

**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, 2021
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 95.7 million shares as of November 1, 2021.

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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, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,036.5	\$ 1,320.8
Accounts receivable, net	2,335.4	2,479.8
Unbilled services	719.6	536.8
Supplies inventory	410.7	423.2
Prepaid expenses and other	518.3	364.8
Total current assets	6,020.5	5,125.4
Property, plant and equipment, net	2,692.2	2,729.6
Goodwill, net	7,906.8	7,751.5
Intangible assets, net	3,755.1	3,961.1
Joint venture partnerships and equity method investments	62.1	73.5
Deferred income taxes	23.8	20.6
Other assets, net	406.0	410.0
Total assets	<u>\$ 20,866.5</u>	<u>\$ 20,071.7</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 669.4	\$ 638.9
Accrued expenses and other	1,423.8	1,357.7
Unearned revenue	593.9	506.5
Short-term operating lease liabilities	189.1	192.0
Short-term finance lease liabilities	10.6	6.7
Short-term borrowings and current portion of long-term debt	1.6	376.7
Total current liabilities	2,888.4	3,078.5
Long-term debt, less current portion	5,417.2	5,419.0
Operating lease liabilities	631.0	677.6
Financing lease liabilities	86.0	84.4
Deferred income taxes and other tax liabilities	804.8	905.4
Other liabilities	494.0	526.4
Total liabilities	10,321.4	10,691.3
Commitments and contingent liabilities		
Noncontrolling interest	20.6	20.7
Shareholders' equity:		
Common stock, 95.8 and 97.5 shares outstanding at September 30, 2021, and December 31, 2020, respectively	8.8	9.0
Additional paid-in capital	—	110.3
Retained earnings	10,786.6	9,402.3
Accumulated other comprehensive loss	(270.9)	(161.9)
Total shareholders' equity	10,524.5	9,359.7
Total liabilities and shareholders' equity	<u>\$ 20,866.5</u>	<u>\$ 20,071.7</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,	
	2021	2020	2021	2020
Revenues	\$ 4,062.6	\$ 3,896.1	\$ 12,064.8	\$ 9,488.7
Cost of revenues	2,677.1	2,336.7	7,815.5	6,440.8
Gross profit	1,385.5	1,559.4	4,249.3	3,047.9
Selling, general and administrative expenses	519.9	419.5	1,408.4	1,211.3
Amortization of intangibles and other assets	92.2	62.2	276.7	184.6
Goodwill and other asset impairments	—	23.5	—	460.9
Restructuring and other charges	6.5	7.1	35.3	38.9
Operating income	766.9	1,047.1	2,528.9	1,152.2
Other income (expense):				
Interest expense	(42.2)	(51.4)	(169.0)	(159.1)
Equity method income (loss), net	8.4	3.0	20.9	(1.8)
Investment income	3.2	2.6	8.3	7.7
Other, net	31.9	(54.2)	51.5	(22.6)
Earnings before income taxes	768.2	947.1	2,440.6	976.4
Provision for income taxes	180.4	243.4	614.7	358.0
Net earnings	587.8	703.7	1,825.9	618.4
Less: Net earnings attributable to the noncontrolling interest	(0.5)	(0.3)	(1.6)	(0.6)
Net earnings attributable to Laboratory Corporation of America Holdings	\$ 587.3	\$ 703.4	\$ 1,824.3	\$ 617.8
Basic earnings per common share	\$ 6.10	\$ 7.22	\$ 18.79	\$ 6.35
Diluted earnings per common share	\$ 6.05	\$ 7.17	\$ 18.63	\$ 6.31

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		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Net earnings	\$ 587.8	\$ 703.7	\$ 1,825.9	\$ 618.4
Foreign currency translation adjustments	(91.6)	132.9	(114.6)	52.4
Net benefit plan adjustments	2.6	2.1	7.7	7.5
Other comprehensive earnings before tax	(89.0)	135.0	(106.9)	59.9
Provision (benefit) for income tax related to items of comprehensive earnings	(0.7)	(0.6)	(2.1)	(2.1)
Other comprehensive earnings (loss), net of tax	(89.7)	134.4	(109.0)	57.8
Comprehensive earnings	498.1	838.1	1,716.9	676.2
Less: Net earnings attributable to the noncontrolling interest	(0.5)	(0.3)	(1.6)	(0.6)
Comprehensive earnings attributable to Laboratory Corporation of America Holdings	\$ 497.6	\$ 837.8	\$ 1,715.3	\$ 675.6

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, 2019	\$ 9.0	\$ 26.8	\$ 7,903.6	\$ (372.4)	\$ 7,567.0
Adoption of credit loss accounting standard	—	—	(7.0)	—	(7.0)
Net loss attributable to Laboratory Corporation of America Holdings	—	—	(317.2)	—	(317.2)
Other comprehensive earnings (loss), net of tax	—	—	—	(145.5)	(145.5)
Issuance of common stock under employee stock plans	—	26.9	—	—	26.9
Net share settlement tax payments from issuance of stock to employees	—	(22.0)	—	—	(22.0)
Stock compensation	—	17.9	—	—	17.9
Purchase of common stock	—	(49.6)	(50.4)	—	(100.0)
BALANCE AT MARCH 31, 2020	<u>\$ 9.0</u>	<u>\$ —</u>	<u>\$ 7,529.0</u>	<u>\$ (517.9)</u>	<u>\$ 7,020.1</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	231.6	—	231.6
Other comprehensive earnings (loss), net of tax	—	—	—	68.9	68.9
Issuance of common stock under employee stock plans	—	1.8	—	—	1.8
Net share settlement tax payments from issuance of stock to employees	—	(9.5)	—	—	(9.5)
Stock compensation	—	39.8	—	—	39.8
BALANCE AT JUNE 30, 2020	<u>\$ 9.0</u>	<u>\$ 32.1</u>	<u>\$ 7,760.6</u>	<u>\$ (449.0)</u>	<u>\$ 7,352.7</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	703.4	—	703.4
Other comprehensive earnings (loss), net of tax	—	—	—	134.4	134.4
Issuance of common stock under employee stock plans	—	21.9	—	—	21.9
Net share settlement tax payments from issuance of stock to employees	—	(0.5)	—	—	(0.5)
Stock compensation	—	27.2	—	—	27.2
BALANCE AT SEPTEMBER 30, 2020	<u>\$ 9.0</u>	<u>\$ 80.7</u>	<u>\$ 8,464.0</u>	<u>\$ (314.6)</u>	<u>\$ 8,239.1</u>
BALANCE AT DECEMBER 31, 2020	\$ 9.0	\$ 110.3	\$ 9,402.3	\$ (161.9)	\$ 9,359.7
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	769.6	—	769.6
Other comprehensive earnings (loss), net of tax	—	—	—	(64.6)	(64.6)
Issuance of common stock under employee stock plans	—	24.7	—	—	24.7
Net share settlement tax payments from issuance of stock to employees	—	(28.1)	—	—	(28.1)
Stock compensation	—	28.7	—	—	28.7
Purchase of common stock	—	(68.5)	—	—	(68.5)
BALANCE AT MARCH 31, 2021	<u>\$ 9.0</u>	<u>\$ 67.1</u>	<u>\$ 10,171.9</u>	<u>\$ (226.5)</u>	<u>\$ 10,021.5</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	467.4	—	467.4
Other comprehensive earnings (loss), net of tax	—	—	—	45.3	45.3
Issuance of common stock under employee stock plans	—	1.9	—	—	1.9
Net share settlement tax payments from issuance of stock to employees	—	(14.9)	—	—	(14.9)
Stock compensation	—	23.9	—	—	23.9
Purchase of common stock	(0.1)	(78.0)	(221.9)	—	(300.0)
BALANCE AT JUNE 30, 2021	<u>\$ 8.9</u>	<u>\$ —</u>	<u>\$ 10,417.4</u>	<u>\$ (181.2)</u>	<u>\$ 10,245.1</u>
Net earnings attributable to Laboratory Corporation of America Holdings	—	—	587.3	—	587.3
Other comprehensive earnings (loss), net of tax	—	—	—	(89.7)	(89.7)
Issuance of common stock under employee stock plans	—	24.2	—	—	24.2
Net share settlement tax payments from issuance of stock to employees	—	(1.4)	—	—	(1.4)
Stock compensation	—	59.0	—	—	59.0
Purchase of common stock	(0.1)	(81.8)	(218.1)	—	(300.0)
BALANCE AT SEPTEMBER 30, 2021	<u>\$ 8.8</u>	<u>\$ —</u>	<u>\$ 10,786.6</u>	<u>\$ (270.9)</u>	<u>\$ 10,524.5</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,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 1,825.9	\$ 618.4
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	557.1	440.8
Stock compensation	111.6	84.9
Operating lease right-of-use asset expense	145.3	150.7
Goodwill and other asset impairments	—	460.9
Deferred income taxes	(102.0)	(48.5)
Other	(41.0)	55.2
Change in assets and liabilities (net of effects of acquisitions and divestitures):		
(Increase) decrease in accounts receivable	135.6	(546.9)
Increase in unbilled services	(185.9)	(117.8)
Increase in supplies inventory	(6.5)	(147.5)
(Increase) decrease in prepaid expenses and other	(72.4)	26.1
Increase in accounts payable	34.6	17.3
Increase in unearned revenue	83.8	44.1
Increase (decrease) in accrued expenses and other	(74.0)	323.0
Net cash provided by operating activities	<u>2,412.1</u>	<u>1,360.7</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(310.4)	(282.3)
Proceeds from sale of assets	3.5	1.1
Proceeds from sale of business	12.4	—
Proceeds from sale or distribution of investments	10.4	1.0
Proceeds from exit from swaps	—	3.1
Investments in equity affiliates	(20.0)	(29.3)
Acquisition of businesses, net of cash acquired	(326.0)	(208.8)
Net cash used for investing activities	<u>(630.1)</u>	<u>(515.2)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from senior note offerings	1,000.0	—
Payments on senior notes	(1,000.0)	(412.2)
Payments on term loan	(375.0)	—
Proceeds from revolving credit facilities	—	151.7
Payments on revolving credit facilities	—	(151.7)
Net share settlement tax payments from issuance of stock to employees	(44.4)	(32.0)
Net proceeds from issuance of stock to employees	50.8	50.6
Purchase of common stock	(668.5)	(100.0)
Other	(20.1)	(22.8)
Net cash used for financing activities	<u>(1,057.2)</u>	<u>(516.4)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(9.1)</u>	<u>0.6</u>
Net increase in cash and cash equivalents	715.7	329.7
Cash and cash equivalents at beginning of period	1,320.8	337.5
Cash and cash equivalents at end of period	<u>\$ 2,036.5</u>	<u>\$ 667.2</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 leading global life sciences company that provides vital information to help doctors, hospitals, pharmaceutical companies, researchers, and patients make clear and confident decisions. By leveraging its strong diagnostics and drug development capabilities, the Company provides insights and accelerates innovations to improve health and improve lives.

