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J.P. MORGAN HEALTHCARE CONFERENCE

JANUARY 13, 2016 | **SAN FRANCISCO, CA**

FORWARD LOOKING STATEMENT

Cautionary Statement Regarding Forward Looking Statements

This presentation contains forward-looking statements including with respect to estimated 2015 and 2016 guidance and the impact of various factors on operating results. Each of the forward-looking statements is subject to change based on various important factors, including without limitation, competitive actions in the marketplace, adverse actions of governmental and other third-party payers and the results from the Company's acquisition of Covance. Actual results could differ materially from those suggested by these forward-looking statements. Further information on potential factors that could affect LabCorp's operating and financial results is included in the Company's Form 10-K for the year ended December 31, 2014, and the Company's subsequent Forms 10-Q, including in each case under the heading risk factors, and in the Company's other filings with the SEC, as well as in the risk factors included in Covance's filings with the SEC. The information in this presentation should be read in conjunction with a review of the Company's filings with the SEC including the information in the Company's Form 10-K for the year ended December 31, 2014, and subsequent Forms 10-Q, under the heading MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS. The Company assumes no obligation to update any forward-looking information included in this presentation.

AGENDA

Company and Strategic Vision

Strategic Priorities

Financial Strength

LABCORP OVERVIEW

World's Leading Healthcare Diagnostics Company

- Provides diagnostic, drug development and technology-enabled solutions for >100 million patient encounters per year
- Leading national clinical laboratory – LabCorp Diagnostics
- Leading Contract Research Organization (CRO) – Covance Drug Development
- Approximately \$8.5B revenue expected in 2015¹
- >50,000 employees worldwide
- Experienced management team
- Serves large, growing, fragmented global markets



Corporate Headquarters: Burlington, NC



3 1. Based on guidance issued on October 26, 2015

LABCORP DIAGNOSTICS OVERVIEW

Leading National Clinical Laboratory

- **Approximately \$6.2B revenue expected in 2015¹**
- **National network of 39 primary clinical laboratories and approximately 1,700 patient service centers**
- **Offers broad range of 4,700+ clinical, anatomic pathology, genetic and genomic tests**
- **Processes approximately 500,000 patient specimens daily**
- **Serves >220,000 physicians, government agencies, managed care organizations, hospitals, clinical labs and pharmaceutical companies**

| | Nine Months Ended | | | Constant |
|-------------|-------------------|-----------|---------|----------|
| | 9/30/2015 | 9/30/2014 | Change | Currency |
| Revenue | \$ 4,659 | \$ 4,435 | 5.0% | 5.8% |
| Adj. O.I. | \$ 978 | \$ 879 | 11.2% | |
| Adj. O.I. % | 21.0% | 19.8% | 120 bps | |



1. Based on guidance issued on October 26, 2015, and presented on a pro forma basis as if the acquisition of Covance closed on January 1, 2015
2. Presented on a pro forma basis as if the acquisition of Covance closed on January 1, 2014. Adjusted operating income and margin exclude unallocated corporate expenses, amortization, restructuring and other special items

COVANCE DRUG DEVELOPMENT OVERVIEW

Leading CRO / Drug Development Services Provider

- **Approximately \$2.6B revenue expected in 2015¹**
- **Only provider of full spectrum of drug development services**
- **Market leader in early development, central laboratory, and Phase I-IV clinical trial management services**
- **Involved in the development of all of the top 50 drugs on the market³**
- **Generates more safety and efficacy data than any other drug development company**

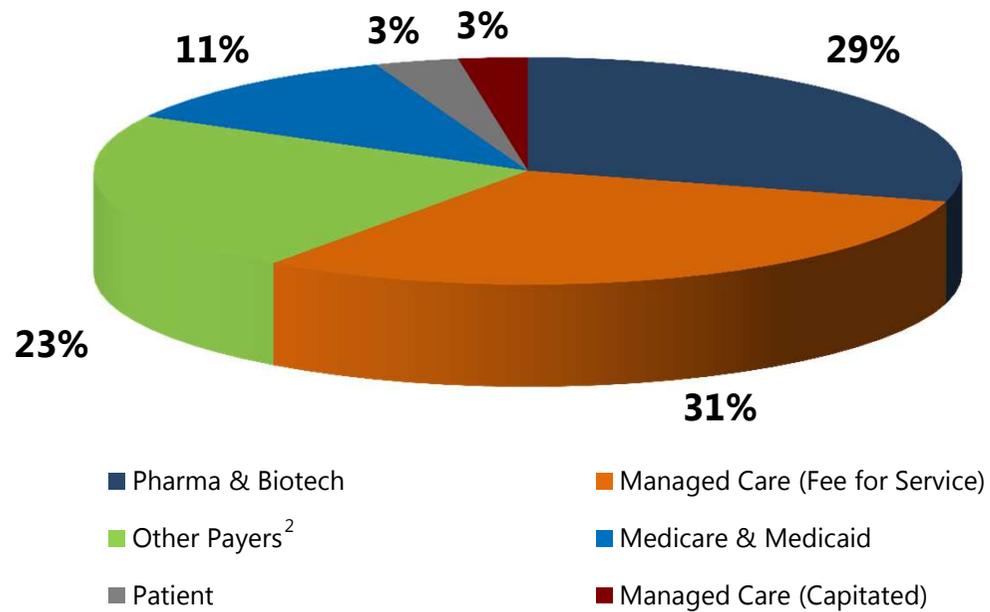
| | Nine Months Ended | | | Constant |
|-------------|-------------------|-----------|--------|-----------------|
| | 9/30/2015 | 9/30/2014 | Change | Currency Change |
| Revenue | \$ 1,937 | \$ 1,950 | -0.7% | 3.4% |
| Adj. O.I. | \$ 261 | \$ 251 | 4.2% | |
| Adj. O.I. % | 13.5% | 12.8% | 70 bps | |



