

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

February 16, 2017
(Date of earliest event reported)

**LABORATORY CORPORATION OF
AMERICA HOLDINGS**

(Exact Name of Registrant as Specified in its Charter)

Delaware

1-11353

13-3757370

(State or other jurisdiction of Incorporation)

(Commission File Number)

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

**358 South Main Street,
Burlington, North Carolina**

27215

336-229-1127

(Address of principal executive offices)

(Zip Code)

(Registrant's telephone number including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure

Summary information of the Company dated February 16, 2017.

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 hereunto duly authorized.

LABORATORY CORPORATION OF AMERICA HOLDINGS

Registrant

By: /s/ F. SAMUEL EBERTS III
F. Samuel Eberts III
Chief Legal Officer and Secretary

February 16, 2017



**FOURTH QUARTER 2016
SUPPLEMENTAL FINANCIAL INFORMATION**

8-K FILED FEBRUARY 16, 2017

FORWARD LOOKING STATEMENT

This presentation contains forward-looking statements which are subject to change based on various important factors, including without limitation, competitive actions in the marketplace, and adverse actions of governmental and other third-party payers.

Actual results could differ materially from those suggested by these forward-looking statements. Further information on potential factors that could affect the operating and financial results of Laboratory Corporation of America Holdings (the “Company”) is included in the Company’s Form 10-K for the year ended December 31, 2015, and subsequent Forms 10-Q, including in each case under the heading risk factors, and in the Company’s other filings with the SEC. The Company has no obligation to provide any updates to these forward-looking statements even if its expectations change.

USE OF ADJUSTED MEASURES

The Company has provided in this presentation “adjusted” financial information that has not been prepared in accordance with GAAP, including Adjusted EPS, Adjusted Operating Income, Free Cash Flow, and certain segment information. The Company believes these adjusted measures are useful to investors as a supplement to, but not as a substitute for, GAAP measures, in evaluating the Company’s operational performance. The Company further believes that the use of these non-GAAP financial measures provides an additional tool for investors in evaluating operating results and trends, and growth and shareholder returns, as well as in comparing the Company’s financial results with the financial results of other companies. However, the Company notes that these adjusted measures may be different from and not directly comparable to the measures presented by other companies. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are included in the tables accompanying this presentation.

LabCorp Diagnostics

The LabCorp Diagnostics segment includes historical LabCorp business units, excluding its Clinical Trials operations (which are part of the Covance Drug Development segment), and including the Nutritional Chemistry and Food Safety operations acquired as part of the Covance acquisition.

Covance Drug Development

The Covance Drug Development segment includes historical Covance business units, excluding its Nutritional Chemistry and Food Safety operations (which are part of the LabCorp Diagnostics segment), and including the LabCorp Clinical Trials operations.

FOURTH QUARTER CONSOLIDATED RESULTS⁽¹⁾

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	<u>4Q16</u>	<u>4Q15</u>	<u>% Change</u>
Net Revenue	\$2,387.3	\$2,244.8	6.3%
Adjusted Operating Income ^{(2) (3)}	\$387.8	\$366.8	5.7%
<i>Adjusted Operating Margin</i>	16.2%	16.4%	(20 bps)
Adjusted EPS ^{(2) (3)}	\$2.15	\$1.98	8.6%
Operating Cash Flow	\$448.9	\$384.6	16.7%
Less: Capital Expenditures	(\$74.3)	(\$85.1)	12.7%
Free Cash Flow	\$374.6	\$299.5	25.1%

(1) Results in 2015 include measurement period adjustments related to the acquisition of Covance

(2) Adjusted Operating Income and Adjusted EPS exclude amortization, restructuring charges and special items