The Company reports its business in two segments, Labcorp Diagnostics (Dx) and Labcorp Drug Development (DD). For further financial information about these segments, see Note 14 Business Segment Information to the Condensed Consolidated Financial Statements. During the three months ended September 30, 2021, Dx and DD contributed approximately 64% and 36% respectively, of revenues to the Company. During the nine months ended September 30, 2021, Dx and DD contributed approximately 64% and 36% 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 United States (U.S.) Securities and Exchange Commission (SEC) and do not contain certain information included in the Company's fiscal year 2020 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.

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

2. REVENUES

The Company's revenues by segment and by payers/customer groups for the three and nine months ended September 30, 2021, and 2020, were as follows:

	For the Three Months Ended September 30, 2021				For the Three Months Ended September 30, 2020			
	North America	Europe	Other	Total	North America	Europe	Other	Total
Payer/Customer								
<i>Dx</i>								
Clients	17 %	— %	— %	17 %	22 %	— %	— %	22 %
Patients	6 %	— %	— %	6 %	5 %	— %	— %	5 %
Medicare and Medicaid	6 %	— %	— %	6 %	7 %	— %	— %	7 %
Third-party	35 %	— %	— %	35 %	34 %	— %	— %	34 %
<i>Total Dx revenues by payer</i>	64 %	— %	— %	64 %	68 %	— %	— %	68 %
<i>DD</i>								
Biopharmaceutical and medical device companies	22 %	10 %	4 %	36 %	16 %	10 %	6 %	32 %
Total revenues	86 %	10 %	4 %	100 %	84 %	10 %	6 %	100 %

	For the Nine Months Ended September 30, 2021				For the Nine Months Ended September 30, 2020			
	North America	Europe	Other	Total	North America	Europe	Other	Total
Payer/Customer								
<i>Dx</i>								
Clients	18 %	— %	— %	18 %	20 %	— %	— %	20 %
Patients	6 %	— %	— %	6 %	6 %	— %	— %	6 %
Medicare and Medicaid	6 %	— %	— %	6 %	7 %	— %	— %	7 %
Third-party	34 %	— %	— %	34 %	30 %	— %	— %	30 %
<i>Total Dx revenues by payer</i>	64 %	— %	— %	64 %	63 %	— %	— %	63 %
<i>DD</i>								
Biopharmaceutical and medical device companies	22 %	10 %	4 %	36 %	18 %	12 %	7 %	37 %
Total revenues	86 %	10 %	4 %	100 %	81 %	12 %	7 %	100 %

Revenues in the U.S. were \$3,352.7 (82.5%) and \$3,198.8 (82.1%) for the three months ended September 30, 2021, and 2020, respectively, and for the nine months ended September 30, 2021, and 2020, were \$9,926.7 (82.3%) and \$7,505.9 (79.1%), respectively.

Contract costs

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

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

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

	September 30, 2021	December 31, 2020
Sales commission assets	\$ 36.6	\$ 32.6
Deferred contract fulfillment costs	14.3	12.6
Total	\$ 50.9	\$ 45.2

Amortization related to sales commission assets and associated payroll taxes for the three months ended September 30, 2021, and 2020, was \$7.1 and \$6.0, respectively and for the nine months ended September 30, 2021, and 2020, was \$20.4 and \$16.8, respectively. Amortization related to deferred contract fulfillment costs for the three months ended September 30, 2021, and 2020, was \$3.5 and \$2.3, respectively, and was \$10.0 and \$7.6, respectively, for the nine months ended September 30, 2021, and 2020.

Receivables, Unbilled Services and Unearned Revenue

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

	September 30, 2021	December 31, 2020
Receivables, which are included in accounts receivable	\$ 1,098.6	\$ 1,001.5
Unbilled services	730.2	548.1
Unearned revenue	574.3	492.2

Revenues recognized during the period, that were included in the unearned revenue balance at the beginning of the period were \$267.6 and \$237.2 for the nine months ended September 30, 2021, and 2020, 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, 2021 is as follows:

	For the Nine Months Ended September 30, 2021			
	Accounts Receivable	Unbilled Services	Note and Other Receivables	Total
Balance as of December 31, 2020	\$ 22.1	\$ 11.3	\$ 5.7	\$ 39.1
Plus, credit loss expense	0.7	—	—	0.7
Less, write offs	4.5	0.1	—	4.6
Balance as of September 30, 2021	\$ 18.3	\$ 11.2	\$ 5.7	\$ 35.2

Performance Obligations Under Long-Term Contracts

Long-term contracts at the Company consist primarily of fully managed clinical studies within DD. The amount of existing performance obligations under such long-term contracts unsatisfied as of September 30, 2021, was \$5,412.8. The Company expects to recognize revenue over the remaining contract term of the individual projects, with contract terms generally ranging from 1 to 8 years.

Within DD, revenues of \$10.1 and \$31.1 were recognized during the three months ended September 30, 2021 and 2020, respectively, and revenues of \$38.9 and \$44.8 were recognized during the nine months ended September 30, 2021 and 2020, respectively, from performance obligations that were satisfied in previous periods. This revenue primarily relates to adjustments related to changes in scope in full service clinical studies, and to a lesser extent, changes in estimates.

3. BUSINESS ACQUISITIONS AND DISPOSITIONS

During the nine months ended September 30, 2021, the Company acquired several businesses and related assets for approximately \$326.0 in cash within Dx. The purchase considerations for these acquisitions in the nine months ended September 30, 2021, have been allocated under the acquisition method of accounting to the estimated fair market value of the net assets acquired, including approximately \$142.5 in identifiable intangible assets and a residual amount of non-tax deductible goodwill of approximately \$219.2. The amortization periods for intangible assets acquired from these businesses range from 5

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
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(dollars and shares in millions, except per share data)

to 15 years for customer relationships, non-compete agreements, technology and trade names. These acquisitions were made primarily to expand the Company's services for hospitals and health system laboratories and acquire testing technology. The excess of the fair value of the consideration conveyed over the fair value of the net assets acquired was recorded as goodwill. The goodwill reflects the Company's expectations to utilize the acquired business' workforce and established relationships and the benefits of being able to leverage operational efficiencies with favorable growth opportunities in these markets. In addition, during the nine months ended September 30, 2021, the Company sold certain assets within DD with proceeds of \$12.4 and a loss of \$6.1 recorded in Other, net on the Condensed Consolidated Statement of Operations.

The purchase price allocation for several third quarter transactions are still preliminary and subject to change. The areas of the purchase price allocation that are not yet finalized relate primarily to intangible assets, goodwill, and the impact of finalizing deferred taxes. Accordingly, adjustments may be made as additional information is obtained about the facts and circumstances that existed as of the valuation date. Any adjustments will be recorded in the period in which they are identified.

4. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings attributable to Laboratory Corporation of America Holdings by the weighted average number of common shares outstanding. Diluted earnings 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,					
	2021			2020			2021			2020		
	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	\$ 587.3	96.3	\$ 6.10	\$ 703.4	97.4	\$ 7.22	\$ 1,824.3	97.1	\$ 18.79	\$ 617.8	97.3	\$ 6.35
Dilutive effect of employee stock options and awards	—	0.8		—	0.7		—	0.8		—	0.6	
Net earnings including impact of dilutive adjustments	<u>\$ 587.3</u>	<u>97.1</u>	\$ 6.05	<u>\$ 703.4</u>	<u>98.1</u>	\$ 7.17	<u>\$ 1,824.3</u>	<u>97.9</u>	\$ 18.63	<u>\$ 617.8</u>	<u>97.9</u>	\$ 6.31

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,	
	2021	2020	2021	2020
Employee stock options and awards	—	0.2	0.1	0.4

5. RESTRUCTURING AND OTHER CHARGES

During the three months ended September 30, 2021, the Company recorded net restructuring and other charges of \$6.5: \$3.3 within Dx and \$3.2 within DD. The charges were comprised of \$3.3 related to severance and other personnel costs and \$3.7 in facility closures, lease terminations, and general integration activities. The charges were offset by the reversal of previously established liabilities of \$0.5 in unused facility-related costs.

During the nine months ended September 30, 2021, the Company recorded net restructuring and other charges of \$35.3: \$16.8 within Dx and \$18.5 within DD. The charges were comprised of \$13.6 related to severance and other personnel costs and \$22.4 in facility closures, lease terminations, and general integration activities. The charges were adjusted by the reversal of previously established liabilities of \$0.7 in unused facility-related costs.

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During the three months ended September 30, 2020, the Company recorded net restructuring and other special charges of \$7.1: \$1.6 within Dx and \$5.5 within DD. The charges were comprised of \$2.3 related to severance and other personnel costs, \$3.0 for a DD lab facility and equipment impairment, and \$4.0 in facility closures, impairment of operating lease right-of-use assets, and general integration initiatives. The charges were offset by the reversal of previously established liabilities of \$0.1 and \$2.1 in unused severance and facility-related costs, respectively.

During the nine months ended September 30, 2020, the Company recorded net restructuring and other charges of \$38.9: \$13.4 within Dx and \$25.5 within DD. The charges were comprised of \$12.8 related to severance and other personnel costs, \$11.0 for a DD lab facility impairment and equipment impairments, and \$24.0 in costs associated with facility closures, impairment of operating lease right-of-use assets, and general integration initiatives. The charges were offset by the reversal of previously established liabilities of \$1.1 and \$7.8 in unused severance costs and facility-related costs, respectively.

