UnitedHealthcare contract pertaining to the Florida market.

Total volume (measured by requisitions) decreased by 12.0% as organic volume declined by 13.4%, partially offset by acquisition volume of 1.4%. The decline in organic volume includes a 21.0% reduction of organic Base Business (due to the pandemic), partially offset by increased demand for COVID-19 Testing of 7.6%. The organic Base Business volumes continued to improve throughout the second quarter with daily volume in June averaging approximately 17.0% below June volume in 2019. At the same time, demand for COVID-19 Testing continues to increase, contributing approximately 23.0% to total volume in June. While total volume declined 12.0%, price/mix increased by 9.4% due to COVID-19 Testing of 5.5% and Base Business of 3.9%. The Base Business price includes the negative impact from PAMA of 1.0% and the non-renewal of the BeaconLBS contract of 1.2%.

CDD revenues for six months ended June 30, 2020 were \$2,237.5, an increase of 1.7% over revenues of \$2,201.0 for the six months ended June 30, 2019. The increase in revenue was primarily due to the benefit of acquisitions of 4.6%, partially offset by a decline in organic revenue 1.9% and disposition of a business of 1.0%. The decline in organic revenue was primarily due to the negative impact from the pandemic, partially offset by a 0.6% increase from COVID-19 molecular testing through its Central Laboratories business. The pandemic continues to cause delays in clinical trial progression and associated testing, reductions in investigator site access, as well as interruptions to the supply chain particularly impacting the nonclinical business unit.

Cost of Revenues

	Six Months Ended June 30,		Change
	2020	2019	
Cost of revenues	\$ 4,104.1	\$ 4,058.4	1.1 %
Cost of revenues as a % of revenues	73.4 %	71.5 %	

Cost of revenues increased 1.1% during the six months ended June 30, 2020, as compared with the corresponding period in 2019. Cost of revenues as a percentage of revenues during the six months ended June 30, 2020, increased to 73.4% as compared to 71.5% in the corresponding period in 2019. This increase was primarily due to the impact of COVID-19, higher personnel costs (primarily driven by merit increases and one additional payroll day that predominantly impacted LCD), and PAMA, partially offset by LaunchPad savings.

Selling, General and Administrative Expenses

	Six Months Ended June 30,		Change
	2020	2019	
Selling, general and administrative expenses	\$ 791.8	\$ 809.1	(2.1) %
Selling, general and administrative expenses as a % of revenues	14.2 %	14.3 %	

During the six months ended June 30, 2020, the Company incurred \$13.0 of acquisition and divestiture related costs and \$10.6 in management transition costs. In addition, the Company recorded \$1.1 of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative and \$1.2 related to miscellaneous other items. These charges were offset by insurance proceeds of \$10.0 related to the 2018 ransomware attack. These items increased selling, general and administrative expenses by \$19.6.

During the six months ended June 30, 2019, the Company incurred \$44.3 in acquisition and divestiture costs, \$2.9 in consulting expenses relating to fees incurred as part of its integration and management transition costs and \$0.7 in costs related to the 2018 ransomware attack. In addition, the Company recorded \$5.0 of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative. These items increased selling, general and administrative expenses by \$52.9.

Excluding these charges, selling, general and administrative expenses as a percentage of revenues were 13.8% and 13.3% during each of the six months ended June 30, 2020, and 2019, respectively.

Amortization of Intangibles and Other Assets

	Six Months Ended June 30,		Change
	2020	2019	
LCD	\$ 51.4	\$ 50.3	2.2 %
CDD	71.0	67.0	6.0 %
Total amortization of intangibles and other assets	\$ 122.4	\$ 117.3	4.3 %

The increase in amortization of intangibles and other assets within LCD primarily reflects the impact of acquisitions occurring after June 30, 2019. Amortization of intangible assets within CDD increased primarily due to the impact of acquisitions occurring after June 30, 2019.

Goodwill and Other Asset Impairments

	Six Months Ended June 30,		Change
	2020	2019	
Goodwill and other asset impairments	\$ 437.4	\$ —	N/A

During the six months ended June 30, 2020, the Company recorded goodwill and other asset impairment charges of \$437.4, \$426.4 within CDD and \$11.0 within LCD, representing 3.9% of the Company's total goodwill and intangible assets. The Company concluded that the fair value was less than carrying value for two of its reporting units and recorded goodwill impairment of \$418.7 in the CDD segment and \$3.7 in the LCD segment. The Company also recorded a charge of \$2.7 for the impairment of a CDD tradename, \$7.3 for LCD software, and \$5.0 for the impairment of the CDD floating rate secured note receivable due 2022.

Restructuring and Other Special Charges

	Six Months Ended June 30,		Change
	2020	2019	
Restructuring and other charges	\$ 31.8	\$ 34.2	(7.0)%

During the six months ended June 30, 2020, the Company recorded net restructuring and other charges of \$31.8: \$11.8 within LCD and \$20.0 within CDD. The charges were comprised of \$10.5 related to severance and other personnel costs, \$8.0 for a CDD lab facility impairment, and \$20.0 in facility closures, impairment of operating lease right-of-use assets and general integration activities. The charges were offset by the reversal of previously established liability of \$1.0 and \$5.7 in unused severance costs and facility-related costs, respectively.

During the six months ended June 30, 2019, the Company recorded net restructuring and other special charges of \$34.2: \$16.1 within LCD and \$18.1 within CDD. The charges were comprised of \$20.3 related to severance and other personnel costs along with \$13.5 in costs associated with facility closures, impairment of operating lease right-of-use assets and general integration initiatives. The charges were increased by the adjustment of previously established reserves of \$0.4 in facility reserves.

Interest Expense

	Six Months Ended June 30,		Change
	2020	2019	
Interest expense	\$ (107.7)	(115.8)	(7.0)%

The decrease in interest expense for the six months ended June 30, 2020, as compared with the corresponding period in 2019, is primarily due to a lower outstanding balance on term loans, lower variable interest rates, the repayment of the 2.625% senior notes and a portion of the 4.625% senior notes in 2019, partially offset by the issuance of \$1,050.0 in debt securities in November 2019.

Equity Method Income

	Six Months Ended June 30,		Change
	2020	2019	
Equity method income, net	\$ (4.8)	\$ 5.5	(187.3)%

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. All of these partnerships and investments reside within LCD. The decrease in income for the six months ended June 30, 2020, as compared with the corresponding period in 2019, was primarily due to the impairment of an equity method investment and decreased profitability of the Company's joint ventures.

Other, net

	Six Months Ended June 30,		Change
	2020	2019	
Other, net	\$ 31.6	\$ (20.9)	(251.2)%

The change in other, net for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, is primarily due to the \$55.9 funding from the Relief Fund that was appropriated by Congress to the HHS in the CARES Act. This funding was partially offset by the \$18.3 write-off or write down of certain of the Company's investments primarily due to the negative impact of the COVID-19 global pandemic. In addition, foreign currency transaction losses of \$4.5 were recognized for the six months ended June 30, 2020 and losses of \$7.8 were recognized in the corresponding period of 2019.

Income Tax Expense

	Six Months Ended June 30,		Change
	2020	2019	
Income tax expense	\$ 114.6	\$ 148.1	(22.6)%
Income tax expense as a % of earnings before income taxes	391.1 %	28.2 %	

The 2020 tax rate was unfavorable to the 2019 tax rate due to impairment charges for which either no tax benefit was recorded (as they were not deductible) or the associated tax assets required a full valuation allowance.

