

**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 September 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-11353

LABORATORY CORPORATION OF AMERICA HOLDINGS

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-3757370

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

358 South Main Street

Burlington, North Carolina

(Address of principal executive offices)

27215

(Zip Code)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

The number of shares outstanding of the issuer's common stock is 84.9 million shares as of October 27, 2023.

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

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

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 727.9	\$ 320.6
Accounts receivable, net	1,957.0	1,785.5
Unbilled services	108.0	211.8
Supplies inventory	461.1	470.6
Prepaid expenses and other	700.2	610.4
Current assets of discontinued operations	—	1,226.1
Total current assets	3,954.2	4,625.0
Property, plant and equipment, net	2,820.5	2,794.1
Goodwill, net	6,331.9	6,123.7
Intangible assets, net	3,275.6	3,123.6
Joint venture partnerships and equity method investments	39.5	65.7
Deferred income taxes	7.7	6.4
Other assets, net	456.6	378.4
Long-term assets of discontinued operations	—	3,038.2
Total assets	<u>\$ 16,886.0</u>	<u>\$ 20,155.1</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 690.6	\$ 852.2
Accrued expenses and other	689.7	787.0
Unearned revenue	360.8	310.6
Short-term operating lease liabilities	162.3	163.8
Short-term finance lease liabilities	6.4	6.0
Short-term borrowings and current portion of long-term debt	991.0	301.3
Current liabilities of discontinued operations	—	657.6
Total current liabilities	2,900.8	3,078.5
Long-term debt, less current portion	4,427.6	5,038.8
Operating lease liabilities	662.4	652.9
Financing lease liabilities	80.2	83.6
Deferred income taxes and other tax liabilities	499.5	543.4
Other liabilities	423.0	401.1
Long-term liabilities of discontinued operations	—	241.3
Total liabilities	8,993.5	10,039.6
Commitments and contingent liabilities		
Noncontrolling interest	19.4	18.9
Shareholders' equity:		
Common stock, 84.9 and 88.2 shares outstanding at September 30, 2023, and December 31, 2022, respectively	7.7	8.1
Additional paid-in capital	4.7	—
Retained earnings	8,069.5	10,581.7
Accumulated other comprehensive loss	(208.8)	(493.2)
Total shareholders' equity	<u>7,873.1</u>	<u>10,096.6</u>
Total liabilities and shareholders' equity	<u>\$ 16,886.0</u>	<u>\$ 20,155.1</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 3,056.8	\$ 2,866.8	\$ 9,128.3	\$ 8,934.2
Cost of revenues	2,205.6	1,980.6	6,584.8	6,023.4
Gross profit	851.2	886.2	2,543.5	2,910.8
Selling, general and administrative expenses	525.5	453.2	1,488.5	1,307.6
Amortization of intangibles and other assets	55.7	49.0	160.6	149.0
Goodwill and other asset impairments	10.2	—	15.2	1.2
Restructuring and other charges	7.5	10.0	30.8	45.0
Operating income	252.3	374.0	848.4	1,408.0
Other income (expense):				
Interest expense	(50.3)	(46.3)	(150.8)	(130.7)
Investment income	15.9	3.7	22.6	6.2
Equity method income (expense), net	(0.3)	1.7	(1.5)	6.5
Other, net	21.1	(17.6)	(2.7)	(62.8)
Earnings from continuing operations before income taxes	238.7	315.5	716.0	1,227.2
Provision for income taxes	55.1	38.2	168.8	260.8
Earnings from continuing operations	183.6	277.3	547.2	966.4
Earnings from discontinued operations, net of tax	—	75.9	38.8	237.8
Net earnings	183.6	353.2	586.0	1,204.2
Less: Net earnings attributable to the noncontrolling interest	(0.3)	(0.4)	(0.9)	(1.2)
Net earnings attributable to Laboratory Corporation of America Holdings	\$ 183.3	\$ 352.8	\$ 585.1	\$ 1,203.0
Basic earnings per common share:				
Basic earnings per common share continuing operations	\$ 2.12	\$ 3.07	\$ 6.22	\$ 10.50
Basic earnings per common share discontinued operations	\$ —	\$ 0.84	\$ 0.44	\$ 2.59
Basic earnings per common share	\$ 2.12	\$ 3.91	\$ 6.66	\$ 13.09
Diluted earnings per common share:				
Diluted earnings per common share continuing operations	\$ 2.11	\$ 3.06	\$ 6.19	\$ 10.45
Diluted earnings per common share discontinued operations	\$ —	\$ 0.84	\$ 0.44	\$ 2.57
Diluted earnings per common share	\$ 2.11	\$ 3.90	\$ 6.63	\$ 13.02

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net earnings	\$ 183.6	\$ 353.2	\$ 586.0	\$ 1,204.2
Foreign currency translation adjustments	(56.0)	(256.5)	43.8	(572.2)
Net benefit plan adjustments	1.1	1.3	3.4	4.2
Other comprehensive earnings (loss) before tax	(54.9)	(255.2)	47.2	(568.0)
Provision (benefit) for income tax related to items of comprehensive earnings	(0.2)	(0.3)	(0.8)	(1.1)
Other comprehensive earnings (loss), net of tax	(55.1)	(255.5)	46.4	(569.1)
Comprehensive earnings	128.5	97.7	632.4	635.1
Less: Net earnings attributable to the noncontrolling interest	(0.3)	(0.4)	(0.9)	(1.2)
Comprehensive earnings attributable to Laboratory Corporation of America Holdings	<u>\$ 128.2</u>	<u>\$ 97.3</u>	<u>\$ 631.5</u>	<u>\$ 633.9</u>

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

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

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
BALANCE AT DECEMBER 31, 2021	\$ 8.5	\$ —	\$ 10,456.8	\$ (191.9)	\$ 10,273.4
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	491.6	—	491.6
Other comprehensive earnings (loss), net of tax	—	—	—	(73.0)	(73.0)
Issuance of common stock under employee stock plans	—	18.2	—	—	18.2
Net share settlement tax payments from issuance of stock to employees	—	(27.3)	—	—	(27.3)
Stock compensation	—	38.2	—	—	38.2
BALANCE AT MARCH 31, 2022	<u>\$ 8.5</u>	<u>\$ 29.1</u>	<u>\$ 10,948.4</u>	<u>\$ (264.9)</u>	<u>\$ 10,721.1</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	358.6	—	358.6
Other comprehensive earnings (loss), net of tax	—	—	—	(240.6)	(240.6)
Dividends declared	—	—	(68.6)	—	(68.6)
Issuance of common stock under employee stock plans	—	0.9	—	—	0.9
Net share settlement tax payments from issuance of stock to employees	—	(10.1)	—	—	(10.1)
Stock compensation	—	39.4	—	—	39.4
Purchase of common stock	(0.2)	(59.3)	(340.5)	—	(400.0)
BALANCE AT JUNE 30, 2022	<u>\$ 8.3</u>	<u>\$ —</u>	<u>\$ 10,897.9</u>	<u>\$ (505.5)</u>	<u>\$ 10,400.7</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	352.8	—	352.8
Other comprehensive earnings (loss), net of tax	—	—	—	(255.5)	(255.5)
Dividends declared	—	—	(66.4)	—	(66.4)
Issuance of common stock under employee stock plans	—	31.5	—	—	31.5
Net share settlement tax payments from issuance of stock to employees	—	(7.2)	—	—	(7.2)
Stock compensation	—	36.3	—	—	36.3
Purchase of common stock	(0.1)	(60.6)	(339.3)	—	(400.0)
BALANCE AT SEPTEMBER 30, 2022	<u>\$ 8.2</u>	<u>\$ —</u>	<u>\$ 10,845.0</u>	<u>\$ (761.0)</u>	<u>\$ 10,092.2</u>
BALANCE AT DECEMBER 31, 2022	\$ 8.1	\$ —	\$ 10,581.7	\$ (493.2)	\$ 10,096.6
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	212.9	—	212.9
Other comprehensive earnings (loss), net of tax	—	—	—	49.0	49.0
Dividends declared	—	—	(64.7)	—	(64.7)
Issuance of common stock under employee stock plans	—	27.6	—	—	27.6
Net share settlement tax payments from issuance of stock to employees	—	(20.5)	—	—	(20.5)
Stock compensation	—	40.6	—	—	40.6
BALANCE AT MARCH 31, 2023	<u>\$ 8.1</u>	<u>\$ 47.7</u>	<u>\$ 10,729.9</u>	<u>\$ (444.2)</u>	<u>\$ 10,341.5</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	188.9	—	188.9
Other comprehensive earnings (loss), net of tax	—	—	—	52.5	52.5
Fortrea Holdings Inc. spin off	—	—	(2,018.1)	238.0	(1,780.1)
Dividends declared	—	—	(64.5)	—	(64.5)
Issuance of common stock under employee stock plans	—	26.8	—	—	26.8
Net share settlement tax payments from issuance of stock to employees	—	(18.2)	—	—	(18.2)
Stock compensation	—	38.1	—	—	38.1
BALANCE AT JUNE 30, 2023	<u>\$ 8.1</u>	<u>\$ 94.4</u>	<u>\$ 8,836.2</u>	<u>\$ (153.7)</u>	<u>\$ 8,785.0</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	183.3	—	183.3
Other comprehensive earnings (loss), net of tax	—	—	—	(55.1)	(55.1)
Dividends declared	—	—	(64.6)	—	(64.6)
Net share settlement tax payments from issuance of stock to employees	—	(0.9)	—	—	(0.9)
Stock compensation	—	34.4	—	—	34.4
Purchase of common stock	(0.4)	(123.2)	(885.4)	—	(1,009.0)
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 7.7</u>	<u>\$ 4.7</u>	<u>\$ 8,069.5</u>	<u>\$ (208.8)</u>	<u>\$ 7,873.1</u>

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

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

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 586.0	\$ 1,204.2
Earnings from discontinued operations, net of tax	(38.8)	(237.8)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	430.9	406.8
Stock compensation	101.7	93.2
Operating lease right-of-use asset expense	128.5	129.0
Goodwill and other asset impairments	15.2	1.2
Deferred income taxes	(18.2)	(44.8)
Other	3.9	—
Change in assets and liabilities (net of effects of acquisitions and divestitures):		
Decrease (increase) in accounts receivable	(173.6)	59.8
Decrease (increase) in unbilled services	103.4	(64.6)
Decrease (increase) in supplies inventory	9.7	(47.5)
Increase in prepaid expenses and other	(74.9)	(52.7)
Increase (decrease) in accounts payable	(188.6)	112.6
Increase in unearned revenue	50.7	27.6
Decrease in accrued expenses and other	(313.2)	(429.4)
Net cash provided by continuing operating activities	622.7	1,157.6
Net cash provided by discontinued operating activities	125.4	144.7
Net cash provided by operating activities	<u>748.1</u>	<u>1,302.3</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(286.4)	(330.2)
Proceeds from sale of assets	0.3	1.2
Proceeds from sale or distribution of investments	6.7	0.7
Proceeds from exit from swaps	—	2.9
Investments in equity affiliates	(20.1)	(6.1)
Acquisition of businesses, net of cash acquired	(516.7)	(1,013.6)
Net cash used in continuing investing activities	(816.2)	(1,345.1)
Net cash used in discontinued investing activities	(24.7)	(33.8)
Net cash used for investing activities	<u>(840.9)</u>	<u>(1,378.9)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facilities	1,968.5	—
Payments on revolving credit facilities	(1,878.9)	—
Net share settlement tax payments from issuance of stock to employees	(39.6)	(44.6)
Net proceeds from issuance of stock to employees	54.4	50.6
Dividends paid	(192.9)	(131.6)
Purchase of common stock	(1,009.0)	(800.0)
Other	(15.0)	(24.0)
Net cash used in continuing financing activities	(1,112.5)	(949.6)
Net cash provided by discontinued financing activities	1,499.7	—
Net cash provided by (used in) financing activities	<u>387.2</u>	<u>(949.6)</u>
Effect of exchange rate changes on cash and cash equivalents	3.5	(36.6)
Net increase (decrease) in cash and cash equivalents	297.9	(1,062.8)
Cash and cash equivalents at beginning of period	430.0	1,472.7
Less: Cash and cash equivalents of discontinued operations as of end of period	\$ —	\$ 105.0
Cash and cash equivalents at end of period	<u>\$ 727.9</u>	<u>\$ 304.9</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 (Labcorp® or the Company) is a global leader of innovative and comprehensive laboratory service that serves physicians, hospitals, patients and biopharmaceutical clients. The Company provides insights and advances science to improve health and improve lives through its strong diagnostics and drug development laboratory capabilities.