(3) See Reconciliation of non-GAAP Financial Measures on slides 16 – 20

FULL YEAR 2016 CONSOLIDATED RESULTS⁽¹⁾

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

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

	<u>Twelve Months Ended 12/31/16</u>	<u>Twelve Months Ended 12/31/15</u>	<u>% Change</u>
Net Revenue	\$9,437.2	\$8,505.7	11.0%
Adjusted Operating Income ⁽²⁾ ⁽³⁾	\$1,590.2	\$1,440.8	10.4%
<i>Adjusted Operating Margin</i>	16.9%	16.9%	--
Adjusted EPS ⁽²⁾ ⁽³⁾	\$8.83	\$7.91	11.6%
Operating Cash Flow ⁽⁴⁾	\$1,175.9	\$982.4	19.7%
Less: Capital Expenditures	(\$278.9)	(\$255.8)	(9.0%)
Free Cash Flow	\$897.0	\$726.6	23.5%
Free Cash Flow, Excluding Acquisition-Related Charges ⁽⁵⁾	\$897.0	\$836.6	7.2%

(1) Results in 2015 include measurement period adjustments related to the acquisition of Covance

(2) Adjusted Operating Income and Adjusted EPS exclude amortization, restructuring charges and special items

(3) See Reconciliation of non-GAAP Financial Measures on slides 16 – 20

(4) 2015 operating cash flow is negatively impacted by approximately \$110 million of net non-recurring items related to the Covance acquisition

(5) Adjusted for approximately \$110 million of net non-recurring items related to the Covance acquisition in 2015



FOURTH QUARTER PRO FORMA SEGMENT RESULTS⁽¹⁾

(DOLLARS IN MILLIONS)

	<u>4Q16</u>	<u>4Q15</u>	<u>% Change</u>
Net Revenue			
LabCorp Diagnostics	\$1,671.8	\$1,551.4	7.8%
Covance Drug Development ⁽²⁾	\$715.6	\$691.4	3.5%
Total Net Revenue⁽²⁾	\$2,387.3	\$2,242.8	6.4%
Adjusted Operating Income^{(3) (4)}			
LabCorp Diagnostics	\$317.8	\$292.0	8.8%
<i>Adjusted Operating Margin</i>	<i>19.0%</i>	<i>18.8%</i>	<i>20 bps</i>
Covance Drug Development	\$106.5	\$110.3	(3.5%)
<i>Adjusted Operating Margin</i>	<i>14.9%</i>	<i>16.0%</i>	<i>(110 bps)</i>
Unallocated Corporate Expense	(\$36.5)	(\$35.5)	(2.8%)
Total Adjusted Operating Income	\$387.8	\$366.8	5.7%
<i>Total Adjusted Operating Margin</i>	<i>16.2%</i>	<i>16.4%</i>	<i>(20 bps)</i>

(1) The consolidated net revenue and adjusted operating income are presented net of inter-segment transaction eliminations

(2) Covance Drug Development's results exclude the impact from the wind-down of operations relating to a committed minimum volume contract that expired on October 31, 2015

(3) Adjusted Operating Income excludes amortization, restructuring charges and special items

(4) See Reconciliation of non-GAAP Financial Measures on slides 16 – 20



FULL YEAR 2016 PRO FORMA SEGMENT RESULTS⁽¹⁾

(DOLLARS IN MILLIONS)

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

	<u>Twelve Months Ended 12/31/16</u>	<u>Twelve Months Ended 12/31/15</u>	<u>% Change</u>
Net Revenue			
LabCorp Diagnostics	\$6,593.9	\$6,210.6	6.2%
Covance Drug Development ⁽²⁾	\$2,842.2	\$2,628.7	8.1%
Total Net Revenue ⁽²⁾	\$9,435.6	\$8,839.3	6.7%
Adjusted Operating Income^{(3) (4)}			
LabCorp Diagnostics	\$1,322.9	\$1,234.0	7.2%
<i>Adjusted Operating Margin</i>	<i>20.1%</i>	<i>19.9%</i>	<i>20 bps</i>
Covance Drug Development	\$412.7	\$371.2	11.2%
<i>Adjusted Operating Margin</i>	<i>14.5%</i>	<i>14.1%</i>	<i>40 bps</i>
Unallocated Corporate Expense	(\$145.4)	(\$134.0)	(8.5%)
Total Adjusted Operating Income	\$1,590.2	\$1,471.2	8.1%
<i>Total Adjusted Operating Margin</i>	<i>16.9%</i>	<i>16.6%</i>	<i>30 bps</i>