	Six Months Ended June 30,		Change
	2020	2019	
LCD operating income	\$ 486.7	\$ 580.8	(16.2)%
LCD operating margin	14.3 %	16.7 %	(2.4)%
CDD operating income	(273.2)	153.8	(277.6)%
CDD operating margin	(12.2)%	7.0 %	(19.2)%
General corporate expenses	(108.4)	(80.7)	34.3 %
Total operating income	\$ 105.1	\$ 653.9	(83.9)%

LCD operating income was \$486.7 for the six months ended June 30, 2020, a decrease of 16.2% over operating income of \$580.8 in the corresponding period of 2019, and LCD operating margin decreased (2.4)% basis points year-over-year. The decrease in operating income and margin were primarily due to the reduction in Base Business (primarily due to the pandemic) and higher personnel costs, partially offset by the increase in COVID-19 Testing and LaunchPad savings. The Company remains on track to deliver approximately \$200.0 of net savings from its three-year, phase II of LCD's LaunchPad initiative by the end of 2021.

CDD operating loss was \$(273.2) for the six months ended June 30, 2020, a decrease over operating income of \$153.8 in the corresponding period of 2019. The decrease in operating income and margin was primarily due to the negative impact of COVID-19, specifically goodwill and other asset impairments of \$426.4, and higher personnel costs, partially offset by organic demand, acquisitions, and LaunchPad savings. The Company is on track to deliver \$150.0 of net savings from its three-year CDD LaunchPad initiative by the end of 2020.

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 \$108.4 for the six months ended June 30, 2020, an increase of 34.3% over corporate expenses of \$80.7 in the corresponding period of 2019. The increase in corporate expenses in 2020 is primarily due to higher personnel costs, including executive transition costs, and COVID-19 related expenses.

LIQUIDITY AND CAPITAL RESOURCES (dollars and shares in millions)

The Company's strong 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'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 were as follows for the six months ended June 30, 2020 and 2019, respectively:

	Six Months Ended June 30,	
	2020	2019
Net cash provided by operating activities	\$ 574.5	\$ 419.3
Net cash used for investing activities	(230.0)	(891.3)
Net cash used for financing activities	(119.7)	311.7
Effect of exchange rate changes on cash and cash equivalents	(5.3)	(1.1)
Net (decrease) increase in cash and cash equivalents	<u>\$ 219.5</u>	<u>\$ (161.4)</u>

Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2020 and 2019, totaled \$557.0 and \$265.4, respectively. Cash and cash equivalents consist of highly liquid instruments, such as time deposits, commercial paper, and other money market investments, substantially all of which have original maturities of three months or less.

Operating Activities

During the six months ended June 30, 2020, the Company's operations provided \$574.5 of cash as compared to \$419.3 during the same period in 2019. The \$155.2 increase in cash provided from operations in 2020 as compared with the corresponding 2019 period is primarily due to higher cash earnings partially offset by higher working capital. For the first six months of 2020, cash earnings included the \$55.9 CARES Act funding and benefited from income and payroll tax deferrals, while working capital was negatively impacted by an increase in COVID-19 related testing supplies inventory and accounts receivable. The COVID-19 pandemic has created uncertainty about the Company's near-term operating cash flows. Based on current expectations of the impact of COVID-19, the Company expects to continue to generate positive cash flows from operating activities, however, should the COVID-19 impact worsen or last longer than anticipated, the Company may see a significant decline in cash flows from operating activities. For more information regarding the risks associated with the COVID-19 and its impact on the Company's business, see Risk Factors in Part II - Item IA.

Investing Activities

Net cash used for investing activities for the six months ended June 30, 2020, was \$230.0 as compared to net cash used for investing activities of \$891.3 for the six months ended June 30, 2019. The change in cash used for investing activities was primarily due to a decrease in business acquisitions during the six months ended June 30, 2020. Capital expenditures were \$205.1 and \$179.4 for the six months ended June 30, 2020, and 2019, respectively.

Financing Activities

Net cash used for financing activities for the six months ended June 30, 2020, was \$119.7 compared to net cash provided by financing activities of \$311.7 for the six months ended June 30, 2019. The change in cash flows from financing activities for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, were primarily due to net financing proceeds from the term loan and revolving credit facilities in 2019 of \$635.0 offset by \$200.0 more in share repurchases in 2019.

The Company's revolving credit facility consists of a five-year revolving facility in the principal amount of up to \$1,000.0, with the option of increasing the facility by up to an additional \$350.0, subject to the agreement of one or more new or existing lenders to provide such additional amounts and certain other customary conditions.

Under the Company's term loan credit facility and 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 under the term loan credit facility and the revolving credit facility at June 30, 2020 and expects that it will remain in compliance with its existing debt covenants for the next twelve months.

During the fourth quarter of 2020, \$412.2 of the Company's senior notes mature. The Company has elected to redeem these notes in August 2020 at par using available cash on hand and borrowings under its revolving credit facility.

At June 30, 2020 the Company had \$557.0 of cash and \$997.0 of available borrowings under its revolving credit facility, which does not mature until 2022. In May 2020, in order to obtain increased financial covenant flexibility, the Company and its lenders entered into amendments to the term loan facility and the revolving credit facility to increase the maximum leverage ratio to 5.0x debt to last twelve months EBITDA for the three month periods ending June 30, September 30 and December 31, 2020, 4.5x for period ended March 31, 2021 and then reverts back to 4.0x. The amendments also provide that during any period in which the Company's leverage ratio exceeds 4.5x debt to last twelve months EBITDA (i) the company will be prohibited from consummating share repurchases, subject to limited exceptions, (ii) borrowings under the revolving credit facility will accrue interest at a per annum rate equal to, at the Company's election, either a LIBOR rate plus a margin of 1.25% or a base

rate plus a margin of 0.25%, (iii) the facility fee that the Company is required to pay on the aggregate commitments under the revolving credit facility will be 0.25% per annum, and (iv) borrowings under the term loan facility will accrue interest at a per annum rate equal to, at the Company's election, either a LIBOR rate plus a margin of 1.175% or a base rate plus a margin of 0.175%.

The Company instituted numerous actions to help mitigate the financial impact from the COVID-19 pandemic, which included furloughs, reduced hours, and the suspension of discretionary merit adjustments and 401(k) plan contributions in the United States (U.S.). In response to its improved outlook, the Company has been rapidly resuming regular work schedules and is proceeding with merit adjustments and will retroactively reinstate 401(k) plan contributions in the U.S.

At the end of 2019, the Company had outstanding authorization from the board of directors to purchase up to \$900.0 of Company common stock. As of June 30, 2020, the Company had outstanding authorization from the board of directors to purchase up to \$800.0 of the Company's common stock. The repurchase authorization has no expiration date; however, the Company temporarily suspended stock repurchases beginning in March 2020 due to impact of the COVID-19 pandemic.