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

	Dx		DD		Total
	Severance and Other Employee Costs	Facility Costs	Severance and Other Employee Costs	Facility Costs	
Balance as of December 31, 2020	\$ 0.3	\$ 0.4	\$ 2.4	\$ 4.7	\$ 7.8
Restructuring charges	6.4	10.4	7.2	12.0	36.0
Adjustments to prior restructuring accruals	—	—	(0.1)	(0.6)	(0.7)
Cash payments and other adjustments	(5.7)	(10.4)	(5.0)	(12.6)	(33.7)
Balance as of September 30, 2021	<u>\$ 1.0</u>	<u>\$ 0.4</u>	<u>\$ 4.5</u>	<u>\$ 3.5</u>	<u>\$ 9.4</u>
Current					\$ 7.8
Non-current					<u>1.6</u>
					<u>\$ 9.4</u>

6. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the nine months ended September 30, 2021, are as follows:

	Dx	DD	Total
Balance as of December 31, 2020	\$ 3,800.2	\$ 3,951.3	\$ 7,751.5
Goodwill acquired during the period	219.2	—	219.2
Foreign currency impact and other adjustments to goodwill	3.8	(67.7)	(63.9)
Balance as of September 30, 2021	<u>\$ 4,023.2</u>	<u>\$ 3,883.6</u>	<u>\$ 7,906.8</u>

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

Based upon the revised forecasted revenues and operating income following the declaration of the COVID-19 global pandemic, management concluded there was a triggering event and updated its annual 2019 goodwill impairment testing as of March 31, 2020, for certain of its DD reporting units and Dx reporting units. Based on the quantitative impairment assessment, performed in the same manner as the annual quantitative assessment, the Company concluded that the fair value was less than carrying value for two of its reporting units and recorded a goodwill impairment of \$418.7 for DD and \$3.7 for Dx.

During the three months ended September 30, 2020, the Company also recorded goodwill and other asset impairment charges of \$10.1 and \$17.7 for customer relationships and technology intangible assets, respectively, due to the loss of a contract from a DD prior acquisition. The Company reversed the \$5.0 charge for the estimated loss related to the DD floating rate secured note receivable due 2022. The Company also recorded an impairment for a note receivable related to an Dx investment of \$0.7 during the three months ended September 30, 2020.

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The components of identifiable intangible assets are as follows:

	September 30, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 4,613.1	\$ (1,648.5)	\$ 2,964.6	\$ 4,643.3	\$ (1,534.9)	\$ 3,108.4
Patents, licenses and technology	489.5	(267.8)	221.7	434.7	(252.6)	182.1
Non-compete agreements	114.7	(79.4)	35.3	109.6	(70.7)	38.9
Trade name	403.5	(364.9)	38.6	401.8	(263.9)	137.9
Land use right	10.8	(7.8)	3.0	10.9	(6.9)	4.0
Canadian licenses	491.9	—	491.9	489.8	—	489.8
	\$ 6,123.5	\$ (2,368.4)	\$ 3,755.1	\$ 6,090.1	\$ (2,129.0)	\$ 3,961.1

Amortization of intangible assets for the three and nine months ended September 30, 2021, and 2020, was \$92.2 and \$62.2 and \$276.7 and \$184.6, respectively. During the fourth quarter of 2020, as part of a rebranding initiative, the Company reduced the estimated useful life of its trade name assets to reflect their anticipated use through December 2021. This change in estimated useful life resulted in accelerated amortization of \$30.2 and \$87.4, respectively, during the three and nine months ended September 30, 2021. Amortization expense for the net carrying amount of intangible assets is estimated to be \$86.9 for the remainder of fiscal 2021, \$221.0 in fiscal 2022, \$218.0 in fiscal 2023, \$213.4 in fiscal 2024, \$201.2 in fiscal 2025, and \$2,144.3 thereafter.

7. DEBT

Short-term borrowings and the current portion of long-term debt at September 30, 2021, and December 31, 2020, consisted of the following:

	September 30, 2021	December 31, 2020
2019 Term Loan	\$ —	\$ 375.0
Debt issuance costs	—	(0.4)
Current portion of note payable	1.6	2.1
Total short-term borrowings and current portion of long-term debt	\$ 1.6	\$ 376.7

Long-term debt at September 30, 2021, and December 31, 2020, consisted of the following:

	September 30, 2021	December 31, 2020
3.20% senior notes due 2022	\$ —	\$ 500.0
3.75% senior notes due 2022	—	500.0
4.00% senior notes due 2023	300.0	300.0
3.25% senior notes due 2024	600.0	600.0
2.30% senior notes due 2024	400.0	400.0
3.60% senior notes due 2025	1,000.0	1,000.0
1.55% senior notes due 2026	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	504.0	—
4.70% senior notes due 2045	900.0	900.0
Debt issuance costs	(42.0)	(37.1)
Note payable	5.2	6.1
Total long-term debt	\$ 5,417.2	\$ 5,419.0

Senior Notes

On May 26, 2021, the Company issued new senior notes representing \$1,000.0 in debt securities and consisting of \$500.0 aggregate principal amount of 1.55% senior notes due 2026 and \$500.0 aggregate principal amount of 2.70% senior notes due 2031. Interest on these notes is payable semi-annually in arrears on June 1 and December 1 of each year, commencing on December 1, 2021. Net proceeds from the offering of these notes were \$989.4 after deducting underwriting discounts and other expenses of the offering. The net proceeds were used, along with cash on hand, to redeem, prior to maturity, the Company's outstanding 3.20% senior notes due February 1, 2022 and 3.75% senior notes due August 23, 2022.

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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 LIBOR 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 assets and added to the value of the senior notes with an aggregate fair value of \$4.0 at September 30, 2021.

Credit Facilities

On June 3, 2019, the Company entered into an \$850.0 term loan (the 2019 Term Loan) with a scheduled maturity date of June 3, 2021. The Company paid off the 2019 Term Loan balance during the first quarter of 2021.

The Company also 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 0.100% 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. There were no balances outstanding on the Company's current revolving credit facility as of September 30, 2021 and December 31, 2020. As of September 30, 2021, the effective interest rate on the revolving credit facility was 1.08%. 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, 2021, and expects that it will remain in compliance with its existing debt covenants for the next twelve months.

The Company's availability of \$1,000.0 at September 30, 2021, under its revolving credit facility reflects a reduction equivalent to the amount of the Company's outstanding letters of credit, if applicable. There were no outstanding letters of credit under the facility as of September 30, 2021.

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, 2021, and December 31, 2020.

The changes in common shares issued are summarized below:

	Issued and Outstanding
Common shares at December 31, 2020	97.5
Shares issued under employee stock plans	0.8
Shares repurchased	(2.5)
Common shares at September 30, 2021	95.8

Share Repurchase Program

During the nine months ended September 30, 2021, the Company purchased 2.5 shares of its common stock at an average price of \$270.55. When the Company repurchases shares, the amount paid to repurchase the shares in excess of the par or stated value is allocated to additional paid-in-capital unless subject to limitation or the balance in additional paid-in-capital is exhausted. Remaining amounts are recognized as a reduction in retained earnings. As of September 30, 2021, the Company had outstanding authorization from the board of directors to purchase up to \$131.5 of the Company's common stock. The repurchase authorization has no expiration date.

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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, 2020	\$ (21.3)	\$ (140.6)	\$ (161.9)
Current year adjustments	(114.6)	14.0	(100.6)
Amounts reclassified from accumulated other comprehensive income for settlement charge	—	(3.0)	(3.0)
Amounts reclassified from accumulated other comprehensive income	—	(3.3)	(3.3)
Tax effect of adjustments	—	(2.1)	(2.1)
Balance as of September 30, 2021	<u>\$ (135.9)</u>	<u>\$ (135.0)</u>	<u>\$ (270.9)</u>

9. INCOME TAXES

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

The year to date 2021 tax rate was favorable to the corresponding year to date 2020 tax rate due primarily to the 2020 impairment charges for which either no tax benefit was recorded (as they were not deductible) or the associated tax assets required a full valuation allowance. In addition, the tax rate was favorably impacted when the Company recorded tax benefits related to electing the Global Intangible Low Tax Income (GILTI) high-tax exclusion retroactively for previous tax years. On July 20, 2020, the U.S. Treasury issued and enacted final regulations related to GILTI that allows certain U.S. taxpayers to elect to exclude foreign income that is subject to a high effective tax rate from the GILTI inclusions. The GILTI high-tax exclusion is an annual election and is retroactively available. During the quarter, the Company completed a detailed analysis and took the appropriate steps to amend its previous tax filings and to reassess its position on its 2020 and 2021 tax years. Further, the rate was favorably impacted by foreign derived intangible income (FDII) as the Company finalized a comprehensive study related to previous tax filings and on its 2020 and 2021 tax years. On July 15, 2020, the U.S. Treasury issued and enacted final regulations related to FDII that governs the acceptable documentation reliability requirements and acceptable services that qualify as deduction eligible income. This was partially offset by a new uncertain tax position that was established during this quarter related to a foreign jurisdiction.

The gross unrecognized income tax benefits were \$55.6 and \$48.8 at September 30, 2021, and December 31, 2020, respectively. It is anticipated that the amount of the unrecognized income tax benefits will change within the next 12 months; however, these changes are not expected to have a significant impact on the results of operations, cash flows or the financial position of the Company.

As of September 30, 2021, and December 31, 2020, \$53.4 and \$46.7, respectively, are the approximate amounts of gross unrecognized income tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods.

The Company recognizes interest and penalties related to unrecognized income tax benefits in income tax expense. Accrued interest and penalties related to uncertain tax positions totaled \$9.5 and \$8.3 as of September 30, 2021, and December 31, 2020, respectively.

The Company has substantially concluded all U.S. federal income tax matters for years through 2017. Substantially all material state and local and foreign income tax matters have been concluded through 2016 and 2011, respectively.

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

10. COMMITMENTS AND CONTINGENCIES

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

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reviewing billing practices or requesting comment on allegations of billing irregularities that are brought to their attention through billing audits or third parties. The Company receives civil investigative demands or other inquiries from various governmental bodies in the ordinary course of its business. Such inquiries can relate to the Company or other parties, including physicians and other health care providers. The Company works cooperatively to respond to appropriate requests for information.

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

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

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

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

As previously reported, the Company responded to an October 2007 subpoena from the U.S. Department of Health & Human Services Office of Inspector General's regional office in New York. On August 17, 2011, the U.S. District Court for the Southern District of New York unsealed a False Claims Act lawsuit, United States of America ex rel. NPT Associates v. Laboratory Corporation of America Holdings, which alleges that the Company offered UnitedHealthcare kickbacks in the form of discounts in return for Medicare business. The Plaintiff's Third Amended Complaint further alleges that the Company's billing practices violated the False Claims Acts of 14 states and the District of Columbia. The lawsuit seeks actual and treble damages and civil penalties for each alleged false claim, as well as recovery of costs, attorney's fees, and legal expenses. The Company's Motion to Dismiss was granted in October 2014 and Plaintiff was granted the right to replead. On January 11, 2016, Plaintiff filed a motion requesting leave to file an amended complaint under seal and to vacate the briefing schedule for the Company's Motion to Dismiss, while the government reviewed the amended complaint. The Court granted the motion and vacated the briefing dates. Plaintiff then filed the Amended Complaint under seal. On August 24, 2021, the U.S. government filed a notice indicating that it does not intend to intervene in the matter. On October 27, 2021, the Fourth Amended Complaint was unsealed. The Fourth Amended Complaint is similar to the Third Amended Complaint in that it alleges that the Company offered UnitedHealthcare kickbacks in the form of discounts in return for Medicare and Medicaid business, and it further alleges that the Company unlawfully charged Medicare amounts substantially in excess of its alleged usual charges. Similar to the Third Amended Complaint, the Fourth Amended Complaint alleges violations of the federal False Claims Act and the False Claims Act of 14 states and the District of Columbia. The Company will vigorously defend the lawsuit.