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

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

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

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

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

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

2. DISCONTINUED OPERATIONS

A discontinued operation may include a component or a group of components of the Company's operations. A disposal of a component or a group of components is reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results when the following occurs: (1) a component (or group of components) meets the criteria to be classified as held for sale; (2) the component or group of components is disposed of by sale; or (3) the component or group of components is disposed of other than by sale (for example, by abandonment or in a distribution to owners in a spin-off). For any component classified as held for sale or disposed of by sale or other than by sale, qualifying for presentation as a discontinued operation, the Company reports the results of operations of the discontinued operations (including any gain or loss recognized on the disposal or loss recognized on classification as held for sale of a

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

discontinued operation), less applicable income taxes (benefit), as a separate component in the consolidated statement of operations for current and all prior periods presented. The Company also reports assets and liabilities associated with discontinued operations as separate line items on the consolidated balance sheet for prior periods.

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

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

In connection with the spin-off, the Company entered into several agreements with Fortrea on or prior to the Distribution Date that, among other things, provide a framework for the Company's relationship with Fortrea after the spin-off, including a separation and distribution agreement, a tax matters agreement, an employee matters agreement, and a transition services agreement. These agreements contain the key provisions relating to the spin-off, including provisions relating to the principal intercompany transactions required to effect the spin-off, the conditions to the spin-off and provisions governing the relationship between Fortrea and the Company after the spin-off. The costs to provide these services are included in operating income but the service fees are included in other income.

Financial Information of Discontinued Operations

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ —	\$ 739.5	\$ 1,506.6	\$ 2,268.5
Cost of revenues	—	566.0	1,244.5	1,764.0
Gross profit	—	173.5	262.1	504.5
Selling, general and administrative expenses	—	56.8	184.1	152.5
Amortization of intangibles and other assets	—	16.2	31.9	49.7
Restructuring and other charges	—	5.1	3.0	27.1
Operating income	—	95.4	43.1	275.2
Other income (expense):				
Interest expense	—	—	(0.5)	(0.3)
Investment income (expense)	—	0.4	(1.2)	1.0
Other, net	—	10.3	4.2	35.0
Earnings before income taxes	—	106.1	45.6	310.9
Provision for income taxes	—	30.2	6.8	73.1
Net earnings attributable to Laboratory Corporation of America Holdings	<u>\$ —</u>	<u>\$ 75.9</u>	<u>\$ 38.8</u>	<u>\$ 237.8</u>

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

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

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

3. REVENUES

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

	For the Three Months Ended September 30, 2023				For the Three Months Ended September 30, 2022			
	North America	Europe	Other	Total	North America	Europe	Other	Total
Payer/Customer								
<i>Dx</i>								
Clients	24 %	— %	— %	24 %	23 %	— %	— %	23 %
Patients	9 %	— %	— %	9 %	8 %	— %	— %	8 %
Medicare and Medicaid	8 %	— %	— %	8 %	8 %	— %	— %	8 %
Third party	36 %	— %	— %	36 %	38 %	— %	— %	38 %
Total Dx revenues by payer	77 %	— %	— %	77 %	77 %	— %	— %	77 %
<i>BLS</i>								
Pharmaceutical, biotechnology and medical device companies	10 %	9 %	4 %	23 %	10 %	9 %	4 %	23 %
Total revenues	87 %	9 %	4 %	100 %	87 %	9 %	4 %	100 %

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	For the Nine Months Ended September 30, 2023				For the Nine Months Ended September 30, 2022			
	North America	Europe	Other	Total	North America	Europe	Other	Total
Payer/Customer								
<i>Dx</i>								
Clients	24 %	— %	— %	24 %	22 %	— %	— %	22 %
Patients	9 %	— %	— %	9 %	8 %	— %	— %	8 %
Medicare and Medicaid	8 %	— %	— %	8 %	8 %	— %	— %	8 %
Third party	36 %	— %	— %	36 %	39 %	— %	— %	39 %
<i>Total Dx revenues by payer</i>	77 %	— %	— %	77 %	77 %	— %	— %	77 %
<i>BLS</i>								
Pharmaceutical, biotechnology and medical device companies	10 %	9 %	4 %	23 %	10 %	9 %	4 %	23 %
Total revenues	87 %	9 %	4 %	100 %	87 %	9 %	4 %	100 %

Revenues in the U.S. were \$2,550.6 (83.4%) and \$2,392.4 (83.5%) for the three months ended September 30, 2023, and 2022, respectively, and for the nine months ended September 30, 2023, and 2022, were \$7,645.0 (83.8%) and \$7,454.0 (83.4%), respectively.

Accounts Receivable, Unbilled Services and Unearned Revenue

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

	September 30, 2023	December 31, 2022
Dx accounts receivable	\$ 1,160.0	\$ 1,046.9
BLS accounts receivable	829.8	769.3
Less BLS allowance for doubtful accounts	(32.8)	(30.7)
Accounts receivable	<u>\$ 1,957.0</u>	<u>\$ 1,785.5</u>
Gross unbilled services	\$ 116.9	\$ 222.3
Less reserve for unbilled services	(8.9)	(10.5)
Unbilled services	<u>\$ 108.0</u>	<u>\$ 211.8</u>
Unearned revenue	<u>\$ 360.8</u>	<u>\$ 310.6</u>

Revenues recognized during the period that were included in the unearned revenue balance at the beginning of the period were \$6.3 and \$9.3 for the three months ended September 30, 2023 and 2022, respectively, and \$79.1 and \$65.9 for the nine months ended September 30, 2023, and 2022, respectively.

Credit Loss Rollforward

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

	Accounts Receivable	Unbilled Services	Note and Other Receivables	Total
Balance as of December 31, 2022	\$ 30.7	\$ 10.5	\$ 0.7	\$ 41.9
Plus, credit loss expense	6.2	—	—	6.2
Less, write offs	(4.1)	(1.6)	—	(5.7)
Balance as of September 30, 2023	<u>\$ 32.8</u>	<u>\$ 8.9</u>	<u>\$ 0.7</u>	<u>\$ 42.4</u>

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

4. BUSINESS ACQUISITIONS

During the nine months ended September 30, 2023, the Company acquired several businesses and related assets for cash of approximately \$516.7. These acquisitions consisted of the clinical and outreach businesses of Jefferson Health (\$108.0), Enzo BioChem (\$112.8), Providence Health & Services - Oregon (\$110.0), Tufts Medicine (\$157.0), and other smaller acquisitions

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(\$28.9). The preliminary purchase considerations for these acquisitions were allocated under the acquisition method of accounting to the estimated fair market value of the net assets acquired, including approximately \$284.6 in identifiable intangible assets. A residual amount of non-tax deductible goodwill of approximately \$230.5 was recorded as of September 30, 2023. The amortization period for non-compete agreements and customer list assets acquired from these businesses are 5 and 15 years, respectively. The purchase price allocations for these acquisitions have not been finalized as of September 30, 2023. The preliminary valuation of acquired assets and assumed liabilities, include the following:

	Business Acquisitions	Measurement Period Adjustments	Amounts Acquired During the Nine Months Ended September 30, 2023
Cash and cash equivalents	\$ —	\$ 0.2	\$ 0.2
Accounts receivable	(3.0)	—	(3.0)
Inventories	1.3	—	1.3
Prepaid expenses and other	0.4	0.6	1.0
Property, plant and equipment	4.7	(1.5)	3.2
Goodwill	230.5	(29.4)	201.1
Intangible assets	284.6	19.5	304.1
Other assets	2.1	—	2.1
Total assets acquired	\$ 520.6	\$ (10.6)	\$ 510.0
Accrued expenses and other	3.9	(8.3)	(4.4)
Deferred income taxes	—	(2.3)	(2.3)
Total liabilities acquired	3.9	(10.6)	(6.7)
Net assets acquired	\$ 516.7	\$ —	\$ 516.7

During the nine months ended September 30, 2022, the Company acquired several businesses and related assets for approximately \$1,013.6 in cash. The purchase considerations for these acquisitions were allocated under the acquisition method of accounting to the estimated fair market value of the net assets acquired, including approximately \$407.4 in identifiable intangible assets and a residual amount of non-tax deductible goodwill of approximately \$571.3. The amortization period for intangible assets acquired from this businesses range from 5 to 23 years for customer relationships and non-compete agreements. These acquisitions were made primarily to complement and accelerate the Company's existing liquid biopsy capabilities and enhance the Company's diagnostic footprint and capabilities. The preliminary valuation of acquired assets and assumed liabilities, include the following:

	Preliminary Personal Genome Diagnostics Inc.	Preliminary Ascension Healthcare	Other Acquisitions	Measurement Period Adjustments	Amounts Acquired During the Nine Months Ended September 30, 2022
Accounts receivable	\$ 4.1	\$ —	\$ —	\$ —	\$ 4.1
Unbilled services	2.9	—	—	—	2.9
Inventories	2.5	24.6	—	—	27.1
Prepaid expenses and other	1.2	0.4	—	—	1.6
Property, plant and equipment	9.9	43.5	0.1	—	53.5
Deferred income taxes	—	—	—	17.7	17.7
Goodwill	285.6	161.2	62.2	62.3	571.3
Intangible assets	272.9	197.0	71.7	(134.2)	407.4
Other assets	—	—	0.8	—	0.8
Total assets acquired	579.1	426.7	134.8	(54.2)	1,086.4
Accounts payable	3.8	—	—	—	3.8
Accrued expenses and other	23.7	—	—	32.9	56.6
Unearned revenue	3.3	—	—	—	3.3
Lease liabilities	—	2.9	—	—	2.9
Deferred income taxes	17.1	—	—	(17.1)	—
Other liabilities	76.2	—	—	(70.0)	6.2
Total liabilities acquired	124.1	2.9	—	(54.2)	72.8
Net assets acquired	\$ 455.0	\$ 423.8	\$ 134.8	\$ —	\$ 1,013.6

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Pro Forma Information

Had the Company's total 2023 and 2022 acquisitions been completed as of January 1, the Company's pro forma results would have been as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2023		2022		2022	
Revenues	\$	3,073.4	\$	9,218.6	\$	2,933.5	\$	9,205.7
Net earnings from continuing operations attributable to Laboratory Corporation of America Holdings	\$	185.2	\$	597.1	\$	358.5	\$	1,228.7

5. EARNINGS PER SHARE

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

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

	Three Months Ended September 30,						Nine Months Ended September 30,													
	2023			2022			2023			2022										
	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount								
Basic earnings per share:																				
Net earnings	\$	183.3	86.6	\$	2.12	\$	276.9	90.2	\$	3.07	\$	546.3	87.9	\$	6.22	\$	965.2	91.9	\$	10.50
Dilutive effect of employee stock options and awards		—	0.4		—	0.5		—	0.4		—	0.5								
Net earnings including impact of dilutive adjustments	\$	183.3	87.0	\$	2.11	\$	276.9	90.7	\$	3.06	\$	546.3	88.3	\$	6.19	\$	965.2	92.4	\$	10.45

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Employee stock options and awards	0.2	0.2	0.4	0.2

6. GOODWILL AND INTANGIBLE ASSETS

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

	Dx		BLS		Total	
Balance as of December 31, 2022	\$	4,533.5	\$	1,590.2	\$	6,123.7
Goodwill acquired during the period		230.5		—		230.5
Foreign currency impact and other adjustments to goodwill		(18.6)		(3.7)		(22.3)
Balance as of September 30, 2023	\$	4,745.4	\$	1,586.5	\$	6,331.9

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

Although the Company believes that the current assumptions and estimates used in its goodwill analysis are reasonable, supportable, and appropriate, the Company's business could be impacted by unfavorable changes, including those that impact the existing assumptions used in the impairment analysis. Various factors could reasonably be expected to unfavorably impact existing assumptions: primarily, a worsening economic environment and protracted economic downturn and related impacts, including delays in revenue from new customers; increases in customer termination activity; or increases in operating costs. Accordingly, there can be no assurance that the estimates and assumptions made for the purposes of the goodwill impairment analysis will prove to be accurate predictions of future performance. During the fourth quarter of 2022, the company recorded a goodwill impairment, related to the early development reporting unit, at which time the amount of fair value in excess of carrying value was reduced to zero. As such, the company continues to closely monitor the performance of the early development reporting unit.