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

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 12.0% of the Company's revenues for the six months ended June 30, 2020, and approximately 12.5% of the Company's revenue for the six months ended June 30, 2019, were denominated in currencies other than the U.S. dollar. The Company's financial statements are reported in U.S. dollars and, accordingly, fluctuations in exchange rates will affect the translation of revenues and expenses denominated in foreign currencies into U.S. dollars for purposes of reporting the Company's consolidated financial results. In the second quarter of 2020 and the year ended December 31, 2019, 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 U.S. dollars would have impacted income before income taxes for the six months ended June 30, 2020 by approximately \$2.6. Gross accumulated currency translation adjustments recorded as a separate component of shareholders' equity were \$(80.5) and \$47.2 at June 30, 2020 and 2019, 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 several months and, in some cases, over a period of several 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, 2020, the Company had 38 open foreign exchange forward contracts relating to service contracts with various amounts maturing monthly through July 2020 with a notional value totaling approximately \$612.5. At December 31, 2019, the Company had 34 open foreign exchange forward contracts relating to service contracts with various amounts maturing monthly through January 2020 with a notional value totaling approximately \$369.2.

The Company is party to U.S. Dollar to Swiss Franc cross-currency swap agreements with an aggregate notional amount of \$600.0, maturing in 2022 and 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 is subject to interest at variable rates. As a result, fluctuations in interest rates 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 and revolving credit facility are subject to variable interest rates, unless fixed through interest rate swaps or other agreements. As of June 30, 2020 and December 31, 2019, the Company had \$375.0 and \$375.0, respectively, of unhedged variable debt from the 2019 term loan credit facility and \$0.0 and \$0.0, respectively, outstanding on its revolving credit facility.

To hedge against changes in the fair value of a portion of the Company's long-term debt, the Company is party to a fixed-to-variable interest rate swap agreement for a portion of the 4.625% senior notes due 2020 with an aggregate notional amount of \$300.0 and variable interest rates based on one-month LIBOR plus 2.298%.

Each quarter-point increase or decrease in the variable rate would result in the Company's interest expense changing by approximately \$0.9 per year for the Company's unhedged variable rate debt.

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, 2020.

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, 2020, 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 10 (Commitments and Contingencies) to the Company's unaudited 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 Part I - Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as amended. With the exception of the following, there have been no material changes in the risk factors that appear in Part I - Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

The effects of the outbreak of the COVID-19 pandemic have had and could continue to have material adverse impacts on the Company's business, results of operations, cash flows, and financial position.

The Company is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business. In the second half of March, daily volume for routine tests started to decline as a result of decreased consumer demand driven by a significant reduction in physician office visits, the cancellation of elective medical procedures, and the negative impacts on discretionary spending resulting from the economic downturn, among other factors. In addition, the performance of the Company's drug development business was challenged by COVID-19 due to actions that clients have taken and are taking that slowed clinical trial progress and the associated testing as well as restrictions in trial site access in certain countries and interruptions in the supply chain. Given the continued unpredictability pertaining to the COVID-19 pandemic and the corresponding government restrictions and customer behavior, the impact on the Company's business is not yet certain and depends on the number of evolving factors that the Company may not be able to predict or effectively respond to.

The further spread of COVID-19, and the Company's initiatives to help limit the spread of the illness, will impact the Company's ability to carry out its business as usual, which could materially adversely impact its business and financial condition. The Company has incurred additional costs for the safety of its employees and the continuity of its operations, including increased frequency of deep cleaning and sanitation at each of its physical locations, additional safety training and processes, enhanced hygiene practices and materials, flexible and remote working where possible, and allowing for greater social distancing for the Company's employees who must work on-site. Additionally, the Company has made a number of changes at the Company's patient service centers for the comfort and safety of the patients, many of which have also increased costs for the Company. For example, the Company has set aside the first business hour of every day for vulnerable patients, launched a mobile check-in process that allows patients to wait for their appointment from within their car or other nearby location, and increased sanitation and disinfection in check-in areas, waiting rooms, bathrooms, and hallways with Centers for Disease Control and Prevention (CDC)-approved disinfectants.

The Company faces increased cybersecurity risks due to the number of employees that are working remotely in regions impacted by stay-at-home orders. Increased levels of remote access create additional opportunities for cybercriminals to exploit vulnerabilities, and employees may be more susceptible to phishing and social engineering attempts. The Company may also be subject to increased cyber-attacks, such as phishing attacks by threat actors using the attention placed on the pandemic as a method for targeting the Company's personnel. In addition, technological resources may be strained due to the number of remote users.

Adverse changes in government and third-party payer regulations, reimbursement, or coverage policies (or in the interpretation of current regulations) relating to COVID-19 testing could materially impact the Company's results of operations, cash flows and financial position.

The Company expects to continue to incur additional costs, which may be significant, as it continues to implement operational changes in response to this pandemic. Further, the COVID-19 outbreak has disrupted and could continue to disrupt the Company's supply chain, including by impacting its ability to secure test collection supplies, equipment and testing supplies for its facilities, personal protective equipment for its employees in its testing locations, patient service centers, and drug development clinics. For similar reasons, the COVID-19 pandemic has also adversely impacted, and may continue to adversely impact, third parties that are critical to the Company's business, including vendors, suppliers, and business partners. These developments, and others that are difficult or impossible to predict, could impact materially the Company's business, financial results, cash flows, and financial position.

The Company has diverted resources to developing and enhancing the accessibility of COVID-19 testing, while at the same time taking certain steps with respect to its business strategy in order to increase cash flexibility. For example, the Company

temporarily suspended its share repurchase program, applied a heightened threshold to acquisition activity, delayed some of its capital expenditures, and temporarily suspended merit pay increases and 401(k) contributions for U.S. employees for 2020. In response to its improved outlook, the Company has been rapidly resuming regular work schedules and is proceeding with merit adjustments and will retroactively reinstate 401(k) plan contributions in the U.S. These measures, and any other measures the Company has taken and will continue to take to mitigate COVID-19, may be insufficient to ensure the financial stability of the Company, or may have other adverse impacts on the Company's business, results of operations, cash flows, and financial position. Additionally, if the pandemic continues for an extended period of time, the Company may be forced to prioritize its application of resources to the continued mitigation of COVID-19, at the expense of other potentially profitable opportunities or initiatives, such as through the development of new products or selected business acquisitions.

If the Company does not respond appropriately to the COVID-19 pandemic, or if the Company's customers do not perceive its response to be adequate, the Company could suffer damage to its reputation, which could adversely affect its business.

On March 11, 2020, the outbreak of COVID-19 was declared a global pandemic and containment and mitigation measures were recommended; six days prior to this characterization, the Company announced the availability of its LabCorp 2019 Novel Coronavirus (COVID-19) NAA test, which detects the presence of the underlying virus that causes COVID-19, for use with patients who meet current guidance for evaluation of infection with COVID-19. On April 9, 2020, the Company announced an agreement to collaborate on a comprehensive U.S.-based COVID-19 patient data registry. The Company has performed more than 9.2 million molecular tests since making its first COVID-19 test available. The Company also launched a self-collection kit for its COVID-19 NAA test under an emergency use authorization from the FDA, as well as expanded availability of serology tests to detect antibodies to the virus that causes COVID-19. The Company has performed more than 2.2 million antibody tests as of July 30, 2020. The Company continues to increase capacity for COVID-19 molecular testing but the Company's testing capacity is dependent on access to multiple testing platforms and the availability of equipment and testing supplies and key personnel. Despite the Company's efforts to expand capacity and access to COVID-19 testing, the Company may not be successful in meeting expectations, and the Company's customers and other stakeholders may perceive the Company's responses to the pandemic as insufficient, inadequate or not equivalent to or better than competitors, including with respect to the availability of testing and the amount of time it takes for delivery of test results. Factors that may be out of the Company's control, such as the availability of equipment, supplies, and key personnel and geographical changes in demand, may impact the Company's ability to maintain testing capacity and timely delivery of test results and the Company's other responses to the COVID-19 pandemic, and may have an adverse effect on the Company's operations. Any such disruptions could result in negative publicity, and the Company could suffer damage to its reputation, which could adversely affect its business, results of operations, cash flows, and financial position.