(1) The consolidated net revenue and adjusted operating income are presented net of inter-segment transaction eliminations

(2) Covance Drug Development's results exclude the impact from the wind-down of operations relating to a committed minimum volume contract that expired on October 31, 2015

(3) Adjusted Operating Income excludes amortization, restructuring charges and special items

(4) See Reconciliation of non-GAAP Financial Measures on slides 16 – 20



SELECT FINANCIAL METRICS⁽¹⁾

(DOLLARS IN MILLIONS)

	<u>4Q15</u>	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>
Total Depreciation	\$72.7	\$75.9	\$77.9	\$78.0	\$79.3
Total Amortization ⁽²⁾	\$43.9	\$44.3	\$45.3	\$41.1	\$48.8
Total Adjusted EBITDA ⁽³⁾	\$442.2	\$451.0	\$505.3	\$485.0	\$469.3
Total Debt to Last Twelve Months Adjusted EBITDA ^{(3) (4)}	3.6x	3.5x	3.3x	3.3x	3.1x
Total Net Debt to Last Twelve Months Adjusted EBITDA ^{(3) (4)}	3.2x	3.1x	2.9x	3.0x	2.9x

(1) Results in 2015 include measurement period adjustments related to the acquisition of Covance

(2) Excludes amortization of deferred financing fees

(3) Adjusted EBITDA excludes restructuring charges and special items.

(4) Leverage ratios in 2015 include Covance Adjusted EBITDA from the twelve months prior to the relevant period on a pro forma basis

COVANCE DRUG DEVELOPMENT: SELECT FINANCIAL METRICS

(DOLLARS IN MILLIONS)

2016 Fourth Quarter Results⁽¹⁾

	Net Orders	Net Book-to-Bill
New Methodology ⁽²⁾	\$849 million	1.19x
Prior Methodology ⁽³⁾	\$887 million	1.24x

Trailing Twelve Month Results⁽¹⁾

	Net Orders	Net Book-to-Bill
New Methodology ⁽²⁾	\$3.1 billion	1.11x
Prior Methodology ⁽³⁾	\$3.3 billion	1.16x

As of December 31, 2016

	Backlog	Estimated revenue expected to convert from backlog in the next twelve months
New Methodology ⁽²⁾	\$4.9 billion	\$2.0 billion
Prior Methodology ⁽³⁾	\$7.1 billion	N/A

(1) Beginning with the first quarter of 2017, the Company will report net orders and net book-to-bill on a trailing twelve month basis only.

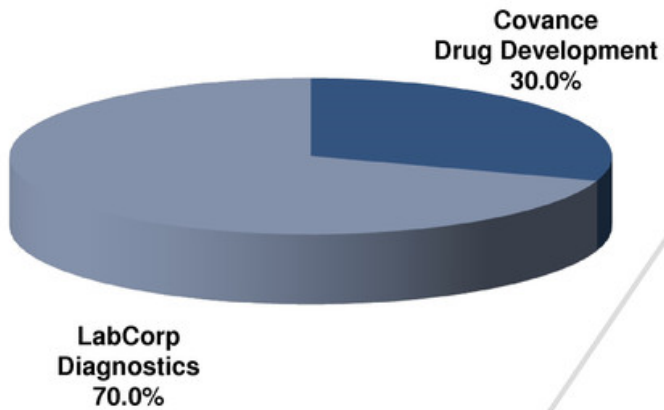
(2) Beginning with the fourth quarter of 2016, the Company began reporting net orders, net book-to-bill and backlog based upon fully-executed contracted awards. The Company believes this methodology is a more conservative and objective practice, providing greater visibility into its revenue conversion from the backlog. Results shown include the impact from cancellations and foreign currency translation.