1. Based on guidance issued on October 26, 2015, and presented on a pro forma basis as if the acquisition of Covance closed on January 1, 2015
2. Presented on a pro forma basis as if the acquisition of Covance closed on January 1, 2014. Adjusted operating income and margin exclude unallocated corporate expenses, amortization, restructuring and other special items
3. Based on 2014 drug sales

DIVERSIFIED REVENUE BASE¹ (2015 REVENUE DISTRIBUTION THROUGH SEPTEMBER 30, 2015)

Unique Customer Mix

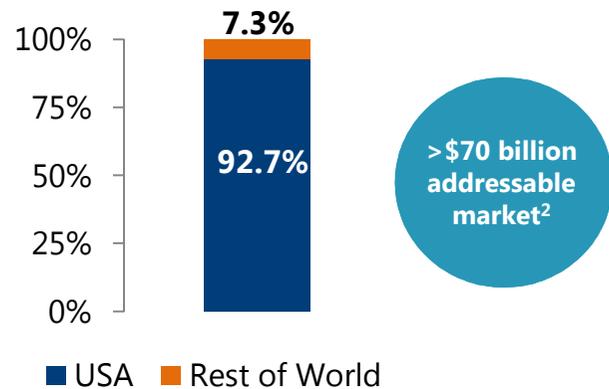


1. Presented on a pro forma basis as if the acquisition of Covance closed on January 1st, 2015

2. Includes physicians and hospitals, Occupational Testing Services, non-U.S. clinical diagnostic laboratory operations, nutritional chemistry and food safety operations, and Beacon LBS

EXPANDED GROWTH OPPORTUNITIES WITH INCREASED GLOBAL PRESENCE

2014 Revenue Distribution¹

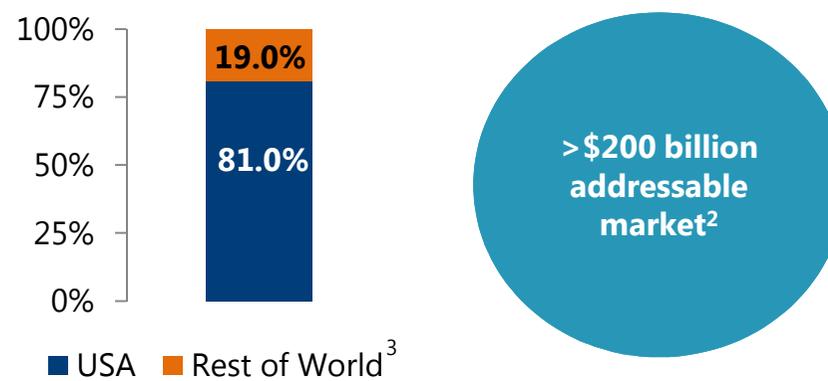


Markets Served

North American Clinical Reference Laboratory

Central Laboratory

2015 Revenue Distribution¹



Market Opportunities

Global Clinical Reference Laboratory | Drug Development

Central Laboratory | Market Access

Food Safety and Chemistry

1. 2014 revenue excludes Covance. 2015 revenue presented on a pro forma basis (from January 1st through September 30th) as if the acquisition of Covance closed on January 1st, 2015.
2. Based on industry publications and company estimates
3. Over 30 currencies in 2015 and no single currency (other than US dollar) accounts for more than 5% of 2015 revenue

OUR STRATEGIC VISION: IMPROVE HEALTH AND IMPROVE LIVES



Organic Growth Through
New Tests, Customers and
Markets

Build / Acquire
Complementary Capabilities

Integrate Diagnostic
Information and Content

**Delivering
World Class Diagnostics**

**Bringing Innovative
Medicines to Patients Faster**

**Changing the Way
Care is Provided**



Commercialize
Technology-Enabled
Solutions



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

Build / Acquire
Complementary Capabilities

Develop Scalable Platforms
and Applications for
Customers



OUR STRATEGIC VISION: IMPROVE HEALTH AND IMPROVE LIVES

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GROW THE BASE THROUGH CUSTOMER FOCUS AND ENTERPRISE PARTNERSHIPS

Drive Organic Growth to Serve Multiple Customers Across Care Settings

- Increase breadth and scope of partnerships with managed care
- Seek innovative partnerships with government payers
- Increase breadth and depth of partnerships with health systems, integrated delivery networks and physician groups
- Embrace new partners, solutions, payment structures and care models
- Capitalize on new capabilities to increase patient engagement and assist patients in better managing their health



