

LABORATORY CORP OF AMERICA HOLDINGS

Form 424B3

January 16, 2015

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Registration No. 333-200614**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

January 16, 2015

Dear Fellow Stockholder:

We cordially invite you to attend a special meeting of stockholders of Covance Inc., a Delaware corporation, which we refer to as Covance, to be held on February 18, 2015, at 8:00 a.m., local time. As previously announced, Covance and Laboratory Corporation of America Holdings, which we refer to as LabCorp, have entered into an Agreement and Plan of Merger, dated as of November 2, 2014, which we refer to as the merger agreement. Pursuant to the terms of the merger agreement, a subsidiary of LabCorp will merge with and into Covance, with Covance surviving the merger as a wholly owned subsidiary of LabCorp.

If the merger contemplated by the merger agreement is completed, holders of Covance common stock will be entitled to receive 0.2686 shares of LabCorp common stock and \$75.76 in cash, without interest, for each share of Covance common stock that they own. Based on the closing price of \$109.29 of LabCorp common stock on the New York Stock Exchange, which we refer to as NYSE, on October 31, 2014, the last business day before the date of the execution of the merger agreement and the last trading day before the public announcement of the merger agreement, the merger consideration represented approximately \$105.12 per share of Covance common stock. This price represented a premium of approximately 32% to the closing price of Covance common stock of \$79.90 on NYSE on October 31, 2014. Based on the closing price of \$115.86 of LabCorp common stock on NYSE on January 13, 2015, the latest practicable date before the filing of this proxy statement/prospectus, the merger consideration represented approximately \$106.88 per share of Covance common stock. LabCorp stock is listed on NYSE under the trading symbol LH, and we encourage you to obtain quotes for the LabCorp common stock, given that part of the merger consideration is payable in LabCorp common stock.

Under the General Corporation Law of the State of Delaware, the approval of Covance stockholders must be obtained before effecting the merger and the other transactions contemplated by the merger agreement. Based on the estimated number of shares of Covance and LabCorp common stock that will be outstanding immediately prior to the closing of the merger, we estimate that, upon closing, existing LabCorp stockholders will own approximately 84.5% of the outstanding shares of LabCorp common stock and former Covance stockholders will own approximately 15.5% of the outstanding shares of LabCorp common stock.

At the special meeting of Covance stockholders, Covance stockholders will be asked to vote on (i) a proposal to adopt the merger agreement and (ii) a proposal to approve, by non-binding, advisory vote, the compensation that may become payable to Covance's named executive officers in connection with the merger. The merger cannot be completed unless the holders of at least a majority of the outstanding shares of Covance common stock entitled to vote on the matter at the special meeting vote to adopt the merger agreement. A failure to vote, a broker non-vote or an

abstention, will have the same effect as a vote AGAINST the adoption of the merger agreement. For the advisory proposal concerning the compensation that may become payable to Covance's named executive officers in connection with the merger to be considered approved, votes cast FOR must exceed votes cast AGAINST. Additionally, shares that are present at the special meeting but are not voted, whether due to broker non-vote, abstention or otherwise, will be counted neither as FOR nor AGAINST and, assuming a quorum is present at the special meeting, will not have an effect on, the advisory proposal concerning the compensation that may become payable to Covance's named executive officers in connection with the merger.

We cannot complete the merger unless the Covance stockholders approve the proposal to adopt the merger agreement. The merger is not conditioned on approval of the advisory proposal concerning the compensation that may become payable to Covance's named executive officers in connection with the merger. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the Covance**

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stockholders meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the Covance stockholders meeting.

The Covance board of directors has unanimously approved and declared advisable the merger agreement, the merger and all of the other transactions contemplated by the merger agreement, declared that it is in the best interests of Covance and its stockholders to enter into the merger agreement and consummate the merger and all of the other transactions contemplated by the merger agreement, directed that the adoption of the merger agreement be submitted to a vote at a meeting of the Covance stockholders, and recommended that the Covance stockholders vote to adopt the merger agreement. **ACCORDINGLY, THE COVANCE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT COVANCE STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT AND FOR THE ADVISORY PROPOSAL CONCERNING THE COMPENSATION THAT MAY BECOME PAYABLE TO COVANCE S NAMED EXECUTIVE OFFICERS IN CONNECTION WITH THE MERGER.** In considering the recommendation of the Covance board of directors, you should be aware that certain directors and executive officers of Covance will have interests in the merger that may be different from, or in addition to, the interests of Covance stockholders generally. See the section entitled *Interests of Covance s Directors and Executive Officers in the Merger* beginning on page 124 of the accompanying proxy statement/prospectus.

We urge you to read carefully and in their entirety the accompanying proxy statement/prospectus, including the Annexes and the documents incorporated by reference. In particular, we urge you to read carefully the section entitled *Risk Factors* beginning on page 48 of this proxy statement/prospectus. If you have any questions regarding this proxy statement/prospectus, you may contact Innisfree M&A Inc., Covance s proxy solicitor, by calling toll-free at (877) 800-5182.

On behalf of the board of directors of Covance, thank you for your consideration and continued support. We look forward to the successful completion of the merger.

Sincerely,

Joseph L. Herring

Chairman and Chief Executive Officer

Covance Inc.

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated January 16, 2015 and is first being mailed to Covance stockholders on or about January 20, 2015.

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**Covance Inc.**

**210 Carnegie Center**

**Princeton, New Jersey 08540**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

Dear Fellow Stockholder:

You are cordially invited to a special meeting of stockholders of Covance Inc., which we refer to as Covance, which will be held on February 18, 2015, at 8:00 a.m., local time, for the following purposes:

- 1 to vote on a proposal to adopt the Agreement and Plan of Merger, which we refer to as the merger agreement, dated as of November 2, 2014, as may be amended from time to time, among Laboratory Corporation of America Holdings, which we refer to as LabCorp, Neon Merger Sub Inc., a subsidiary of LabCorp, and Covance, a copy of which is included as **Annex A** to the proxy statement/prospectus of which this notice forms a part; and
- 2 to vote on a proposal to approve, by non-binding, advisory vote, the compensation that may become payable to Covance's named executive officers in connection with the merger.

Your proxy is being solicited by the Covance board of directors. **The Covance board of directors has unanimously approved and declared advisable the merger agreement, the merger and all of the other transactions contemplated by the merger agreement, declared that it is in the best interests of Covance and its stockholders to enter into the merger agreement and consummate the merger and all of the other transactions contemplated by the merger agreement, directed that the adoption of the merger agreement be submitted to a vote at a meeting of the Covance stockholders, and recommended that the Covance stockholders vote to adopt the merger agreement. ACCORDINGLY, THE COVANCE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT COVANCE STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT AND FOR THE ADVISORY PROPOSAL CONCERNING THE COMPENSATION THAT MAY BECOME PAYABLE TO COVANCE'S NAMED EXECUTIVE OFFICERS IN CONNECTION WITH THE MERGER.**

The Covance board of directors has fixed the close of business on January 15, 2015 as the record date for determination of Covance stockholders entitled to receive notice of, and to vote at, the Covance stockholders meeting or any adjournments or postponements thereof. Only holders of record of Covance common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Covance stockholders meeting. The merger cannot be completed unless the holders of at least a majority of the outstanding shares of Covance common stock entitled to vote on the matter at the special meeting vote to adopt the merger agreement. A failure to vote, a broker non-vote or an abstention, will have the same effect as a vote **AGAINST** the adoption of the merger agreement. For the advisory proposal concerning the compensation that may become payable to Covance's named executive officers in connection with the merger to be considered approved, votes cast **FOR** must exceed votes cast **AGAINST**.

Additionally, shares that are present at the special meeting but are not voted, whether due to broker non-vote, abstention or otherwise, will be counted neither as FOR nor AGAINST and, assuming a quorum is present at the special meeting, will not have an effect on, the advisory proposal concerning the compensation that may become payable to Covance's named executive officers in connection with the merger.

**Your vote is very important. We hope you will attend the special meeting in person. Whether or not you plan to attend the meeting, we urge you to vote by Internet or telephone to ensure that your shares are represented at the meeting.** Registered stockholders may vote (i) through the Internet by logging onto the website indicated on the enclosed proxy card and following the prompts using the control number located on the

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proxy card; (ii) by telephone (from the United States, Puerto Rico and Canada) using the toll-free telephone number listed on the enclosed proxy card; or (iii) by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided. If your shares are held in the name of a bank, broker or other nominee, follow the instructions you receive from your nominee on how to vote your shares. Registered stockholders who attend the meeting may vote their shares personally even if they previously have voted their shares.

**An admission ticket and government-issued picture identification will be required to enter the meeting.** All stockholders must have an admission ticket to attend the special meeting. Stockholders may obtain a special meeting ticket and directions to the Princeton Marriott Hotel & Conference Center at Forrestal, located at 100 College Road East, Princeton, New Jersey 08540, where the special meeting will be held, by writing to Covance Inc., Attention: Secretary, 210 Carnegie Center, Princeton, New Jersey 08540. If you are a registered stockholder, please indicate that in your request. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. If your shares are held by a bank, broker or other nominee, you must enclose with your request evidence of your ownership of shares with your ticket request, which you can obtain from your broker, bank or other nominee. Please submit your ticket request and proof of ownership as promptly as possible in order to ensure you receive your ticket in time for the meeting. Admission to the special meeting will be on a first-come, first-served basis.

If you have any questions regarding the accompanying proxy statement/prospectus, you may contact Innisfree M&A Inc., Covance's proxy solicitor, by calling toll-free at (877) 800-5182.

James W. Lovett  
Corporate Senior Vice President,  
General Counsel and Secretary

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Covance Inc., which we refer to as Covance, and Laboratory Corporation of America Holdings, which we refer to as LabCorp, from other documents that Covance and LabCorp have filed with the U.S. Securities and Exchange Commission, which we refer to as the SEC, and that are contained in or incorporated by reference into this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus. This information is available for you to review at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC's website at [www.sec.gov](http://www.sec.gov).

Any person may request copies of this proxy statement/prospectus and any of the documents incorporated by reference into this proxy statement/prospectus or other information concerning Covance, without charge, by written or telephonic request directed to Covance Inc., Attention: Secretary, 210 Carnegie Center, Princeton, New Jersey 08540, Telephone (609) 452-4440; or Innisfree M&A Inc., which we refer to as Innisfree, Covance's proxy solicitor, by calling toll-free at (877) 800-5182. Banks, brokerage firms, and other nominees may call collect at (212) 750-5833.

You may also request a copy of this proxy statement/prospectus and any of the documents incorporated by reference into this proxy statement/prospectus or other information concerning LabCorp, without charge, by written or telephonic request directed to Laboratory Corporation of America Holdings, Attention: Secretary, 358 South Main Street, Burlington, North Carolina 27215, Telephone (336) 229-1127; or from the SEC through the SEC website at the address provided above.

In order for you to receive timely delivery of the documents in advance of the special meeting of Covance stockholders to be held on February 18, 2015, which we refer to as the special meeting, you must request the information no later than five business days prior to the date of the special meeting, or February 10, 2015.

We are not incorporating the contents of the websites of the SEC, Covance, LabCorp or any other entity into this proxy statement/prospectus. We are providing the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/prospectus at these websites only for your convenience.

**ABOUT THIS PROXY STATEMENT/PROSPECTUS**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by LabCorp (File No. 333-200614), constitutes a prospectus of LabCorp under Section 5 of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the shares of common stock of LabCorp, which we refer to as LabCorp common stock, to be issued to Covance stockholders pursuant to the Agreement and Plan of Merger, dated as of November 2, 2014, by and among Covance, LabCorp and Neon Merger Sub Inc., which we refer to as Merger Sub, as it may be amended from time to time, which we refer to as the merger agreement. This document also constitutes a proxy statement of Covance under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. It also constitutes a notice of meeting with respect to the special meeting, at which Covance stockholders will be asked to vote on a proposal to adopt the merger agreement and a proposal to approve, by non-binding, advisory vote, the compensation that may become payable to Covance's named executive officers in connection with the merger, which we refer to as the merger-related compensation arrangements for Covance's named executive officers.