(3) The Company's prior methodology recognized net orders, net book-to-bill and backlog including non-contracted written awards, which was the industry practice. Results shown include the impact from cancellations and foreign currency translation.

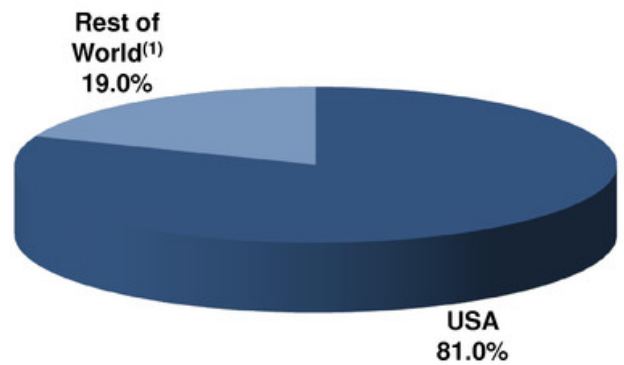


FOURTH QUARTER 2016 NET REVENUE DISTRIBUTION

Segment Distribution



Geographic Distribution



(1) Revenues recognized in over 30 currencies; the largest foreign currency accounts for less than 10% of total net revenue

FOURTH QUARTER 2016 FOREIGN EXCHANGE IMPACT TO NET REVENUE (DOLLARS IN MILLIONS)

	<u>Dollars</u>	<u>Year over Year % Growth</u>
<u>Consolidated</u>		
Net Revenue, as Reported	\$2,387	6.3%
Foreign Exchange Impact	\$13	0.6%
Net Revenue, Constant Currency	\$2,400	6.9%
<u>LabCorp Diagnostics</u>		
Net Revenue, as Reported	\$1,672	7.8%
Foreign Exchange Impact	\$2	0.1%
Net Revenue, Constant Currency	\$1,674	7.9%
<u>Covance Drug Development</u>		
Net Revenue, as Reported	\$716	3.5%
Foreign Exchange Impact	\$11	1.6%
Net Revenue, Constant Currency	\$727	5.1%

**FULL YEAR 2016 FOREIGN EXCHANGE IMPACT TO PRO FORMA
NET REVENUE**
(DOLLARS IN MILLIONS)

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

	<u>Dollars</u>	<u>Year over Year % Growth</u>
<u>Consolidated</u>		
Net Revenue, as Reported	\$9,436	6.7%
Foreign Exchange Impact	\$52	0.6%
Net Revenue, Constant Currency	\$9,488	7.3%
<u>LabCorp Diagnostics</u>		
Net Revenue, as Reported	\$6,594	6.2%
Foreign Exchange Impact	\$16	0.2%
Net Revenue, Constant Currency	\$6,610	6.4%
<u>Covance Drug Development</u>		
Net Revenue, as Reported	\$2,842	8.1%
Foreign Exchange Impact	\$36	1.4%
Net Revenue, Constant Currency	\$2,878	9.5%

2017 FINANCIAL GUIDANCE

	Current Guidance (assumes foreign exchange rates effective as of December 31, 2016)
Total net revenue growth:	4.5% – 6.5% ⁽²⁾
LabCorp Diagnostics net revenue growth:	4.5% – 6.5% ⁽³⁾
Covance Drug Development net revenue growth:	3.5% – 5.5% ⁽⁴⁾
Adjusted EPS ⁽¹⁾ :	\$9.35 – \$9.75
Free cash flow:	\$925 Million – \$975 Million

(1) Excludes the impact from amortization, restructuring charges and special items.

(2) Includes the negative impact from approximately 60 basis points of foreign currency translation.

(3) Includes the negative impact from approximately 10 basis points of foreign currency translation.

(4) Includes the negative impact from approximately 180 basis points of foreign currency translation.