The success of the Company is dependent in part on the efforts of its management team and employees, and the COVID-19 pandemic could divert or hinder the Company's human capital resources, which may adversely affect the Company's operations.

The Company's management team and employees have been acutely focused on efforts to respond to and mitigate COVID-19, including developing the LabCorp 2019 Novel Coronavirus (COVID-19) NAA test. Since that time, the Company has been continuously working to increase the number of tests that can be performed and improve the time for delivering test results. The Company's management team is also working closely with federal and state authorities, health officials, and other key constituencies to make testing available to patients who meet the CDC criteria for who should be tested, and Department of Health and Human Services (HHS) guidance for prioritization of testing. These response efforts have required, and will continue to require, a large investment of time and resources that would otherwise be focused on the development and growth of the Company. Further, the Company's ability to maintain and expand testing capacity depend upon maintaining and expanding its employee population. If the Company's management team or employees become unavailable due to illness or from other related factors, its operations could be materially adversely affected.

The ongoing COVID-19 pandemic has created significant volatility, uncertainty, and economic disruption that could have an adverse impact on the Company's financial position, including with respect to the Company's ability to repay its senior notes due in the fourth quarter of 2020 and maintain its maximum leverage ratio covenant under its term loan facility and revolving credit facility.

While the Company believes that it maintains a solid financial position, including a strong balance sheet, investment grade ratings, and significant access to credit, the sweeping nature of the rapidly-evolving COVID-19 pandemic has created cascading effects, all of which are difficult to predict. As the pandemic continues to create disruptions or turmoil in the credit and financial markets, the Company's ability to access capital on favorable terms and continue to meet its liquidity needs in the future could be adversely impacted. The Company may also experience greater than normal impact due to fluctuations in foreign exchange rates and interest rates, decreased sales volumes, changes in employment rates and health insurance coverage, the speed of the anticipated recovery, the ability of its customers to pay for its services, and governmental and business reactions to the pandemic, all of which are highly uncertain and cannot be predicted. The Company implemented several measures in order to

increase cash flexibility in light of these economic uncertainties, including temporarily suspending its share repurchase program, applying a heightened threshold to acquisition activity, delaying some of its capital expenditures, and suspending merit pay increases and U.S. employee 401(k) contributions for 2020. As the Company's business performance has improved, the Company will proceed with merit adjustments and will retroactively reinstate 401(k) contributions for 2020. These measures, and any other measures the Company may take to mitigate COVID-19, may be insufficient to ensure the financial stability of the Company, and may have other adverse impacts on the Company's business, results of operations, cash flows, and financial position.

In May 2020, the Company and its lenders entered into amendments to the term loan facility and the revolving credit facility to increase the maximum leverage ratio covenant to 5.0x debt to last twelve months EBITDA for each of the three month periods ending June 30, September 30, and December 31, 2020 and 4.5x debt to last twelve months EBITDA for the three month period ending March 31, 2021. Violation of that covenant could preclude the Company from borrowing on the revolving credit facility and require repayment of its term loan of \$375.0, if demanded by a majority of the Company's bank group. There can be no assurance that the Company will be able to maintain compliance with this modified covenant due to the uncertainties of the Company's financial performance as a result of the COVID-19 pandemic. If the Company were not able to do so, any future covenant amendment or waiver that the Company may need or seek in the future may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections. There can be no assurance that the Company would be able to obtain additional amendments or waivers in a timely manner, on acceptable terms, or at all.

During the fourth quarter of 2020, \$412.2 of the Company's senior notes mature. The Company has elected to redeem these notes in the third quarter from available cash on hand and borrowings under its revolving credit facility. However, any failure to pay the senior notes prior to or at maturity, or a violation of its term loan and revolving credit facility leverage ratio covenants or other covenants, a failure to obtain any additional covenant amendments or waivers, or a failure to obtain alternative financing, if required, could result in a default, which would result in defaults under the Company's other debt agreements and have material adverse consequences for the Company.

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

The following table sets forth information with respect to purchases of shares of the Company's common stock based on settled trades made during the three months ended June 30, 2020, by or on behalf of the Company:

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Repurchased Under the Program
April 1 - April 30	—	\$ —	—	\$ 800.0
May 1 - May 31	—	—	—	800.0
June 1 - June 30	—	—	—	800.0
	—	\$ —	—	\$ 800.0

As of June 30, 2020, the Company had outstanding authorization from the board of directors to purchase up to \$800.0 of the Company's common stock. The repurchase authorization has no expiration date; however the Company temporarily suspended stock repurchases beginning in March 2020 due to impact of the COVID-19 pandemic.

Item 5. Other Information

None.

Item 6. Exhibits

- (a) Exhibits
- 3.1* [Amended and Restated By-laws of Laboratory Corporation of America Holdings \(adopted and effective July 7, 2020\).](#)
- 10.1 [Amendment No. 1, dated as of May 7, 2020, to the Term Loan Credit Agreement, dated June 3, 2019, among the Company, Bank of America, N.A. as administrative agent, and the lenders party thereto. \(incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2020\).](#)
- 10.2 [Amendment No. 1, dated as of May 7, 2020, to the Second Amended and Restated Credit Agreement, dated September 15, 2017 \(originally dated as of December 21, 2011\), among the Company, Bank of America, N.A. as administrative agent, and the lenders party thereto \(incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2020\).](#)
- 31.1* [Certification by the Chief Executive Officer pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\) Chief Executive Officer pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\) pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\)](#)
- 31.2* [Certification by the Chief Financial Officer pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\)](#)
- 32** [Written Statement of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(18 U.S.C. Section 1350\)](#)
- 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)
- * 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

July 31, 2020

**AMENDED AND RESTATED BY-LAWS OF
LABORATORY CORPORATION OF AMERICA HOLDINGS
(hereinafter called the “Corporation”)
(as amended as of July 7, 2020)**

**ARTICLE I
MEETINGS OF STOCKHOLDERS**

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors (or the Chairman or Vice Chairman, if any of the Board of Directors in the absence of a designation by the Board of Directors) and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meetings of Stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect by a majority vote a Board of Directors, as provided in Section 1 of Article II, and transact such other business as may properly be brought before the meeting. Except as otherwise permitted or required by applicable laws or regulations, notice of the Annual Meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. Notice may be given in any manner permitted by applicable laws and regulations, as provided in Article V.

Section 3. Special Meetings. (a) Unless otherwise prescribed by law or by the Certificate of Incorporation, Special Meetings of Stockholders, for any purpose or purposes, may be called at any time by the Board of Directors.

(b) Except as otherwise permitted or required by applicable laws or regulations, notice of a Special Meeting stating the place, if any, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. Notice may be given in any manner permitted by applicable laws and regulations, as provided in Article V.