In addition, the Company has received various other subpoenas since 2007 related to Medicaid billing. In October 2009, the Company received a subpoena from the State of Michigan Department of Attorney General seeking documents related to its billing to Michigan Medicaid. The Company cooperated with this request. In October 2013, the Company received a Civil Investigative Demand from the State of Texas Office of the Attorney General requesting documents related to its billing to

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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. 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 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. The Company will vigorously defend the lawsuit.

In December 2014, the Company received a Civil Investigative Demand issued pursuant to the U.S. False Claims Act from the U.S. Attorney's Office for South Carolina, which requested information regarding alleged remuneration and services provided by the Company to physicians who also received draw and processing/handling fees from competitor laboratories Health Diagnostic Laboratory, Inc. (HDL) and Singulex, Inc. (Singulex). The Company cooperated with the request. On April 4, 2018, the U.S. District Court for the District of South Carolina, Beaufort Division, unsealed a False Claims Act lawsuit, *United States of America ex rel. Scarlett Lutz, et al. v. Laboratory Corporation of America Holdings*, which alleges that the Company's financial relationships with referring physicians violate federal and state anti-kickback statutes. The Plaintiffs' Fourth Amended Complaint further alleges that the Company conspired with HDL and Singulex in violation of the Federal False Claims Act and the California and Illinois insurance fraud prevention acts by facilitating HDL's and Singulex's offers of illegal inducements to physicians and the referral of patients to HDL and Singulex for laboratory testing. The lawsuit seeks actual and treble damages and civil penalties for each alleged false claim, as well as recovery of costs, attorney's fees, and legal expenses. Neither the U.S. government nor any state government has intervened in the lawsuit. The Company filed a Motion to Dismiss seeking the dismissal of the claims asserted under the California and Illinois insurance fraud prevention statutes, the conspiracy claim, the reverse False Claims Act claim, and all claims based on the theory that the Company performed medically unnecessary testing. On January 16, 2019, the Court entered an order granting in part and denying in part the Motion to Dismiss. The Court dismissed the Plaintiffs' claims based on the theory that the Company performed medically unnecessary testing, the claims asserted under the California and Illinois insurance fraud prevention statutes, and the reverse False Claims Act claim. The Court denied the Motion to Dismiss as to the conspiracy claim. On March 12, 2021, the Company filed a Motion for Summary Judgment related to all remaining claims. On June 16, 2021, the Court denied the Company's Motion for Summary Judgment. The Company will vigorously defend the lawsuit.

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

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operative complaint for the consolidated action. On November 11, 2016, two competing motions were filed by two separate stockholders (James Reilly and Shikha Gupta) seeking appointment as lead plaintiff under the terms of the Private Securities Litigation Reform Act of 1995. On June 7, 2017, the Court entered an order declaring Mr. Reilly as the lead plaintiff and approving Mr. Reilly's selection of lead counsel. The parties agree that the MOU has been terminated. The Plaintiffs filed a Consolidated Amended Class Action Complaint on July 24, 2017, and the Defendants filed a Motion to Dismiss, which remains pending. On March 13, 2019, the Court stayed the action in its entirety pending the U.S. Supreme Court's anticipated decision in *Emulex Corp. v. Varjabedian*. On April 23, 2019, however, the U.S. Supreme Court dismissed the writ of certiorari in *Emulex* as improvidently granted. The Company will vigorously defend the lawsuit.

On March 10, 2017, the Company was served with a putative class action lawsuit, *Victoria Bouffard, et al. v. Laboratory Corporation of America Holdings*, filed in the U.S. District Court for the Middle District of North Carolina. The complaint alleges that the Company's patient list prices unlawfully exceed the rates negotiated for the same services with private and public health insurers in violation of various state consumer protection laws. The lawsuit also alleges breach of implied contract or quasi-contract, unjust enrichment, and fraud. The lawsuit seeks statutory, exemplary, and punitive damages, injunctive relief, and recovery of attorney's fees and costs. In May 2017, the Company filed a Motion to Dismiss Plaintiffs' Complaint and Strike Class Allegations; the Motion to Dismiss was granted in March 2018 without prejudice. On October 10, 2017, a second putative class action lawsuit, *Sheryl Anderson, et al. v. Laboratory Corporation of America Holdings*, was filed in the U.S. District Court for the Middle District of North Carolina. The complaint contained similar allegations and sought similar relief to the *Bouffard* complaint, and added additional counts regarding state consumer protection laws. On August 10, 2018, the Plaintiffs filed an Amended Complaint, which consolidated the *Bouffard* and *Anderson* actions. On September 10, 2018, the Company filed a Motion to Dismiss Plaintiffs' Amended Complaint and Strike Class Allegations. On August 16, 2019, the Court entered an order granting in part and denying in part the Motion to Dismiss the Amended Complaint, and denying the Motion to Strike the Class Allegations. On August 26, 2021, Plaintiffs filed a Motion for Class Certification. The Company will vigorously defend the lawsuit.

On April 1, 2019, Covance Research Products was served with a Grand Jury Subpoena issued by the Department of Justice (DOJ) in Miami, Florida requiring the production of documents related to the importation into the United States of live non-human primate shipments originating from or transiting through China, Cambodia, and/or Vietnam from April 1, 2014 through March 28, 2019. The Company is cooperating with the DOJ.

On May 14, 2019, Retrieval-Masters Creditors Bureau, Inc. d/b/a American Medical Collection Agency (AMCA), an external collection agency, notified the Company about a security incident AMCA experienced that may have involved certain personal information about some of the Company's patients (the AMCA Incident). The Company referred patient balances to AMCA only when direct collection efforts were unsuccessful. The Company's systems were not impacted by the AMCA Incident. Upon learning of the AMCA Incident, the Company promptly stopped sending new collection requests to AMCA and stopped AMCA from continuing to work on any pending collection requests from the Company. AMCA informed the Company that it appeared that an unauthorized user had access to AMCA's system between August 1, 2018, and March 30, 2019, and that AMCA could not rule out the possibility that personal information on AMCA's system was at risk during that time period. Information on AMCA's affected system from the Company may have included name, address, and balance information for the patient and person responsible for payment, along with the patient's phone number, date of birth, referring physician, and date of service. The Company was later informed by AMCA that health insurance information may have been included for some individuals, and because some insurance carriers utilize the Social Security Number as a subscriber identification number, the Social Security Number for some individuals may also have been affected. No ordered tests, laboratory test results, or diagnostic information from the Company were in the AMCA affected system. The Company notified individuals for whom it had a valid mailing address. For the individuals whose Social Security Number was affected, the notice included an offer to enroll in credit monitoring and identity protection services that will be provided free of charge for 24 months.

Twenty-three putative class action lawsuits were filed against the Company related to the AMCA Incident in various U.S. District Courts. Numerous similar lawsuits have been filed against other health care providers who used AMCA. These lawsuits have been consolidated into a multidistrict litigation in the District of New Jersey. On November 15, 2019, the Plaintiffs filed a Consolidated Class Action Complaint in the U.S. District Court of New Jersey. On January 22, 2020, the Company filed Motions to Dismiss all claims. The consolidated Complaint generally alleges that the Company did not adequately protect its patients' data and failed to timely notify those patients of the AMCA Incident. The Complaint asserts various causes of action, including but not limited to negligence, breach of implied contract, unjust enrichment, and the violation of state data protection statutes. The Complaint seeks damages on behalf of a class of all affected Company customers. The Company will vigorously defend the multi-district litigation.

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The Company was served with a shareholder derivative lawsuit, *Raymond Eugenio, Derivatively on Behalf of Nominal Defendant, Laboratory Corporation of America Holdings v. Lance Berberian, et al.*, filed in the Court of Chancery of the State of Delaware on April 23, 2020. The complaint asserts derivative claims on the Company's behalf against the Company's board of directors and certain executive officers. The complaint generally alleges that the defendants failed to ensure that the Company utilized proper cybersecurity safeguards and failed to implement a sufficient response to data security incidents, including the AMCA Incident. The complaint asserts derivative claims for breach of fiduciary duty and seeks relief including damages, certain disclosures, and certain changes to the Company's internal governance practices. On June 2, 2020, the Company filed a Motion to Stay the lawsuit due to its overlap with the multi-district litigation referenced above. On July 2, 2020, the Company filed a Motion to Dismiss. On July 14, 2020, the Court entered an order staying the lawsuit pending the resolution of the multi-district litigation. The lawsuit will be vigorously defended.

Certain governmental entities have requested information from the Company related to the AMCA Incident. The Company received a request for information from the Office for Civil Rights (OCR) of the Department of Health and Human Services. On April 28, 2020, OCR notified the Company of the closure of its inquiry. The Company has also received requests from a multi-state group of state Attorneys General and is cooperating with these requests for information.

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. The Company will vigorously defend the lawsuit.

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

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 October 2, 2020, the Company was served with a putative class action lawsuit, *Peterson v. Laboratory Corporation of America Holdings*, filed in the U.S. District Court for the Northern District of New York, alleging claims for a failure to properly pay service representatives compensation for all hours worked and overtime under the Fair Labor Standards Act, as well as notice and recordkeeping claims under the New York Labor Code. On February 21, 2021, Plaintiff filed an amended complaint reiterating allegations of violations of the Fair Labor Standards Act and New York Labor Code, but narrowing the scope of the putative class to only those service representatives employed by the Company within the State of New York. The lawsuit seeks monetary damages, liquidated damages, equitable and injunctive relief, and recovery of attorney's fees and costs. The Company will vigorously defend the lawsuit.

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.

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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 Company will vigorously defend the lawsuit.

On March 1, 2021, the Company was served with a putative class action lawsuit, *Foy v. Laboratory Corporation of America Holdings d/b/a Labcorp Diagnostics*, filed in the U.S. District Court for the Middle District of North Carolina, alleging claims for failure to properly pay service representatives employed outside of California and New York for all hours worked and overtime compensation under the Fair Labor Standards Act. The lawsuit seeks monetary damages, liquidated damages, equitable and injunctive relief, and recovery of attorney's fees and costs. The Company will vigorously defend the lawsuit.

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. The Company will vigorously defend the lawsuit.