2015 QUARTERLY PRO FORMA RESULTS⁽¹⁾

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	2015 (2)				
	1Q	2Q	3Q	4Q	Full-Year
LabCorp Diagnostics					
Net Revenue	\$1,483.3	\$1,575.0	\$1,600.9	\$1,551.4	\$6,210.6
Adjusted Operating Income (3)	\$288.2	\$335.2	\$318.5	\$292.0	\$1,234.0
Adjusted Operating Margin (3)	19.4%	21.3%	20.0%	18.8%	19.9%
Covance Drug Development					
Net Revenue	\$624.6	\$643.7	\$669.0	\$691.4	\$2,628.7
Adjusted Operating Income (3)	\$74.1	\$89.9	\$96.9	\$110.3	\$371.2
Adjusted Operating Margin (3)	11.9%	14.0%	14.5%	16.0%	14.1%
Consolidated					
Net Revenue	\$2,107.9	\$2,218.7	\$2,269.9	\$2,242.8	\$8,839.3
Adjusted Segment Operating Income (3)	\$362.3	\$425.1	\$415.4	\$402.3	\$1,605.2
Unallocated Corporate Expenses	(\$31.4)	(\$35.8)	(\$31.2)	(\$35.5)	(\$134.0)
Consolidated Adjusted Operating Income (3)	\$330.9	\$389.3	\$384.2	\$366.8	\$1,471.2
Adjusted Operating Margin (3)	15.7%	17.5%	16.9%	16.4%	16.6%
Adjusted EPS (4)	\$1.77	\$2.09	\$2.07	\$1.98	\$7.91

(1) Pro forma results assume that the acquisition of Covance closed on January 1, 2015. The consolidated net revenue and adjusted operating income are presented net of inter-segment transaction eliminations. Reconciliations of non-GAAP financial measures were filed with the SEC on April 27, 2015, July 28, 2015, October 26, 2015 and February 18, 2016

(2) Results in 2015 include measurement period adjustments related to the acquisition of Covance.

(3) Adjusted operating income and margin exclude amortization, restructuring charges and special items. In addition, during the third quarter of 2016, the Company reclassified certain gross receipts taxes from its provision for income taxes to selling, general and administrative expenses. This revision impacts adjusted operating income and margin and was made for all periods presented, as shown. These adjustments had no impact on reported net income or EPS.

(4) Adjusted EPS include Covance as of February 19, 2015; prior to February 19, 2015, adjusted EPS exclude Covance. In addition, adjusted EPS exclude amortization, restructuring charges and special items.

2016 QUARTERLY RESULTS⁽¹⁾

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	2016				
	1Q	2Q	3Q	4Q	Full-Year
LabCorp Diagnostics					
Net Revenue	\$1,590.6	\$1,659.7	\$1,671.8	\$1,671.8	\$6,593.9
Adjusted Operating Income (2)	\$308.0	\$355.3	\$341.8	\$317.8	\$1,322.9
Adjusted Operating Margin (2)	19.4%	21.4%	20.4%	19.0%	20.1%
Covance Drug Development					
Net Revenue	\$703.1	\$722.4	\$701.1	\$715.6	\$2,842.2
Adjusted Operating Income (2)	\$103.2	\$107.5	\$95.5	\$106.5	\$412.7
Adjusted Operating Margin (2)	14.7%	14.9%	13.6%	14.9%	14.5%
Consolidated					
Net Revenue	\$2,293.6	\$2,382.0	\$2,372.7	\$2,387.3	\$9,435.6
Adjusted Segment Operating Income (2)	\$411.2	\$462.8	\$437.3	\$424.3	\$1,735.6
Unallocated Corporate Expenses	(\$38.0)	(\$37.6)	(\$33.3)	(\$36.5)	(\$145.4)
Consolidated Adjusted Operating Income (2)	\$373.2	\$425.2	\$404.0	\$387.8	\$1,590.2
Adjusted Operating Margin (2)	16.3%	17.9%	17.0%	16.2%	16.9%
Adjusted EPS (3)	\$2.05	\$2.37	\$2.25	\$2.15	\$8.83