EXPAND DIAGNOSTIC OFFERING WITH NEW TESTS

Maintain Leadership in Scientific Innovation

- Introduced over 75 assays in 2015
- Industry-leading position in companion diagnostics (CDx) with differentiated capabilities and unparalleled experience
- Continue expansion of next-generation sequencing capabilities
- Complement LabCorp R&D through acquisitions, licensing and collaborations with leading companies and academic institutions

Preferred Provider of End-to-End Clinical Development and Commercial Lab Testing Solutions as well as Regulatory Support for Innovative CDx

- PD-L1 IHC 22C3 pharmDx (Merck's Keytruda®)
- PD-L1 IHC 28-8 pharmDx (Bristol-Myers Squibb's OPDIVO®)
- cobas® EGFR Mutation Test v2 (AstraZeneca's TAGRISSO™)

Approved and commercialized within past 6 months

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



CREATE SHAREHOLDER VALUE THROUGH ACQUISITION OF COMPLEMENTARY BUSINESSES

COVANCE
SOLUTIONS MADE REAL™

ESOTERIX INC
Laboratory Services

ORCHID
CELLMARK

Bode Technology™

Litholink®
A LabCorp Company

Target Acquisition Considerations

Attractive market opportunity that leverages our core competencies

Meets financial criteria

Proven technology

Attractive customer set

Global scope

Strong management team

Genzyme Genetics

MEDTOX®
LABORATORIES

LIPOSCIENCE

biosciences
monogram

SafeFoods

LabCorp

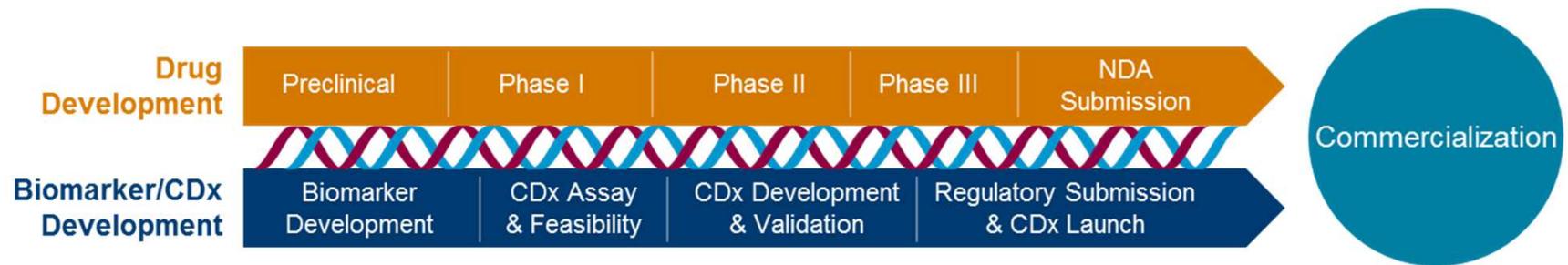
OUR STRATEGIC VISION: IMPROVE HEALTH AND IMPROVE LIVES

Delivering
World Class Diagnostics

**Bringing Innovative
Medicines to Patients Faster**

Changing the Way
Care is Provided

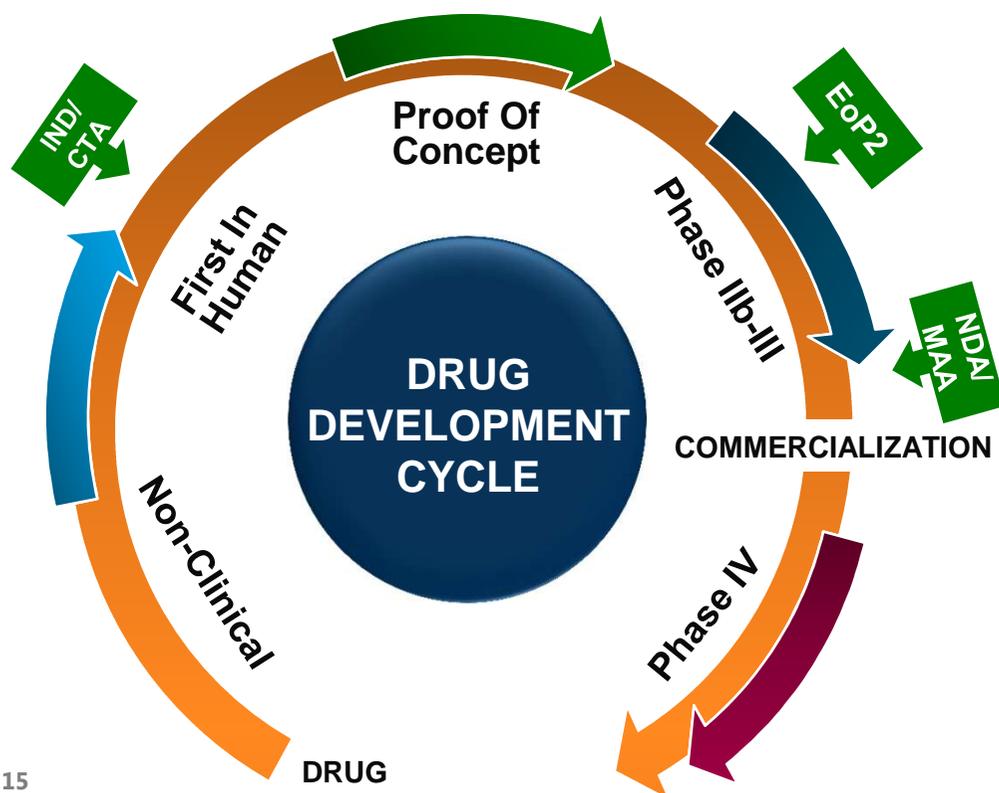
DELIVER HIGHEST QUALITY, END-TO-END DRUG DEVELOPMENT SOLUTIONS TO THE MARKET