(c) Subject to the provisions of this Section 3(c), a Special Meeting of Stockholders shall be called by a majority of the entire Board of Directors following receipt by the Secretary of the Corporation of a written request for a special meeting (a “Special Meeting Request”) from one, or a group of persons who have owned at least ten percent of the combined voting power of the then outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote in the election of directors of the Corporation, voting as a single class,

continuously for at least one year as of both (i) a date within seven days prior to the date of the Special Meeting Request and (ii) the record date for determining stockholders entitled to vote at the Special Meeting (the “Requisite Holders”), if such Special Meeting Request complies with the requirements of this Section 3(c) and all other applicable sections of these By-Laws. For purposes of satisfying the foregoing ownership requirement under this Section 3(c), (i) the term “owned” shall have the same meaning as Section 13(e) of this Article I, and (ii) the shares of the capital stock of the Corporation owned by one or more stockholders, or by the person or persons who own shares of the capital stock of the Corporation and on whose behalf any stockholder is acting, may be aggregated. For the avoidance of doubt, if a group of stockholders aggregates ownership of shares in order to meet the requirements under this Section 3(c), all shares held by each stockholder constituting their contribution to the foregoing ten percent threshold must be held by that stockholder continuously for at least one year, and evidence of such continuous ownership shall be provided as specified in this Section 3(c). The Board of Directors shall determine whether all requirements set forth in this Section 3 and these By-Laws have been satisfied and such determination shall be binding on the Corporation and its stockholders. If a Special Meeting Request is made that complies with this Section 3(c) and all other applicable sections of these By-Laws, the Board of Directors may (in lieu of calling the Special Meeting of Stockholders requested in such Special Meeting Request) present an identical or substantially similar item (a “Similar Item”) for stockholder approval at any other meeting of stockholders that is held within ninety days after the Corporation receives such Special Meeting Request.

A Special Meeting Request must be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation. A Special Meeting Request shall only be valid if it is signed and dated by each of the stockholders that is one of the Requisite Holders and include: (i) a statement of the specific purpose(s) of the Special Meeting of Stockholders, the matter(s) proposed to be acted on at the Special Meeting of Stockholders, and the reasons for conducting such business at the Special Meeting of Stockholders; (ii) the text of any proposed amendment to the By-Laws to be considered at the Special Meeting of Stockholders; (iii) the name and address of each stockholder of record signing such request, the date of each such stockholder’s signature, and the name and address of any beneficial owner on whose behalf such request is made; (iv) the class or series and number of shares of the Corporation that are owned of record or beneficially by each such stockholder and any such beneficial owner and documentary evidence of such record or beneficial ownership; (v) any material interest of each stockholder or any such beneficial owner in any of the business proposed to be conducted at the Special Meeting of Stockholders and a description of all arrangements or understandings between any such stockholder and/or beneficial owner and any other person or persons (naming such person or persons) with respect to the business proposed to be conducted; (vi) a representation that one or more of the stockholders submitting the Special Meeting Request intend to appear in person or by proxy at the Special Meeting of Stockholders to present the proposal(s) or business to be brought before the Special Meeting of Stockholders; (vii) if any stockholder submitting such request intends to solicit proxies with respect to the stockholders’ proposal(s) or business to be presented at the Special Meeting of Stockholders, a representation to that effect; (viii) all

information relating to each stockholder signing the Special Meeting Request that must be disclosed in solicitations for proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (as defined below in Article II); and (ix) if the purpose of the Special Meeting of Stockholders includes the election of one or more directors, all the information such stockholder or stockholders would be required to include in a notice delivered to the Corporation pursuant to Article I, Section 9 of these By-Laws.

In addition, a Special Meeting Request shall not be valid if (i) the Special Meeting Request relates to an item of business that is not a proper subject for stockholder action under applicable law; (ii) the Special Meeting Request is received by the Corporation during the period commencing one hundred and twenty days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the next annual meeting; (iii) a Similar Item was presented at any meeting of stockholders held within ninety days prior to receipt by the Corporation of such Special Meeting Request (and, for purposes of this clause (iii), the election of directors shall be deemed a “Similar Item” with respect to all items of business involving the election or removal of directors); (iv) a Similar Item is included in the Corporation’s notice as an item of business to be brought before a stockholder meeting that has been called but not yet held; or (v) such Special Meeting Request was made in a manner that involved a violation of Regulation 14A under the 1934 Act, or other applicable law.

Stockholders may revoke a Special Meeting Request by written revocation delivered to the Corporation at any time prior to the Special Meeting of Stockholders; provided, however, the Board of Directors shall have the discretion to determine whether or not to proceed with the Special Meeting of Stockholders.

If none of the stockholders who submitted the Special Meeting Request for a Special Meeting of Stockholders appears or sends a qualified representative to present the proposal(s) or business submitted by the stockholders for consideration at the Special Meeting of Stockholders, the Corporation need not present such proposal(s) or business for a vote at such meeting.

Section 4. Quorum. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, may adjourn the meeting from time to time, but no other business shall be transacted at the meeting. Any business may be transacted at the adjourned meeting which might have been transacted at the original meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof, by which

stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken. If the adjournment is for more than thirty days, or, if after adjournment a new record date is fixed, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. Once a share is represented for any purpose at a meeting (other than solely to object (1) to holding the meeting or transacting business at the meeting, or (2) (if it is a special meeting) to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice), it is deemed present for quorum purposes for the remainder of the meeting and or any adjournment of that meeting unless a new record date is set for the adjourned meeting.

Section 5. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat. Each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. Unless required by statute, or determined to be advisable by the Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, the vote on any matter need not be by ballot.

Section 6. Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the Corporation, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. In the event that the action which is consented to is such as would have required the filing of a certificate under the General Corporation Law, if such action had been voted on by stockholders at a meeting thereof, the Certificate filed shall state, in lieu of any statement concerning any vote of stockholders, that written consent and written notice has been given as provided in this Section 6.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a

request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within 10 days after the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

Section 7. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, in any manner permitted by statute. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 8. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 7 of this Article I or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders, or to consent in writing to any action pursuant to Section 6 of this Article I.

Section 9. Notice of Stockholder Business other than Director Nominations. In order for business to be properly brought before an Annual Meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice with respect to an Annual Meeting, other than with respect to nominations of persons for election to the Board of Directors of the Corporation pursuant to Article II, Sections 1 or 13, of these By-Laws, must be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty nor more than one hundred twenty days prior to the anniversary date of the preceding year's Annual Meeting; provided, however, that in the event no Annual Meeting was held in the previous year or the date of the Annual Meeting has been changed by more than thirty days, notice by the stockholder to be timely must be so received not later than the close of business on the later of one hundred and twenty days in advance of such Annual Meeting or ten days following the date on which public announcement of the date of the meeting is first made. In no event shall the public announcement of an adjournment or postponement of an Annual Meeting commence a new time period (or

extend any time period) for the giving of a notice as described above. For all business other than director nominations, a stockholder's notice to the secretary of the Corporation shall set forth as to each matter the stockholder proposes to bring before the Annual Meeting: (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, (ii) any other information relating to such stockholder and beneficial owner, if any, on whose behalf the proposal is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal and pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder and (iii) as to the stockholder: (A) the name and address of the stockholder as they appear on the Corporation's books and of the beneficial owner, if any, on whose behalf the proposal is being made, (B) the class and number of shares of the Corporation which are owned by the stockholder (beneficially and of record) and owned by the beneficial owner, if any, on whose behalf the proposal is being made, as of the date of the stockholder's notice, (C) a description of any agreement, arrangement or understanding with respect to such proposal between or among the stockholder and any of its affiliates or associates, and any others (including their names) acting in concert with any of the foregoing, (D) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, the stockholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the stockholder or any of its affiliates or associates with respect to shares of stock of the Corporation, (E) a representation that the stockholder is a holder of record of shares of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to present the proposal specified in the notice, and (F) a representation whether the stockholder intends to solicit proxies from stockholders in support of the proposal. The foregoing notice requirements of Section 9 shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with the applicable rules and regulations promulgated under Section 14(a) of the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