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

The components of identifiable intangible assets are as follows:

	September 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 3,735.5	\$ (1,298.8)	\$ 2,436.7	\$ 3,489.9	\$ (1,169.6)	\$ 2,320.3
Patents, licenses and technology	520.5	(263.1)	257.4	520.4	(243.3)	277.1
Non-compete agreements	120.7	(54.7)	66.0	80.1	(46.8)	33.3
Trade name	16.4	(5.4)	11.0	16.4	(3.5)	12.9
Land use right	3.5	(2.5)	1.0	3.5	(2.2)	1.3
Canadian licenses	495.6	—	495.6	468.7	—	468.7
Other	14.2	(6.3)	7.9	14.2	(4.2)	10.0
	4,906.4	(1,630.8)	3,275.6	4,593.2	(1,469.6)	3,123.6

Amortization of intangible assets for the three and nine months ended September 30, 2023, and 2022, was \$55.7 and \$49.0 and \$160.6 and \$149.0, respectively. The amortization expense for the net carrying amount of intangible assets is estimated to be \$57.0 for the remainder of fiscal 2023, \$228.0 in fiscal 2024, \$218.2 in fiscal 2025, \$209.3 in fiscal 2026, \$198.1 in fiscal 2027, and \$1,784.0 thereafter.

7. DEBT

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

	September 30, 2023	December 31, 2022
Revolving line of credit	\$ 90.0	\$ —
4.00% senior notes due 2023	300.0	300.0
3.25% senior notes due 2024	600.0	—
Debt issuance costs	(0.8)	(0.4)
Current portion of note payable	1.8	1.7
Total short-term borrowings and current portion of long-term debt	\$ 991.0	\$ 301.3

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

	September 30, 2023	December 31, 2022
2.30% senior notes due 2024	\$ 400.0	\$ 400.0
3.25% senior notes due 2024	—	600.0
3.60% senior notes due 2025	1,000.0	1,000.0
1.55% senior notes due 2026	500.0	500.0
3.60% senior notes due 2027	600.0	600.0
2.95% senior notes due 2029	650.0	650.0
2.70% senior notes due 2031	405.1	420.3
4.70% senior notes due 2045	900.0	900.0
Debt issuance costs	(28.5)	(33.8)
Note payable	1.0	2.3
Total long-term debt	\$ 4,427.6	\$ 5,038.8

During the second quarter of 2021, the Company entered into fixed-to-variable interest rate swap agreements for its 2.70% senior notes due 2031 with an aggregate notional amount of \$500.0 and variable interest rates based on three-month SOFR plus 1.0706% to hedge against changes in the fair value of a portion of the Company's long-term debt. These interest rate swaps are included in other long-term liabilities and deducted from the value of the senior notes with an aggregate fair value of \$94.9 at September 30, 2023.

Credit Facilities

The Company maintains a senior revolving credit facility, which was amended and restated on April 30, 2021. It consists of a five-year facility in the principal amount of up to \$1,000.0, with the option of increasing the facility by up to an additional \$500.0, subject to the agreement of one or more new or existing lenders to provide such additional amounts and certain other customary conditions. The revolving credit facility also provides for a subfacility of up to \$100.0 for swing line borrowings and a subfacility of up to \$150.0 for issuances of letters of credit. The Company is required to pay a facility fee on the aggregate commitments under the revolving credit facility, at a per annum rate ranging from 0.10% to 0.225%, depending on the Company's debt ratings. The revolving credit facility is permitted to be used for general corporate purposes, including working capital, capital expenditures, funding of share repurchases and certain other payments, acquisitions, and other investments. The revolving credit facility also provides for the issuance of letters of credit without a reduction of the availability of borrowings under the facility. There was \$90.0 outstanding on the Company's current revolving credit facility as of September 30, 2023. As of September 30, 2023, the effective interest rate on the revolving credit facility was 6.42%. The credit facility expires on April 30, 2026.

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

There were \$85.4 in outstanding letters of credit as of September 30, 2023.

8. PREFERRED STOCK AND COMMON SHAREHOLDERS' EQUITY

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

The changes in common shares issued are summarized below:

	Issued and Outstanding
Common shares at December 31, 2022	88.2
Shares issued under employee stock plans	0.6
Shares retired due to Fortrea spin	(0.2)
Shares repurchased	(3.7)
Common shares at September 30, 2023	84.9

Share Repurchase Program

On August 8, 2023, the Company entered into accelerated share repurchase agreements (collectively, the ASR Agreements) with two different banks, Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC (collectively, the Financial Institutions),

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to repurchase approximately \$1,000.0 in the aggregate of the Company's common stock (Common Stock), as part of the Company's Common Stock repurchase program. The remaining repurchase authorization has no expiration date.

Under the ASR Agreements, the Company made an aggregate payment of \$1,000.0 to the Financial Institutions and received an aggregate initial number of approximately 3.7 shares of Common Stock from the Financial Institutions, which were removed from the outstanding share count in connection with entering into the ASR Agreements. The 3.7 shares reflects the 80% of the shares that would ultimately be repurchased under the ASR Agreements if the price of the Common Stock established in the ASR Agreement as the inception of the ASR Agreements remains constant. The specific number of shares that the Company ultimately will repurchase under the ASR Agreements will be based generally on the average of the daily volume-weighted average price per share of the Common Stock during a repurchase period, less a discount and subject to adjustments pursuant to the terms and conditions of the ASR Agreements. At settlement, under certain circumstances, the Financial Institutions may be required to deliver additional shares of Common Stock to the Company, or the Company may be required, at its election, either to make cash payments or deliver shares of Common Stock to the Financial Institutions. The ASR Agreements contain provisions customary for agreements of this type, including provisions for adjustments to the transaction terms, the circumstances generally under which the ASR Agreements may be accelerated, extended or terminated early by the Financial Institutions, and various acknowledgments, representations and warranties made by the parties to one another. Repurchases and settlements under the ASR Agreements are expected to be completed by the end of December 2023.

When the Company repurchases shares of Common Stock, 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 September 30, 2023, the Company had outstanding authorization from the board of directors to purchase up to \$531.5 of the Company's common stock.

Dividends

For the nine months ended September 30, 2023, the Company paid \$192.9 in common stock dividends. On October 12, 2023, the Company announced a cash dividend of \$0.72 per share of common stock for the fourth quarter, or approximately \$62.1 in the aggregate. The dividend will be payable on December 12, 2023, to stockholders of record of all issued and outstanding shares of common stock as of the close of business on November 8, 2023. The declaration and payment of any future dividends will be at the discretion of the Company's board of directors.

Accumulated Other Comprehensive Earnings (Loss)

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

	Foreign Currency Translation Adjustments	Net Benefit Plan Adjustments	Accumulated Other Comprehensive Earnings (Loss)
Balance as of December 31, 2022	\$ (462.3)	\$ (30.9)	\$ (493.2)
Fortrea Holdings Inc. spin off	231.6	6.4	238.0
Current year adjustments	43.8	17.6	61.4
Pension settlement charge	—	(10.8)	(10.8)
Amounts reclassified from accumulated other comprehensive income	—	(3.4)	(3.4)
Tax effect of adjustments	—	(0.8)	(0.8)
Balance as of September 30, 2023	<u>\$ (186.9)</u>	<u>\$ (21.9)</u>	<u>\$ (208.8)</u>

9. COMMITMENTS AND CONTINGENCIES

The Company is involved from time to time in various claims and legal actions, including arbitrations, class actions, and other litigation (including those described in more detail below), arising in the ordinary course of business. Some of these actions involve claims that are substantial in amount. These matters include, but are not limited to, intellectual property disputes, commercial and contract disputes, professional liability claims, employee-related matters, transaction-related disputes, securities and corporate law matters, and inquiries, including subpoenas and other civil investigative demands, from governmental agencies, Medicare or Medicaid payers and managed care organizations (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.

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

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

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

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

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

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

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opinion approving the result of the Florida Second District Court of Appeal in favor of the Plaintiff. The Company will vigorously defend the lawsuit.

On March 10, 2017, the Company was served with a putative class action lawsuit, *Victoria Bouffard, et al. v. Laboratory Corporation of America Holdings*, filed in the U.S. District Court for the Middle District of North Carolina. The complaint alleges that the Company's patient list prices unlawfully exceed the rates negotiated for the same services with private and public health insurers in violation of various state consumer protection laws. The lawsuit also alleges breach of implied contract or quasi-contract, unjust enrichment, and fraud. The lawsuit seeks statutory, exemplary, and punitive damages, injunctive relief, and recovery of attorney's fees and costs. In May 2017, the Company filed a Motion to Dismiss Plaintiffs' Complaint and Strike Class Allegations; the Motion to Dismiss was granted in March 2018 without prejudice. On October 10, 2017, a second putative class action lawsuit, *Sheryl Anderson, et al. v. Laboratory Corporation of America Holdings*, was filed in the U.S. District Court for the Middle District of North Carolina. The complaint contained similar allegations and sought similar relief to the *Bouffard* complaint, and added additional counts regarding state consumer protection laws. On August 10, 2018, the Plaintiffs filed an Amended Complaint, which consolidated the *Bouffard* and *Anderson* actions. In September 2023, the lawsuit was dismissed with prejudice. On December 29, 2021, a related lawsuit, *Nathaniel J. Nolan, et al. v. Laboratory Corporation of America Holdings*, was filed in the U.S. District Court for the Middle District of North Carolina. The complaint alleges that the Company's patient acknowledgement of estimated financial responsibility form is misleading. The lawsuit seeks a declaratory judgment under the consumer protection laws of Nevada and Florida that the form is materially misleading and deceptive, an injunction barring the use of the form, damages on behalf of an alleged class, and attorney's fees and expenses. On February 28, 2022, the Company filed a Motion to Dismiss all claims. On February 13, 2023, the court entered an order granting the Company's Motion to Dismiss. On March 13, 2023, Plaintiffs filed a Notice of Appeal. The Company will vigorously defend the *Nolan* 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 was provided free of charge for 24 months.

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

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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.