LabCorp has supplied all information contained or incorporated by reference into this proxy statement/prospectus relating to LabCorp, and Covance has supplied all such information relating to Covance.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. LabCorp and Covance have not authorized anyone to provide you with information that is different



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from that contained in or incorporated by reference into this proxy statement/prospectus. This proxy statement/prospectus is dated January 16, 2015, and you should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date unless otherwise specifically provided herein. Further, you should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither the mailing of this proxy statement/prospectus to Covance stockholders nor the issuance by LabCorp of shares of its common stock pursuant to the merger agreement will create any implication to the contrary.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

The following questions and answers are intended to briefly address some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a Covance stockholder. Please refer to the section entitled Summary beginning on page 12 of this proxy statement/prospectus and the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to in this proxy statement/prospectus, which you should read carefully and in their entirety. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions under the section entitled Where You Can Find More Information beginning on page 154 of this proxy statement/prospectus.

**Q: Why am I receiving this proxy statement/prospectus and proxy card?**

A: You are receiving this document because you were a stockholder of record of Covance on the record date for the special meeting, which we refer to as the record date. LabCorp has agreed to acquire Covance under the terms of the merger agreement which are described in this proxy statement/prospectus. If the proposal to adopt the merger agreement is approved by Covance's stockholders and the other conditions to closing under the merger agreement are satisfied or waived, Merger Sub, a Delaware corporation and a wholly owned subsidiary of LabCorp, will be merged with and into Covance, with Covance surviving the merger as a wholly owned subsidiary of LabCorp, which we refer to as the surviving corporation. As a result of the merger, Covance will no longer be a public company. Following the merger, the common stock of Covance, which we refer to as Covance common stock, will be delisted from the New York Stock Exchange, which we refer to as NYSE, and deregistered under the Exchange Act, and Covance will no longer be required to file periodic reports with the SEC in respect of Covance common stock.

This proxy statement/prospectus serves as the proxy statement through which Covance will solicit proxies to obtain the necessary stockholder approval for the merger. It also serves as the prospectus by which LabCorp will issue shares of LabCorp common stock to pay the stock portion of the merger consideration.

Covance is holding the special meeting to ask its stockholders to vote on a proposal to adopt the merger agreement. Covance stockholders are also being asked to vote on a proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers.

This proxy statement/prospectus includes important information about the merger, the merger agreement, a copy of which is attached as **Annex A** to this proxy statement/prospectus, and the special meeting. Covance stockholders should read this information carefully and in its entirety. The enclosed voting materials allow Covance stockholders to vote their shares without attending the special meeting in person.

**Q: Does my vote matter?**

A: Yes, your vote is very important. You are encouraged to vote as soon as possible. The merger cannot be completed unless the holders of at least a majority of the outstanding shares of Covance common stock entitled to vote on the matter at the special meeting vote to adopt the merger agreement. For Covance

stockholders, if you fail to submit a proxy or vote in person at the special meeting, or vote to abstain, or you do not provide your bank, brokerage firm or other nominee with instructions, as applicable, this will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

**Q: What is the vote required to approve each proposal at the special meeting?**

A: The approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Covance common stock entitled to vote on the matter at the special meeting. Because the affirmative vote required to approve the proposal to adopt the merger agreement is based upon the total number of outstanding shares of Covance common stock entitled to vote on the matter at the special meeting, if you fail to submit a proxy or vote in person at the special meeting, or abstain, or



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you do not provide your bank, brokerage firm or other nominee with instructions, as applicable, this will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

The approval of the merger-related compensation arrangements for Covance's named executive officers requires the affirmative vote of the holders of a majority in voting power of the shares of Covance common stock present in person or represented by proxy and casting votes on the matter at the special meeting (with abstentions and broker non-votes (defined below in the section entitled "Questions and Answers About the Merger and the Special Meeting" If my shares of Covance common stock are held in "street name" by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee automatically vote those shares for me? ) not counted as votes cast on the matter); however, such vote is non-binding and advisory only. If your shares of Covance common stock are present at the special meeting but are not voted on the proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers, if you vote to abstain on the proposal, if you fail to submit a proxy or to vote in person at the special meeting or if your shares of Covance common stock are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee to vote your shares of Covance common stock, your shares of Covance common stock will not be counted as **FOR** or **AGAINST** and, assuming a quorum is present at the special meeting, will not have an effect on, the proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers.

See the section entitled "Information About the Special Meeting" beginning on page 59 of this proxy statement/prospectus.

### **Q: How does the Covance board recommend that I vote at the special meeting?**

A: The board of directors of Covance, which we refer to as the Covance board, unanimously recommends that Covance stockholders vote **FOR** the proposal to adopt the merger agreement and **FOR** the proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers.

See the section entitled "The Merger Recommendation of the Covance Board; Covance's Reasons for the Merger" beginning on page 78 of this proxy statement/prospectus.

### **Q: What will happen to Covance as a result of the merger?**

A: Merger Sub, a Delaware corporation and wholly owned subsidiary of LabCorp, will be merged with and into Covance, with Covance continuing as the surviving corporation and a wholly owned subsidiary of LabCorp.

### **Q: What will I receive if the merger is completed?**

A: If the merger is completed, each share of Covance common stock issued and outstanding immediately prior to the completion of the merger will be converted into the right to receive (i) an amount in cash equal to \$75.76, without interest, which we refer to as the cash consideration, and (ii) 0.2686 shares of LabCorp common stock, which we

refer to as the stock consideration, and together with the cash consideration, as the per share merger consideration.

**Q: How do I calculate the value of the per share merger consideration?**

A: Because LabCorp will pay a fixed amount of cash and issue a fixed number of shares of LabCorp common stock as part of the per share merger consideration, the value of the per share merger consideration will depend in part on the price per share on NYSE of LabCorp common stock at the time the merger is completed. That price will not be known at the time of the special meeting and may be greater or less than the current price of LabCorp common stock or the price of LabCorp common stock at the time of the special meeting.

Based on the closing price of \$109.29 of LabCorp common stock on NYSE on October 31, 2014, the last business day before the date of the execution of the merger agreement and the last trading day before the

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public announcement of the merger agreement, the per share merger consideration represented approximately \$105.12 per share of Covance common stock. This price represented a premium of approximately 32% to the closing price of Covance common stock of \$79.90 on NYSE on October 31, 2014. Based on the closing price of \$115.86 of LabCorp common stock on NYSE on January 13, 2015, the latest practicable date before the filing of this registration statement, the per share merger consideration represented approximately \$106.88 per share of Covance common stock.

**Q: What happens if I am eligible to receive a fraction of a share of LabCorp common stock as part of the per share merger consideration?**

A: If the aggregate number of shares of LabCorp common stock that you are entitled to receive as part of the per share merger consideration includes a fraction of a share of LabCorp common stock, you will receive cash in lieu of that fractional share.

See the section entitled "The Merger Agreement - Fractional Shares" beginning on page 101 of this proxy statement/prospectus.

**Q: What will holders of Covance stock based plans receive in the merger?**

A: Upon completion of the merger:

Each Covance in-the-money option will be cashed-out, with the holder receiving a cash amount equal to (i) the cash consideration plus the product of (x) the stock consideration and (y) the volume weighted average of the closing sale prices of LabCorp shares on NYSE for the ten consecutive trading days ending with (and including) the third trading day prior to the closing of the merger, which we refer to as the average LabCorp stock price, minus (ii) the applicable exercise price. Each Covance out-of-the-money option will be canceled for no consideration. With respect to each award of Covance restricted stock (other than any award of rollover restricted stock as discussed below), a number of shares equal to the sum of (i) the number of Covance restricted shares that have been issued and are outstanding immediately prior to the effective time of the merger, which we refer to as the effective time, plus (ii) one-half the number of additional shares of Covance restricted stock or Covance common stock that could be issued pursuant to the award agreement governing such award, generally assuming maximum achievement of all applicable performance goals per performance periods that have not been completed (up to a total additional amount of 43,000 shares in the aggregate, which we refer to as the restricted stock limitation), will be converted into the right to receive the per share merger consideration.

Holders of Covance deferred stock units will receive the per share merger consideration for each deferred stock unit that they hold.

Holders of Covance restricted stock units will receive for each restricted stock unit a cash amount equal to the sum of (i) the stock consideration multiplied by the average LabCorp stock price plus (ii) the cash consideration.

Each award of restricted stock identified as rollover restricted stock will be canceled in exchange for an award of a number of shares of LabCorp common stock equal to (i) the sum of (A) the stock consideration plus (B)(1) the cash consideration divided by (2) the average LabCorp stock price, multiplied by (ii) the number of shares of rollover

restricted stock that constitute such award of rollover restricted stock, rounded up to the nearest whole share. In the event that the foregoing treatment of rollover restricted stock would cause a vote of the LabCorp stockholders to be required under the rules and regulations of NYSE in order for LabCorp and Merger Sub to consummate the transactions contemplated by the merger agreement, then, notwithstanding the foregoing, each award of rollover restricted stock will be canceled in exchange for an award representing the right to receive a cash amount equal to (i) the sum of (A) the stock consideration multiplied by the average LabCorp stock price plus (B) the cash consideration, multiplied by (ii) the number of shares of rollover restricted stock that constitute such award of rollover restricted stock, and such award will continue to vest and be settled in accordance with the terms and conditions as were applicable under such award of rollover restricted stock immediately prior to the effective time.

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Instead of receiving any fractional shares, each holder of Covance common stock will be paid an amount, in cash (rounded to the nearest cent), equal to the product of (i) the fractional share interest to which such holder would otherwise be entitled and (ii) the average LabCorp stock price.

**Q: What if I participate in the Covance 401(k) Savings Plan?**

A: If you are a participant in the Covance 401(k) Savings Plan, which we refer to as the 401(k) Savings Plan, your proxy will serve as voting instructions for your shares of Covance common stock held in the plan as of the record date. The trustee of the 401(k) Savings Plan will vote the plan shares as instructed by plan participants. Participants in the 401(k) Savings Plan may direct the trustee of the plan as to how to vote shares allocated to their 401(k) Savings Plan. The cutoff date for voting for participants in the 401(k) Savings Plan is the close of business on February 12, 2015. If you do not provide voting instructions, the trustee will vote shares allocated to your plan account in the same proportion as those votes cast by plan participants submitting voting instructions considered as a group.

**Stock owned in these plans may NOT be voted in person at the special meeting as the trustee of the plan votes the plan shares two business days prior to the special meeting, after receiving voting instructions from the plan participants.**

**Q: What equity stake will Covance stockholders hold in LabCorp immediately following the merger?**

A: Based on the number of issued and outstanding shares of LabCorp common stock and Covance common stock as of January 13, 2015, the latest practicable date prior to the filing of this registration statement, and based on the exchange ratio of 0.2686, holders of shares of Covance common stock as of immediately prior to the closing of the merger will hold, in the aggregate, approximately 15.5% of the issued and outstanding shares of LabCorp common stock immediately following the closing of the merger. The exact equity stake of Covance stockholders in LabCorp immediately following the merger will depend on the number of shares of LabCorp common stock and Covance common stock issued and outstanding immediately prior to the merger.