No business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 9 and Article II, Sections 1 and 13 of these By-Laws, and unless otherwise required by law, if a stockholder intending to propose business at an annual meeting pursuant to this Section 9 does not provide the information required under this Section 9 to the Corporation promptly following the later of the record date or the date notice of the record date is first publicly disclosed, or the stockholder (or a qualified representative of the stockholder) does not appear at the meeting to present the proposed business, such business shall not be considered, notwithstanding that proxies in respect of such business may have been received by the Corporation. The requirements of this Section 9 shall apply to any business to be

brought before an annual meeting by a stockholder whether such business is to be included in the Corporation's proxy statement pursuant to Rule 14a-8 of the Exchange Act or presented to stockholders by means of an independently financed proxy solicitation. The requirements of this Section 9 are included to provide the Corporation notice of a stockholder's intention to bring business before an annual meeting and shall in no event be construed as imposing upon any stockholder the requirement to seek approval from the Corporation as a condition precedent to bringing any such business before an annual meeting.

ARTICLE II DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than one nor more than fifteen members, the exact number of which shall be fixed from time to time by the Board of Directors. Except as otherwise required by these By-Laws, by law or by the Certificate of Incorporation, directors shall be elected by a majority of the votes cast at an Annual Meeting of Stockholders at which a quorum is present, provided that directors shall be elected by the vote of a plurality at a meeting at which a quorum is present if (i) the Secretary receives notice that a stockholder has nominated a person for election to the Board of Directors in accordance with the advance notice requirements for stockholder nominations set forth in this Section 1 and (ii) such nomination has not been withdrawn by such stockholder on or prior to the day next preceding the date the Corporation first mails notice of meeting for such meeting to the stockholders. Each director so elected shall hold office until the next Annual Meeting and until his successor is duly elected and qualified, or until his earlier death, resignation or removal, in the manner hereinafter provided. Any director may resign at any time upon notice to the Corporation. Directors need not be stockholders. For purposes of this Section, a majority of the votes cast means that the number of shares voted "for" a director must exceed 50% of the votes cast with respect to that director.

Nominations for election to the Board of Directors at an annual or special meeting of the stockholders may be made by the Board of Directors or on behalf of the Board of Directors by a nominating committee duly appointed by the Board of Directors, or by a stockholder of the Corporation entitled to vote for the election of directors. Except as set forth in Article II, Section 13, all nominations, other than those made by or on behalf of the Board of Directors, shall be made by notice in writing delivered or mailed by first class United States mail, postage prepaid, to the Secretary and received by the Secretary not less than sixty nor more than one hundred twenty days prior to the anniversary date of the preceding year's Annual Meeting, in the case of nominations for election at an Annual Meeting, and not more than ten days after the date of the Corporation's notice of a special meeting, in the case of nominations for election at a special meeting; provided, however, that in the event that the Annual Meeting is called for a date that is more than thirty days before or after the anniversary of the preceding year's Annual Meeting, in order to be timely the notice must be so received not later than the close of business on the later of one hundred and twenty days in advance of such Annual Meeting or ten days following the

day on which public disclosure of the date of the Annual Meeting was made. In no event shall the public announcement of an adjournment or postponement of an Annual Meeting commence a new time period (or extend any time period) for the giving of a notice as described above. Such stockholder's notice shall set forth as to each proposed nominee who is not an incumbent director, (a)the name, age, business address and, if known, residence address of such nominee, (b)the principal occupation or employment of such nominee during the preceding five years, (c)the number of shares of stock of the Corporation which are beneficially owned by such nominee, (d)any other information relating to such nominee that would be required to be set forth in a definitive proxy statement filed in connection with a proxy solicitation pursuant to Section 14 of the Securities Exchange Act of 1934 ("the 1934 Act"), (e) the written consent of such nominee to being named in the Corporation's proxy statement as a nominee and to serving as a director of the Corporation, if elected; and such stockholder's notice shall set forth as to such stockholder the name and address, as they appear on the Corporation's books, of such stockholder, the number of shares of stock of the Corporation which are beneficially owned by such stockholder, and all other information relating to such stockholder that would be required to be filed with the Securities and Exchange Commission if such stockholder were a participant in a proxy solicitation pursuant to said Section 14. A nomination made otherwise than as provided in this Section 1 or in Article II, Section 13 shall be null and void and shall not be submitted to a vote of stockholders.

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, or until their earlier resignation or removal.

Section 3. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the Vice Chairman, if there be one, the President, or any three or more directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director in any manner permitted by statute. Unless otherwise required by these By-Laws, the notice need not state the purpose or purposes of the meeting. Notice need not be given to any director who, either before or after the meeting, signs and submits a written waiver of notice, submits a waiver of notice by electronic transmission, or attends the meeting (except

when he attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened).

Section 5. Quorum. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the entire Board of Directors at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 6. Actions of Board. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writings or writing or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 7. Meetings by Means of Conference Telephone. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 7 shall constitute presence in person at such meeting.

Section 8. Committees. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a committee may create one or more subcommittees, each

subcommittee to consist of one or more members of the committee, and may delegate to a subcommittee such powers and authority as the committee deems appropriate.

Section 9. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a sum, in cash, securities or a combination thereof for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings. Compensation of directors shall be as determined by the Board of Directors.

Section 10. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transactions are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 11. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors.

Section 12. Vice Chairman. The Vice Chairman of the Board of Directors, if there be one, or the Vice Chairmen, if there be more than one, shall perform such duties and may exercise such other powers as from time to time may be assigned by these By-Laws or the Board of Directors. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the Vice Chairman shall preside at meetings of the stockholders and the Board of Directors.

Section 13. Proxy Access. (a) The Corporation shall include in its proxy statement for an Annual Meeting of stockholders the name, together with the Required Information (as defined below), of any person nominated for election (a “Stockholder Nominee”) to the Board of Directors by a stockholder that satisfies, or by a group of no more than twenty stockholders that satisfy, the requirements of this Section 13 (an “Eligible Stockholder”), and that expressly elects at the time of providing the notice required by this Section 13 (the “Nomination Notice”) to have its nominee included in the Corporation’s proxy materials pursuant to this Section 13.

(b) To be timely, a stockholder’s Nomination Notice must be delivered given, either by personal delivery or mailed by United States certified mail, postage prepaid, and received by the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred fiftieth day prior to, nor later than the close of business on the one hundred twentieth day prior to, the first anniversary of the date of the Corporation’s proxy statement released to stockholders in connection with the preceding year’s Annual Meeting; provided, however, that in the event that the Annual Meeting is called for a date that is more than thirty days before or seventy days after the anniversary of the preceding year’s Annual Meeting, in order to be timely the Nomination Notice must be so received not later than the close of business on the later of one hundred and twenty days in advance of such Annual Meeting or ten days following the day on which public disclosure of the date of the Annual Meeting was made. In no event shall the public announcement of an adjournment or postponement of an Annual Meeting commence a new time period (or extend any time period) for the giving of a Nomination Notice as described above.