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

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

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

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

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

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

On June 7, 2023, the Company was served with a putative class action lawsuit, *Connie Howard, Yadira Yazmin Hernandez, and Deborah Reynolds, et al. v. Laboratory Corporation of America, Laboratory Corporation of America Holdings, and Meta Platforms, Inc.*, filed in the U.S. District Court for the Northern District of California, alleging that the Company's website includes a tracking code created by Meta, known as the Meta Pixel, that sent information related to Plaintiffs and their online activities to Meta. Plaintiffs assert claims against the Company under California and Pennsylvania law and seek to represent classes of all persons in California, or in Pennsylvania, who allegedly entered search terms into the Company's website and who used Facebook during a time that Plaintiffs allege the Meta Pixel was active on the Company's website. Plaintiffs seek an injunction, damages, attorneys' fees, and costs. On August 23, 2023, the Company filed a Motion to Dismiss. On September 5, 2023, the lawsuit was transferred to the U.S. District Court for the Middle District of North Carolina. On September 9, 2023, Plaintiffs filed an Amended Complaint. Among other things, the Amended Complaint contains allegations that in addition to the Meta Pixel, the Company's website uses Google Analytics and other online tracking technologies. The Company will vigorously defend the lawsuit.

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

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

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

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

There are various other pending legal proceedings involving the Company including, but not limited to, additional employment-related lawsuits, professional liability lawsuits, and commercial lawsuits. While it is not feasible to predict the outcome of such proceedings, in the opinion of the Company, the likelihood of loss is remote and any reasonably possible loss

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associated with the resolution of such proceedings is not expected to be material to the Company's financial condition, results of operations, or cash flows, either individually or in the aggregate.

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

10. FAIR VALUE MEASUREMENTS

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

	Balance Sheet Classification	Fair Value as of September 30, 2023	Fair Value Measurements as of September 30, 2023		
			Using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
Noncontrolling interest put	Noncontrolling interest	\$ 15.2	\$ —	\$ 15.2	\$ —
Cross currency swaps	Other liabilities	55.6	—	55.6	—
Interest rate swaps	Other liabilities	94.9	—	94.9	—
Cash surrender value of life insurance policies	Other assets, net	112.2	—	112.2	—
Deferred compensation liability	Other liabilities	105.4	—	105.4	—
Contingent consideration	Accrued expenses and other; Other liabilities	66.1	—	—	66.1

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

Fair Value Measurement of Level 3 Liabilities		Contingent Consideration
Balance at December 31, 2022		\$ 77.4
Adjustments		(11.3)
Balance as of September 30, 2023		\$ 66.1

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 multiple measurement funds, which are indexed to externally managed funds. From time to time, to offset the cost of the growth in the participant's investment accounts, the Company purchases life insurance policies, with the Company named as beneficiary of the policies. Changes in the cash surrender value of the life insurance policies are based upon earnings and changes in the value of the underlying investments, which are typically invested in a similar manner to the participant's allocations. Changes in the fair value of the DCP obligation are derived using quoted prices in active markets based on the market price per unit multiplied by the number of units. The cash surrender value and the DCP obligations are classified within Level 2 because their inputs are derived principally from observable market data by correlation to the hypothetical investments.

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

The carrying amounts of cash and cash equivalents, accounts receivable, income taxes receivable, and accounts payable are considered to be representative of their respective fair values due to their short-term nature. The fair market value of the senior notes, based on market pricing, was approximately \$4,936.6 and \$4,973.9 as of September 30, 2023, and December 31, 2022, respectively. The Company's note and debt instruments are classified as Level 2 instruments, as the fair market values of these instruments are determined using other observable inputs.

Cross-Currency Swap

During the fourth quarter of 2018, the Company entered into U.S. Dollar (USD) to Swiss Franc cross-currency swap agreements with an aggregate notional value of \$600.0. During the second quarter of 2022, the Company terminated \$300.0 of those cross-currency swap agreements and entered into new USD to Swiss Franc cross-currency swap agreements with an aggregate notional value of \$300.0 that mature in 2024. These cross currency swaps are included in other long-term liabilities as appropriate with an aggregate fair value of \$55.6 and \$45.7 as of September 30, 2023 and December 31, 2022, respectively. Changes in the fair value of the cross-currency swaps are charged or credited through accumulated other comprehensive income in the Consolidated Balance Sheet until the hedged item is recognized in earnings. The cumulative amount of the fair value hedging adjustments are recognized as currency translation within the Consolidated Statement of Comprehensive Earnings.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended September 30,	
	2023	2022
Cash paid during period for:		
Interest	\$ 180.3	\$ 159.2
Income taxes, net of refunds	181.2	391.7
Disclosure of non-cash financing and investing activities:		
Change in accrued property, plant and equipment	23.1	8.2

12. BUSINESS SEGMENT INFORMATION

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

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

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

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Dx	\$ 2,344.7	\$ 2,207.6	\$ 7,068.3	\$ 6,917.1
BLS	719.1	666.4	2,079.4	2,048.5
Intercompany eliminations and other	(7.0)	(7.2)	(19.4)	(31.4)
Total revenues	<u>\$ 3,056.8</u>	<u>\$ 2,866.8</u>	<u>\$ 9,128.3</u>	<u>\$ 8,934.2</u>
Operating Earnings:				
Dx segment operating income	\$ 386.3	\$ 439.8	\$ 1,237.5	\$ 1,638.5
BLS segment operating income	109.0	105.0	287.2	293.9
Segment operating income	495.3	544.8	1,524.7	1,932.4
General corporate and unallocated expenses	(169.6)	(111.8)	(469.7)	(329.2)
Amortization of intangibles and other assets	(55.7)	(49.0)	(160.6)	(149.0)
Restructuring and other charges	(7.5)	(10.0)	(30.8)	(45.0)
Goodwill and other asset impairments	(10.2)	—	(15.2)	(1.2)
Total operating income	<u>\$ 252.3</u>	<u>\$ 374.0</u>	<u>\$ 848.4</u>	<u>\$ 1,408.0</u>

13. SUBSEQUENT EVENTS

On October 4, 2023, the Company announced it had entered into an agreement with Baystate Health, Inc. (Baystate Health) to acquire its outreach laboratory business and select operating assets, including laboratory service centers operated by Baystate Health throughout Massachusetts for \$151.1 in cash. This strategic relationship will build upon Labcorp's and Baystate Health's existing reference laboratory relationship to improve the efficiency of routine and specialty lab testing.

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

GENERAL (dollars in millions, except per share data)

Revenues for the nine months ended September 30, 2023, were \$9,128.3, an increase of 2.2% from \$8,934.2 during the nine months ended September 30, 2022. The increase was due to acquisitions, net of divestitures, of 1.8%, organic revenue of 0.3% and favorable foreign currency translation of 0.1%. The 0.3% increase in organic revenue was driven by a 10.0% increase in the company's organic Base Business, partially offset by a 9.6% decrease COVID-19 Testing. Base Business includes Labcorp's operations except for COVID-19 Testing.

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

Separation of Fortrea Holdings Inc.

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

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

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

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

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

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

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

	Three Months Ended September 30,		Change
	2023	2022	
Dx	\$ 2,344.7	\$ 2,207.6	6.2 %
BLS	719.1	666.4	7.9 %
Intercompany eliminations and other	(7.0)	(7.2)	2.8 %
Total	\$ 3,056.8	\$ 2,866.8	6.6 %

Total revenues for the three months ended September 30, 2023, were \$3,056.8, an increase of 6.6% over \$2,866.8 in the third quarter of 2022. The increase was due to an increase in organic revenue of 3.7%, acquisitions, net of divestitures, of 2.2%, and favorable foreign currency translation of 0.7%. The 3.7% increase in organic revenue was driven by a 10.1% increase in the company's organic Base Business, partially offset by a 6.3% decrease in COVID-19 PCR and antibody testing (COVID-19 Testing). Base Business includes Labcorp's operations except for COVID-19 Testing.

Dx revenues for the three months ended September 30, 2023, were \$2,344.7, an increase of 6.2% over \$2,207.6 in the third quarter of 2022. The increase was due to organic revenue of 3.4% and acquisitions of 3.0%, partially offset by unfavorable foreign currency translation of 0.1%. The 3.4% increase in organic growth was due to an 11.6% increase in the Base Business,

partially offset by a 8.2% decrease in COVID-19 Testing. Total Base Business growth compared to the Base Business in the prior year was 15.9%. The Ascension lab management agreement contributed approximately 6.0% of the Base Business growth.

Dx total volume (measured by requisitions) for the three months ended September 30, 2023, increased by 2.3% as acquisition volume contributed 3.4%, while organic volume decreased by 1.1%. Organic volume was impacted by a 4.5% decrease in COVID-19 Testing, partially offset by a 3.4% increase in the Base Business. Price/mix increased by 3.9% due to organic Base Business growth of 8.2%, partially offset by a decrease in COVID-19 Testing of 3.7%, lower acquisitions of 0.4%, and an unfavorable currency translation of 0.1%. Base Business volume increased 7.2% compared to the Base Business last year. Price/mix was up 8.8% in the Base Business compared to the Base Business last year, which includes the benefit of the Ascension lab management agreement.

BLS revenues for the three months ended September 30, 2023, were \$719.1, an increase of 7.9% over \$666.4 in the third quarter of 2022. The increase was primarily due to organic growth of 4.9% and favorable foreign currency translation of 3.3%, partially offset by an unfavorable impact of divestitures of 0.2%.

Cost of Revenues

	Three Months Ended September 30,		Change
	2023	2022	
Cost of revenues	\$ 2,205.6	\$ 1,980.6	11.4 %
Cost of revenues as a % of revenues	72.2 %	69.1 %	

Cost of revenues increased 11.4% during the three months ended September 30, 2023, as compared with the corresponding period in 2022. Cost of revenues as a percentage of revenues during the three months ended September 30, 2023, increased to 72.2% as compared to 69.1% in the corresponding period in 2022. This increase in cost of revenues as a percent of revenues was primarily due to a reduction in COVID-19 Testing revenues, partially offset by the impact of the Ascension lab management agreement.

Selling, General and Administrative Expenses

	Three Months Ended September 30,		Change
	2023	2022	
Selling, general and administrative expenses	\$ 525.5	\$ 453.2	16.0 %
Selling, general and administrative expenses as a % of revenues	17.2 %	15.8 %	

Selling, general and administrative expenses as a percentage of revenues was 17.2% and 15.8% during the three months ended September 30, 2023, and 2022, respectively. The increase is primarily due to a reduction in COVID-19 Testing revenues and spin-related costs, partially offset by the impact of the Ascension lab management agreement.

Amortization of Intangibles and Other Assets

	Three Months Ended September 30,		Change
	2023	2022	
Amortization of intangibles and other assets	\$ 55.7	\$ 49.0	13.6 %

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

Goodwill and Other Asset Impairments

	Three Months Ended September 30,		Change
	2023	2022	
Goodwill and other asset impairments	\$ 10.2	\$ —	100.0 %

The Company recorded impairment charges of \$10.2 in intangible assets during the three months ended September 30, 2023 primarily due to a license impairment related to the divestiture of a joint venture. The Company recorded no impairment charges during the three months ended September 30, 2022.

Restructuring and Other Charges

	Three Months Ended September 30,		Change
	2023	2022	
Restructuring and other charges	\$ 7.5	\$ 10.0	(24.7)%

During the three months ended September 30, 2023, the Company recorded net restructuring and other charges of \$7.5. The charges were comprised of \$11.2 related to severance and other personnel costs and \$0.9 in facility closures, lease terminations,

and general integration activities. The charges were adjusted by the reversal of a previously established liability of \$0.1 in unused severance liabilities and the reversal of a previously established liability of \$4.5 in unused facility-related costs.