**Q: How will I receive the per share merger consideration to which I am entitled?**

A: After receiving the proper documentation from you, following the effective time, the exchange agent will forward to you the LabCorp common stock and cash to which you are entitled. More information on the documentation you are required to deliver to the exchange agent may be found under the caption Exchange and Payment Procedures beginning on page 100 of this proxy statement/prospectus.

**Q: Will my shares of LabCorp common stock acquired in the merger receive a dividend?**

A:

After the closing of the merger, as a holder of LabCorp common stock you will receive the same dividends on shares of LabCorp common stock that all other holders of shares of LabCorp common stock will receive for any dividend for which the record date occurs after the merger is completed.

Former Covance stockholders who hold Covance share certificates will not be entitled to be paid dividends otherwise payable on the shares of LabCorp common stock into which their shares of Covance common stock are convertible until they surrender their Covance share certificates according to the instructions provided to them. Dividends will be accrued for these Covance stockholders and they will receive the accrued dividends when they surrender their Covance share certificates, subject to abandoned property laws. LabCorp has not historically paid any dividends on its common stock and does not presently anticipate paying any dividends on its common stock in the foreseeable future. Any future LabCorp dividends will remain subject to approval by the board of directors of LabCorp, which we refer to as the LabCorp board.

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**Q: What are the material United States federal income tax consequences of the merger to Covance stockholders?**

A: The receipt of the per share merger consideration pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. Generally, for U.S. federal income tax purposes, if you are a U.S. holder (defined below in the section entitled *Material U.S. Federal Income Tax Consequences* beginning on page 132 of this proxy statement/prospectus), you will recognize gain or loss equal to the difference between (i) the sum of cash received and the fair market value (as of the effective time) of the LabCorp common stock you receive and (ii) your adjusted tax basis in the Covance common stock you exchange pursuant to the merger. If you are a non-U.S. holder (defined below in the section entitled *Material U.S. Federal Income Tax Consequences* beginning on page 132 of this proxy statement/prospectus), the merger will generally not result in tax to you under U.S. federal income tax laws unless you have certain connections to the United States and we encourage you to seek tax advice regarding such matters.

Because individual circumstances may differ, we recommend that you consult your own tax advisor to determine the particular tax effects of the merger to you.

You should read the section entitled *Material U.S. Federal Income Tax Consequences* beginning on page 132 of this proxy statement/prospectus for a more complete discussion of the material U.S. federal income tax consequences of the merger.

**Q: When do you expect the merger to be completed?**

A: Subject to the satisfaction or waiver of the closing conditions described under the section entitled *The Merger Agreement Conditions to Completion of the Merger* beginning on page 118 of this proxy statement/prospectus, including the adoption of the merger agreement by Covance stockholders at the special meeting, Covance and LabCorp expect that the merger will be completed during the first quarter of 2015. However, it is possible that factors outside the control of both companies could result in the merger being completed at a different time or not at all.

**Q: Who can vote at the special meeting?**

A: All holders of record of Covance common stock as of the close of business on January 15, 2015, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. Each holder of Covance common stock is entitled to cast one vote on each matter properly brought before the special meeting for each share of Covance common stock that such holder owned of record as of the record date.

**Q: When and where is the special meeting?**

A: The special meeting will be held on February 18, 2015, at 8:00 a.m., local time. All Covance stockholders of record as of the close of business on the record date, their duly authorized proxy holders and beneficial owners

with proof of ownership are invited to attend the special meeting in person. An admission ticket and government-issued picture identification, such as a driver's license or passport, will be required to enter the special meeting. You may obtain a special meeting ticket and directions to the Princeton Marriott Hotel & Conference Center at Forrestal, located at 100 College Road East, Princeton, New Jersey 08540, where it will be held, by writing to Covance Inc., Attention: Secretary, 210 Carnegie Center, Princeton, New Jersey 08540. If you are a registered stockholder, please indicate that in your request. If your shares are held by a bank, broker or other nominee, you must enclose with your request evidence of your ownership of such shares, which you can obtain from your broker, bank or other nominee. If you are the representative of a corporate or institutional stockholder, you must present valid government-issued picture identification along with proof that you are the representative of such stockholder. Please submit your ticket request and proof of ownership as promptly as possible in order to ensure you receive your ticket in time for the meeting. Admission to the special meeting will be on a first-come, first-served basis. Please note that cameras, recording devices and



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other electronic devices will not be permitted at the special meeting. For additional information about the special meeting, see the section entitled "Information About the Special Meeting" beginning on page 59 of this proxy statement/prospectus.

**Q: What am I being asked to vote on at the special meeting?**

A: You are being asked to vote upon (i) a proposal to adopt the merger agreement and (ii) a proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers.

**Q: Why am I being asked to consider and vote on a proposal to approve, by non-binding, advisory vote, certain compensation arrangements for Covance's named executive officers of Covance in connection with the merger?**

A: Under SEC rules, Covance is required to seek a non-binding, advisory vote with respect to certain compensation that may become payable to Covance's named executive officers in connection with the merger.

**Q: What will happen if Covance stockholders do not approve the merger-related compensation arrangements for Covance's named executive officers?**

A: Approval of the compensation that may become payable to Covance's named executive officers that is based on, or otherwise relates to, the merger is not a condition to completion of the merger. Accordingly, you may vote not to approve the proposal concerning the merger-related compensation arrangements for Covance's named executive officers and vote to approve the proposal to adopt the merger agreement. The vote on the proposal concerning the merger-related compensation arrangements for Covance's named executive officers is an advisory vote and will not be binding on Covance or the surviving corporation in the merger. If the merger is completed, because Covance is contractually obligated to pay such compensation, the compensation will be payable, subject only to the contractual conditions applicable to such compensation payments, regardless of the outcome of the advisory vote.

**Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

A: If your shares of Covance common stock are registered directly in your name with the transfer agent of Covance, Computershare Inc., you are considered the stockholder of record with respect to those shares. As the stockholder of record, you have the right to vote, or to grant a proxy for your vote directly to Covance or to a third party to vote, at the special meeting.

If your shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name, and your bank, brokerage firm or other nominee is considered the stockholder of record with respect to those shares. Your bank, brokerage firm or other nominee will send you, as the beneficial owner, a package describing the procedure for voting your shares. You should follow the instructions provided by them to vote your

shares. You are invited to attend the special meeting, however, you may not vote these shares in person at the special meeting unless you obtain a legal proxy from your bank, brokerage firm or other nominee that holds your shares, giving you the right to vote the shares at the special meeting.

**Q: If my shares of Covance common stock are held in street name by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee automatically vote those shares for me?**

A: Your bank, brokerage firm or other nominee will only be permitted to vote your shares of Covance common stock if you instruct your bank, brokerage firm or other nominee how to vote. You should follow the procedures provided by your bank, brokerage firm or other nominee regarding the voting of your shares of

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Covance common stock. In accordance with the rules of NYSE, banks, brokerage firms and other nominees who hold shares of Covance common stock in street name for their customers have authority to vote on routine proposals when they have not received instructions from beneficial owners. However, banks, brokerage firms and other nominees are precluded from exercising their voting discretion with respect to non-routine matters, such as the proposal to adopt the merger agreement and the proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers. As a result, absent specific instructions from the beneficial owner of such shares, banks, brokerage firms and other nominees are not empowered to vote such shares, which we refer to as a broker non-vote. The effect of not instructing your broker how you wish your shares to be voted will be the same as a vote **AGAINST** the proposal to adopt the merger agreement, but will not be counted as **FOR** or **AGAINST** or, assuming a quorum is present at the special meeting, have an effect on, the proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers.

**Q: How many votes do I have?**

A: Each Covance stockholder is entitled to one vote for each share of Covance common stock held of record as of the close of business on the record date. As of the close of business on the record date, there were 56,959,151 outstanding shares of Covance common stock.

**Q: What constitutes a quorum for the special meeting?**

A: A majority of the shares of Covance common stock issued and outstanding as of the close of business on the record date and entitled to vote, present in person or represented by proxy, at the special meeting constitutes a quorum for purposes of the special meeting. Votes to abstain are counted as present for the purpose of determining whether a quorum is present. Broker non-votes are not counted for purposes of determining whether a quorum is present. If you hold shares of Covance common stock in street name and you provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares or obtain a legal proxy from such bank, brokerage firm or other nominee to vote your shares in person at the special meeting, then your shares will be counted as part of the quorum.

**Q: How do I vote?**

A: *Stockholder of Record.* If you are a stockholder of record, you may have your shares of Covance common stock voted on the matters to be presented at the special meeting in any of the following ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when voting by telephone or over the Internet. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or

in person you may attend the special meeting and cast your vote there.

*Beneficial Owner.* If you are a beneficial owner (i.e., hold Covance common stock in street name ), please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

**Q: How can I change or revoke my vote?**

A: You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you, by

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attending the special meeting and voting in person, or by giving written notice of revocation to Covance prior to the time the special meeting begins. Written notice of revocation should be mailed to: Covance Inc., Attention: Secretary, 210 Carnegie Center, Princeton, New Jersey 08540.

**Q: If a stockholder gives a proxy, how are the shares of Covance common stock voted?**

A: Regardless of the method you choose to vote, the individuals named on the enclosed proxy card will vote your shares of Covance common stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of Covance common stock should be voted for or against, or abstain from voting on, all, some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted **FOR** the proposal to adopt the merger agreement and **FOR** the proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers.

**Q: What should I do if I receive more than one set of voting materials?**

A: If you hold shares of Covance common stock in street name and also directly in your name as a stockholder of record or otherwise or if you hold shares of Covance common stock in more than one brokerage account, you may receive more than one set of voting materials relating to the special meeting. For shares of Covance common stock held directly, please complete, sign, date and return each proxy card (or cast your vote by telephone or Internet as provided on each proxy card) or otherwise follow the voting instructions provided in this proxy statement/prospectus in order to ensure that all of your shares of Covance common stock are voted. For shares of Covance common stock held in street name through a bank, brokerage firm or other nominee, you should follow the procedures provided by your bank, brokerage firm or other nominee to vote your shares.

**Q: What happens if I sell my shares of Covance common stock before the special meeting?**

A: The record date is earlier than both the date of the special meeting and the effective time. If you transfer your shares of Covance common stock after the record date but before the special meeting, you will, unless the transferee requests a proxy from you, retain your right to vote at the special meeting but will transfer the right to receive the per share merger consideration if the merger is completed to the person to whom you transfer your shares. If the merger is completed, in order to receive the per share merger consideration, you must hold your shares through the effective time.

**Q: Who will solicit and pay the cost of soliciting proxies?**

A:

Covance has engaged Innisfree to assist in the solicitation of proxies for the special meeting. Covance estimates that it will pay Innisfree a fee not to exceed \$20,000 plus an additional fee of \$5.50 per incoming and outgoing telephone contact and telecom charges. Covance has agreed to reimburse Innisfree for certain out-of-pocket fees and expenses and also will indemnify Innisfree against certain losses, claims, damages, liabilities or expenses. Covance also may reimburse banks, brokerage firms, other nominees or their respective agents for their expenses in forwarding proxy materials to beneficial owners of Covance common stock. Covance's directors, officers and employees also may solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

**Q: What do I need to do now?**

A: Even if you plan to attend the special meeting in person, after carefully reading and considering the information contained in this proxy statement/prospectus, please vote promptly to ensure that your shares

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are represented at the special meeting. If you hold your shares of Covance common stock in your own name as the stockholder of record, you may submit a proxy to have your shares of Covance common stock voted at the special meeting in one of three ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when voting by telephone or over the Internet. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or

in person you may attend the special meeting and cast your vote there.