- **Create therapeutically-driven solutions that span the drug development and testing continuum**
- **Pursue pull-through opportunities and broaden customer segment coverage globally**
- **Leverage scale, cost efficiencies and integrated capabilities to increase market share, reduce development timelines and drive down costs**
- **Continue global leadership in companion diagnostics from discovery to commercialization**
- **Offer commercial solutions to maximize biopharmaceutical partners' asset value**

CREATE DIFFERENTIATED DRUG DEVELOPMENT APPROACHES

Help Partners Rethink and Redesign their Global R&D Decisions



Early Development Phase Solutions

- Innovative offering to connect the customers' non-clinical and clinical development goals
- Consistent and focused project team
- Continuity of drug development partnership
- Flexibility to meet partners' needs
- Efficient and cost effective

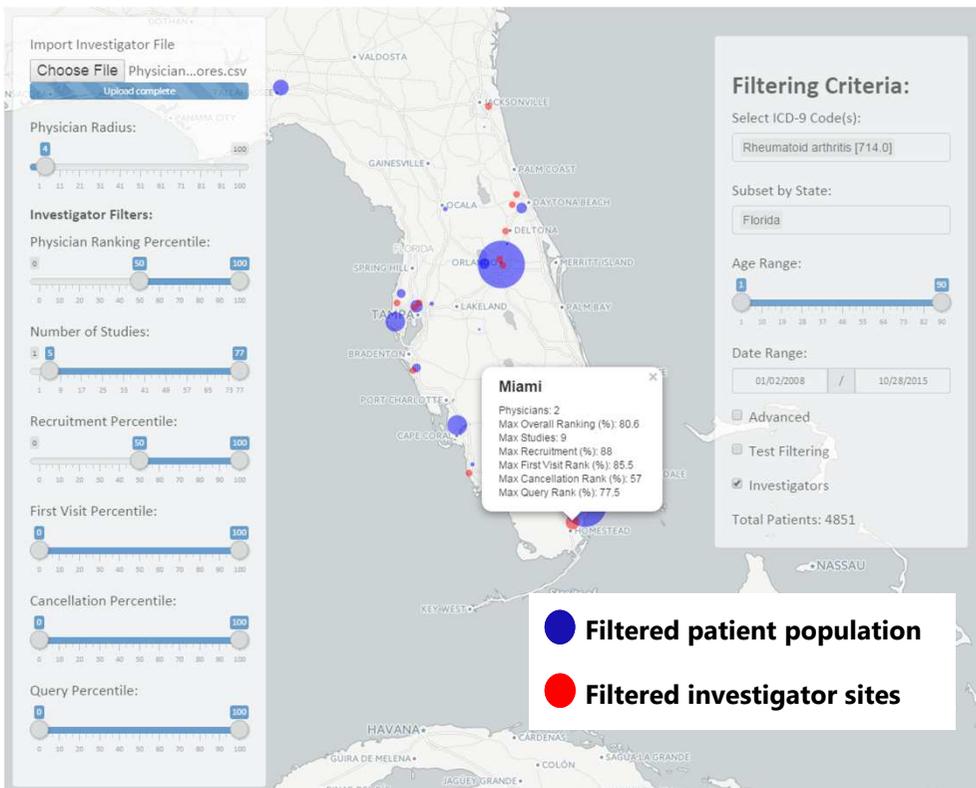
DEPLOY INNOVATIVE TOOLS AND TECHNOLOGY TO ADDRESS PARTNER NEEDS

- **Deliver SaaS platform to replace internally-built clinical IT structures while improving value and insight**
- **Create scientific solutions that accelerate discovery and development of innovative medicines**
- **Lower patient burden and improve patient access to clinical trials**
- **Continue to develop real-world evidence capabilities**



DEVELOP INFORMATICS-DRIVEN SOLUTIONS IN PATIENT RECRUITMENT AND STUDY START UP

Provide Partners with Unique Perspectives and Actionable Insights



- Health information from >100 million patient encounters annually
- Identify desired patient populations and relevant investigator sites
- Inform study design
- Facilitate faster clinical trial enrollment