During the three months ended September 30, 2022, the Company recorded net restructuring and other charges of \$10.0. The charges were comprised of \$2.8 related to severance and other personnel costs and \$7.5 in facility closures, lease terminations, and general integration activities. The charges were adjusted by the reversal of a previously established liability of \$0.3 in unused facility-related costs.

Interest Expense

	Three Months Ended September 30,		Change
	2023	2022	
Interest expense	\$ (50.3)	\$ (46.3)	8.7 %

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

Equity Method Income

	Three Months Ended September 30,		Change
	2023	2022	
Equity method income, net	\$ (0.3)	\$ 1.7	(110.3)%

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

Other, net

	Three Months Ended September 30,		Change
	2023	2022	
Other, net	\$ 21.1	\$ (17.6)	(219.3)%

The change in Other, net for the three months ended September 30, 2023, as compared to the three months ended September 30, 2022, is primarily due to \$22.7 of transition services fees charged to Fortrea related to administrative and IT systems support. The costs to provide these services are included in operating income but the service fees are included in other income. In addition, the Company recorded investment gains of \$4.0 for the three months ended September 30, 2023 compared to investment losses of \$5.2 for the corresponding period of 2022. Foreign currency transaction losses of \$2.8 were recognized for the three months ended September 30, 2023, as compared to losses of \$8.2 for the corresponding period of 2022.

Income Tax Expense

	Three Months Ended September 30,		Change
	2023	2022	
Income tax expense	\$ 55.1	\$ 38.2	44.5 %
Income tax expense as a % of earnings before income taxes	23.1 %	12.1 %	

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

Operating Income by Segment

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

	Three Months Ended September 30,		Change
	2023	2022	
Dx segment operating income	\$ 386.3	\$ 439.8	(12.2)%
Dx segment operating margin	16.5 %	19.9 %	(3.4)%
BLS segment operating income	109.0	105.0	3.8 %
BLS segment operating margin	15.2 %	15.8 %	(0.6)%
Segment operating income	495.3	544.8	(9.1)%
General corporate and unallocated expenses	(169.6)	(111.8)	57.8
Amortization of intangibles and other assets	(55.7)	(49.0)	6.7
Restructuring and other charges	(7.5)	(10.0)	2.5
Goodwill and other asset impairments	(10.2)	—	10.2
Total operating income	\$ 252.3	\$ 374.0	(32.5)%

Dx operating income was \$386.3 for the three months ended September 30, 2023, a decrease of \$53.5 over operating income of \$439.8 in the corresponding period of 2022, and Dx operating margin decreased 340 basis points year-over-year. The decrease in adjusted operating income was due to a reduction in COVID-19 Testing, while the margin was also affected by the mix impact from Ascension. Excluding the mix impact from Ascension, Base Business margin was up as the benefit of organic growth and Launchpad savings were partially offset by higher personnel expense.

BLS operating income was \$109.0 for the three months ended September 30, 2023, an increase of \$4.0 over operating income of \$105.0 in the corresponding period of 2022. The increase was due to demand growth and LaunchPad savings, partially offset by higher personnel expense. The improvement in operating income and margin was impacted by the NHP-related constraints..

General corporate expenses are comprised primarily of administrative services such as executive management, human resources, legal, finance, corporate affairs, and information technology. Corporate expenses were \$169.6 for the three months ended September 30, 2023, an increase of \$57.8 over corporate expenses of \$111.8 in the corresponding period of 2022, primarily due to spin-off transaction costs, personnel costs, bonus allocation, and research and development costs.

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

Nine Months Ended September 30, 2023, compared with nine months ended September 30, 2022

Revenues

	Nine Months Ended September 30,		Change
	2023	2022	
Dx	\$ 7,068.3	\$ 6,917.1	2.2 %
BLS	2,079.4	2,048.5	1.5 %
Intercompany eliminations and other	(19.4)	(31.4)	38.2 %
Total	\$ 9,128.3	\$ 8,934.2	2.2 %

The increase in revenues for the nine months ended September 30, 2023, as compared with the corresponding period in 2022 was 2.2%. The increase was due to acquisitions, net of divestitures, of 1.8%, organic revenue of 0.3% and favorable foreign currency translation of 0.1%. The 0.3% increase in organic revenue was driven by a 10.0% increase in the Company's organic Base Business, partially offset by a 9.6% decrease in COVID-19 Testing.

Dx revenues for the nine months ended September 30, 2023, were \$7,068.3, an increase of 2.2% over \$6,917.1 during the nine months ended September 30, 2022. The increase was due to acquisitions of 2.4%, partially offset by unfavorable foreign currency translation of 0.2%. Organic revenue was flat due to a 12.4% decrease in COVID-19 Testing, offset by a 12.4% increase in the Base Business. Total Base Business growth compared to the Base Business in the prior year was 17.1%, which includes the benefit from the Ascension lab management agreement of approximately 7%.

Dx total volume (measured by requisitions) for the nine months ended September 30, 2023 was flat as organic volume decreased by 2.6% and acquisition volume contributed 2.7%. Organic volume was impacted by a 7.9% decrease in COVID-19 Testing, partially offset by a 5.2% increase in Base Business. Price/mix increased by 2.1% due to organic Base Business growth of 7.2%, partially offset by a decrease in COVID-19 Testing of 4.6%, unfavorable foreign currency translation of 0.2%, and lower acquisitions of 0.3%. Base Business volume increased 8.7% compared to the Base Business last year. Price/mix was up 8.4% in the Base Business compared to the Base Business last year, which includes the benefit of the Ascension lab management agreement.

BLS revenues for the nine months ended September 30, 2023, were \$2,079.4, an increase of 1.5% over \$2,048.5 during the nine months ended September 30, 2022. The increase was primarily due to an organic growth of 0.8%, favorable foreign currency translation of 1.0%, and divestitures, net of acquisitions, of 0.3%. The decrease in organic revenue was negatively impacted by approximately 4.0% due to NHP related constraints. BLS backlog expected to convert to revenue in the next 12 months is \$2,410.0 or 30.9%.

Cost of Revenues

	Nine Months Ended September 30,		Change
	2023	2022	
Cost of revenues	\$ 6,584.8	\$ 6,023.4	9.3 %
Cost of revenues as a % of revenues	72.1 %	67.4 %	

Cost of revenues increased 9.3% during the nine months ended September 30, 2023, as compared with the corresponding period in 2022. Cost of revenues as a percentage of revenues during the nine months ended September 30, 2023, increased to 72.1% as compared to 67.4% in the corresponding period in 2022. This increase in cost of revenues as a percent of revenues was primarily due to a reduction in COVID-19 Testing revenues, the impact of the Ascension Management Service Agreement, and higher personnel expenses, partially offset by organic Base Business growth and LaunchPad savings.

Selling, General and Administrative Expenses

	Nine Months Ended September 30,		Change
	2023	2022	
Selling, general and administrative expenses	\$ 1,488.5	\$ 1,307.6	13.8 %
Selling, general and administrative expenses as a % of revenues	16.3 %	14.6 %	

Selling, general and administrative expenses as a percentage of revenues were 16.3% and 14.6% during the nine months ended September 30, 2023, and 2022, respectively. The increase is primarily due to a reduction in COVID-19 Testing revenues and spin-related costs, partially offset by the impact of the Ascension lab management agreement.

Amortization of Intangibles and Other Assets

	Nine Months Ended September 30,		Change
	2023	2022	
Amortization of intangibles and other assets	\$ 160.6	\$ 149.0	7.8 %

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

Goodwill and Other Asset Impairments

	Nine Months Ended September 30,		Change
	2023	2022	
Goodwill and other asset impairments	\$ 15.2	\$ 1.2	1,158.5 %

The Company recorded impairment charges of \$15.2 in licenses, capitalized software costs and other intangible assets during the nine months ended September 30, 2023. The Company recorded impairment charges of \$1.2 in other assets in Ukraine and Russia during the nine months ended September 30, 2022.

Restructuring and Other Charges

	Nine Months Ended September 30,		Change
	2023	2022	
Restructuring and other charges	\$ 30.8	\$ 45.0	(31.7)%

During the nine months ended September 30, 2023, the Company recorded net restructuring and other charges of \$30.8. The charges were comprised of \$20.4 related to severance and other personnel costs and \$14.0 in facility closures, lease terminations, and general integration activities. The charges were adjusted by the reversal of \$1.1 of previously established severance liabilities and the increase of a previously established liability of \$2.5 in unused facility-related costs.

During the nine months ended September 30, 2022, the Company recorded net restructuring and other charges of \$45.0. The charges were comprised of \$21.2 related to severance and other personnel costs and \$25.1 in facility closures, lease terminations, and general integration activities. The charges were adjusted by the reversal of a previously established liability of \$0.9 in unused severance costs and \$0.4 in unused facility-related costs.

Interest Expense

	Nine Months Ended September 30,		Change
	2023	2022	
Interest expense	\$ (150.8)	\$ (130.7)	15.4 %

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

Equity Method Income

	Nine Months Ended September 30,		Change
	2023	2022	
Equity method income, net	\$ (1.5)	\$ 6.5	(123.6)%

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

Other, net

	Nine Months Ended September 30,		Change
	2023	2022	
Other, net	\$ (2.7)	\$ (62.8)	(95.6)%

The change in Other, net for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022, is primarily due to \$22.7 of transition services fees charged to Fortrea related to administrative and IT systems support. The costs to provide these services are included in operating income but the service fees are included in other income. In addition, investment losses of \$1.6 for the three months ended September 30, 2023 compared to investment losses of \$19.4 for the corresponding period of 2022. Foreign currency transaction losses of \$15.0 were recognized for the nine months ended September 30, 2023, as compared to losses of \$39.3 for the corresponding period of 2022.

Income Tax Expense

	Nine Months Ended September 30,		Change
	2023	2022	
Income tax expense	\$ 168.8	\$ 260.8	(35.3)%
Income tax expense as a % of earnings before income taxes	23.6 %	21.3 %	

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

Operating Income by Segment

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

	Nine Months Ended September 30,		Change
	2023	2022	
Dx segment operating income	\$ 1,237.5	\$ 1,638.5	(24.5)
Dx segment operating margin	17.5 %	23.7 %	(6.2)
BLS segment operating income	287.2	293.9	(2.3)
BLS segment operating margin	13.8 %	14.3 %	(0.5)
Segment operating income	1,524.7	1,932.4	(21.1)
General corporate and unallocated expenses	(469.7)	(329.2)	42.7
Amortization of intangibles and other assets	(160.6)	(149.0)	7.8
Restructuring and other charges	(30.8)	(45.0)	(31.6)
Goodwill and other asset impairments	(15.2)	(1.2)	1,166.7
Total operating income	\$ 848.4	\$ 1,408.0	(39.7)

Dx operating income was \$1,237.5 for the nine months ended September 30, 2023, a decrease of \$401.0 over operating income of \$1,638.5 in the corresponding period of 2022, and Dx operating margin decreased 620 basis points year-over-year. The decrease was due to a reduction in COVID-19 Testing, the impact of the Ascension lab management agreement and higher personnel costs, partially offset by a recovery in the Base Business.

BLS operating income was \$287.2 for the nine months ended September 30, 2023, a decrease of \$6.7 over operating income of \$293.9 in the corresponding period of 2022. The decrease was due to NHP-related constraints and higher personnel costs, and stranded costs as a result of the Fortrea spin, partially offset by demand growth and LaunchPad savings.

General corporate expenses are comprised primarily of administrative services such as executive management, human resources, legal, finance, corporate affairs, and information technology. Corporate expenses were \$469.7 for the nine months ended September 30, 2023, an increase of \$140.5 over corporate expenses of \$329.2 in the corresponding period of 2022, primarily due to spin-off transaction costs, personnel costs, bonus allocation, and research and development costs.