On October 14 2021, a putative class action lawsuit, *Tabacchino v. Laboratory Corporation of America Holdings*, was filed in the Supreme Court of New York, Nassau County, alleging claims for a failure to properly pay service representatives compensation for all hours worked and overtime under the Fair Labor Standards Act and the New York Labor Code, as well notice and recordkeeping claims under the New York Labor Code. The lawsuit seeks monetary damages, liquidated damages, civil penalties, equitable and injunctive relief, and recovery of attorney's fees and costs. The Company will vigorously defend the lawsuit.

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

11. FAIR VALUE MEASUREMENTS

The Company's population of financial assets and liabilities subject to fair value measurements as of September 30, 2021, and December 31, 2020, is as follows:

	Balance Sheet Classification	Fair Value as of September 30, 2021	Fair Value Measurements as of September 30, 2021 Using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
Noncontrolling interest put	Noncontrolling interest	\$ 16.2	\$ —	\$ 16.2	\$ —
Cross currency swaps	Other liabilities	12.8	—	12.8	—
Interest rate swaps	Other assets, net	4.0	—	4.0	—
Cash surrender value of life insurance policies	Other assets, net	101.0	—	101.0	—
Deferred compensation liability	Other liabilities	99.0	—	99.0	—
Investment in equity securities	Other current assets	18.5	18.5	—	—
Contingent consideration	Other liabilities	12.8	—	—	12.8

	Balance Sheet Classification	Fair Value as of December 31, 2020	Fair Value Measurements as of December 31, 2020 Using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
Noncontrolling interest put	Noncontrolling interest	\$ 16.2	\$ —	\$ 16.2	\$ —
Cross currency swaps	Other liabilities	40.4	—	40.4	—
Cash surrender value of life insurance policies	Other assets, net	90.6	—	90.6	—
Deferred compensation liability	Other liabilities	89.2	—	89.2	—
Contingent consideration	Other liabilities	13.9	—	—	13.9

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Fair Value Measurement of Level 3 Liabilities	Contingent Consideration	
Balance at December 31, 2020	\$	13.9
Adjustments		(1.1)
Balance at September 30, 2021	\$	12.8

The Company has a noncontrolling interest put related to its Ontario subsidiary that has been classified as mezzanine equity in the Company's condensed consolidated balance sheets. The noncontrolling interest put is valued at its contractually determined value, which approximates fair value.

The Company offers certain employees the opportunity to participate in an employee-funded deferred compensation plan (DCP). A participant's deferrals are allocated by the participant to one or more of 16 measurement funds, which are indexed to externally managed funds. From time to time, to offset the cost of the growth in the participant's investment accounts, the Company purchases life insurance policies, with the Company named as beneficiary of the policies. Changes in the cash surrender value of the life insurance policies are based upon earnings and changes in the value of the underlying investments, which are typically invested in a similar manner to the 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.

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

The carrying amounts of cash and cash equivalents, accounts receivable, income taxes receivable, and accounts payable are considered to be representative of their respective fair values due to their short-term nature. The fair market value of the senior notes, based on market pricing, was approximately \$5,910.7 and \$6,121.8 as of September 30, 2021, and December 31, 2020, 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.

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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

Interest Rate Swaps

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 LIBOR plus 1.0706%. These agreements were designated as hedges against changes in the fair value of a portion of the Company's long-term debt. The aggregate fair value of \$4.0 at September 30, 2021, was included as a component of other long-term assets and added to the reported value of the senior notes.

Cross Currency Swaps

During the fourth quarter of 2018, the Company entered into U.S. Dollar to Swiss Franc cross-currency swap agreements with an aggregate notional value of \$600.0. These instruments are designated as a hedge against the impact of foreign exchange movements on its net investment in a Swiss subsidiary. Of the notional value, \$300.0 matures in 2022 and \$300.0 matures in 2025. The cross currency swaps maturing in 2022 and 2025 with an aggregate fair value of \$(11.8) and \$(1.0) as of September 30, 2021, respectively, are included in other long-term liabilities. The cross currency swaps had an aggregate fair value of \$(26.0) and \$(14.4) as of December 31, 2020, respectively, and are included in other long-term liabilities. Changes in the fair value of the cross-currency swaps are recorded as a component of the foreign currency translation adjustment in accumulated other comprehensive income in the Condensed Consolidated Balance Sheet until the hedged item is recognized in earnings. The cumulative change in the fair value of these instruments of \$3.9 and \$27.6 for the three and nine months ended September 30, 2021, respectively, was recognized as currency translation within the Condensed Consolidated Statement of

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Comprehensive Earnings. There were no amounts reclassified from the Condensed Consolidated Statement of Comprehensive Earnings to the Condensed Consolidated Statement of Operations during the three or nine months ended September 30, 2021.

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

Balance Sheet Caption		September 30, 2021			December 31, 2020		
		Fair Value of Derivative			Fair Value of Derivative		
		Asset	Liability	U.S. Dollar Notional	Asset	Liability	U.S. Dollar Notional
<i>Derivatives Designated as Hedging Instruments</i>							
Interest rate swap	Other assets, net	\$ 4.0	—	\$ 500.0	—	—	—
Cross currency swaps	Other assets, net or Other liabilities	\$ —	\$ 12.8	\$ 600.0	\$ —	\$ 40.4	\$ 600.0

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

	Amount of pre-tax gain/(loss) included in other comprehensive income		Amounts reclassified to the Statement of Operations		Amount of pre-tax gain/(loss) included in other comprehensive income		Amounts reclassified to the Statement of Operations	
	Three Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020	2021	2020	2021	2020
Interest rate swap contracts	\$ —	\$ —	\$ —	\$ 1.6	\$ —	\$ 0.8	\$ —	\$ 1.6
Cross currency swaps	\$ 3.9	\$ (23.1)	\$ —	\$ —	\$ 27.6	\$ (12.0)	\$ —	\$ —

No gains or losses from derivative instruments have been recognized into income for the three and nine months ended September 30, 2021. For the three and nine months ended September 30, 2020, the Company recorded a gain of \$1.6 on the extinguishment of the interest rate swap arrangement on the 4.625% Senior Notes due November 15, 2020, which was included in Other, net on the Condensed Consolidated Statement of Operations.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended September 30,	
	2021	2020
Cash paid during period for:		
Interest	\$ 169.0	\$ 195.8
Income taxes, net of refunds	789.9	217.5
Disclosure of non-cash financing and investing activities:		
Change in accrued property, plant and equipment	(6.9)	(24.5)

14. BUSINESS SEGMENT INFORMATION

The following table is a summary of segment information for the three and nine months ended September 30, 2021, and 2020. The management approach has been used to present the following segment information. This approach is based upon the way the management of the Company organizes segments within an enterprise for making operating decisions and assessing performance. Financial information is reported on the basis that it is used internally by the chief operating decision maker (CODM) for evaluating segment performance and deciding how to allocate resources to segments. The Company's chief executive officer has been identified as the CODM.

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

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues:				
Dx	\$ 2,617.5	\$ 2,704.2	\$ 7,740.8	\$ 6,098.8
DD	1,459.5	1,241.9	4,392.9	3,479.4
Intercompany eliminations and other	(14.4)	(50.0)	(68.9)	(89.5)
Revenues	4,062.6	3,896.1	12,064.8	9,488.7
Operating earnings:				
Dx	722.7	964.9	2,275.4	1,451.5
DD	141.6	142.0	445.3	(131.2)
General corporate expenses	(97.4)	(59.8)	(191.8)	(168.1)
Total operating income	766.9	1,047.1	2,528.9	1,152.2
Non-operating expenses, net	1.3	(100.0)	(88.3)	(175.7)
Earnings before income taxes	768.2	947.1	2,440.6	976.4
Provision for income taxes	180.4	243.4	614.7	358.0
Net earnings	587.8	703.7	1,825.9	618.4
Less: Net earnings attributable to the noncontrolling interest	(0.5)	(0.3)	(1.6)	(0.6)
Net earnings attributable to Laboratory Corporation of America Holdings	<u>\$ 587.3</u>	<u>\$ 703.4</u>	<u>\$ 1,824.3</u>	<u>\$ 617.8</u>

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

FORWARD-LOOKING STATEMENTS

Laboratory Corporation of America[®] Holdings together with its subsidiaries (the Company) has made in this report, and from time to time may otherwise make in its public filings, press releases and discussions by Company management, forward-looking statements concerning the Company's operations, performance and financial condition, as well as its strategic objectives. Some of these forward-looking statements relate to future events and expectations and can be identified by the use of forward-looking words such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates", or "anticipates" or the negative of those words or other comparable terminology. Such forward-looking statements speak only as of the time they are made and are subject to various risks and uncertainties 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 "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 products 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 and similar regulations and policies of agencies in other jurisdictions in which the Company conducts business;

10. changes in government regulations or reimbursement pertaining to the biopharmaceutical and medical device and diagnostic industries, changes in reimbursement of biopharmaceutical products, or reduced spending on research and development by biopharmaceutical 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 processes, 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 managed care organization (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 payment 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, 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, receivable 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, 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; and
45. effects, duration, and severity of the ongoing COVID-19 pandemic, including the impact on operations, personnel, supplies, liquidity, 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, emerging government vaccine and testing mandates, and damage to the Company's reputation or loss of business resulting from the perception of the Company's response to the COVID-19 pandemic, including the availability and accuracy and timeliness of delivery of any tests that the Company develops, collaborates on or provides for the detection of COVID-19, and the availability and timeliness of its drug development services.

cept 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, 2021, were \$12,064.8, an increase of 27.1% from \$9,488.7 during the nine months ended September 30, 2020. The increase in revenues was due to organic growth of 25.2%, acquisitions of 0.8%, and favorable foreign currency translation of 1.2%. The 25.2% increase in organic revenue includes a 18.2% contribution from the company's organic Base Business and a 7.0% increase from COVID-19 Testing. Base Business includes the Company's business operations except for PCR and antibody COVID-19 testing (COVID-19 Testing).

The Company defines organic growth as the increase in revenue, excluding revenue from acquisitions for the first twelve months after the close of each acquisition.

As previously reported, in March 2021, the Company announced that its board of directors and management had commenced a review of the Company's structure and capital allocation strategy to ensure that it is best positioned to unlock shareholder value while the Company continues to support patients and customers around the world. The board of directors has engaged Goldman Sachs & Co. LLC as its financial advisor to support the process. There can be no assurances regarding the outcome or timing of the review process. The Company expects to provide an update in the fourth quarter, though it does not undertake any obligation to provide updates on this process until a conclusion is reached.