~\$100 million of new orders won through the combination of LabCorp patient data and Covance capabilities



OUR STRATEGIC VISION: IMPROVE HEALTH AND IMPROVE LIVES

Delivering
World Class Diagnostics

Bringing Innovative
Medicines to Patients Faster

**Changing the Way
Care is Provided**

COMMERCIALIZE INNOVATIVE TECHNOLOGY-ENABLED SOLUTIONS

BeaconLBS: Appropriate Test, Appropriate Patient, Appropriate Time

- **Decision support tool to guide lab and test selection**
- **Designed to:**
 - **Improve quality of lab services**
 - **Support evidence-based guidelines for patient care**
- **Help payers manage laboratory cost and trend**
- **Integrated into provider workflow**
- **Developed and implemented by collaborative team with extensive laboratory medicine experience**



PROVIDE BETTER INSIGHTS TO HELP CUSTOMERS MANAGE HEALTH

Innovative Decision Support Tools

- **Programs include:**
 - **Chronic Kidney Disease (CKD)**
 - **Cardiovascular Disease**
 - **Type 2 Diabetes**
 - **Kidney Stones**
 - **Medical Drug Monitoring**
- **Delivered more than 5 million enhanced reports in 2015**
- **Reports provide actionable diagnostic information to change decision making**

Ennis et al. *BMC Nephrology*. (2015) 16:163
DOI 10.1186/s12882-015-0159-5



RESEARCH ARTICLE

Open Access

Clinical decision support improves physician guideline adherence for laboratory monitoring of chronic kidney disease: a matched cohort study 

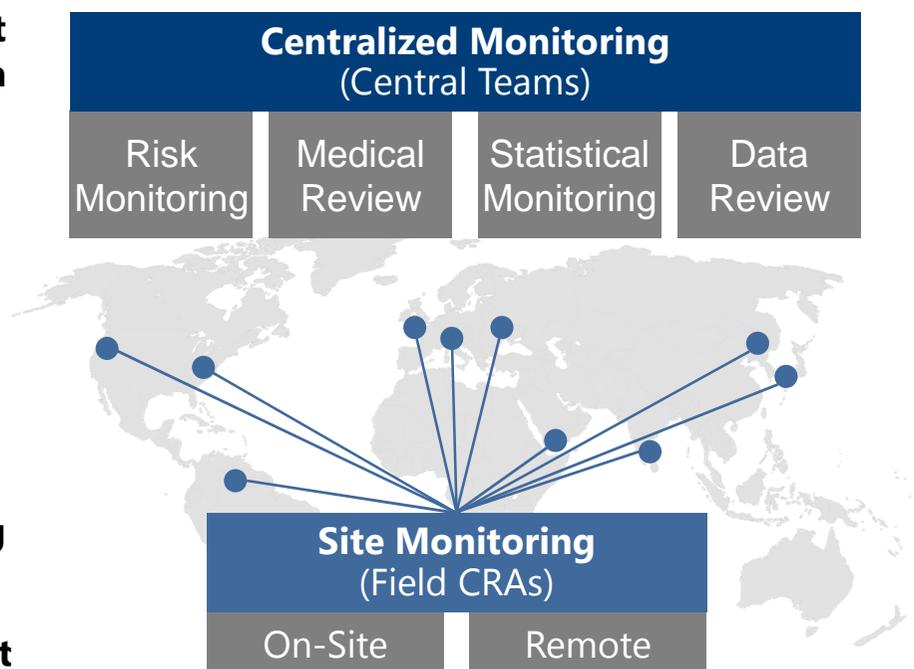
Jennifer Ennis^{1*}, Daniel Gillen^{2†}, Arthur Rubenstein^{3†}, Elaine Worcester^{4†}, Mark E. Brecher^{5†}, John Asplin^{1†} and Fredric Coe^{4†}

*Physicians receiving the proprietary clinical decision support reports were **29 percent to 88 percent** more likely to order CKD-related testing in accordance with guidelines than those physicians who did not receive the reports*