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

LIQUIDITY AND CAPITAL RESOURCES (dollars and shares in millions)

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

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

	Nine Months Ended September 30,	
	2023	2022
Net cash provided by operating activities from continuing operations	\$ 622.7	\$ 1,157.6
Net cash used for investing activities from continuing operations	(816.2)	(1,345.1)
Net cash used for financing activities from continuing operations	(1,112.5)	(949.6)
Effect of exchange rate changes on cash and cash equivalents	3.5	(36.6)
Net decrease in cash and cash equivalents from continuing operations	\$ (1,302.5)	\$ (1,173.7)

Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2023, and 2022, totaled \$727.9 and \$304.9, respectively. Cash and cash equivalents consist of highly liquid instruments, such as time deposits, commercial paper, and other money market investments, which have original maturities of three months or less.

Cash Flows from Operating Activities

During the nine months ended September 30, 2023, the Company's continuing operations provided \$622.7 of cash as compared to \$1,157.6 during the same period in 2022. The \$534.9 decrease in cash provided from operations in 2023 as compared with the corresponding 2022 period is primarily due to lower COVID-19 Testing earnings, spin-related items, and higher working capital, partially offset by increased Base Business earnings.

Cash Flows from Investing Activities

Net cash used for investing activities from continuing operations for the nine months ended September 30, 2023, was \$816.2 as compared to \$1,345.1 for the nine months ended September 30, 2022. The change in cash used for investing activities was primarily due to a decrease in business acquisitions and lower capital expenditures during the nine months ended September 30, 2023. Capital expenditures were \$286.4 and \$330.2 for the nine months ended September 30, 2023, and 2022, respectively.

Cash Flows from Financing Activities

Net cash used by financing activities from continuing operations for the nine months ended September 30, 2023, was \$1,112.5 as compared to \$949.6 for the nine months ended September 30, 2022. The change in cash flows from financing activities from continuing operations for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022, was primarily due to an increase in share repurchase activity during the nine months ended September 30, 2023, due to the ASR, as compared to \$800.0 during the corresponding period in 2022. Upon closing of the spin transaction, Fortrea made a cash distribution to the Company of approximately \$1,600.0 as partial consideration for the assets that the Company contributed to Fortrea in connection with the spin-off. The Company used \$1000.0 of the proceeds to make an aggregate payment under two accelerated share repurchase agreements (as described in more detail below) and intends to use additional proceeds to pay down debt of approximately \$300.0 maturing this year.

At September 30, 2023, the Company had \$727.9 of cash and \$910.0 of available borrowings under its revolving credit facility, which does not mature until 2026. Under the Company's revolving credit facility, the Company is subject to negative covenants limiting subsidiary indebtedness and certain other covenants typical for investment grade-rated borrowers and the Company is required to maintain certain leverage ratios. The Company was in compliance with all covenants under the revolving credit facility at September 30, 2023, and expects that it will remain in compliance with its existing debt covenants for the next twelve months.

On August 8, 2023, the Company entered into accelerated share repurchase agreements (collectively, the ASR Agreements) with two different banks, Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC (collectively, the Financial Institutions), to repurchase approximately \$1,000.0 in the aggregate of the Company's common stock (Common Stock), as part of the Company's Common Stock repurchase program. The remaining repurchase authorization has no expiration date.

Under the ASR Agreements, the Company made an aggregate payment of \$1,000.0 to the Financial Institutions and received an aggregate initial number of approximately 3.7 shares of Common Stock from the Financial Institutions, which were removed from the outstanding share count in connection with entering into the ASR Agreements. The 3.7 shares reflects the 80% of the shares that would ultimately be repurchased under the ASR Agreements if the price of the Common Stock established in the ASR Agreement as the inception of the ASR Agreements remains constant. The specific number of shares that the Company ultimately will repurchase under the ASR Agreements will be based generally on the average of the daily volume-weighted average price per share of the Common Stock during a repurchase period, less a discount and subject to adjustments pursuant to the terms and conditions of the ASR Agreements. At settlement, under certain circumstances, the Financial Institutions may be required to deliver additional shares of Common Stock to the Company, or the Company may be required, at its election, either to make cash payments or deliver shares of Common Stock to the Financial Institutions. The ASR Agreements contain provisions customary for agreements of this type, including provisions for adjustments to the transaction terms, the circumstances generally under which the ASR Agreements may be accelerated, extended or terminated early by the Financial Institutions and various acknowledgments, representations and warranties made by the parties to one another. Repurchases and settlements under the ASR Agreements are expected to be completed by the end of December 2023.

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

For the nine months ended September 30, 2023, the Company paid \$192.9 in common stock dividends. On October 12, 2023, the Company announced a cash dividend of \$0.72 per share of common stock for the third quarter, or approximately \$62.1 in the aggregate. The dividend will be payable on December 12, 2023, to stockholders of record of all issued and outstanding shares of common stock as of the close of business on November 8, 2023. The declaration and payment of any future dividends will be at the discretion of the Company's board of directors.

Credit Ratings

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

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

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange rates, interest rates, and other relevant market rate or price changes. In the ordinary course of business, the Company is exposed to various market risks, including changes in foreign currency exchange and interest rates, and the Company regularly evaluates

its exposure to such changes. The Company addresses its exposure to market risks, principally the market risks associated with changes in foreign currency exchange rates and interest rates, through a controlled program of risk management that includes, from time to time, the use of derivative financial instruments such as foreign currency forward contracts, and interest rate and cross currency swap agreements.

Foreign Currency Exchange Rates

Approximately 13.7% of the Company's revenues for the nine months ended September 30, 2023, and approximately 14.2% of the Company's revenue for the nine months ended September 30, 2022, were denominated in currencies other than the U.S. Dollar (USD). The Company's financial statements are reported in USD and, accordingly, fluctuations in exchange rates will affect the translation of revenues and expenses denominated in foreign currencies into USD for purposes of reporting the Company's consolidated financial results. In the third quarter of 2023 and the year ended December 31, 2022, the most significant currency exchange rate exposures were to the Canadian dollar, Swiss Franc, Euro and British Pound. Excluding the impacts from any outstanding or future hedging transactions, a hypothetical change of 10% in average exchange rates used to translate all foreign currencies to USD would have impacted income before income taxes for the nine months ended September 30, 2023, by approximately \$18.9. Gross accumulated currency translation adjustments recorded as a separate component of shareholders' equity were \$(56.0) and \$(256.5) at September 30, 2023 and 2022, respectively. The Company does not have significant operations in countries in which the economy is considered to be highly inflationary.

The Company earns revenue from service contracts over a period of time, ranging from months to years. Accordingly, exchange rate fluctuations during this period may affect the Company's profitability with respect to such contracts. The Company is also subject to foreign currency transaction risk for fluctuations in exchange rates during the period of time between the consummation and cash settlement of transactions. The Company limits its foreign currency transaction risk through exchange rate fluctuation provisions stated in some of its contracts with customers, or it may hedge transaction risk with foreign currency forward contracts. At September 30, 2023, the Company had 8 open foreign exchange forward contracts with various amounts maturing monthly through October 2023 with a notional value totaling approximately \$473.7. At December 31, 2022, the Company had 27 open foreign exchange forward contracts with various amounts maturing monthly through January 2023 with a notional value totaling approximately \$629.5.

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

Interest Rates

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

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

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

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, the Company carried out, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15 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 September 30, 2023.

Changes in Internal Control Over Financial Reporting

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

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

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

Item 1A. Risk Factors

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

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

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

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

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

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

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

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

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

During the three months ended September 30, 2023, the Company did not repurchase any of its common stock, other than as contemplated by the ASR Agreements. The following table sets forth information with respect to purchases of shares of the Company's common stock based on activity under the ASR Agreements during the three months ended September 30, 2023, 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
July 1 - July 31	—	\$ —	—	\$ 1,531.5
August 1 - August 31	3.7 ⁽¹⁾	267.34	3.7	531.5
September 1 - September 30	—	—	—	531.5
	<u>3.7</u>	<u>\$ 267.34</u>	<u>3.7</u>	<u>\$ 531.5</u>

⁽¹⁾At inception of the ASR Agreements, the Company paid \$1,000.0 and received 3.7 shares, which reflects 80% of the shares that would ultimately be repurchased under the ASR Agreements if the price of the Common Stock established in the ASR Agreement at the inception of the ASR agreements remains constant.

The board of directors has authorized the repurchase of specified amounts of the Company's stock since 2007. On August 8, 2023, the Company entered into ASR Agreements with the Financial Institutions to repurchase approximately \$1,000.0 in the aggregate of the Company's common stock, as part of the Company's previously announced common stock repurchase program. The ASR Agreements are more fully discussed in the Notes to the Unaudited Condensed Consolidated Financial Statements. As of September 30, 2023, the Company had outstanding authorization from the board of directors to purchase up to \$531.5 of the Company's common stock. The repurchase authorization has no expiration date.

Item 5. Other Information

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

Item 6. Exhibits

(a)	
10.1*	Employment Separation Agreement and General Released effective September 8, 2023, by and Between Laboratory Corporation of America Holdings and Paul Kirchgraber
31.1*	Certification by the Chief Executive Officer 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 and included in Exhibit 101)
*	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

October 30, 2023



September 1, 2023

Paul Kirchgraber
113 W. Lake Court
Athens GA 30606

Re: Employment Separation Agreement and General Release

Dear Paul,

On behalf of Laboratory Corporation of America Holdings and its subsidiary companies (the "**Company**"), I write to offer you (the "**Employee**") the following Employment Separation Agreement and General Release (the "**Agreement**") in accordance with the terms and conditions of the Laboratory Corporation of America Holdings Master Senior Executive Severance Plan ("**Plan**").

1.0 Termination of Employment

1.1 Effective September 1, 2023 (the "**Termination Date**"), Employee's employment with the Company was terminated; he/she shall perform no further services for the Company and his/her status as an employee and Officer of the Company shall cease on that date. Notwithstanding the foregoing, Employee will continue to serve as a board member to ACRO for the remainder of 2023. Employee and the Company further agree that the relationship created by this Agreement is purely contractual and that no employer-employee relationship is intended, nor shall such be inferred from the performance of obligations under this Agreement. Employee further agrees that any payments and/or benefits payable pursuant to this Agreement are contingent upon Employee's execution and fulfillment of his/her obligations under this Agreement.

2.0 Separation Pay

2.1 In consideration for the covenants, promises and agreements herein and in particular Employee's release of claims as well as covenants not to solicit, not to compete and not to disclose confidential information, the Company will pay Employee a severance in the total amount of \$2,748,997.34, less applicable taxes and withholdings (hereafter referred to as "**Severance Pay**"), representing two times the sum of the Employee's annual base salary of \$630,000 plus Employee's MIB Average Bonus as defined in the Plan of \$744,498.67. The severance shall be paid in two installments, with the first installment of \$1,374,498.67, less taxes and withholding, made payable within 30 days following the Termination Date and the second installment of \$1,374,498.67, less taxes and withholding, made payable within 30 days following the one year anniversary of the Termination Date.

2.2 The Company shall also pay the Employee a Medical Stipend of \$20,600, less taxes and withholding, within 30 days following the Termination Date.

2.3 The Company shall not be responsible for making any payment under this Section 2.0 and its sub-parts if Employee has not complied in all material respects with the terms and conditions of this Agreement.