RESULTS OF OPERATIONS (dollars in millions)**Three months ended September 30, 2021, compared with three months ended September 30, 2020****Revenues**

	Three Months Ended September 30,		Change
	2021	2020	
Dx	\$ 2,617.5	\$ 2,704.2	(3.2)%
DD	1,459.5	1,241.9	17.5 %
Intercompany eliminations and other	(14.4)	(50.0)	(71.2)%
Total	\$ 4,062.6	\$ 3,896.1	4.3 %

Total revenues for the three months ended September 30, 2021, were \$4,062.6, an increase of 4.3% over \$3,896.1 in the third quarter of 2020. The increase was due to organic Base Business growth of 3.4%, acquisitions of 0.4%, and favorable foreign currency translation of 0.5%. The 3.4% increase in organic revenue is driven by a 10.2% increase in the company's organic Base Business, partially offset by a 6.8% decrease in COVID-19 Testing.

Dx revenues for the three months ended September 30, 2021, were \$2,617.5, a decrease of 3.2% over \$2,704.2 in the third quarter of 2020. The decrease was due to organic Base Business reduction of 3.9%, partially offset by acquisitions of 0.4%, and favorable foreign currency translation of 0.3%. The decrease in organic revenue was due to a 9.7% reduction from COVID-19 Testing, partially offset by a 5.8% increase in the Base Business.

Total volume (measured by requisitions) for the three months ended September 30, 2021, increased by 0.2% as acquisition volume contributed 0.2% and organic volume decreased by 0.1%. The organic volume was impacted by a 5.9% decrease in COVID-19 Testing, partially offset by a 5.9% increase in Base Business. Price/mix decreased by 3.4% due to lower COVID-19 Testing of 3.8%, partially offset by acquisitions of 0.2% and favorable currency translation of 0.3%. Organic Base Business volume was up 7.7% while price/mix was up 1.3%.

DD revenues for the three months ended September 30, 2021, were \$1,459.5, an increase of 17.5% over \$1,241.9 in the third quarter of 2020. The increase was due to organic Base Business growth of 19.9%, acquisitions of 0.4%, and favorable foreign currency translation of 1.0%, partially offset by lower COVID-19 Testing performed through its Central Laboratories business of 3.5% and divestitures of 0.3%. Drug Development's Base Business benefited from broad-based demand, including COVID-19 vaccine and therapeutic work.

Cost of Revenues

	Three Months Ended September 30,		Change
	2021	2020	
Cost of revenues	\$ 2,677.1	\$ 2,336.7	14.6 %
Cost of revenues as a % of revenues	65.9 %	60.0 %	

Cost of revenues increased 14.6 % during the three months ended September 30, 2021, as compared with the corresponding period in 2020. Cost of revenues as a percentage of revenues during the three months ended September 30, 2021, increased to 65.9% as compared to 60.0% in the corresponding period in 2020. This increase was primarily due to the impact of COVID-19 Testing.

Selling, General and Administrative Expenses

	Three Months Ended September 30,		Change
	2021	2020	
Selling, general and administrative expenses	\$ 519.9	\$ 419.5	23.9 %
Selling, general and administrative expenses as a % of revenues	12.8 %	10.8 %	

During the three months ended September 30, 2021, the Company incurred \$9.6 of retention bonuses, \$5.2 of acquisition and divestiture related costs, \$2.8 in management transition costs, and \$2.0 in COVID-related costs. In addition, the Company recorded \$1.8 of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative and \$4.0 related to miscellaneous other items. These items increased selling, general and administrative expenses by \$25.4.

During the three months ended September 30, 2020, the Company incurred \$2.4 in acquisition and divestiture costs, \$1.9 in COVID-related costs and \$1.8 in management transition costs. In addition, the Company recorded \$0.2 of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative and \$0.7 related to miscellaneous other items. These items increased selling, general and administrative expenses by \$7.0.

Excluding these charges, selling, general and administrative expenses as a percentage of revenues were 12.2% and 10.6% during the three months ended September 30, 2021, and 2020, respectively, primarily due to the impact of COVID-19 Testing.

Goodwill and Other Asset Impairments

	Three Months Ended September 30,		Change
	2021	2020	
Goodwill and other asset impairments	\$ —	\$ 23.5	(99.9)%

During the three months ended September 30, 2020, the Company recorded goodwill and other asset impairment charges of \$10.1 and \$17.7 for customer relationships and technology intangible assets, respectively, due to the loss of a contract from a DD prior acquisition. The Company reversed the \$5.0 charge for the estimated loss related to the DD floating rate secured note receivable due 2022 from Envigo. The Company also recorded an impairment for a note receivable related to a Dx investment of \$0.7 during the three months ended September 30, 2020. There were no goodwill and other asset impairments for the three months ended September 30, 2021.

Amortization of Intangibles and Other Assets

	Three Months Ended September 30,		Change
	2021	2020	
Dx	\$ 29.3	\$ 25.9	13.3 %
DD	62.9	36.3	73.2 %
Total amortization of intangibles and other assets	\$ 92.2	\$ 62.2	48.3 %

The increase in amortization of intangibles and other assets primarily reflects the impact of acquisitions occurring after September 30, 2020, and \$30.2 of accelerated amortization related to the Covance trade name as a result of a rebranding initiative, partially offset by lower amortization due to the impairment of intangible assets in 2020.

Restructuring and Other Special Charges

	Three Months Ended September 30,		Change
	2021	2020	
Restructuring and other charges	\$ 6.5	\$ 7.1	(9.1)%

During the three months ended September 30, 2021, the Company recorded net restructuring and other charges of \$6.5: \$3.3 within Dx and \$3.2 within DD. The charges were comprised of \$3.3 related to severance and other personnel costs and \$3.7 in facility closures, lease terminations, and general integration activities. The charges were adjusted by the reversal of previously established liability of \$0.5 in unused facility-related costs.

During the three months ended September 30, 2020, the Company recorded net restructuring and other special charges of \$7.1: \$1.6 within Dx and \$5.5 within DD. The charges were comprised of \$2.3 related to severance and other personnel costs, \$3.0 for a DD lab facility and equipment impairment, and \$4.0 in facility closures, impairment of operating lease right-of-use assets, and general integration initiatives. The charges were offset by the reversal of previously established reserves of \$0.1 and \$2.1 in unused severance and facility-related costs, respectively.

Interest Expense

	Three Months Ended September 30,		Change
	2021	2020	
Interest expense	\$ (42.2)	\$ (51.4)	(18.0)%

The decrease in interest expense for the three months ended September 30, 2021, as compared with the corresponding period in 2020, is primarily due to lower outstanding debt and a lower average cost of debt.

Equity Method Income

	Three Months Ended September 30,		Change
	2021	2020	
Equity method income, net	\$ 8.4	\$ 3.0	173.6 %

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 increase in income for the three months ended September 30, 2021, as compared with the corresponding period in 2020, was primarily due to the write off or write down of certain of the Company's investments in 2020, which was primarily due to the negative impact of the COVID-19 global pandemic, and to increased profitability of the Company's joint ventures in 2021.

Other, net

	Three Months Ended September 30,		Change
	2021	2020	
Other, net	\$ 31.9	\$ (54.2)	159.0 %

The change in other, net for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020, is primarily due to the \$55.9 of funding from the Public Health and Social Services Emergency Fund for provider relief that was appropriated by Congress to the U.S. Department of Health and Human Services (HHS) in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act Provider Relief Funds) in the second quarter of 2020. The Company returned these funds to the government in the fourth quarter of 2020. This funding in 2020 was partially offset by the \$5.2 write off or write down of certain of the Company's investments due to the negative impact of the COVID-19 global pandemic in 2020. During the three months ended September 30, 2021, the Company recorded investment gains of \$36.9. In addition, foreign currency transaction gains of \$0.4 were recognized for the three months ended September 30, 2021, and losses of \$1.9 were recognized in the corresponding period of 2020.

Income Tax Expense

	Three Months Ended September 30,		Change
	2021	2020	
Income tax expense	\$ 180.4	\$ 243.4	(25.9)%
Income tax expense as a % of earnings before income taxes	23.5 %	25.7 %	

The tax rate was favorably impacted when the Company recorded tax benefits related to electing the Global Intangible Low Tax Income (GILTI) high-tax exclusion retroactively for previous tax years. On July 20, 2020, the U.S. Treasury issued and enacted final regulations related to GILTI that allows certain U.S. taxpayers to elect to exclude foreign income that is subject to a high effective tax rate from the GILTI inclusions. The GILTI high-tax exclusion is an annual election and is retroactively available. During the quarter, the Company completed a detailed analysis and took the appropriate steps to amend its previous tax filings and to reassess its position on its 2020 and 2021 tax years. Further, the rate was favorably impacted by foreign derived intangible income (FDII) as the Company finalized a comprehensive study related to previous tax filings and on its 2020 and 2021 tax years. On July 15, 2020, the U.S. Treasury issued and enacted final regulations related to FDII that governs the acceptable documentation reliability requirements and acceptable services that qualify as deduction eligible income. This was partially offset by a new uncertain tax position that was established during this quarter related to a foreign jurisdiction.

Operating Income by Segment

	Three Months Ended September 30,		Change
	2021	2020	
Dx operating income	\$ 722.7	\$ 964.9	(25.1)%
<i>Dx operating margin</i>	27.6 %	35.7 %	(8.1)%
DD operating income	141.6	142.0	(0.4)%
<i>DD operating margin</i>	9.7 %	11.4 %	(1.7)%
General corporate expenses	(97.4)	(59.8)	62.7 %
Total operating income	\$ 766.9	\$ 1,047.1	(26.7)%

Dx operating income was \$722.7 for the three months ended September 30, 2021, a decrease of \$242.0 over operating income of \$964.9 in the corresponding period of 2020, and Dx operating margin decreased 810 basis points year-over-year. The decrease was reduction in COVID-19 Testing and higher personnel costs, partially offset by organic Base Business growth and LaunchPad savings. The Company remains on track to deliver approximately \$200.0 of net savings from its three-year Dx LaunchPad initiative by the end of 2021.

DD operating income was \$141.6 for the three months ended September 30, 2021, a decrease of 0.4% over operating income of \$142.0 in the corresponding period of 2020. The decrease was primarily due to lower COVID-19 Testing and higher personnel costs, partially offset by organic Base Business growth and LaunchPad savings. The Company continues to invest in technology and processes to drive profitable growth in DD.

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 \$97.4 for the three months ended September 30, 2021, an increase of \$37.6 over corporate expenses of \$59.8 in the corresponding period of 2020, primarily due to higher personnel costs.