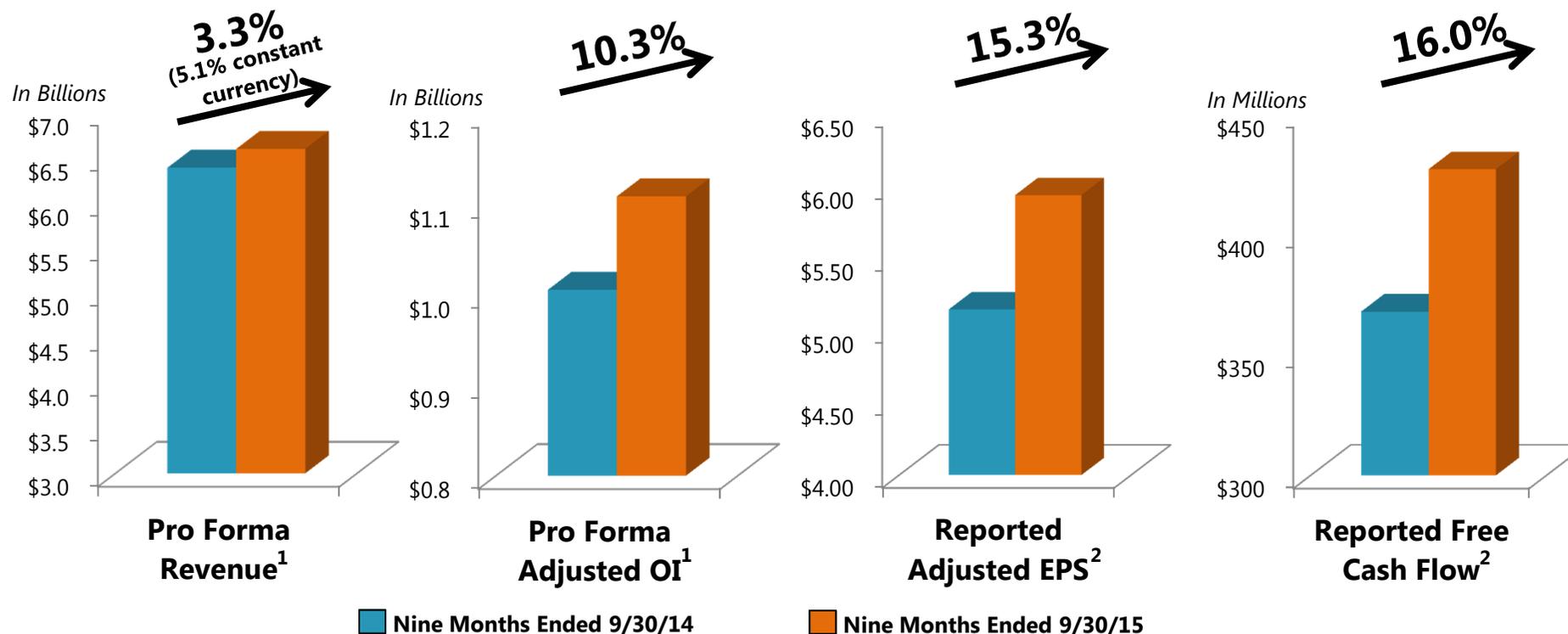
COMMERCIALIZE INNOVATIVE TECHNOLOGY-ENABLED SOLUTIONS

Xcellerate[®] Monitoring: Unique Risk-Based Monitoring Tool

- Proactively identify and mitigate risks at the individual site and patient level for a single study or worldwide portfolio
- Designed to:
 - Allow partners to make more informed clinical trial decisions
 - Lower clinical trial execution risk
 - Drive faster results
- Utilizes data visualization capabilities
- Combines traditional on-site monitoring with centralized monitoring
- Applicable for all studies, whether or not managed by Covance