- (1) The consolidated net revenue and adjusted operating income are presented net of inter-segment transaction eliminations. Reconciliations of non-GAAP financial measures were filed with the SEC on April 25, 2016, July 27, 2016, October 26, 2016 and February 16, 2017
- (2) Adjusted Operating Income and Margin exclude amortization, restructuring charges and special items. In addition, during the third quarter of 2016, the Company reclassified certain gross receipts taxes from its provision for income taxes to selling, general and administrative expenses. This revision impacts Adjusted Operating Income and Margin and was made for all periods presented, as shown. These adjustments had no impact on reported net income or EPS.
- (3) Adjusted EPS exclude amortization, restructuring charges and special items. In addition, Adjusted EPS exclude amortization, restructuring charges and special items. In the third quarter of 2016, the Company adopted the provision of the new FASB Accounting Standard on Share-Based Payment Accounting. The standard requires that companies recognize all income tax impacts of share-based payments in their provision for income taxes. Before adoption, this impact had been recorded as an adjustment of the Company's income tax liability and additional paid-in capital. The new standard also eliminates the use of estimated income tax impacts in the calculation of common stock equivalents in determining dilutive shares outstanding. Per the guidance in the new standard, the Company applied the standard retroactively to the beginning of 2016.

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)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
<u>Adjusted Operating Income</u>				
Operating Income	\$ 323.4	\$ 236.5	\$ 1,312.4	\$ 996.8
Acquisition-related costs	3.3	1.1	18.4	119.1
Restructuring and other special charges	9.8	54.0	58.4	113.9
Consulting fees and executive transition expenses	1.4	10.4	9.3	25.6
Settlement costs	-	12.2	-	12.2
Wind-down of minimum volume contract operations	0.6	5.7	4.6	5.7
LaunchPad system implementation costs	0.5	3.0	7.6	3.0
Amortization of intangibles and other assets	48.8	43.9	179.5	164.5
Adjusted operating income	<u>\$ 387.8</u>	<u>\$ 366.8</u>	<u>\$ 1,590.2</u>	<u>\$ 1,440.8</u>
<u>Adjusted EPS</u>				
Diluted earnings per common share	\$ 1.75	\$ 1.07	\$ 7.02	\$ 4.35
Restructuring and special items	0.08	0.61	0.64	2.44
Amortization expense	0.32	0.30	1.17	1.12
Adjusted EPS	<u>\$ 2.15</u>	<u>\$ 1.98</u>	<u>\$ 8.83</u>	<u>\$ 7.91</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)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Free Cash Flow:				
Net cash provided by operating activities	\$ 448.9	\$ 384.6	\$ 1,175.9	\$ 982.4
Less: Capital expenditures	(74.3)	(85.1)	(278.9)	(255.8)
Free cash flow	<u>\$ 374.6</u>	<u>\$ 299.5</u>	<u>\$ 897.0</u>	<u>\$ 726.6</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - FOOTNOTES

1) During the fourth quarter of 2016, the Company recorded net restructuring charges and special items of \$9.8 million. The charges included \$8.1 million in severance and other personnel costs along with \$2.8 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$0.1 in unused personnel-related reserves and \$1.0 million in unused facility-related costs. The Company incurred \$0.6 million in fees and expenses associated with acquisitions completed during the quarter and incurred additional legal and other costs of \$0.6 million relating to the wind-down of its minimum volume contract operations. The Company also recorded \$2.5 million in consulting expenses relating to fees incurred as part of its Covance integration costs and compensation analysis, along with \$0.2 million in short-term equity retention arrangements relating to the acquisition of Covance and \$1.4 million of accelerated equity and other final compensation relating to executive transition announced during the third quarter and incurred \$0.5 million of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative (all recorded in selling, general and administrative expenses). The Company also recorded a \$3.6 million gain on sale of certain assets held for sale. The after tax impact of these net charges decreased net earnings for the quarter ended December 31, 2016, by \$8.3 million and diluted earnings per share by \$0.08 (\$8.3 million divided by 105.1 million shares).