Nine months ended September 30, 2021, compared with nine months ended September 30, 2020

Revenues

	Nine Months Ended September 30,		Change
	2021	2020	
Dx	\$ 7,740.8	\$ 6,098.8	26.9 %
DD	4,392.9	3,479.4	26.3 %
Intercompany eliminations and other	(68.9)	(89.5)	(23.0)%
Total	\$ 12,064.8	\$ 9,488.7	27.1 %

The increase in revenues for the nine months ended September 30, 2021, as compared with the corresponding period in 2020, was 27.1%. The increase in revenues was due to organic growth of 25.2%, acquisitions of 0.8%, and favorable foreign currency translation of 1.2%. The 25.2% increase in organic revenue includes a 18.2% increase in the Company's organic Base Business and a 7.0% contribution from COVID-19 Testing.

Dx revenues for the nine months ended September 30, 2021, were \$7,740.8, an increase of 26.9% compared to revenues of \$6,098.8 during the nine months ended September 30, 2020. The increase in revenues was primarily due to organic growth of 25.7%, acquisitions of 0.7%, and favorable foreign currency translation of 0.5%. The 25.7% in organic revenue was due to a 10.9% contribution from COVID-19 Testing and a 14.8% increase in the Base Business.

Total volume, measured by requisitions, increased by 19.6% as organic volume increased by 19.0% and acquisition volume contributed 0.6%. COVID-19 Testing contributed 6.4% to organic volume growth. Price/mix increased by 7.3% due to COVID-19 Testing of 4.5%, organic Base Business of 2.2%, favorable foreign currency translation of 0.5%, and acquisitions of 0.2%.

DD revenues for the nine months ended September 30, 2021 were \$4,392.9, an increase of 26.3% over revenues of \$3,479.4 during the nine months ended September 30, 2020. The increase in revenues was primarily due to organic Base Business growth of 23.7%, acquisitions of 0.9%, favorable foreign currency translation of 2.5%, partially offset by lower COVID-19 Testing performed through its Central Laboratories business of 0.6% and divestitures of 0.1%. Drug Development's Base Business benefited from broad-based demand, including COVID-19 vaccine and therapeutic work.

Cost of Revenues

	Nine Months Ended September 30,		Change
	2021	2020	
Cost of revenues	\$ 7,815.5	\$ 6,440.8	21.3 %
Cost of revenues as a % of revenues	64.8 %	67.9 %	

Cost of revenues increased 21.3% during the nine months ended September 30, 2021, as compared with the corresponding period in 2020. Cost of revenues as a percentage of revenues during the nine months ended September 30, 2021, decreased to 64.8% as compared to 67.9% in the corresponding period in 2020. This decrease was primarily due to organic Base Business growth, impact of COVID-19 Testing, and acquisitions, partially offset by higher personnel costs.

Selling, General and Administrative Expenses

	Nine Months Ended September 30,		Change
	2021	2020	
Selling, general and administrative expenses	\$ 1,408.4	\$ 1,211.3	16.3 %
Selling, general and administrative expenses as a % of revenues	11.7 %	12.8 %	

During the nine months ended September 30, 2021, the Company incurred \$17.4 of acquisition and divestiture related costs, \$9.6 in retention bonuses, \$7.8 in COVID-related costs and \$5.6 in management transition costs. In addition, the Company recorded \$4.6 of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative and \$17.2 related to miscellaneous other items. These items increased selling, general and administrative expenses by \$62.2.

During the nine months ended September 30, 2020, the Company incurred \$15.3 in acquisition and divestiture costs, \$5.8 in COVID-related costs, and \$12.4 in management transition costs. In addition, the Company recorded \$1.3 of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative and \$1.7 related to miscellaneous other items. These charges were offset by insurance proceeds of \$10.0 related to the 2018 ransomware attack. These items increased selling, general and administrative expenses by \$26.5.

Excluding these charges, selling, general and administrative expenses as a percentage of revenues were 11.2% and 12.5% during the nine months ended September 30, 2021, and 2020, respectively, primarily due to leveraging the Company's infrastructure on higher revenue.

Goodwill and Other Asset Impairments

	Nine Months Ended September 30,		Change
	2021	2020	
Goodwill and other asset impairments	\$ —	\$ 460.9	(100.0)%

During the nine months ended September 30, 2020, the Company recorded goodwill and other asset impairment charges of \$460.9. The Company recorded goodwill impairment of \$418.7 within DD and \$3.7 within Dx. The Company also recorded impairment charges of \$2.7 for a DD tradename, \$10.1 and \$17.7, respectively, for DD customer relationships and DD technology due to the loss of a contract from a prior acquisition, \$7.3 for Dx software and \$0.7 for the impairment of the a Dx investment. There were no goodwill and other asset impairments for the nine months ended September 30, 2021.

Amortization of Intangibles and Other Assets

	Nine Months Ended September 30,		Change
	2021	2020	
Dx	\$ 85.8	\$ 77.3	10.9 %
DD	190.9	107.3	78.0 %
Total amortization of intangibles and other assets	\$ 276.7	\$ 184.6	49.9 %

The increase in amortization of intangibles and other assets primarily reflects the impact of acquisitions occurring after September 30, 2020, and \$87.4 of accelerated amortization related to the Covance trade name as a result of a rebranding initiative, partially offset by lower amortization due to the impairment of intangible assets in 2020.

Restructuring and Other Special Charges

	Nine Months Ended September 30,		Change
	2021	2020	
Restructuring and other charges	\$ 35.3	\$ 38.9	(9.4)%

During the nine months ended September 30, 2021, the Company recorded net restructuring and other charges of \$35.3: \$16.8 within Dx and \$18.5 within DD. The charges were comprised of \$13.6 related to severance and other personnel costs and \$22.4 in facility closures, lease terminations, and general integration activities. The charges were adjusted by an decrease of \$0.1 of previously established severance liabilities and the reversal of previously established liability of \$0.7 in unused facility-related costs.

During the nine months ended September 30, 2020, the Company recorded net restructuring and other special charges of \$38.9: \$13.4 within Dx and \$25.5 within DD. The charges were comprised of \$12.8 related to severance and other personnel costs, \$11.0 for a DD lab facility impairment, and \$24.0 in costs associated with facility closures, impairment of operating lease right-of-use assets, and general integration initiatives. The charges were offset by the reversal of previously established liability of \$1.1 and \$7.8 in unused severance costs and facility-related costs, respectively.

Interest Expense

	Nine Months Ended September 30,		Change
	2021	2020	
Interest expense	\$ (169.0)	\$ (159.1)	6.2 %

The increase in interest expense for the nine months ended September 30, 2021, as compared with the corresponding period in 2020, is primarily due to the costs of redeeming the 3.20% and 3.75% notes and issuing the new senior notes, partially offset by lower debt.

Equity Method Income

	Nine Months Ended September 30,		Change
	2021	2020	
Equity method income, net	\$ 20.9	\$ (1.8)	1,255.2 %

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 increase in income for the nine months ended September 30, 2021, as compared with the corresponding period in 2020, was primarily due to the write off or write down of certain of the Company's investments in 2020, which was primarily due to the negative impact of the COVID-19 global pandemic, and increased profitability of the Company's joint ventures in 2021.

Other, net

	Nine Months Ended September 30,		Change
	2021	2020	
Other, net	\$ 51.5	\$ (22.6)	327.8 %

The change in other, net for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020, is primarily due to investment activity. During the nine months ended September 30, 2020, the Company adjusted certain of the Company's investments due to the negative impact of the COVID-19 global pandemic in 2020. During the nine months ended September 30, 2021, the Company recorded investment gains of \$67.4 which were partially offset by a loss on sale of a business of \$6.1. In addition, foreign currency transaction losses of \$2.4 were recognized for the nine months ended September 30, 2021, and losses of \$6.4 were recognized in the corresponding period of 2020.

Income Tax Expense

	Nine Months Ended September 30,		Change
	2021	2020	
Income tax expense	\$ 614.7	\$ 358.0	71.7 %
Income tax expense as a % of earnings before income taxes	25.2 %	36.7 %	

The 2021 tax rate was favorable to the 2020 tax rate due primarily to the 2020 impairment charges which were either not deductible or the associated tax assets required a full valuation allowance. In addition, the tax rate was favorably impacted when the Company recorded tax benefits related to electing the GILTI high-tax exclusion retroactively for previous tax years. On July 20, 2020, the U.S. Treasury issued and enacted final regulations related to GILTI that allows certain U.S. taxpayers to elect to exclude foreign income that is subject to a high effective tax rate from the GILTI inclusions. The GILTI high-tax exclusion is an annual election and is retroactively available. During the quarter, the Company completed a detailed analysis and took the appropriate steps to amend its previous tax filings and to reassess its position on its 2020 and 2021 tax years. Further, the rate was favorably impacted by FDII as the Company finalized a comprehensive study related to previous tax filings and on its 2020 and 2021 tax years. On July 15, 2020, the U.S. Treasury issued and enacted final regulations related to FDII that governs the acceptable documentation reliability requirements and acceptable services that qualify as deduction eligible income. This was partially offset by a new uncertain tax position that was established during this quarter related to a foreign jurisdiction.

Operating Income by Segment

	Nine Months Ended September 30,		Change
	2021	2020	
Dx operating income	\$ 2,275.4	\$ 1,451.5	56.8 %
<i>Dx operating margin</i>	29.4 %	23.8 %	5.6 %
DD operating income (loss)	445.3	(131.2)	439.4 %
<i>DD operating margin</i>	10.1 %	(3.8)%	13.9 %
General corporate expenses	(191.8)	(168.1)	(14.1)%
Total operating income (loss)	\$ 2,528.9	\$ 1,152.2	119.5 %

Dx operating income was \$2,275.4 for the nine months ended September 30, 2021, an increase of \$823.9 over operating income of \$1,451.5 in the corresponding period of 2020, and Dx operating margin increased 560 basis points year-over-year. The increase was primarily due to the increase in COVID-19 Testing, organic Base Business growth and LaunchPad savings, partially offset by higher personnel costs. The Company remains on track to deliver approximately \$200.0 of net savings from its three-year Dx LaunchPad initiative by the end of 2021.

DD operating income was \$445.3 for the nine months ended September 30, 2021, an increase of \$576.4 over operating loss of \$131.2 in the corresponding period of 2020. The increase was primarily due to goodwill and other asset impairments in 2020 and in 2021 organic Base Business growth, and LaunchPad savings, partially offset by lower COVID-19 Testing and higher personnel costs. The Company continues to develop and execute new LaunchPad programs to support profitable growth in DD.

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 \$191.8 for the nine months ended September 30, 2021, an increase of \$23.7 over corporate expenses of \$168.1 in the corresponding period of 2020, primarily due to higher personnel costs.