3.0 Benefits

3.1 The Employee may receive reimbursement of expenses for outplacement services capped at \$3,000.

3.2 Employee, his/her spouse, and his/her other dependent(s) may be eligible to elect continued health care coverage under the welfare plans sponsored by the Company, as provided in the applicable provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), which provides generally that certain employees and their dependents may elect to continue coverage under employer-sponsored group health plans for a period of at least eighteen (18) months under certain conditions, including payment by Employee of the “**Applicable Premium**” as defined in Section 604 of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001 *et seq.* (“**ERISA**”). In the event Employee elects continuation of coverage under COBRA for himself/herself and his/her spouse and dependents, the Company will pay the Applicable Premium for such coverage (medical, dental, optical and prescription coverage for spouse and dependants) for 12 months, thereof. Employee shall be responsible for, and will be required to pay, the Applicable Premium for any COBRA coverage.

3.3 Employee shall be eligible for such benefits under the Company’s existing qualified plans as are provided under the circumstances (taking into account termination of employment as of the Termination Date) pursuant to the terms of the plan documents governing each of these plans. Except as otherwise provided herein or in the terms of any documents governing any employee benefit plan maintained by the Company, Employee will cease to be a participant in and will no longer have any coverage or entitlement to benefits, accruals, or contributions under any of the Company’s employee benefit plans effective upon the termination of his/her employment. Employee agrees that the payments made to him/her by the Company pursuant to this Agreement do not constitute compensation for purposes of calculating the amount of benefits Employee may be entitled to under the terms of any pension plan or for the purposes of accruing any benefit, receiving any allocation of any contribution, or having the right to defer any income in any profit-sharing or other employee pension benefit plan, including any cash or deferred arrangement.

3.4 Employee also understands that his/her equity awards are governed by the terms and conditions of the Laboratory Corporation of America Holdings 2016 Omnibus Incentive Plan or predecessor plans and individual equity award agreements. Nothing in this Agreement alters, changes, or amends the terms and conditions of said equity awards and award agreements.

3.5 Employee shall submit for reimbursement any and all unpaid business expenses to the Company within 30 days of the Termination Date. The Company will reimburse said expenses provided that they are consistent with, and reimbursable under, the Company’s travel and entertainment expense policy. The Company will not be responsible for reimbursing the Employee for any business expenses submitted after said 30 day period.

3.6 This Agreement shall never be construed as an admission by the Company of any liability, wrongdoing or responsibility on its part or on the part of any other person or entity described in Section 4.1 of this Agreement. The Company expressly denies any such liability, wrongdoing or responsibility.

4.0 Release

4.1 Employee, on behalf of himself/herself and his/her heirs, assigns, transferees and representatives, hereby releases and forever discharges the Company, and its predecessors, successors, parents, subsidiaries, affiliates, assigns, representatives and agents, as well as all of their present and former directors, officers, employees, agents, shareholders, representatives, attorneys and insurers (collectively, the "Releasees"), from any and all claims, causes of actions, demands, damages or liability of any nature whatsoever, known or unknown, which Employee has or may have which arise out of his/her employment or cessation of employment with the Company, or which concern or relate in any way to any acts or omissions done or occurring prior to and including the date of this Agreement, including, but not limited to, claims arising under the Fair Labor Standards Act; the Equal Pay Act; Title VII of the Civil Rights Act of 1964; 42 U.S.C. § 1981 *et seq.*; the Americans with Disabilities Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act, the Age Discrimination in Employment Act; the Genetic Information Nondiscrimination Act of 2008 (GINA), any and all claims for discrimination, wrongful termination and/or retaliation; claims for breach of contract, express or implied; claims for breach of the covenant of good faith and fair dealing; claims for compensation, including but not limited to wages, bonuses, or commissions except as otherwise contained herein; claims for benefits or fringe benefits, including, but not limited to, claims for severance pay and/or termination pay, except as otherwise contained herein; claims for, or relating to stock or stock options (except that nothing in this Agreement shall prohibit Employee from exercising any vested stock options or affect Employee's claims to vested benefits in the Company's Employees' Retirement Savings Plan, Deferred Compensation Plan, Employee Stock Purchase Plan, or Cash Balance Retirement Plan, in accordance with the terms of the applicable stock option agreement(s) and applicable plan documents); claims for unaccrued vacation pay; claims arising in tort, including, but not limited to, claims for invasion of privacy, negligent or intentional infliction of emotional distress, fraud, negligent or intentional misrepresentation, and defamation; claims for quantum meruit and/or unjust enrichment; and any and all other claims arising under any other federal, state, local or foreign laws, as well as any and all other common law legal or equitable claims.

4.2 Employee represents that he/she has not initiated any action or charge against any of the Releasees with any Federal, State or local court or administrative agency. Employee knowingly and intentionally waives any rights to any additional recovery that might be sought on his/her behalf by any other person, entity, local, state or federal government or agency thereof, including specifically and without limitation, the United States Department of Labor, or the Equal Employment Opportunity Commission and comparable State agencies.

4.3 *Employee is hereby advised that: (i) he/she should consult with an attorney (at his/her own expense) prior to executing this Agreement; (ii) he/she is waiving, among other things, any age discrimination claims under the Age Discrimination in Employment Act, provided, however, he/she is not waiving any claims that may arise after the date this Agreement is executed; (iii) he/she has twenty-one (21) days within which to consider the execution of this Agreement, before signing it; and (iv) for a period of seven (7) days following the execution of this Agreement, he/she may revoke this Agreement by delivering written notice (by the close of business on the fifteenth day) to the Company in accordance with Section 10.7 herein.*

4.4 Notwithstanding the provisions of Section 4.1, said release does not apply to any and all statutory or other claims that are prohibited from waiver by Federal, State or local law.

4.5 The parties agree that the Company has no prior legal obligation to make the additional payments set forth above in Sections 2.0 and 3.0 (including the sub-parts thereto) and

that it has been exchanged for the promises of Employee stated in this Agreement. It is specifically understood and agreed that the additional payments, and each of them, are good and adequate consideration to support the waivers, releases and obligations contained herein, including, without limitation, Sections 4.0, 5.0, 6.0, 7.0, and 8.0, and their respective sub-parts, and that all of the payments set forth Sections 2.0 and 3.0 (including the sub-parts thereto) are of value in addition to anything to which Employee already was entitled prior to the execution of this Agreement.

5.0 Confidentiality

5.1 The parties acknowledge that during the course of Employee's employment with the Company, he/she was given access, on a confidential basis, to Confidential Information which the Company has for years collected, developed, and/or discovered through a significant amount of effort and at great expense. The parties acknowledge that the Confidential Information of the Company is not generally known or easily obtained in the Company's trade, industry, business, or otherwise and that maintaining the secrecy of the Confidential Information is extremely important to the Company's ability to compete with its competitors.

5.2 Employee agrees that for a period of seven (7) years from the date of this Agreement, Employee shall not, without the prior written consent of the Company, divulge to any third party or use for his/her own benefit, or for any purpose other than the exclusive benefit of the Company, any Confidential Information of the Company; provided however, that nothing herein contained shall restrict Employee's ability to make such disclosures as such disclosures may be required by law; and further providing that nothing herein contained shall restrict Employee from divulging information that is readily available to the general public as long as such information did not become available to the general public as a direct or indirect result of Employee's breach of this section of this Agreement.

5.3 The term "**Confidential Information**" in this Agreement shall mean information that is not readily and easily available to the public or to persons in the same business, trade, or industry of the Company, and that concerns the Company's prices, pricing methods, costs, profits, profit margins, suppliers, methods, procedures, processes or combinations or applications thereof developed in, by, or for the Company's business, research and development projects, data, business strategies, marketing strategies, sales techniques, customer lists, customer information, or any other information concerning the Company or its business that is not readily and easily available to the public or to those persons in the same business, trade, or industry of the Company. The term "customer information" as used in this Agreement shall mean information that is not readily and easily available to the public or to those persons in the same business, trade, or industry and that concerns the course of dealing between the Company and its customers or potential customers solicited by the Company, customer preferences, particular contracts or locations of customers, negotiations with customers, and any other information concerning customers obtained by the Company that is not readily and easily available to the public or to those in the business, trade, or industry of the Company.

5.4 Employee acknowledges that all information, the disclosure of which is prohibited hereby, is of a confidential and proprietary character and of great value to the Company, and upon the execution of this Agreement (or as soon thereafter as is reasonably practicable), Employee shall forthwith deliver to the Company all records, memoranda, data, and documents of any description that refer to or relate in any way to such information and shall return to the Company any of its equipment and property which may then be in Employee's possession or under Employee's personal control.

5.6 Employee hereby agrees that any failure to fully and completely comply with this provision shall entitle the Company to seek damages for a demonstrated breach of the confidentiality provision, to include recoupment of monies paid hereunder.

5.7 Notwithstanding the restrictions set forth in Section 5.0 and its subparts, Employee may disclose information protected under Section 5.0 and its subparts if and only if such is (i) lawfully required by any government agency; (ii) otherwise required to be disclosed by law (including legally required financial reporting) and/or by court order; (iii) necessary in any legal proceeding in order to enforce any provision of this Agreement or (iv) made to the Securities Exchange Commission regarding security law issues or other government agency regarding a regulatory matter. Employee further agrees that he/she will notify the Company in writing within five (5) calendar days of the receipt of any subpoena, court order, administrative order or other legal process requiring disclosure of information subject to Section 5.0 and sub-parts thereto. Employee may also disclose the contents of Section 6.0 and its sub-parts and only those contents to any subsequent employer.

6.0 Non-Solicitation/Non-Compete

6.1 For a period of twelve (12) months following the Termination Date, Employee shall not become an owner in, shareholder with more than a 2% equity interest in, investor in, or an employee, contractor, consultant, advisor, representative, officer, director, or agent of, a trade or business that offers products and services that are the same or substantially similar to the products and services provided by the Employer Company in any geographic market in which the Employer Company conducts business ("Competitor"); provided, however, that the duties and responsibilities of said employment or engagement as an owner in, shareholder with more than 2% equity interest in, investor in, contractor, consultant, advisor, representative, employee, officer, director or agent are (i) the same, similar, or substantially related to current duties and responsibilities or duties or responsibilities performed by Employee while employed by the Company at any time during a six (6) month period prior to Employee's separation of employment and (ii) related to or concerning the Competitor's business activities in the Restricted Territory. The parties agree and affirm that their intention with respect to Section 6.1 is that Employee's activities shall be limited only for the twelve (12) month period after the separation of employment for any reason. The provisions calling for a "look back" of six (6) calendar months prior to the separation of employment are intended solely as a means of identifying the duties and responsibilities that will define the restricted activities covered by Section 6.1 and are not intended to nor shall they, under any circumstances, be construed to define the length or term of any such restriction. For purposes of Section 6.1, the term "Restricted Territory" means the geographic area that was part of Employee's duties and responsibilities within a period of six (6) month period prior to the date of your termination of employment. If a court of competent jurisdiction determines that the Restricted Territory as defined herein is too restrictive, then the parties agree that the court may reduce or limit the Restricted Territory to the largest acceptable area so as to enable the enforcement of Section 6.1.

6.2 For a period of twelve (12) months following the Termination Date, Employee will not, either directly or indirectly, or on behalf of any person, business, partnership, or other entity, call upon, contact, or solicit any customer or customer prospect of the Company, or any representative of the same, with a view toward the sale or providing of any service or product competitive with the Company's Business; provided, however, the restrictions set forth in this Section shall apply only to customers or prospects of the Company, or representatives of the same, with which during the past 12 month period the Employee had contact or who were known by Employee to be customers or prospects, or representatives of the same, of the Company. The parties agree and affirm that their intention with respect to Section 6.2 of this Agreement is that Employee's activities be limited only for a twelve (12) month period after the Termination Date for any reason. The provisions calling for a "look back" of 12 calendar months prior to the

Termination Date are intended solely as a means of identifying the clients to which such restrictions apply and are not intended to nor shall they, under any circumstances, be construed to define the length or term of any such restriction.