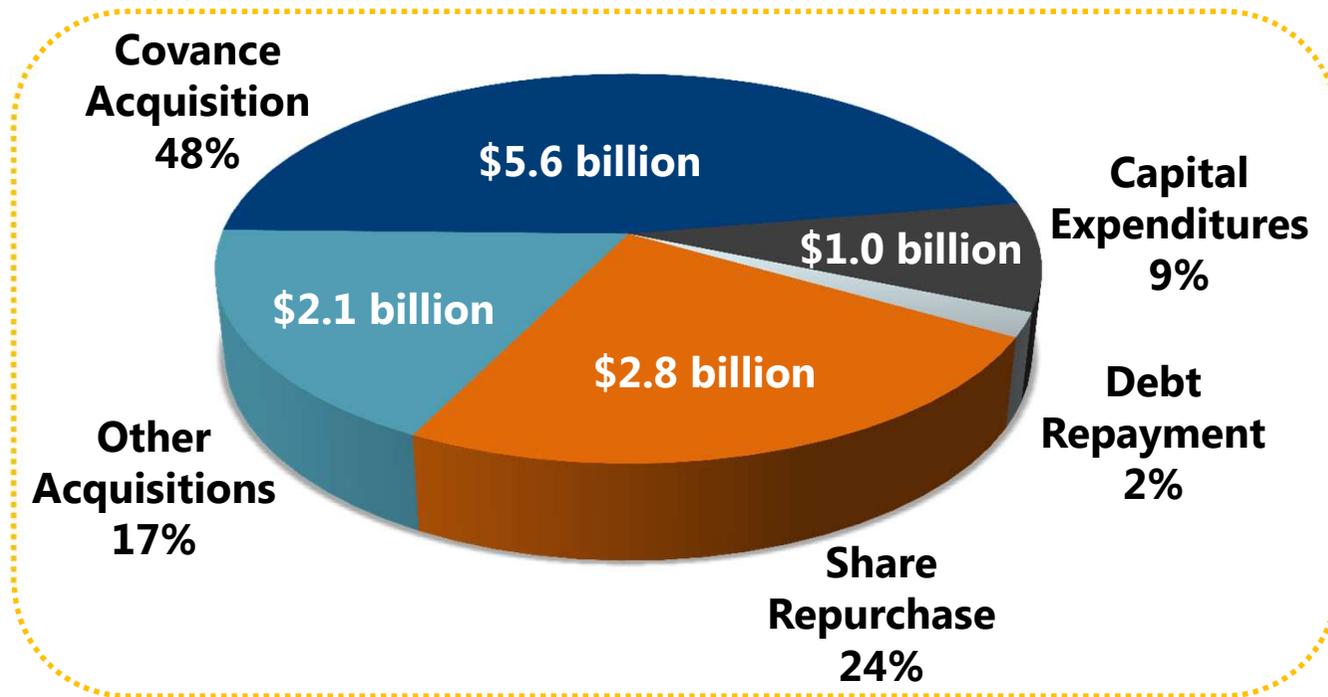
FOCUSED ON PROFITABLE GROWTH



1. Results presented on a pro forma basis as if the acquisition of Covance closed on January 1, 2014. Adjusted operating income excludes amortization, restructuring and other special items. See Appendix for reconciliation.
2. Reported results include Covance as of February 19, 2015; prior to February 19, 2015, results exclude Covance. Adjusted EPS exclude amortization, restructuring and other special items. See Appendix for reconciliation.

EFFECTIVE CAPITAL DEPLOYMENT TO BUILD SHAREHOLDER VALUE

Approximately \$11.8 billion in capital deployment
between 2010 and Sep. 30, 2015¹



1. Includes cash from operations (approximately \$4.7 billion) as well as debt (approximately \$5.3 billion) and equity (approximately \$1.8 billion) issuances

CONCLUSION

Key Points

- **Unique business with unique capabilities**
- **Expanded growth opportunities in the US and around the globe**
- **Focus on execution of our strategy to increase shareholder value**



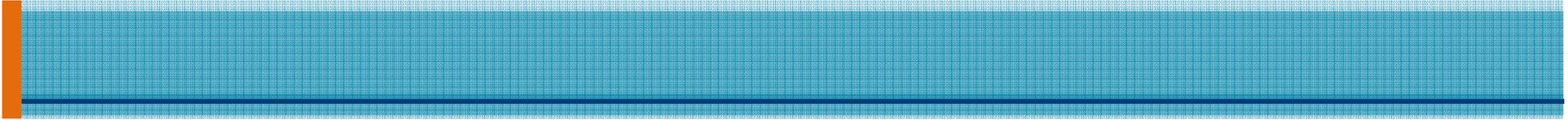


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Appendix

YEAR-TO-DATE PRO FORMA SEGMENT RESULTS (DOLLARS IN MILLIONS)

Pro forma results assume that the acquisition of Covance closed on January 1, 2014

| | <u>Nine Months Ended 9/30/15</u> | <u>Nine Months Ended 9/30/14</u> | <u>% Change</u> |
|---|--------------------------------------|--------------------------------------|-----------------|
| Net Revenue | | | |
| LabCorp Diagnostics | \$4,659.2 | \$4,435.3 | 5.0% |
| Covance Drug Development | \$1,937.3 | \$1,950.4 | (0.7%) |
| Total Net Revenue | \$6,596.5 | \$6,385.7 | 3.3% |
| Adjusted Operating Income^{1, 2} | | | |
| LabCorp Diagnostics | \$977.6 | \$879.4 | 11.2% |
| Adjusted Operating Margin | 21.0% | 19.8% | 120 bps |
| Covance Drug Development | \$261.1 | \$250.5 | 4.2% |
| Adjusted Operating Margin | 13.5% | 12.8% | 70 bps |
| Unallocated Corporate Expense | (\$129.6) | (\$124.3) | 4.3% |
| Total Adjusted Operating Income | \$1,109.1 | \$1,005.6 | 10.3% |
| Total Adjusted Operating Margin | 16.8% | 15.7% | 110 bps |

1. Adjusted Operating Income excludes amortization, restructuring and special items

2. See Reconciliation of non-GAAP Financial Measures in Appendix

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The following consolidated results include Covance as of February 19, 2015;
prior to February 19, 2015, all consolidated results exclude Covance

LABORATORY CORPORATION OF AMERICA HOLDINGS

Reconciliation of Non-GAAP Financial Measures

(in millions, except per share data)

| | Nine Months Ended September 30, | |
|--|------------------------------------|-----------------|
| | 2015 | 2014 |
| <u>Adjusted Operating Income</u> | | |
| Operating Income | \$ 759.5 | \$ 691.4 |
| Acquisition-related costs | 118.0 | - |
| Restructuring and other special charges | 59.9 | 15.4 |
| Consulting fees | 15.2 | 10.2 |
| Amortization of intangibles and other assets | 126.2 | 61.3 |
| Adjusted operating income | <u>\$ 1,078.8</u> | <u>\$ 778.3</u> |
| <u>Adjusted EPS</u> | | |
| Diluted earnings per common share | \$ 3.24 | \$ 4.53 |
| Restructuring and special items | 1.83 | 0.18 |
| Amortization expense | 0.87 | 0.44 |
| Adjusted EPS | <u>\$ 5.94</u> | <u>\$ 5.15</u> |