If you decide to attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. Your attendance at the special meeting will not by itself revoke your proxy. If you are a beneficial owner (i.e., hold Covance common stock in street name), please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

**Q: Should I send in my share certificates now?**

A: No, please do NOT return your share certificate(s) with your proxy. If the proposal to adopt the merger agreement is approved by Covance stockholders and the merger is completed, you will be sent a letter of transmittal as promptly as reasonably practicable after the completion of the merger describing how you may exchange your shares of Covance common stock for the per share merger consideration. If your shares of Covance common stock are held in street name through a bank, brokerage firm or other nominee, you will receive instructions from your bank, brokerage firm or other nominee as to how to effect the surrender of your street name shares of Covance common stock in exchange for the per share merger consideration.

**Q: Where can I find the voting results of the special meeting?**

A: The preliminary voting results will be announced at the special meeting. In addition, within four business days following certification of the final voting results, Covance intends to file the final voting results with the SEC on a Current Report on Form 8-K.

**Q: Will Covance be required to submit the proposal to adopt the merger agreement to Covance stockholders even if the Covance board has withdrawn (or modified or qualified in a manner adverse to LabCorp) its**

**recommendation that Covance stockholders adopt the merger agreement?**

A: Yes, Covance is required to submit the proposal to adopt the merger agreement to Covance stockholders even if the Covance board has withdrawn or modified or qualified in a manner adverse to LabCorp its recommendation that Covance stockholders adopt the merger agreement, unless Covance or LabCorp terminates the merger agreement prior to the special meeting. For more information regarding the ability of Covance and LabCorp to terminate the merger agreement, see the section entitled The Merger Agreement Termination of the Merger Agreement beginning on page 119 of this proxy statement/prospectus.

**Q: Am I entitled to exercise appraisal rights instead of receiving the per share merger consideration for my shares of Covance common stock?**

A: Stockholders are entitled to appraisal rights under Section 262 of the Delaware General Corporation Law, which we refer to as the DGCL, provided they follow the procedures and satisfy the conditions set forth in



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Section 262 of the DGCL. For more information regarding appraisal rights, see the section entitled "Appraisal Rights of Covance Stockholders" beginning on page 146 of this proxy statement/prospectus. In addition, a copy of Section 262 of the DGCL is attached as **Annex C** to this proxy statement/prospectus. Failure to strictly comply with Section 262 of the DGCL will result in the loss of appraisal rights.

**Q: Are there any risks that I should consider in deciding whether to vote for the proposal to adopt the merger agreement?**

A: Yes. You should read and carefully consider the risk factors set forth in the section entitled "Risk Factors" beginning on page 48 of this proxy statement/prospectus. You also should read and carefully consider the risk factors of LabCorp and Covance contained in the documents that are incorporated by reference into this proxy statement/prospectus.

**Q: What are the conditions to completion of the merger?**

A: In addition to approval of the proposal to adopt the merger agreement by Covance stockholders as described above, completion of the merger is subject to the satisfaction or waiver of a number of other conditions, including receipt of required regulatory approvals, the accuracy of representations and warranties under the merger agreement (subject to certain materiality exceptions), and LabCorp's and Covance's performance in all material respects of their respective obligations under the merger agreement. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see the sections entitled "The Merger Agreement" and "Conditions to Completion of the Merger" beginning on page 118 of this proxy statement/prospectus.

**Q: Is LabCorp's obligation to complete the merger subject to LabCorp receiving financing?**

A: No. LabCorp's obligations under the merger agreement are not subject to any condition regarding its ability to finance, or obtain financing for, the transactions contemplated by the merger agreement. For more information regarding financing, see the section entitled "The Merger" and "Financing of the Merger and Indebtedness Following the Merger" beginning on page 94 of this proxy statement/prospectus.

**Q: How will LabCorp fund the cash portion of the merger consideration?**

A: LabCorp plans to fund the cash consideration from a combination of cash on hand and third party debt financing, which may include some combination of a senior unsecured term loan facility, the issuance of senior unsecured notes, and/or, to the extent necessary, borrowings under a bridge facility.

See the section entitled "The Merger" and "Financing of the Merger and Indebtedness Following the Merger" beginning on page 94 of this proxy statement/prospectus.

**Q: Is consummation of the merger contingent upon approval by the holders of LabCorp stock?**

A: No. A vote of holders of LabCorp's capital stock is not required to consummate the merger.

**Q: What will happen if both the proposals to be considered at the special meeting are not approved?**

A: As a condition to completion of the merger, Covance stockholders must approve the proposal to adopt the merger agreement. Consummation of the merger is not conditioned or dependent on Covance stockholder approval, by non-binding, advisory vote, of the merger-related compensation arrangements for Covance's named executive officers.

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**Q: What happens if the merger is not completed?**

A: If the merger agreement is not adopted by Covance stockholders or if the merger is not completed for any other reason, Covance stockholders will not receive any consideration for their shares of Covance common stock. Instead, Covance will remain an independent public company, Covance common stock will continue to be listed and traded on NYSE and registered under the Exchange Act and Covance will continue to file periodic reports with the SEC. If the merger agreement is terminated, under specified circumstances, Covance may be required to pay LabCorp a termination fee of \$200 million. If the merger agreement is terminated under other specified circumstances, LabCorp may be required to pay Covance a termination fee of \$305 million.

In addition, if the merger agreement is terminated, under specified circumstances, Covance must reimburse LabCorp for out-of-pocket expenses up to a maximum of either \$30 million or \$50 million depending on the reason for the termination. Any such expense reimbursement will be credited towards any termination fee required to be paid by Covance.

See the section entitled "The Merger Agreement Termination Fees and Expenses" beginning on page 120 of this proxy statement/prospectus and the section entitled "The Merger Agreement Expenses" beginning on page 122 of this proxy statement/prospectus.

**Q: Who can help answer any other questions I have?**

A: If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of Covance common stock, or need additional copies of this proxy statement/prospectus or the enclosed proxy card, please contact Innisfree, Covance's proxy solicitor, by calling toll-free at (877) 800-5182. Banks, brokerage firms, and other nominees may call collect at (212) 750-5833.

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**SUMMARY**

*The following summary highlights selected information in this proxy statement/prospectus and may not contain all the information that may be important to you as a Covance stockholder. Accordingly, we encourage you to read carefully this entire proxy statement/prospectus, its annexes and the documents referred to in this proxy statement/prospectus. Each item in this summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions under the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus.*

**Parties to the Merger (Page 64)**

***Covance Inc.***

*210 Carnegie Center*

*Princeton, New Jersey 08540*

*(609) 452-4440*

Covance, a Delaware corporation, is a leading drug development services company providing a wide range of early-stage and late-stage product development services on a worldwide basis primarily to the pharmaceutical and biotechnology industries. It also provides laboratory testing services to the chemical, agrochemical and food industries. It is one of the world's largest and most comprehensive drug development services companies with annual revenues greater than \$2 billion, operations in more than 30 countries and more than 12,500 employees worldwide. The Company is headquartered in Princeton, New Jersey.

Covance common stock is listed on NYSE under the symbol CVD.

***Laboratory Corporation of America Holdings***

*358 South Main Street*

*Burlington, North Carolina 27215*

*(336) 229-1127*

LabCorp, a Delaware corporation, is one of the largest independent clinical laboratory companies in the United States. Through its national network of primary laboratories and patient service centers, along with a network of branches and STAT laboratories, its subsidiaries and affiliates provide clinical laboratory testing services to clients in both the United States and internationally, including physicians, hospitals and pharmaceutical companies, and process tests on hundreds of thousands of patient specimens daily.

LabCorp common stock is listed on NYSE under the symbol LH.

***Neon Merger Sub Inc.***

*c/o Laboratory Corporation of America Holdings*

*358 South Main Street*

*Burlington, North Carolina 27215*

*(336) 229-1127*

Merger Sub, a Delaware corporation and a wholly owned subsidiary of LabCorp, was formed solely for the purpose of facilitating the merger. Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the merger, Merger Sub will be merged with and into Covance, with Covance surviving the merger as a wholly owned subsidiary of LabCorp.

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### **The Merger and the Merger Agreement**

The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached as **Annex A** to this proxy statement/prospectus. We encourage you to read the merger agreement carefully and in its entirety, as it is the legal document that governs the merger.

Pursuant to the merger agreement, Merger Sub will merge with and into Covance. After the effective time, Covance will be the surviving corporation and a wholly owned subsidiary of LabCorp. Following the merger, Covance common stock will be delisted from NYSE, deregistered under the Exchange Act and will cease to be publicly traded.

### **Per Share Merger Consideration (Page 65)**

At the effective time, each share of Covance common stock issued and outstanding immediately prior to the effective time will be converted into the right to receive (i) \$75.76 in cash, without interest, and (ii) 0.2686 shares of LabCorp common stock.

### **Financing of the Merger and Indebtedness Following the Merger (Page 94)**

LabCorp's obligation to complete the merger is not contingent upon receipt by LabCorp of any financing. LabCorp plans to fund the cash consideration from a combination of cash on hand and third party debt financing, which may include some combination of a senior unsecured term loan facility, as described below, the issuance of senior unsecured notes, and/or, to the extent necessary, borrowings under the bridge facility described below.

On December 19, 2014, LabCorp entered into a term loan credit facility with Bank of America, N.A., which we refer to as Bank of America, as administrative agent, and other financial institutions, which we refer to as the term loan lenders. Under the term loan facility, the term loan lenders have agreed to provide a \$1.0 billion senior unsecured term loan credit facility for the purpose of financing a portion of the cash consideration and the fees and expenses in connection with the transactions contemplated by the merger agreement. The term loan credit facility will be advanced in full on the closing date of the merger and the conditions to funding the term loan credit facility on the closing date of the merger are substantially the same as the below described conditions to funding the bridge facility. The term loan credit facility will mature five years after the closing date of the merger and may be prepaid without penalty. The \$1.0 billion of term loan commitments made under the term loan credit facility reduces the commitments made under the bridge facility dollar for dollar.

On November 2, 2014, in connection with entering into the merger agreement, LabCorp entered into a bridge facility commitment letter with Bank of America, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Bank, National Association, and Wells Fargo Securities, LLC, which we refer to collectively as the commitment parties. Under the bridge facility commitment letter, the lenders have agreed to provide a \$4.25 billion senior unsecured bridge term loan credit facility, which upon entry into the term loan credit facility was reduced to a \$3.25 billion commitment, consisting of a \$2.85 billion 364-day unsecured debt bridge tranche and a \$400 million 60-day unsecured cash bridge tranche for the purpose of financing a portion of the cash consideration and the fees and expenses in connection with the transactions contemplated by the merger agreement. The bridge facility may be drawn only in a single drawing on the closing date of the merger and may be prepaid without penalty. LabCorp anticipates that some or all of the bridge facility will be replaced prior to closing by the issuance of senior unsecured notes by LabCorp in the debt capital markets.

For more information on the financing of the merger, see the section entitled "The Merger Financing of the Merger and Indebtedness Following the Merger" beginning on page 94 of this proxy statement/prospectus.



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### **Recommendation of the Covance Board; Covance's Reasons for the Merger (Page 78)**

The Covance board, at a special meeting held on November 2, 2014, unanimously approved and declared advisable the merger agreement, the merger and all of the other transactions contemplated by the merger agreement, declared that it is in the best interests of Covance and its stockholders to enter into the merger agreement and consummate the merger and all of the other transactions contemplated by the merger agreement, directed that the adoption of the merger agreement be submitted to a vote at a meeting of the Covance stockholders and recommended that the Covance stockholders vote to adopt the merger agreement. Accordingly, the Covance board unanimously recommends that the Covance stockholders vote **FOR** the proposal to adopt the merger agreement and **FOR** the proposal to approve, by non-binding, advisory vote, the merger-related compensation arrangements for Covance's named executive officers.