During the first three quarters of 2016, the Company recorded net restructuring charges and other special charges of \$48.6 million. The charges included \$23.1 million in severance and other personnel costs along with \$30.7 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$2.5 million in unused facility-related costs and \$2.7 million in unused severance reserves. The Company incurred \$7.4 million in fees and expenses associated with completed acquisitions and incurred additional legal and other costs of \$4.0 million relating to the wind-down of its minimum volume contract operations. The Company also recorded \$4.4 million in consulting expenses relating to fees incurred as part of its Covance integration costs and compensation analysis, along with \$2.3 million in short-term equity retention arrangements relating to the acquisition of Covance and \$7.5 million of accelerated equity compensation relating to the announced retirement of a Company executive and incurred \$8.5 million of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative (all recorded in selling, general and administrative expenses). The Company also incurred \$5.6 million of interest expense relating to the early retirement of subsidiary indebtedness acquired as part of its acquisition of Sequenom. In conjunction with certain international legal entity tax structuring, the Company recorded a one-time tax liability of \$1.1 million.

The after tax impact of these net charges decreased net earnings for the year ended December 31, 2016, by \$66.3 million and diluted earnings per share by \$0.64 (\$66.3 million divided by 104.3 million shares).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - FOOTNOTES

2) During the fourth quarter of 2015, the Company recorded net restructuring charges and special items of \$54.0 million. The charges included \$25.3 million in severance and other personnel costs along with \$17.0 million in facility-related costs associated with facility closures and general integration initiatives. A substantial portion of these costs relates to the planned closure of two Covance Drug Development segment ("CDD") operations that serviced a minimum volume contract that expired on October 31, 2015. In addition, the Company recorded asset impairments of \$11.9 million relating to CDD customer service applications that will no longer be used. The Company reversed previously established reserves of \$0.2 million in unused facility-related costs. The Company incurred additional legal and other costs of \$5.7 million relating to the wind-down of the minimum volume contract operations. The Company also recorded \$10.1 million in consulting expenses relating to fees incurred as part of its Covance integration costs and compensation analysis, along with \$1.1 million in short-term equity retention arrangements relating to the acquisition of Covance and \$0.3 million of accelerated equity compensation relating to the announced retirement of a Company executive (all recorded in selling, general and administrative expenses). During the fourth quarter, the Company paid \$12.2 million in settlement costs and litigation expenses related to the resolution of a federal court putative class action lawsuit. In addition, the Company incurred \$3.0 million of non-capitalized costs associated with the implementation of a major system as part of its Project LaunchPad business process improvement initiative. The after tax impact of these charges decreased net earnings for the quarter ended December 31, 2015, by \$63.2 million and diluted earnings per share by \$0.61 (\$63.2 million divided by 103.2 million shares).

During the first three quarters of 2015, the Company recorded net restructuring charges and other special charges of \$59.9 million. The charges included \$33.9 million in severance and other personnel costs along with \$12.1 million in costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$0.9 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 \$15.3 million of consulting expenses relating to fees incurred as part of Project LaunchPad as well as Covance integration costs, along with \$4.3 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).

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 twelve months ended December 31, 2015, by \$245.7 million and diluted earnings per share by \$2.44 (\$245.7 million divided by 100.6 million shares).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - FOOTNOTES

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 December 31, 2016 and 2015, intangible amortization was \$48.8 million and \$43.9 million, respectively (\$33.2 million and \$28.4 million net of tax, respectively) and decreased EPS by \$0.32 (\$33.2 million divided by 105.1 million shares) and \$0.30 (\$30.8 million divided by 103.2 million shares), respectively. For the years ended December 31, 2016 and 2015, intangible amortization was \$179.5 million and \$164.5 million, respectively (\$122.5 million and \$113.0 million net of tax, respectively) and decreased EPS by \$1.17 (\$122.5 million divided by 104.3 million shares) and \$1.12 (\$113.0 million divided by 100.6 million shares), respectively.