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The following consolidated results include Covance as of February 19, 2015;
prior to February 19, 2015, all consolidated results exclude Covance

LABORATORY CORPORATION OF AMERICA HOLDINGS

Reconciliation of Non-GAAP Financial Measures

(in millions, except per share data)

| | Nine Months Ended September 30, | |
|---|------------------------------------|-----------------|
| | 2015 | 2014 |
| <u>Free Cash Flow:</u> | | |
| Net cash provided by operating activities | \$ 597.8 | \$ 525.3 |
| Less: Capital expenditures | (170.7) | (157.2) |
| Free cash flow | <u>\$ 427.1</u> | <u>\$ 368.1</u> |
| | | |
| <u>Free Cash Flow, Excluding Acquisition Related Charges:</u> | | |
| Net cash provided by operating activities | \$ 597.8 | \$ 525.3 |
| Add back: Acquisition related charges | 153.5 | - |
| Net cash provided by operating activities, excluding acquisition related charges | \$ 751.3 | \$ 525.3 |
| Less: Capital expenditures | (170.7) | (157.2) |
| Free cash flow, excluding acquisition related charges | <u>\$ 580.6</u> | <u>\$ 368.1</u> |



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – FOOTNOTES

1) During the third quarter of 2015, the Company recorded net restructuring and special items of \$26.4 million. The charges included \$24.4 million in severance and other personnel costs along with \$2.3 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$0.3 million in unused facility-related costs. The Company also recorded \$3.7 million in consulting expenses relating to fees incurred as part of its Covance integration costs, along with \$1.4 million in short-term equity retention arrangements relating to the acquisition of Covance (all recorded in selling, general and administrative expenses). In addition, the Company recorded a non-cash loss of \$2.3 million, upon the dissolution of one of its equity investments (recorded in other, net in the accompanying Consolidated Statements of Operations). The after tax impact of these charges decreased net earnings for the quarter ended September 30, 2015, by \$27.7 million and diluted earnings per share by \$0.27 (\$27.7 million divided by 102.9 million shares).

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

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

The after tax impact of these charges decreased net earnings for the nine months ended September 30, 2015, by \$182.5 million and diluted earnings per share by \$1.83 (\$182.5 million divided by 99.7 million shares).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – FOOTNOTES

2) During the third quarter of 2014, the Company recorded net restructuring and special items of \$5.8 million. The charges included \$4.6 million in severance and other personnel costs along with \$1.6 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$0.2 in unused severance and \$0.2 million in unused facility-related costs. In addition, the Company recorded \$5.5 million in consulting expenses relating to fees incurred as part of its comprehensive enterprise-wide cost structure review as well as legal fees associated with its LipoScience acquisition (all such fees recorded in selling, general and administrative expenses). The after tax impact of these combined charges decreased net earnings for the quarter ended September 30, 2014, by \$7.0 million and diluted earnings per share by \$0.08 (\$7.0 million divided by 86.5 million shares).

During the first two quarters of 2014, the Company recorded net restructuring and special items of \$14.3 million. The charges included \$5.3 million in severance and other personnel costs along with \$5.0 million in costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$0.2 million in unused severance and \$0.5 million in unused facility-related costs. In addition, the Company recorded \$4.7 million in consulting expenses (recorded in selling, general and administrative expenses) relating to fees incurred as part of its comprehensive enterprise-wide cost structure review as well as one-time CFO transition costs.

The after tax impact of these combined charges decreased net earnings for the nine months ended September 30, 2014, by \$15.8 million and diluted earnings per share by \$0.18 (\$15.8 million divided by 86.5 million shares).

3) The Company continues to grow the business through acquisitions and uses Adjusted EPS Excluding Amortization as a measure of operational performance, growth and shareholder returns. The Company believes adjusting EPS for amortization provides investors with better insight into the operating performance of the business. For the quarters ended September 30, 2015 and 2014, intangible amortization was \$47.1 million and \$18.3 million, respectively (\$32.9 million and \$11.3 million net of tax, respectively) and decreased EPS by \$0.31 (\$32.9 million divided by 102.9 million shares) and \$0.13 (\$11.3 million divided by 86.5 million shares), respectively. For the nine months ended September 30, 2015 and 2014, intangible amortization was \$126.2 million and \$61.3 million, respectively (\$86.5 million and \$37.8 million net of tax, respectively) and decreased EPS by \$0.87 (\$86.5 million divided by 99.7 million shares) and \$0.44 (\$37.8 million divided by 86.5 million shares), respectively.

4) During the first quarter of 2015, the Company's operating cash flows were reduced due to payment of \$153.5 million in acquisition-related charges. These payments were comprised of \$75.5 million in legal and advisor fees, \$40.6 million in accelerated Covance employee equity awards, and \$37.4 million in make-whole payments triggered by calling Covance private placement notes outstanding at the time of the transaction.