In evaluating the merger, the Covance board consulted with and received the advice of Covance's outside legal and financial advisors, discussed certain issues with Covance senior management and considered a number of factors that it believed supported its decision to enter into the merger agreement and consummate the merger, including, without limitation, those listed in "The Merger Recommendation of the Covance Board; Covance's Reasons for the Merger" beginning on page 78 of this proxy statement/prospectus.

### **Opinion of Covance's Financial Advisor (Page 82)**

On November 2, 2014, at a meeting of the Covance board, Goldman, Sachs & Co., which we refer to as Goldman Sachs, rendered its oral opinion to the Covance board, subsequently confirmed in writing, to the effect that, as of November 2, 2014, and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the per share merger consideration of \$75.76 in cash, without interest, and 0.2686 shares of LabCorp common stock to be paid to the holders (other than LabCorp and its affiliates) of Covance common stock pursuant to the merger agreement was fair from a financial point of view to those holders.

**The full text of the written opinion of Goldman Sachs, dated November 2, 2014, which sets forth the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached to this proxy statement/prospectus as Annex B. The summary of the Goldman Sachs opinion provided in this proxy statement/prospectus is qualified in its entirety by reference to the full text of Goldman Sachs' written opinion. Goldman Sachs' advisory services and opinion were provided for the information and assistance of the Covance board in connection with its consideration of the merger and the opinion does not constitute a recommendation as to how any holder of Covance common stock should vote with respect to the merger or any other matter.**

### **Information About the Special Meeting (Page 59)**

The special meeting will be held at the Princeton Marriott Hotel & Conference Center at Forrestal, located at 100 College Road East, Princeton, New Jersey 08540, on February 18, 2015, at 8:00 a.m., local time. The special meeting is being held in order to vote on:

a proposal to adopt the merger agreement; and



a proposal to approve, by non-binding, advisory vote, the compensation that may become payable to Covance's named executive officers in connection with the merger.

Completion of the merger is conditioned on approval of the proposal to adopt the merger agreement but approval of the advisory proposal concerning the merger-related compensation arrangements for Covance's named executive officers is not a condition to the obligation of either Covance or LabCorp to complete the merger.

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Only holders of record of issued and outstanding shares of Covance common stock as of the close of business on January 15, 2015, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting. You may cast one vote for each share of Covance common stock that you owned as of that record date.

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Covance common stock entitled to vote on the matter at the special meeting. Shares not present, and shares present and not voted, whether by broker non-vote, abstention or otherwise, will have the same effect as votes cast **AGAINST** the proposal to adopt the merger agreement.

For the advisory proposal concerning the merger-related compensation arrangements for Covance's named executive officers to be considered approved, votes cast **FOR** must exceed votes cast **AGAINST**. Shares present and not voted, whether by broker non-vote, abstention or otherwise, will not be counted **FOR** or **AGAINST** and, assuming a quorum is present at the special meeting, will not have an effect on, the advisory proposal concerning merger-related compensation arrangements for Covance's named executive officers.

As of the close of business on the record date for the special meeting, there were 56,959,151 shares of Covance common stock outstanding and entitled to vote. As of the same date, the directors and executive officers of Covance as a group owned and were entitled to vote 516,808 shares of Covance common stock, representing approximately 0.9% of the total issued and outstanding shares of Covance common stock on that date. Covance currently expects that all directors and executive officers will vote their shares in favor of each of the proposals to be considered at the special meeting, although none of them has entered into any agreement obligating them to do so.

## **Interests of Covance's Directors and Executive Officers in the Merger (Page 124)**

The interests of Covance's directors and executive officers in the merger that are different from, or in addition to, those of the Covance stockholders generally are described below. The Covance board was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by its stockholders. These interests include (i) the accelerated vesting and payment of Covance stock options, shares of Covance restricted stock, Covance restricted stock units and Covance deferred stock units, (ii) certain severance and other separation benefits that may be payable upon termination of employment following the consummation of the merger, (iii) additional service credit, age credit and accelerated vesting of certain pension or retirement benefits that may be payable upon termination of employment following the consummation of the merger, (iv) accelerated payment of certain previously vested deferred compensation benefits and (v) entitlement to continued indemnification and insurance coverage under the merger agreement.

## **Regulatory Approvals (Page 96)**

The completion of the merger is subject to antitrust review in the United States. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, and the rules promulgated thereunder, the merger may not be completed until notification and report forms have been filed with the Federal Trade Commission, which we refer to as the FTC, and the Department of Justice, which we refer to as the DOJ, and the applicable waiting period (or any extensions thereof) has expired or been terminated.

On November 12, 2014, Covance and LabCorp filed with the DOJ and Covance filed with the FTC, and on November 13, 2014, LabCorp filed with the FTC, notification and report forms under the HSR Act with respect to the proposed merger. The applicable waiting period under the HSR Act expired at 11:59 p.m. Eastern time on December

15, 2014, without any action having been taken by the FTC or the DOJ.

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LabCorp and Covance have agreed to cooperate with each other and use, and cause their respective affiliates to use, their respective reasonable best efforts to obtain all regulatory approvals required to complete the merger in the most expeditious manner practicable. In furtherance of the foregoing, LabCorp and Covance have agreed to use their reasonable best efforts to:

make all necessary registrations, declarations, filings and notices with governmental entities applicable to the transactions contemplated by the merger agreement; and

obtain all waivers, consents, authorizations, orders and approvals from governmental entities that are required in order to consummate the merger or any of the other transactions contemplated by the merger agreement.

LabCorp is not required under the merger agreement to accept or agree to a burdensome condition (as defined in the section entitled "The Merger Agreement Efforts to Complete the Merger; Regulatory Approvals" beginning on page 113 of this proxy statement/prospectus) in order to obtain such regulatory approvals. If the merger agreement is terminated for reasons relating to the failure to obtain regulatory approvals required for the merger, under certain circumstances, LabCorp will be required to pay Covance a termination fee of \$305 million.

### **Appraisal Rights of Covance Stockholders (Page 146)**

Covance stockholders of record have appraisal rights under the DGCL in connection with the merger. Covance stockholders who do not vote in favor of the adoption of the merger agreement and who otherwise comply with the applicable provisions of Section 262 of the DGCL will be entitled to exercise appraisal rights thereunder. Any shares of Covance common stock held by a Covance stockholder as of the record date who has not voted in favor of the adoption of the merger agreement and who has demanded appraisal for such shares in accordance with the DGCL will not be converted into a right to receive the per share merger consideration, unless such Covance stockholder fails to perfect or withdraws or otherwise loses such stockholder's appraisal rights under the DGCL. If, after the effective time, such holder of Covance common stock fails to perfect or withdraws or otherwise loses his, her or its appraisal rights, each such share will be treated as if it had been converted as of the effective time into a right to receive the per share merger consideration, without interest thereon, less any withholding taxes. The relevant provisions of the DGCL are included as **Annex C** to this proxy statement/prospectus.

You are encouraged to read these provisions carefully and in their entirety. Due to the complexity of the procedures for exercising your appraisal rights, Covance stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with these provisions will result in the loss of appraisal rights. See the section entitled "Appraisal Rights of Covance Stockholders" beginning on page 146 of this proxy statement/prospectus for additional information and the text of Section 262 of the DGCL reproduced in its entirety as **Annex C** to this proxy statement/prospectus.

### **Conditions to Completion of the Merger (Page 118)**

Each party's obligation to consummate the merger is subject to the satisfaction or waiver, to the extent applicable, of the following conditions:

approval of the merger agreement by the affirmative vote of the holders of a majority of the outstanding shares of Covance common stock entitled to vote thereon at the special meeting;

the expiration or termination of the waiting period (or any extension thereof) applicable to the merger under the HSR Act;

the absence of any law, regulation, order, judgment or injunction that restrains, enjoins or otherwise prohibits the closing of the merger;

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the effectiveness of the registration statement of which this proxy statement/prospectus forms a part and the absence of a stop order or proceedings seeking a stop order by the SEC; and

the shares of LabCorp common stock to be issued in the merger having been approved for listing on NYSE, subject to official notice of issuance.

In addition, the obligations of LabCorp and Merger Sub to effect the merger are subject to the satisfaction, or waiver of the following additional conditions:

the accuracy of the representations and warranties of Covance to the extent required under the merger agreement;

Covance's performance of or compliance with, in all material respects, its obligations under the merger agreement required to be performed or complied with at or prior to the closing date of the merger;

the receipt by LabCorp of a certificate signed by the chief financial officer of Covance certifying that the above conditions with respect to the accuracy of representations and warranties and performance of the obligations of Covance have been satisfied; and

the expiration or termination of the waiting period (or any extension thereof) applicable to the merger under the HSR Act without the imposition of a burdensome condition.

In addition, the obligations of Covance to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties of LabCorp and Merger Sub to the extent required under the merger agreement;

LabCorp's and Merger Sub's performance of or compliance with, in all material respects, their obligations under the merger agreement required to be performed or complied with at or prior to the closing date of the merger; and

the receipt by Covance of a certificate signed by an authorized executive officer of LabCorp certifying that the above conditions with respect to the accuracy of representations and warranties and performance of obligations have been satisfied.

For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see the section entitled "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 118 of this proxy statement/prospectus.

**No Solicitation or Negotiation of Takeover Proposals (Page 109)**

The merger agreement provides that neither Covance nor any of its subsidiaries will, and Covance will instruct and cause its and its subsidiaries' respective directors, officers and other representatives not to, directly or indirectly:

solicit, initiate, knowingly encourage or otherwise knowingly facilitate any inquiries regarding or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, any takeover proposal (as defined in the section entitled "The Merger Agreement - No Solicitation or Negotiation of Takeover Proposals" beginning on page 109 of this proxy statement/prospectus);

engage in, participate in or otherwise continue any discussions or negotiations with any person regarding any takeover proposal;

provide any non-public information to any person with respect to, or otherwise knowingly facilitate, any proposal or offer that constitutes or may reasonably be expected to lead to any takeover proposal; or

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enter into or agree to enter into any acquisition agreement (as defined in the section entitled "The Merger Agreement - No Solicitation or Negotiation of Takeover Proposals" beginning on page 109 of this proxy statement/prospectus).

Notwithstanding these restrictions, prior to the approval of the merger agreement by the stockholders of Covance, Covance may, after providing notice to LabCorp and entering into a confidentiality agreement with the applicable third party:

furnish information with respect to Covance and its subsidiaries to a person making such unsolicited takeover proposal (provided that Covance concurrently provides to LabCorp any non-public information concerning Covance or its subsidiaries to be provided to such other person which was not previously provided to LabCorp); and

engage in discussions or negotiations with any such person regarding such takeover proposal; in each case if the Covance board:

has determined in good faith after consultation with its outside legal counsel and financial advisor that an unsolicited bona fide written takeover proposal received after the date of the merger agreement either constitutes a superior proposal (as defined in the section entitled "The Merger Agreement - No Solicitation or Negotiation of Takeover Proposals" beginning on page 109 of this proxy statement/prospectus) or would reasonably be expected to result in a superior proposal,

determines after consultation with and receiving advice of outside counsel that the failure to take such action would be inconsistent with the fiduciary duties of the Covance board to the Covance stockholders under applicable law, and

has not breached its obligations not to solicit takeover proposals under the merger agreement.