(c) For purposes of this Section 13, the “Required Information” that the Corporation will include in its proxy statement is (i) the information concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation’s proxy statement by the regulations promulgated under the 1934 Act; and (ii) if the Eligible Stockholder so elects, a Statement (as defined in Section 13(g)). To be timely, the Required Information must be delivered to or mailed to and received by the Secretary within the time period specified in this Section 13 for providing the Nomination Notice.

(d) The number of Stockholder Nominees (including Stockholder Nominees that were submitted by an Eligible Stockholder for inclusion in the Corporation’s proxy materials pursuant to this Section 13 but either are subsequently withdrawn or that the Board of Directors decides to nominate as Board of Director nominees), together with any nominees who were previously elected to the Board of Directors as Stockholder Nominees at any of the preceding two Annual Meetings and who are re-nominated for election at such Annual Meeting by the Board of Directors, appearing in the Corporation’s proxy materials with respect to an Annual Meeting of stockholders shall not exceed the greater of (i) two or (ii) twenty percent (20%) of the number of directors in office as of the last day on which a Nomination Notice may be delivered pursuant to this Section 13, or if such amount is not a whole number, the closest whole number below twenty percent (20%). In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 13 exceeds this maximum number, each Eligible

Stockholder will select one Stockholder Nominee for inclusion in the Corporation's proxy materials until the maximum number is reached, going in order of the amount (largest to smallest) of shares of the capital stock of the Corporation each Eligible Stockholder disclosed as owned in its respective Nomination Notice submitted to the Corporation and confirmed by the Corporation. If the maximum number is not reached after each Eligible Stockholder has selected one Stockholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the maximum number is reached.

(e) For purposes of this Section 13, an Eligible Stockholder shall be deemed to "own" only those outstanding shares of the capital stock of the Corporation as to which the stockholder possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such stockholder or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such stockholder or any of its affiliates for any purposes or purchased by such stockholder or any of its affiliates pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding capital stock of the Corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such stockholder's or its affiliates' full right to vote or direct the voting of any such shares, and/or (2) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such stockholder or affiliate. A stockholder shall "own" shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A person's ownership of shares shall be deemed to continue during any period in which (i) the person has loaned such shares, provided that the person has the power to recall such loaned shares on no more than five business days' notice; or (ii) the person has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the person. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of the capital stock of the Corporation are "owned" for these purposes shall be determined by the Board of Directors, which determination shall be conclusive and binding on the Corporation and its stockholders.

(f) An Eligible Stockholder must have owned (as defined above) continuously for at least three years that number of shares of capital stock as shall constitute three percent (3%) or more of the outstanding capital stock of the Corporation (the "Required Shares") as of both (i) a date within seven days prior to the date of the Nomination Notice and (ii) the record date for determining stockholders entitled to vote at the Annual Meeting. For purposes of satisfying the foregoing ownership requirement under this Section 13, (i) the shares of the capital stock of the Corporation owned by one or more stockholders, or by the person or persons who own shares of

the capital stock of the Corporation and on whose behalf any stockholder is acting, may be aggregated, provided that the number of stockholders and other persons whose ownership of shares of capital stock of the Corporation is aggregated for such purpose shall not exceed twenty, and (ii) a group of funds under common management and investment control shall be treated as one stockholder or person for this purpose. No person may be a member of more than one group of persons constituting an Eligible Stockholder under this Section 13. For the avoidance of doubt, if a group of stockholders aggregates ownership of shares in order to meet the requirements under this Section 13, all shares held by each stockholder constituting their contribution to the foregoing 3% threshold must be held by that stockholder continuously for at least three years, and evidence of such continuous ownership shall be provided as specified in this Section 13(f).

Within the time period specified in this Section 13 for providing the Nomination Notice, an Eligible Stockholder must provide the following information in writing to the Secretary of the Corporation:

(i) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven days prior to the date of the Nomination Notice, the Eligible Stockholder owns, and has owned continuously for the preceding three years, the Required Shares, and the Eligible Stockholder's agreement to provide, within five business days after the record date for the Annual Meeting, written statements from the record holder and intermediaries verifying the Eligible Stockholder's continuous ownership of the Required Shares through the record date;

(ii) the written consent of each Stockholder Nominee to being named in the proxy statement as a nominee and to serving as a director if elected;

(iii) a copy of the Schedule 14N that has been filed with the Securities and Exchange Commission as required by Rule 14a-18 under the 1934 Act, as such rule may be amended;

(iv) a description of all direct and indirect compensation and other material monetary agreements, arrangements, and understandings during the past three years, and any other material relationships, between or among the Eligible Stockholder and its affiliates and associates, or others acting in concert therewith, on the one hand, and each Stockholder Nominee, and each Stockholder Nominee's respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the Eligible Stockholder making the nomination or on whose behalf the nomination is made, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of Item 404 and the nominee were a director or executive officer of such registrant;

(v) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, the Eligible Stockholder, the effect or intent of which is to mitigate loss, manage risk or benefit from share price change for, or maintain, increase or decrease the voting power of, such Eligible Stockholder with respect to shares of stock of the corporation, and a representation that the Eligible Stockholder will notify the corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed;

(vi) a representation that the Eligible Stockholder (including each member of any group of stockholders that together is an Eligible Stockholder under this Section 13) (A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the Corporation, and does not presently have such intent, (B) intends to appear in person or by proxy at the Annual Meeting to present the nomination, (C) has not nominated and will not nominate for election to the Board of Directors at the Annual Meeting any person other than the Stockholder Nominee(s) being nominated pursuant to this Section 13, (D) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the 1934 Act in support of the election of any individual as a director at the Annual Meeting other than its Stockholder Nominee or a nominee of the Board of Directors, (E) will not distribute to any stockholder any form of proxy for the Annual Meeting other than the form distributed by the Corporation and (F) in the case of a nomination by a group of stockholders that together is an Eligible Stockholder, the designation by all group members of one group member that is authorized to act on behalf of all such members with respect to the nomination and matters related thereto, including any withdrawal of the nomination; and

(vii) an undertaking that the Eligible Stockholder agrees to (A) own the Required Shares through the date of the Annual Meeting, (B) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation, (C) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination, solicitation or other activity by the Eligible Stockholder in connection with its efforts to elect the Stockholder Nominee pursuant to this Section 13, (D) comply with all other laws and regulations applicable to any solicitation in connection with the Annual Meeting and (E) provide to the Corporation

prior to the Annual Meeting such additional information as necessary with respect thereto.

(g) The Eligible Stockholder may provide to the Secretary of the Corporation, at the time the information required by this Section 13 is provided, a written statement for inclusion in the Corporation's proxy statement for the Annual Meeting, not to exceed five hundred words, in support of the Stockholder Nominee's candidacy (the "Statement"). Notwithstanding anything to the contrary contained in this Section 13, the Corporation may omit from its proxy materials any information or Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation.