6.3 For a period of twelve 12 months following the Termination Date, Employee shall not directly or indirectly through a subordinate, co-worker, peer, or any other person or entity contact, solicit, encourage or induce any officer, director or employee of the Company or its subsidiary companies to work for or provide services to Employee and/or any other person or entity.

6.4 Employee acknowledges and agrees that the foregoing restrictions are necessary for the reasonable and proper protection of the Company; are reasonable in respect to subject matter, length of time, geographic scope, customer scope, and scope of activity to be restrained; and are not unduly harsh and oppressive so as to deprive Employee of his/her livelihood or to unduly restrict Employee's opportunity to earn a living after termination of Employee's employment with the Company. Employee further acknowledges and agrees that if any restrictions set forth in this Section are found by any court of competent jurisdiction to be unenforceable or otherwise against public policy, the restriction shall be interpreted to extend only over the maximum period of time or other restriction as to which it would otherwise be enforceable.

6.5 Employee acknowledges and agrees that because the violation, breach, or threatened breach of this Section and its sub-parts would result in immediate and irreparable injury to the Company, the Company shall be entitled, without limitation of remedy, to (a) temporary and permanent injunctive and other equitable relief restraining Employee from activities constituting a violation, breach or threatened breach of this Section and its sub-parts to the fullest extent allowed by law; (b) all such other remedies available at law or in equity, including without limitation the recovery of damages, reasonable attorneys' fees and costs; and (c) withhold any further rights, payments or benefits under this Agreement which become due and owing after the occurrence of said violation, breach, or threatened breach, including, without limitation, any rights or claims under Sections 2.0 and 3.0 and the sub-parts thereto.

7.0 Return of Company Property

7.1 Employee agrees that within 10 days after execution of this Agreement, he/she will return any and all Company documents and any copies thereof, in any form whatsoever, including computer records or files, containing secret, confidential and/or proprietary information or ideas, and any other Company property (including, but not limited to, any cell phones, laptops, notepads, ipads, printers and/or other computer equipment) in Employee's possession or control.

8.0 Duty to Cooperate and of Loyalty/Nondisparagement

8.1 Without limitation as to time, Employee agrees to cooperate and make all reasonable and lawful efforts to assist the Company in addressing any issues which may arise concerning any matter with which he/she was involved during his/her employment with the Company, including, but not limited to cooperating in any litigation arising therefrom.

8.2 Employee will not (except as required by law) communicate to anyone, whether by word or deed, whether directly or through any intermediary, and whether expressly or by suggestion or innuendo, any statement, whether characterized as one of fact or of opinion, that is intended to cause or that reasonably would be expected to cause any person to whom it is communicated to have (1) a lowered opinion of the Company or any affiliates, including a lowered opinion of any products manufactured, sold, or used by, or any services offered or rendered by the Company or

its affiliates; and/or (2) a lowered opinion of the Company's creditworthiness or business prospects. Employee's obligation in this regard extends to the reputation of the Company and any other person or entity described in Section 4.1 of this Agreement. This Section shall not be construed as prohibiting the Employee from communicating truthful information (a) in response to assistance requested under Section 8.1 of this Agreement, (b) in any formal or informal proceeding with a government agency or investigator, (c) any litigation against the Company including, but not limited to, qui tam lawsuits whether the government decides to intervene or declines to intervene and the relator moves forward pursuing its claims, (d) as required by law, such as in response to a duly-issued subpoena, or (e) any action to enforce the terms of this Agreement or right not waived under Section 4.0 and subparts thereunder.

9.0 Section 409A of the Code

9.1 Notwithstanding any provisions of this Agreement to the contrary, if the Employee is a "specified employee" (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and determined pursuant to procedures adopted by the Company) at the Termination Date and if any portion of the payments or benefits to be received by the Employee would be considered deferred compensation under Section 409A of the Code, amounts that would otherwise be payable pursuant to this Agreement during the six-month period immediately following the Employee's Termination Date (the "Delayed Payments") and benefits that would otherwise be provided pursuant to this Agreement (the "Delayed Benefits") during the six-month period immediately following the Employee's Termination Date (such period, the "Delay Period") shall instead be paid or made available on the earlier of (i) the first business day of the seventh (7th) month following the Termination Date or (ii) the Employee's death (the applicable date, the "Permissible Payment Date"). The Company shall also reimburse the Employee for the after-tax cost incurred by the Employee in independently obtaining any Delayed Benefits (the "Additional Delayed Payments").

9.2 With respect to any amount of expenses eligible for reimbursement under Sections 3.1, 3.4 and 9.1, such expenses shall be reimbursed by the Company within thirty (30) calendar days following the date on which the Company receives the applicable invoice from the Employee but in no event later than December 31 of the year following the year in which the Employee incurs the related expenses; provided, that with respect to reimbursement relating to the Additional Delayed Payments, such reimbursement shall be made on the Permissible Payment Date. In no event shall the reimbursements or in-kind benefits to be provided by the Company in one taxable year affect the amount of reimbursements or in-kind benefits to be provided in any other taxable year, nor shall the Employee's right to reimbursement or in-kind benefits be subject to liquidation or exchange for another benefit.

9.3 It is the intention of the parties that payments or benefits payable under this Agreement not be subject to the additional tax imposed pursuant to Section 409A of the Code. To the extent such potential payments or benefits could become subject to such Section, the Company may amend this Agreement with the goal of giving the Covered Employee the economic benefits described herein in a manner that does not result in such tax being imposed.

9.4 For purposes of Section 409A of the Code, an Employee's right to receive any "installment" payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments.

10.0 Miscellaneous

10.1 This Agreement is binding on, and shall inure to the benefit of, the Parties hereto and their heirs, representatives, transferees, principals, executors, administrators, predecessors, successors, parents, subsidiaries, affiliates, assigns, agents, directors, officers and employees.

10.2 The Plan is incorporated herein by reference. This Agreement constitutes the complete agreement between, and contains all of the promises and undertakings by the Parties. Employee agrees that the only considerations for signing this Agreement are the terms stated herein above and that no other representations, promises, or assurances of any kind have been made to him by the Company, its attorneys, or any other person as an inducement to sign this Agreement. Any and all prior agreements, representations, negotiations and understandings among the Parties, oral or written, express or implied, with respect to the subject matter hereof are hereby superseded and merged herein.

10.3 This Agreement may not be revised or modified without the mutual written consent of the Parties.

10.4 The Parties acknowledge and agree that they have each had sufficient time to consider this Agreement and consult with legal counsel of their choosing concerning its meaning prior to entering into this Agreement. In entering into this Agreement, no Party has relied on any representations or warranties of any other Party other than the representations or warranties expressly set forth in this Agreement. Employee acknowledges that he/she has read this Agreement and that he/she possesses sufficient education and experience to fully understand the terms of this Agreement as it has been written, the legal and binding effect of this Agreement, and the exchange of benefits and payments for promises hereunder, and that he/she has had a full opportunity to discuss or ask questions about all such terms.

10.5 Except as otherwise provided in this Section, if any provision of this Agreement shall be determined to be invalid or unenforceable by a court of competent jurisdiction, that part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of said provision or the remaining provisions of this Agreement; provided that, if any provision contained in this Agreement shall be adjudicated to be invalid or unenforceable because such provision is held to be excessively broad as to duration, geographic scope, activity or subject, such provision shall be deemed amended by limiting and reducing it so as to be valid and enforceable to the maximum extent compatible with the applicable laws of such jurisdiction, and such amendment only to apply with respect to the operation of such provision in the applicable jurisdiction in which the adjudication is made. If as a result of litigation brought by the Employee or as a result of any defense asserted by the Employee Section 6.0 or any of its sub-parts of this Agreement is deemed invalid or unenforceable, in whole or in part, by a court of competent jurisdiction, this entire Agreement shall be null and void, and any consideration paid hereunder shall be repaid immediately by Employee upon receipt of notice thereof.

10.6 Employee agrees that because he/she has rendered services of a special, unique, and extraordinary character, damages may not be an adequate or reasonable remedy for breach of his/her obligations under this Agreement. Accordingly, in the event of a breach or threatened breach by Employee of the provisions of this Agreement, the Company shall be entitled to (a) an injunction restraining Employee from violating the terms hereof, or from rendering services to any person, firm, corporation, association, or other entity to which any confidential information, trade secrets, or proprietary materials of the Company have been disclosed or are threatened to be disclosed, or for which Employee is working or rendering services, or threatens to work or render services (b) all such other remedies available at law or in equity, including without limitation the recovery of damages, reasonable attorneys' fees and costs, and (c) withhold any further payments under this Agreement which become due and owing after the occurrence of said violation, breach or threatened breach. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach of this Agreement, including the right to terminate any payments to Employee pursuant to this Agreement or the recovery of damages from Employee. Employee agrees that the issuance of

the injunction described in this Section may be without the posting of any bond or other security by the Company.

10.7 Such notice and any other notices required under this Agreement shall be served upon the Company by certified mail, return receipt requested, or by expressed delivery by a nationally recognized delivery service company such as Federal Express as follows:

If to the Company:

Laboratory Corporation of America Holdings
531 S. Spring Street
Burlington, NC 27215
Attention: General Counsel

With a copy to:

Laboratory Corporation of America Holdings
531 S. Spring Street
Burlington, NC 27215
Attention: Director of HR Compliance

If to the Employee:

Paul Kirchgraber
113 W. Lake Court
Athens GA 30606

Consistent with the requirements of this Section, each party shall notify the other party of any change of address for the receipt of a notice under this Agreement.

10.8 This Agreement shall be construed in accordance with and governed by the laws, except choice of law provisions, of the State of North Carolina and shall govern to the exclusion of the laws of any other forum including but not limited to the laws of the State of California. The parties further agree that any action, special proceeding or other proceeding with respect to this Agreement shall be brought exclusively in the federal or state courts of the State of North Carolina. ***Employee and Company irrevocably consent to the jurisdiction of the Federal and State courts of North Carolina and that Employee hereby consents and submits to personal jurisdiction in the State of North Carolina. Employee and Company irrevocably waive any objection, including an objection or defense based on lack of personal jurisdiction, improper venue or forum non-conveniens which either may now or hereafter have to the bringing of any action or proceeding in connection with this Agreement. Employee acknowledges and recognizes that in the event that he/she has breached this Agreement, the Company may initiate a lawsuit against him/her in North Carolina, that Employee waives his/her right to have that lawsuit be brought in a court located closer to where he/she may reside, and that Employee will be required to travel to and defend himself/herself in North Carolina.***

10.9 The Effective Date of this Agreement shall be either (a) the Termination Date or (b)

the day after expiration of the seven (7) day revocation period set forth in Section 4.3 of this Agreement, whichever date is later.

If you agree with the foregoing, please sign below and return two (2) originals to me. You should retain one (1) original copy of this Agreement for your records.

Sincerely,

/s/ Anita Z. Graham

Anita Z. Graham
Executive Vice President and Chief HR Officer

Agreed to and accepted:

/s/ Paul Kirchgraber

Date: September 8, 2023

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: October 30, 2023

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

Exhibit 31.2

Certification

I, Glenn A. Eisenberg, certify that:

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

Date: October 30, 2023

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

Exhibit 32

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

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

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

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

By: /s/ ADAM H. SCHECHTER
Adam H. Schechter
Chief Executive Officer
October 30, 2023

By: /s/ GLENN A. EISENBERG
Glenn A. Eisenberg
Chief Financial Officer
October 30, 2023

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