**No Change in Recommendation or Alternative Acquisition Agreement (Page 111)**

Subject to certain exceptions described below, the Covance board and each committee of the Covance board may not:

withdraw (or modify or qualify in a manner adverse to LabCorp), or publicly propose to withdraw (or modify or qualify in a manner adverse to LabCorp), the Covance board recommendation to Covance stockholders that they vote in favor of the adoption of the merger agreement or recommend the approval or adoption of, or approve or adopt, declare advisable or publicly propose to recommend, approve, adopt or declare advisable, any takeover proposal (any of which, we refer to as an adverse recommendation change);

approve or recommend, or publicly propose to approve or recommend, any acquisition agreement with respect to a takeover proposal; or



cause or permit Covance or any of its subsidiaries to enter into any acquisition agreement with respect to a takeover proposal.

However, at any time before the Covance stockholder approval is obtained, provided that it notifies and negotiates in good faith with LabCorp and its representatives for a five day period (and under certain circumstances any subsequent two day period) and has complied with its obligations under the merger agreement not to solicit takeover proposals, the Covance board may:

make an adverse recommendation change if the Covance board determines in good faith, after consultation with and receiving the advice of its outside legal counsel and financial advisor, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law; and/or

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terminate the merger agreement and concurrent with such termination cause Covance to enter into an acquisition agreement providing for a superior proposal, subject to the payment of any required termination fee.

**Termination of the Merger Agreement (Page 119)**

The merger agreement may be terminated at any time prior to the effective time, whether before or after the receipt of the Covance stockholder approval, by delivery of written notice to the other parties to the merger agreement under the following circumstances:

by mutual written consent of LabCorp and Covance; or

by either LabCorp or Covance:

if the merger is not consummated by June 2, 2015; provided, however, that this right to terminate the merger agreement will not be available to any party if the failure of such party (and in the case of LabCorp, Merger Sub) to perform any of its obligations under the merger agreement has been a principal cause of or resulted in the failure of the merger to be consummated on or before such date, which we refer to as an outside date termination;

if any law, regulation, order, judgment or injunction enacted, issued, promulgated, enforced or entered by any court or other governmental entity of competent jurisdiction that restrains, enjoins or otherwise prohibits the closing of the merger becomes final and nonappealable; provided that the party seeking to terminate the agreement has complied in all material respects with its obligations under the merger agreement regarding its efforts to obtain regulatory approvals necessary to consummate the merger, which we refer to as a legal restraint termination; or

if the Covance stockholders fail to approve the proposal to adopt the merger agreement at the special meeting or at any adjournment or postponement thereof, which we refer to as a stockholder no-vote termination; or

by Covance:

if LabCorp or Merger Sub has breached any of its representations or warranties or failed to perform any of its covenants or agreements set forth in the merger agreement such that the conditions to Covance's obligations to complete the merger with respect to LabCorp's representations and warranties or covenants, as applicable, are not satisfied and such breach or failure to perform is incapable of being cured prior to June 2, 2015; provided that Covance does not have the right to terminate the merger agreement as a result of such breach if Covance is then in material breach of any of its own representations, warranties, covenants or agreements under the merger agreement, which we refer to as

a Covance termination for LabCorp breach; or

at any time prior to (but not after) obtaining the Covance stockholder approval, if the Covance board authorizes Covance to enter into, and Covance enters into, an acquisition agreement with respect to a superior proposal (so long as Covance has complied with the non-solicitation obligations set forth in the merger agreement and has paid the applicable termination fee to LabCorp on the date of such termination), which we refer to as a Covance superior proposal termination; or

by LabCorp:

if Covance has breached any of its representations or warranties or failed to perform any of its covenants or agreements set forth in the merger agreement such that the conditions of LabCorp's and Merger Sub's obligations to complete the merger with respect to Covance's representations and warranties or covenants, as applicable, are not satisfied and such breach or failure to perform is incapable of being cured prior to June 2, 2015; provided that LabCorp does not have the right to

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terminate the merger agreement as a result of such breach if either LabCorp or Merger Sub is then in material breach of any of its own representations, warranties, covenants or agreements under the merger agreement, which we refer to as a LabCorp termination for Covance breach; or

if the Covance board (i) fails to include its recommendation to the Covance stockholders for the approval of the proposal to adopt the merger agreement in this proxy statement/prospectus, (ii) approves or recommends, or publicly proposes to approve or recommend, any acquisition agreement, (iii) makes an adverse recommendation change or (iv) fails to publicly reaffirm the Covance stockholder recommendation within five business days of a request by LabCorp to make such public reaffirmation following Covance receiving a public takeover proposal (other than in the case of a takeover proposal in the form of a tender or exchange offer) that has not been withdrawn (provided that LabCorp may make any such request only once in any 15-day period, exclusive of the five business day period by the end of which Covance is required to reaffirm the board recommendation), which we refer to as a termination for change in recommendation.

**Termination Fees and Expenses (Page 120)**

Covance will be required to pay a termination fee of \$200 million to LabCorp if:

a Covance superior proposal termination has occurred;

(i) after the date of the merger agreement, a takeover proposal is made to Covance directly, is made to the Covance stockholders generally, is publicly announced or otherwise becomes publicly known; and (ii) thereafter, any of the following occur: (A) a stockholder no-vote termination, (B) an outside date termination (if the Covance stockholder meeting has not been held by June 2, 2015), or (C) a LabCorp termination for Covance breach (provided that, unless the breach that gave rise to such termination was a breach by Covance of its non-solicitation obligations under the merger agreement, such breach occurred when the takeover proposal referred to in clause (i) was pending and not withdrawn; however, such takeover proposal will not be deemed to have been withdrawn if, within 12 months of such termination, Covance or any of its subsidiaries enters into a definitive agreement providing for, or the Covance board approves or recommends or does not oppose, or Covance consummates, a takeover proposal made by such person); and (iii) within 12 months after such termination, Covance enters into a definitive agreement to consummate or consummates the transactions contemplated by any takeover proposal (with the percentages set forth in the definition thereof changed from 15% to 50%); or

LabCorp effects a termination for change in recommendation.

If the merger agreement is terminated pursuant to the first bullet above, the termination fee must be paid on the date of termination of the merger agreement. If the termination is made pursuant to the second bullet above, the termination fee must be paid on the earlier of (i) the date of entry into a definitive agreement with respect to a takeover proposal or (ii) the date of consummation of the transaction referenced in clause (iii) of the second bullet above. If the termination is made pursuant to the third bullet above, the termination fee must be paid within three business days of the date of termination.

Covance will be required to reimburse LabCorp for all documented out-of-pocket expenses, including those of the exchange agent and its representatives, incurred by LabCorp or Merger Sub in connection with the merger agreement and the transactions contemplated thereby in the event of (i) an outside date termination (but only if the Covance stockholder meeting has not been held by June 2, 2015), (ii) a LabCorp termination for Covance breach or (iii) a stockholder no-vote termination, in the case of (i) or (ii), up to a maximum amount of \$50 million, and in the case of (iii), up to a maximum amount of \$30 million. Any termination fee payable by Covance will be offset by the amount of any of LabCorp or Merger Sub's expenses previously reimbursed pursuant to the merger agreement.

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LabCorp will be required to pay a termination fee of \$305 million to Covance if:

(i) an outside date termination or a legal restraint termination occurs or (ii) a Covance termination for LabCorp breach occurs because of a failure by LabCorp to comply with its obligations with respect to efforts and undertakings required to obtain approvals from antitrust authorities;

at the time of such termination, at least one of the following is true leading to the failure of a closing condition: (i) the waiting period (or any extension thereof) applicable to the completion of the merger under the HSR Act shall not have expired or been terminated, (ii) a governmental entity shall have enacted or entered any law, regulation, order, judgment or injunction restraining, enjoining or otherwise prohibiting the merger or (iii) approval under the HSR Act shall have included or been conditioned upon a burdensome condition and in the case of a legal restraint termination, at the time of termination the legal restraint is with respect to antitrust laws; and

at the time of termination, all closing conditions other than any one of the three closing conditions referenced in the previous bullet shall have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the closing of the merger so long as such conditions would be satisfied or would be capable of being satisfied if the closing occurred on the date of such termination).

If Covance or LabCorp, as the case may be, fails promptly to pay any of the foregoing fees or expenses, and, in order to obtain such payment, Covance or LabCorp, as the case may be, commences a suit that results in a judgment against the other party for the payment of such fees or expenses, such paying party must pay to the other party or parties, as applicable, its costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on the amount of such amount from the date such payment was required to be made until the date of payment at the prime rate as published in *The Wall Street Journal* in effect on the date such payment was required to be made.

**Treatment of Existing Covance Senior Notes (Page 117)**

With respect to Covance's \$250 million principal amount in outstanding senior notes, which we refer to as the existing senior notes, the merger agreement provides that, at LabCorp's request, Covance shall (i) commence a tender offer to purchase the existing senior notes, the closing of which shall be conditioned on the closing of the merger, or (ii) issue a notice of optional redemption for all outstanding principal amount of the existing senior notes and redeem the existing senior notes on the effective date of the merger at the price provided for in a note purchase agreement dated as of October 2, 2013, which we refer to as the note purchase agreement, for the existing senior notes, including a make-whole amount, subject to obtaining the consent of the required number of holders of the existing senior notes to make such redemption conditional on closing of the merger. LabCorp is not required to request that Covance take the actions described in the preceding sentence and may seek, in lieu thereof, an amendment to the existing senior note terms to provide for certain changes in the covenants associated with the existing senior notes and assume the obligations thereunder directly. In the event any existing senior notes remain outstanding following the closing of the merger, under the terms of the note purchase agreement, Covance is required to offer to purchase all such existing senior notes at 100% of their principal amount plus accrued interest. In addition, following the closing of the merger, LabCorp may elect to cause Covance, as its wholly owned subsidiary, to issue a notice of optional redemption and redeem any or all existing senior notes at the price provided for in the note purchase agreement, including a make-whole amount.

**Accounting Treatment (Page 97)**

LabCorp prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which we refer to as GAAP. The merger will be accounted for using the acquisition method of accounting. LabCorp will be treated as the acquiror for accounting purposes.

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**Material U.S. Federal Income Tax Consequences (Page 132)**

The receipt of the per share merger consideration pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. Generally, for U.S. federal income tax purposes, if you are a U.S. holder (defined below in the section entitled **Material U.S. Federal Income Tax Consequences** beginning on page 132 of this proxy statement/prospectus), you will recognize gain or loss equal to the difference between (i) the sum of cash received and the fair market value (as of the effective time) of the LabCorp common stock you receive and (ii) your adjusted tax basis in the Covance common stock you exchange pursuant to the merger. If you are a non-U.S. holder (defined below in the section entitled **Material U.S. Federal Income Tax Consequences** beginning on page 132 of this proxy statement/prospectus), the merger will generally not result in tax to you under U.S. federal income tax laws unless you have certain connections to the United States and we encourage you to seek tax advice regarding such matters.

Because individual circumstances may differ, we recommend that you consult your own tax advisor to determine the particular tax effects of the merger to you.

You should read the section entitled **Material U.S. Federal Income Tax Consequences** beginning on page 132 of this proxy statement/prospectus for a more complete discussion of the material U.S. federal income tax consequences of the merger.

**Comparison of Stockholders Rights (Page 136)**

The rights of Covance stockholders are governed by Covance's restated certificate of incorporation, which we refer to as the Covance charter, by Covance's amended and restated bylaws, which we refer to as the Covance bylaws, and by Delaware corporate law. Your rights as a stockholder of LabCorp will be governed by LabCorp's amended and restated certificate of incorporation, which we refer to as the LabCorp charter, by LabCorp's amended and restated bylaws, which we refer to as the LabCorp bylaws, and by Delaware corporate law. Your rights under the LabCorp charter and the LabCorp bylaws will differ in some respects from your rights under the Covance charter and the Covance bylaws. For more detailed information regarding a comparison of your rights as a stockholder of Covance and LabCorp, see the section entitled **Comparison of Stockholders Rights** beginning on page 136 of this proxy statement/prospectus.