LIQUIDITY AND CAPITAL RESOURCES (dollars and shares in millions)

The Company's strong cash-generating ability and financial condition typically have provided ready access to capital markets. The Company's principal source of liquidity is operating cash flow, supplemented by proceeds from debt offerings. The Company's senior unsecured revolving credit facility is further discussed in Note 7 Debt to the Company's Condensed Consolidated Financial Statements.

In summary, the Company's cash flows were as follows for the nine months ended September 30, 2021, and 2020, respectively:

	Nine Months Ended September 30,	
	2021	2020
Net cash provided by operating activities	\$ 2,412.1	\$ 1,360.7
Net cash used for investing activities	(630.1)	(515.2)
Net cash used for financing activities	(1,057.2)	(516.4)
Effect of exchange rate changes on cash and cash equivalents	(9.1)	0.6
Net increase in cash and cash equivalents	\$ 715.7	\$ 329.7

Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2021, and 2020, totaled \$2,036.5 and \$667.2, respectively. Cash and cash equivalents consist of highly liquid instruments, such as time deposits, commercial paper, and other money market investments, substantially all of which have original maturities of three months or less.

Operating Activities

During the nine months ended September 30, 2021, the Company's operations provided \$2,412.1 of cash as compared to \$1,360.7 during the same period in 2020. The \$1,051.4 increase in cash provided from operations in 2021 as compared with the corresponding 2020 period is primarily due to higher cash earnings and favorable working capital.

Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2021, was \$630.1 as compared to \$515.2 for the nine months ended September 30, 2020. The change in cash used for investing activities was primarily due to an increase in business acquisitions and higher capital expenditures during the nine months ended September 30, 2021, partially offset by higher proceeds from the sale of investments and a business. Capital expenditures were \$310.4 and \$282.3 for the nine months ended September 30, 2021, and 2020, respectively.

The Company continues to evaluate a robust pipeline of acquisitions and anticipates an acceleration of acquisitions.

Financing Activities

Net cash used by financing activities for the nine months ended September 30, 2021, was \$1,057.2 as compared to \$516.4 for the nine months ended September 30, 2020. The change in cash flows from financing activities for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020, was primarily due to the repayment of the 2019 Term Loan in February 2021 and an increase of \$568.5 in share repurchases.

On May 26, 2021, the Company issued new senior notes representing \$1,000.0 in debt securities and consisting of \$500.0 aggregate principal amount of 1.55% senior notes due 2026 and \$500.0 aggregate principal amount of 2.70% senior notes due 2031. Interest on these notes is payable semi-annually in arrears on June 1 and December 1 of each year, commencing on

December 1, 2021. Net proceeds from the offering of these notes were \$989.4 after deducting underwriting discounts and other expenses of the offering. The net proceeds were used to redeem, prior to maturity, the Company's outstanding 3.20% senior notes due February 1, 2022 and 3.75% senior notes due August 23, 2022.

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 LIBOR plus 1.0706%. These instruments are designated as hedges against changes in the fair value of a portion of the Company's long-term debt. The aggregate fair value of \$4.0 at September 30, 2021, was included as a component of other long-term assets and added to the reported value of the senior notes.

On April 30, 2021, the Company amended and restated its revolving credit facility. It consists of a five-year revolving facility in the principal amount of up to \$1,000.0, with the option of increasing the facility by up to an additional \$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 Company is required to pay a facility fee on the aggregate commitments under the revolving credit facility, at a per annum rate ranging from 0.100% to 0.225%, depending on the Company's debt ratings. Borrowings under the revolving credit facility will accrue interest at a per annum rate equal to, at the Company's election, either (x) a LIBOR rate plus a margin ranging from 0.775% to 1.275% or (y) a base rate plus a margin ranging from 0% to 0.275%, in each case, depending on the Company's debt ratings.

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, 2021, and expects that it will remain in compliance with its existing debt covenants for the next twelve months.

At September 30, 2021, the Company had \$2,036.5 of cash and \$1,000.0 of available borrowings under its revolving credit facility, which does not mature until 2026.

For the nine months ended September 30, 2021, the Company repurchased \$668.5 of the Company's common stock and had outstanding authorization from the board of directors to purchase up to \$131.5 more of the Company's common stock with no expiration date.

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. The Company's expectation is that it will seek to maintain an investment grade debt rating regardless of what, if anything, results from the Company's current review of its structure and capital allocation strategy.

Contractual Cash Obligations

	Payments Due by Period		
	Total	Short-term	Long-term
Operating lease obligations	\$ 820.1	\$ 189.1	\$ 631.0
Contingent future licensing payments (a)	19.0	4.0	15.0
Purchase obligations	35.6	15.6	20.0
Finance lease obligations	96.6	10.6	86.0
Scheduled interest payments on Senior Notes (b)	1,693.6	181.0	1,512.6
Long-term debt (c)	5,418.8	1.6	5,417.2
Total contractual cash obligations (d) (e)	\$ 8,083.7	\$ 401.9	\$ 7,681.8

- (a) Contingent future licensing payments will be made if certain events take place, such as the launch of a specific test, the transfer of certain technology, and the achievement of specified revenue milestones.
- (b) Interest payments due by period for the Company's debt subject to variable interest rates are calculated based on rates in place as of September 30, 2021.
- (c) Excludes amount of debt issuance costs and fair value of swap included in the long-term debt balance.
- (d) The table does not include obligations under the Company's pension and postretirement benefit plans.
- (e) The table does not include the Company's reserve for unrecognized tax benefits.

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 15.2% of the Company's revenues for the nine months ended September 30, 2021, and approximately 11.0% of the Company's revenue for the nine months ended September 30, 2020, were denominated in currencies other than the U.S. dollar. The Company's financial statements are reported in U.S. dollars and, accordingly, fluctuations in exchange rates will affect the translation of revenues and expenses denominated in foreign currencies into U.S. dollars for purposes of reporting the Company's consolidated financial results. In the third quarter of 2021 and the year ended December 31, 2020, the most significant currency exchange rate exposures were to the Canadian dollar, Swiss Franc, Euro and British Pound. Excluding the impacts from any outstanding or future hedging transactions, a hypothetical change of 10% in average exchange rates used to translate all foreign currencies to U.S. dollars would have impacted income before income taxes for the nine months ended September 30, 2021, by approximately \$11.5. Gross accumulated currency translation adjustments recorded as a separate component of shareholders' equity were (\$114.6) and \$52.4 at September 30, 2021 and 2020, respectively. The Company does not have significant operations in countries in which the economy is considered to be highly-inflationary.

The Company earns revenue from service contracts over a period of several months and, in some cases, over a period of several years. Accordingly, exchange rate fluctuations during this period may affect the Company's profitability with respect to such contracts. The Company is also subject to foreign currency transaction risk for fluctuations in exchange rates during the period of time between the consummation and cash settlement of transactions. The Company limits its foreign currency transaction risk through exchange rate fluctuation provisions stated in some of its contracts with customers, or it may hedge transaction risk with foreign currency forward contracts. At September 30, 2021, the Company had 29 open foreign exchange forward contracts relating to service contracts with various amounts maturing monthly through October 2021 with a notional value totaling approximately \$915.2. At December 31, 2020, the Company had 31 open foreign exchange forward contracts relating to service contracts with various amounts maturing monthly through January 2021 with a notional value totaling approximately \$601.2.

The Company is party to U.S. Dollar to Swiss Franc cross-currency swap agreements with an aggregate notional amount of \$600.0, maturing in 2022 and 2025, as a hedge against the impact of foreign exchange movements on its net investment in a Swiss Franc functional currency subsidiary.

Interest Rates

Some of the Company's debt 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. As of September 30, 2021, and December 31, 2020, the Company had \$0.0 and \$375.0, respectively, of unhedged variable debt from the 2019 term loan credit facility and \$0.0 and \$0.0, respectively, outstanding on its revolving credit facility.

To hedge against changes in the fair value portion of the Company's long-term debt, the Company is party to 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 LIBOR 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(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon this evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2021.

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, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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

See Note 10 (Commitments and Contingencies) to the Company's condensed consolidated financial statements, above, which is incorporated herein by reference.

Item 1A. Risk Factors

The risk factor set forth below revises and supplements the corresponding risk factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. 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, 2020.

There can be no assurance that the Company's review of its structure and capital allocation strategy will enhance shareholder value or result in any changes to its structure or capital allocation strategy, and speculation and uncertainty regarding the outcome of this review may adversely impact the business, financial condition, and results of operations.

In March 2021, the Company announced that its board of directors and management team, with the assistance of an independent financial advisor, had initiated a review of the Company's structure and capital allocation strategy to ensure that the Company is best positioned to unlock shareholder value while the Company continues to support patients and customers around the world. There can be no assurance the review will enhance shareholder value or result in changes to the Company's structure or capital allocation strategy. In addition, speculation and uncertainty regarding the review process may cause or result in:

- disruption of the Company's business;
- distraction of the Company's employees;
- difficulty in recruiting, hiring, motivating, and retaining talented and skilled personnel;
- difficulty in maintaining or negotiating and consummating new business or strategic relationships or transactions;
- adverse impacts on the Company's ability to incur debt, or refinance existing indebtedness, on favorable terms; and
- increased stock price volatility.

If the Company is unable to mitigate these or other potential risks related to the uncertainty caused by the ongoing review process, it may disrupt the Company's business or adversely impact its operating results and financial condition in future periods.

The Company's ability to complete any changes to its structure or capital allocation strategy, if the board of directors decides to pursue any changes, will depend on numerous factors, some of which are outside of the Company's control, including market conditions, industry trends, and the response of customers, employees and other parties to any such changes. Further, it is not certain what impact any potential changes, or a decision not to pursue any changes, may have on the Company's stock price, business, financial condition, and results of operations.

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

The following table sets forth information with respect to purchases of shares of the Company's common stock based on settled trades made during the three months ended September 30, 2021, 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	0.5	279.26	0.5	295.5
August 1 - August 31	0.3	297.41	0.3	218.7
September 1 - September 30	0.3	296.65	0.3	131.5
	1.1	\$ 288.69	1.1	\$ 131.5

As of September 30, 2021, the Company had outstanding authorization from the board of directors to purchase up to \$131.5 of the Company's common stock. The repurchase authorization has no expiration date.

Item 5. Other Information

None.

Item 6. Exhibits

(a)	Exhibits
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)
*	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

November 2, 2021

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: November 2, 2021

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: November 2, 2021

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, 2021, 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
November 2, 2021

By: /s/ GLENN A. EISENBERG
Glenn A. Eisenberg
Chief Financial Officer
November 2, 2021

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.