(h) Within the time period specified in this Section 13 for delivering the Nomination Notice, a Stockholder Nominee must deliver to the Secretary of the Corporation a written representation and agreement that the Stockholder Nominee (i) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director, and (iii) will comply with all of the Corporation's corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines, and any other Corporation policies and guidelines applicable to directors, as well as any applicable law, rule or regulation or listing requirement. At the request of the Corporation, the Stockholder Nominee must submit all completed and signed questionnaires required of the Corporation's directors and officers. The Corporation may request such additional information as necessary to permit the Board of Directors to determine if each Stockholder Nominee is independent under the listing standards of the principal U.S. exchange upon which the Corporation's capital stock is listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors (the "Applicable Independence Standards").

(i) Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular Annual Meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at the Annual Meeting, or (ii) does not receive at least twenty-five percent (25%) of the votes cast "for" the Stockholder Nominee's election, will be ineligible to be a Stockholder Nominee pursuant to this Section 13 for the next two (2) Annual Meetings.

(j) The Corporation shall not be required to include, pursuant to this Section 13, any Stockholder Nominees in its proxy materials for any meeting of stockholders (i) for which the Secretary of Corporation receives a notice that a stockholder has nominated a person for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees for director set forth in Section 1 of this Article II and such stockholder does not expressly elect

at the time of providing the notice to have its nominee included in the Corporation's proxy materials pursuant to this Section 13, (ii) if the Eligible Stockholder who has nominated such Stockholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the 1934 Act in support of the election of any individual as a director at the meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (iii) who is not independent under the Applicable Independence Standards, as determined by the Board of Directors, (iv) whose election as a member of the Board of Directors would cause the Corporation to be in violation of these By-Laws, the Certificate of Incorporation, the listing standards of the principal exchange upon which the Corporation's capital stock is traded, or any applicable law, rule or regulation, (v) who is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as determined by the Board of Directors, (vi) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years, (vii) who is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended, (viii) if such Stockholder Nominee or the applicable Eligible Stockholder shall have provided information to the Corporation in respect to such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading, as determined by the Board of Directors, or (ix) if the Eligible Stockholder or applicable Stockholder Nominee otherwise contravenes any of the agreements or representations made by such Eligible Stockholder or Stockholder Nominee or fails to comply with its obligations pursuant to this Section 13.

(k) Notwithstanding anything to the contrary set forth herein, the Board of Directors or the person presiding at the meeting shall declare a nomination by an Eligible Stockholder to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation, if (i) the Stockholder Nominee(s) and/or the applicable Eligible Stockholder shall have breached its or their obligations, agreements or representations under this Section 13, as determined by the Board of Directors or the person presiding at the Annual Meeting of stockholders, or (ii) the Eligible Stockholder (or a qualified representative thereof) does not appear at the Annual Meeting of stockholders to present any nomination pursuant to this Section 13.

(l) The Eligible Stockholder (including any person who owns shares of capital stock of the Corporation that constitute part of the Eligible Stockholder's ownership for purposes of satisfying Section 13(f) hereof) shall file with the Securities and Exchange Commission any solicitation or other communication with the Corporation's stockholders relating to the meeting at which the Stockholder Nominee will be nominated, regardless of whether any such filing is required under Regulation 14A of the 1934 Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the 1934 Act.

ARTICLE III

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President and a Secretary. The Board of directors, in its discretion, may also choose a Treasurer and one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors at its first meeting held after each Annual Meeting of Stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the entire Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all executive officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name and on behalf of the Corporation by any officer of the Corporation and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. President. The President shall, subject to the control of the Board of Directors, be the Chief Executive Officer of the Corporation and shall have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman and the Vice Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and the Board of Directors. The President shall also perform such

other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors.

Section 5. Executive Vice Presidents/Senior Vice Presidents. At the request of the President or in his absence or in the event of his inability or refusal to act (and if there be no Chairman of the Board of Directors or Vice Chairman of the Board of Directors), the Executive Vice President or Senior Vice Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Executive Vice President or Senior Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors, no Vice Chairman of the Board and no Executive Vice President or Senior Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 6. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman or Vice Chairman of the Board of Directors or President, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors, the Chairman or Vice Chairman of the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be, in any manner permitted by statute and as directed by the Board of Directors.

Section 7. Treasurer. The Treasurer, if there be one, shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and

shall render to the Chairman or Vice Chairman of the Board of Directors or to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 8. Assistant Secretaries. Except as may be otherwise provided in these By-Laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman or Vice Chairman of the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 9. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman or Vice Chairman of the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 10. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE IV

STOCK

Section 1. Form of Certificates. The shares of the Corporation shall be represented by certificates, unless the Board of Directors provides by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares. Any such

resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman or the Vice Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificate form. The Board of Directors may make such additional rules and regulations, not inconsistent with these By-Laws, as it may deem appropriate concerning the issue, transfer and registration of certificates for shares of stock or uncertificated shares of the Corporation.

Section 2. Signatures. Any or all of the signatures on certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such alleged lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged lost, stolen or destroyed certificate or the issuance of the new certificate or uncertificated shares. The Corporation may adopt such other provisions and restrictions with reference to lost certificates, not inconsistent with applicable law, as it shall in its discretion deem appropriate.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be canceled before a new certificate or uncertificated shares shall be issued.

Section 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the

meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. The manner of fixing a record date for the determination of stockholders entitled to express consent to corporate action in writing without a meeting shall be as provided for in Article I, Section 6.

Section 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE V

NOTICES

Section 1. Notices. Whenever notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given in any manner permitted by applicable laws and regulations, and shall be deemed given at the time prescribed by applicable laws and regulations for such manner of notice. Notice of any meeting shall not be required to be given to any person who attends the meeting, except when the person attends the meeting in person or by proxy for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, or an electronically transmitted waiver of notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or

for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 5. Section 203 Election. The Corporation hereby expressly elects not to be governed by Section 203 of the General Corporation Law of the State of Delaware.

Section 6. Electronic Transmission. When used in these By-Laws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, including without limitation any telegram, cablegram, facsimile transmission and communication by electronic mail.

Section 7. Facsimile Signatures. In addition to the provisions for use of facsimile signatures specifically authorized in these By-Laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or any committee thereof.

Section 8. Form of Records. Any records required by these By-Laws or otherwise maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, magnetic tape, computer diskettes and discs, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time.

ARTICLE VII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings Other Than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened,

pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VII, as the case may be. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense

of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VII, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VII, and notwithstanding the absence of any determination thereunder, any director, officer, employee or agent may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director, officer, employee or agent seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director, officer, employee or agent seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director, officer, employee or agent to repay such amount if

it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VII.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VII shall be made to the fullest extent permitted by law. The provisions of this Article VII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VII but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VII.

Section 9. Certain Definitions. For purposes of this Article VII, references to “the Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its director, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a directors, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VII, references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director, officer, employee or agent in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

ARTICLE VIII

AMENDMENTS

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors, provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of stockholders or Board of Directors, as the case may be. All such amendments must be approved by either the holders of a majority of the outstanding capital stock entitled to vote thereon or by a majority of the entire Board of Directors then in office.

Section 2. Entire Board of Directors. As used in this Article VIII and in these By-Laws generally, the term “entire Board of Directors” means the total number of directors which the Corporation would have if there were no vacancies.

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: July 31, 2020

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: July 31, 2020

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, 2020, 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
July 31, 2020

By: /s/ GLENN A. EISENBERG
Glenn A. Eisenberg
Chief Financial Officer
July 31, 2020

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.