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF COVANCE**

The following table presents selected historical consolidated financial data for Covance as of and for the fiscal years ended December 31, 2013, 2012, 2011, 2010 and 2009 and as of and for the nine months ended September 30, 2014 and 2013. The balance sheet data as of December 31, 2013 and 2012 and the statement of income data for the fiscal years ended December 31, 2013 and 2012 have been obtained from Covance's audited consolidated financial statements included in Covance's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which is incorporated by reference into this proxy statement/prospectus. The balance sheet data as of December 31, 2011 and 2010 and the statement of income data for the fiscal years ended December 31, 2011, 2010 and 2009 have been derived from Covance's audited consolidated financial statements included in Covance's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which has not been incorporated into this document by reference. The balance sheet data as of December 31, 2009 has been derived from Covance's audited consolidated financial statements included in Covance's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which has not been incorporated into this document by reference. The balance sheet data as of September 30, 2014 and the statement of income data for the nine months ended September 30, 2014 and 2013 have been obtained from Covance's unaudited consolidated financial statements included in Covance's Quarterly Report on Form 10-Q for the nine months ended September 30, 2014, which is incorporated by reference into this proxy statement/prospectus. The balance sheet data as of September 30, 2013 has been derived from Covance's unaudited consolidated financial statements included in Covance's Quarterly Report on Form 10-Q for the nine months ended September 30, 2013, which has not been incorporated into this document by reference.

The information set forth below is not necessarily indicative of future results and should be read together with the other information contained in Covance's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and Covance's Quarterly Report on Form 10-Q for the nine months ended September 30, 2014, including the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes therein. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus.

	Nine Months Ended September 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
<b>(In thousands, except per share data)</b>							
<b>Statement of Income Data:</b>							
Revenues	\$ 1,886,583	\$ 1,779,219	\$ 2,402,313	\$ 2,180,621	\$ 2,095,938	\$ 1,925,630	\$ 1,867,634
Non-recurring non-recurring charges							
Revenues	137,810	146,142	192,817	185,138	140,508	112,843	94,992
Revenues	2,024,393	1,925,361	2,595,130	2,365,759	2,236,446	2,038,473	1,962,626
Revenues and charges:							
Revenues	1,310,218	1,255,316	1,692,173	1,570,223	1,467,051	1,348,498	1,277,142
Revenues	137,810	146,142	192,817	185,138	140,508	112,843	94,992

ing, ral and nistrative preciation	258,979	266,448	360,012	358,854	343,044	307,386	270,593
itization riment es	102,151	95,072	127,917	117,708	105,214	103,024	91,289
costs and nses	52,564		4,877	17,959		119,229	
ne from ations	1,861,722(a)	1,762,978(c)	2,377,796(e)	2,249,882(h)	2,055,817(k)	1,990,980(n)	1,734,016
r (me) se, net:	162,671(a)	162,383(c)	217,334(e)	115,877(h)	180,629(k)	47,493(n)	228,610
est se, net	7,879	2,634	4,084	3,506	1,979	52	201
gn ange action net	3,552	1,911	1,925	1,474	1,248	3,649	245
on sale vestments		(16,400)	(16,400)	(1,459)			
irment of y tment				7,373	12,119		
a) loss on of esses	(15,096)			169			(9,681)
r (me) se, net	(3,665)(b)	(11,855)(d)	(10,391)(f)	11,063(i)	15,346(l)	3,701	(9,235)
ne before and y investee ngs	166,336(a),(b)	174,238(c),(d)	227,725(e)(f)	104,814(h)(i)	165,283(k)(l)	43,792(n)	237,845
expense (fit)(r)	32,584(a),(b)	40,877(c),(d)	48,518(g)	10,099(j)	33,574(m)	(23,655)(o)	62,870

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	Nine Months Ended September 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(In thousands, except per share data)						
e	\$ 133,752(a),(b)	\$ 133,361(c),(d)	\$ 179,207(e)(f)(g)	\$ 94,732(h)(i)(j)	\$ 132,189(k)(l)(m)	\$ 68,254(n)(o)	\$ 175,
er	\$ 2.41(a),(b)	\$ 2.45(c),(d)	\$ 3.28	\$ 1.73	\$ 2.22	\$ 1.08	\$ 2
er	\$ 2.32(a),(b)	\$ 2.35(c),(d)	\$ 3.15(e)(f)(g)	\$ 1.68(h)(i)(j)	\$ 2.16(k)(l)(m)	\$ 1.06(n)(o)	\$ 2
a:	\$ 974,364	\$ 553,132	\$ 871,311	\$ 352,131	\$ 549,881	\$ 446,637	\$ 474,
ts	\$ 2,532,328	\$ 2,438,314	\$ 2,556,588	\$ 2,288,342	\$ 2,108,008	\$ 1,965,542	\$ 1,974,
n	\$ 250,000		\$ 250,000			\$ 97,500	
ers	\$ 1,649,145	\$ 1,498,452	\$ 1,565,246	\$ 1,307,192	\$ 1,457,795	\$ 1,279,821	\$ 1,411,

(a) Includes asset impairment charges of \$52,564 (\$34,866 net of tax or \$0.61 per diluted share) and restructuring and other cost reduction actions of \$11,539 (\$7,414 net of tax or \$0.13 per diluted share).

(b) Includes gain on sale of businesses of \$15,096 (\$12,937 net of tax or \$0.22 per diluted share).

(c) Includes restructuring and other cost reduction actions of \$17,076 (\$11,352 net of tax or \$0.20 per diluted share).

(d) Includes gain on sale of investments of \$16,400 (\$10,654 net of tax or \$0.19 per diluted share).

(e) Includes restructuring and other cost reduction actions of \$21,950 (\$14,576 net of tax or \$0.26 per diluted share) and asset impairment charges of \$4,877 (\$3,568 net of tax or \$0.06 per diluted share).

(f) Includes gain on sale of investments of \$16,400 (\$10,654 net of tax or \$0.19 per diluted share).

(g) Includes \$3,035 or \$0.05 per diluted share income tax benefit recorded in connection with favorable income tax matters.

- (h) Includes restructuring costs (\$33,930), an inventory write-down and costs associated with the settlement of an inventory supply agreement (\$21,168) and goodwill impairment charges (\$17,959) totaling \$73,057 (\$55,749 net of tax or \$0.99 per diluted share).
- (i) Includes impairment of equity investment (\$7,373) and gain on sale of investment \$1,459 totaling \$5,914 (\$6,428 net of tax or \$0.11 per diluted share).
- (j) Includes \$11,501 or \$0.20 per diluted share income tax benefit recorded in connection with favorable income tax matters.
- (k) Includes restructuring costs (\$24,369) and costs associated with the termination of an inventory supply agreement and related inventory write-down (\$10,287) totaling \$34,656 (\$23,197 net of tax or \$0.38 per diluted share).
- (l) Includes impairment of equity investment totaling \$12,119 (\$12,119 net of tax or \$0.20 per diluted share).
- (m) Includes \$2,469 or \$0.04 per diluted share income tax benefit recorded in connection with favorable income tax matters.
- (n) Includes asset impairment charges (\$119,229) and restructuring costs (\$28,030) totaling \$147,259 (\$93,604 net of tax or \$1.45 per diluted share).
- (o) Includes a \$17,298 or \$0.27 per diluted share income tax benefit recorded in connection with the favorable resolution of several income tax matters and the recognition of previously unrecognized benefits.
- (p) Includes a \$9,026 gain on 2009 sale of IVR Services (\$5,867 net of tax or \$0.09 per diluted share) and a \$655 gain (\$426 net of tax or \$0.01 per diluted share) resulting from contingent consideration received in 2009 associated with the 2007 sale of Cardiac Safety Services related to transferred backlog.
- (q) Includes a \$2,072 or \$0.03 per diluted share income tax gain associated with the reduction of income tax reserves resulting from the completion of an income tax audit and the recognition of previously unrecognized tax benefits in jurisdictions where the period of review of filings has expired.
- (r) Includes the tax effect of the items listed in footnotes (a) through (q) above, as applicable.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF LABCORP**

The following table presents selected historical consolidated financial data for LabCorp as of and for the fiscal years ended December 31, 2013, 2012, 2011, 2010 and 2009 and as of and for the nine months ended September 30, 2014 and 2013. The statement of operations data for the fiscal years ended December 31, 2013, 2012 and 2011 and the balance sheet data as of December 31, 2013 and 2012 have been obtained from LabCorp's audited consolidated financial statements included in LabCorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which is incorporated by reference into this proxy statement/prospectus. The statement of operations data for the fiscal years ended December 31, 2010 and 2009 and the balance sheet data as of December 31, 2011, 2010 and 2009 have been derived from LabCorp's audited consolidated financial statements for such years, which have not been incorporated into this document by reference. The financial data as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013 have been obtained from LabCorp's unaudited condensed consolidated financial statements included in LabCorp's Quarterly Report on Form 10-Q for the nine months ended September 30, 2014, which is incorporated by reference into this proxy statement/prospectus. The financial data as of September 30, 2013 has been derived from LabCorp's unaudited condensed consolidated financial statements included in LabCorp's Quarterly Report on Form 10-Q for the nine months ended September 30, 2013.

The information set forth below is not necessarily indicative of future results and should be read together with the other information contained in LabCorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and LabCorp's Quarterly Report on Form 10-Q for the nine months ended September 30, 2014, including the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes therein. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus.

	<b>Nine Months Ended</b>		<b>Year Ended December 31,</b>				
	<b>September 30,</b>						
	<b>2014(a)</b>	<b>2013(b)</b>	<b>2013(c)</b>	<b>2012(d)</b>	<b>2011(e)(f)</b>	<b>2010 (g)</b>	<b>2009(h)</b>
	<b>(In millions, except per share amounts)</b>						
<b>Statement of Operations</b>							
<b>Data:</b>							
Net sales	\$ 4,498.9	\$ 4,371.3	\$ 5,808.3	\$ 5,671.4	\$ 5,542.3	\$ 5,003.9	\$ 4,694.7
Gross profit	1,656.6	1,697.1	2,223.2	2,249.7	2,274.7	2,097.8	1,970.9
Operating income	691.4	775.9	990.9	1,023.5	948.4	978.8	935.9
Net earnings attributable to Laboratory Corporation of America Holdings	391.6	447.5	573.8	583.1	519.7	558.2	543.3
Basic earnings per common share	\$ 4.61	\$ 4.90	\$ 6.36	\$ 6.09	\$ 5.20	\$ 5.42	\$ 5.06
Diluted earnings per common share	\$ 4.53	\$ 4.81	\$ 6.25	\$ 5.99	\$ 5.11	\$ 5.29	\$ 4.98
Basic weighted average common shares outstanding	84.9	91.4	90.2	95.7	100.0	103.0	107.4
Diluted weighted average common shares outstanding	86.5	93.0	91.8	97.4	101.8	105.4	109.1
<b>Balance Sheet Data:</b>							
	\$ 575.7	\$ 174.1	\$ 404.0	\$ 466.8	\$ 159.3	\$ 230.7	\$ 148.5

Cash and cash equivalents, and short-term investments							
Goodwill and intangible assets, net	4,555.8	4,592.3	4,594.8	4,569.4	4,302.5	4,275.4	3,239.3
Total assets	7,231.8	6,686.7	6,965.9	6,795.0	6,111.8	6,187.8	4,837.8
Long-term obligations(i)	3,014.7	2,663.5	3,000.4	2,655.0	2,221.0	2,188.4	1,394.4
Total shareholders equity	2,770.8	2,565.6	2,491.3	2,717.4	2,503.5	2,466.3	2,106.1

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- (a) During the first nine months of 2014, LabCorp recorded net restructuring charges of \$15.4. The charges were comprised of \$9.8 related to severance and other personnel costs along with \$6.7 in costs associated with facility closures and general integration initiatives. These charges were offset by the reversal of previously established reserves of \$0.4 in unused severance and \$0.7 in unused facility-related costs.
- In addition, during the first nine months of 2014, LabCorp recorded \$10.1 in consulting expenses (recorded in selling, general and administrative expenses) relating to fees incurred as part of its business process improvement initiative as well as one-time CFO transition costs and accrued legal fees for an announced business acquisition.
- (b) During the first nine months of 2013, LabCorp recorded net restructuring charges of \$17.8. The charges were comprised of \$11.8 related to severance and other personnel costs along with \$8.8 in costs associated with facility closures and general integration initiatives. These charges were offset by the reversal of previously established reserves of \$0.7 in unused severance and \$2.1 in unused facility-related costs.
- (c) During 2013, LabCorp recorded net restructuring charges of \$21.8. The charges were comprised of \$15.4 in severance and other personnel costs and \$9.5 in facility-related costs primarily associated with facility closures and general integration initiatives. These charges were offset by the reversal of previously established reserves of \$0.7 in unused severance and \$2.4 in unused facility-related costs.
- (d) During 2012, LabCorp recorded net restructuring charges of \$25.3. The charges were comprised of \$16.2 in severance and other personnel costs and \$19.6 in facility-related costs primarily associated with the ongoing integration activities of Orchid and the Integrated Genetics business (formerly Genzyme Genetics) and costs associated with the previously announced termination of an executive vice president. These charges were offset by the reversal of previously established reserves of \$6.3 in unused severance and \$4.2 in unused facility-related costs. As part of the Clearstone integration, LabCorp also recorded a \$6.9 loss on the disposal of one of its European subsidiaries in Other, net under Other income (expenses) during 2012. In addition, LabCorp recorded \$6.2 in accelerated amortization relating to the termination of a licensing agreement.
- (e) During 2011, LabCorp recorded net restructuring charges of \$44.6. Of this amount, \$27.4 related to severance and other personnel costs, and \$22.0 primarily related to facility-related costs associated with the ongoing integration of certain acquisitions including Genzyme Genetics and Westcliff Medical Laboratories, Inc., which we refer to as Westcliff. These charges were offset by restructuring credits of \$4.8 resulting from the reversal of unused severance and facility closure liabilities. In addition, LabCorp recorded fixed assets impairment charges of \$18.9 primarily related to equipment, computer systems and leasehold improvements in closed facilities. LabCorp also recorded special charges of \$14.8 related to the write-off of certain assets and liabilities related to an investment made in prior years, along with a \$2.6 write-off of an uncollectible receivable from a past installment sale of one of the Company's lab operations.
- (f) Following the closing of its acquisition of Orchid in mid-December 2011, LabCorp recorded a net \$2.8 loss on its divestiture of certain assets of Orchid's U.S. government paternity business, under the terms of the agreement reached with the FTC. This non-deductible loss on disposal was recorded in Other Income and Expense in

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LabCorp's Consolidated Statements of Operations and decreased net earnings for the twelve months ended December 31, 2011 by \$2.8.

(g) During 2010, LabCorp recorded net restructuring charges of \$5.8 primarily related to work force reductions and the closing of redundant and underutilized facilities. In addition, LabCorp recorded a special charge of \$6.2 related to the write-off of development costs incurred on systems abandoned during the year.

LabCorp incurred approximately \$25.7 in professional fees and expenses in connection with the acquisition of Genzyme Genetics and other acquisition activity, including significant costs associated with the FTC's review of LabCorp's purchase of specified net assets of Westcliff. These fees and expenses are included in selling, general and administrative expenses for the year ended December 31, 2010.

LabCorp also incurred \$7.0 of financing commitment fees (included in interest expense for the year ended December 31, 2010) in connection with the acquisition of Genzyme Genetics.

(h) During 2009, LabCorp recorded net restructuring charges of \$13.5 primarily related to the closing of redundant and underutilized facilities.

In October 2009, LabCorp received approval from its board of directors to freeze any additional service-based credits for any years of service after December 31, 2009 on the defined benefit retirement plan, which we refer to as the Company Plan, and the nonqualified supplemental retirement plan, which we refer to as the PEP. As a result of the changes to the Company Plan and PEP which were adopted in the fourth quarter of 2009, LabCorp recognized a net curtailment charge of \$2.8 due to remeasurement of the PEP obligation at December 31, 2009 and the acceleration of unrecognized prior service for that plan. In addition, the Company recorded favorable adjustments of \$21.5 to its tax provision relating to the resolution of certain state income tax issues under audit, as well as the realization of foreign tax credits.

In connection with the Monogram Biosciences acquisition, LabCorp incurred \$2.7 in transaction fees and expenses in the third quarter of 2009.

(i) Long-term obligations primarily include LabCorp's zero-coupon convertible subordinated notes, 5 1/2% senior notes due 2013, 5 5/8% senior notes due 2015, 3 1/8% senior notes due 2016, 2 1/5% senior notes due 2017, 2 1/2% senior notes due 2018, 4 5/8% senior notes due 2020, 3 3/4% senior notes due 2022, 4% senior notes due 2023, term loan, revolving credit facility and other long-term obligations. The accreted balance of the zero-coupon convertible subordinated notes was \$95.6, \$110.4, \$110.8, \$130.0, \$135.5, \$286.7, and \$292.2 at September 30, 2014, September 30, 2013 and December 31, 2013, 2012, 2011, 2010, and 2009, respectively. The balance of the 5 1/2% senior notes, including principal and unamortized portion of a deferred gain on an interest rate swap agreement, was \$0.0, \$0.0, \$0.0, \$350.0, \$350.5, \$350.9, and \$351.3 at September 30, 2014, September 30, 2013, and December 31, 2013, 2012, 2011, 2010, and 2009, respectively. The principal balance of the 5 5/8% senior notes was \$250.0 at September 30, 2014, September 30, 2013, and December 31, 2013, 2012, 2011, 2010, and 2009. The principal balance of the 3 1/8% senior notes was \$325.0 at September 30, 2014, September 30, 2013, and December 31, 2013, 2012, 2011 and 2010, and \$0.0 for 2009. The principal balance of the 4 5/8% senior notes was \$600.0 at September 30, 2014, September 30, 2013, and December 31, 2013, 2012, 2011 and 2010 and \$0 for 2009. The principal balances of the 2 1/5% and 3 3/4% senior notes were \$500.0 each at September 30, 2014, September 30, 2013, and December 31, 2013 and 2012 and \$0.0 for all other years presented. The principal balances of the 2 1/2% and 4.00% senior notes were \$400.0 and \$300.0, respectively, at September 30, 2014, September 30, 2013 and December 31, 2013 and \$0.0 for all other years presented. The term loan was \$0.0, \$0.0, \$0.0, \$0.0, \$0.0, \$375.0, and \$425.0 at September 30, 2014, September 30, 2013, and December 31, 2013,



2012, 2011, 2010, and 2009, respectively. The revolving credit facility was \$0.0, \$372.0, \$0.0, \$0.0, \$560.0, \$0.0, and \$75.0 at September 30, 2014, September 30, 2013, and December 31, 2013, 2012, 2011, 2010, and 2009, respectively. The remainder of other long-term obligations consisted primarily of capital leases and mortgages payable with balances of \$27.1, \$0.0, \$14.6, \$0.0, \$0.0, \$0.8, and \$0.9 at September 30, 2014, September 30, 2013, and December 31, 2013, 2012, 2011, 2010, and 2009, respectively. Long-term obligations exclude amounts due to affiliates.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the following items: (i) the merger; (ii) the issuance of an aggregate of \$3,250.0 of senior unsecured notes; and (iii) the incurrence of \$1,000.0 of indebtedness under a term loan facility. Under the terms of the merger agreement, each outstanding share of Covance common stock at the effective time will be exchanged for \$75.76 in cash, without interest, and 0.2686 shares of LabCorp common stock.

The following unaudited pro forma condensed combined financial statements give effect to the merger under the acquisition method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 805, *Business Combinations*, which we refer to as ASC 805, with LabCorp treated as the legal and accounting acquirer. The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results of LabCorp and Covance. Although LabCorp has entered into the merger agreement, there is no guarantee that the merger will be completed. The unaudited pro forma condensed combined balance sheet is based on the individual historical consolidated balance sheets of LabCorp and Covance as of September 30, 2014, and has been prepared to reflect the merger as if it occurred on September 30, 2014. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013 and the nine months ended September 30, 2014 combines the historical results of operations of LabCorp and Covance, giving effect to the merger as if it occurred on January 1, 2013.

The unaudited pro forma condensed combined statements of operations do not reflect future events that may occur after the merger, including, but not limited to, the anticipated realization of ongoing savings from operating synergies and certain one-time charges LabCorp expects to incur in connection with the transaction, including, but not limited to, costs in connection with integrating the operations of LabCorp and Covance.

These unaudited pro forma condensed combined financial statements are for informational purposes only. They do not purport to indicate the results that would actually have been obtained had the merger been completed on the assumed date or for the periods presented, or which may be realized in the future. To produce the pro forma financial information, LabCorp adjusted Covance's assets and liabilities to their estimated fair values. As of the date of this proxy statement/prospectus, LabCorp has not completed the detailed valuation work necessary to arrive at the required estimates of the fair value of the Covance assets to be acquired and the liabilities to be assumed and the related allocation of purchase price, nor has it identified all adjustments necessary to conform Covance's accounting policies to LabCorp's accounting policies. A final determination of the fair value of Covance's assets and liabilities will be based on the actual net tangible and intangible assets and liabilities of Covance that exist as of the date of completion of the merger and, therefore, cannot be made prior to that date. Additionally, the value of the portion of the per share merger consideration to be paid in shares of LabCorp common stock will be determined based on the trading price of LabCorp common stock at the time of the completion of the merger. Accordingly, the accompanying unaudited pro forma purchase price allocation is preliminary and is subject to further adjustments as additional information becomes available and as additional analyses are performed. The preliminary unaudited pro forma purchase price allocation has been made solely for the purpose of preparing the accompanying unaudited pro forma condensed combined financial statements. The preliminary purchase price allocation was based on reviews of publicly disclosed allocations for other acquisitions in the industry, LabCorp's historical experience, data that was available through the public domain and LabCorp's due diligence review of Covance's business. Until the merger is completed, both companies are limited in their ability to share information with each other. Upon completion of the merger, valuation work will be performed and any increases or decreases in the fair value of relevant statement of financial position amounts will result in adjustments to the statement of financial position and/or statements of operations until the purchase price allocation is

finalized.

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There can be no assurance that such finalization will not result in material changes from the preliminary purchase price allocation included in the accompanying unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements should be read in conjunction with:

The accompanying notes to the unaudited pro forma condensed combined financial statements;

LabCorp's audited consolidated financial statements and related notes thereto contained in its Annual Report on Form 10-K for the year ended December 31, 2013 and LabCorp's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014; and

Covance's audited consolidated financial statements and related notes thereto contained in its Annual Report on Form 10-K for the year ended December 31, 2013 and Covance's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014.

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**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**

**Year Ended December 31, 2013**

**(Dollars in millions except per share data)**

	Historical		Note 2	Note 4	Pro Forma Condensed Combined
	LabCorp	Covance	Reclassifications	Pro Forma and Other Adjustments	
Net sales	\$ 5,808.3	\$ 2,402.3	\$ 192.8	\$	\$ 8,403.4
Reimbursable out-of-pocket expenses		192.8	(192.8)		
Cost of sales	3,585.1	1,692.2	316.5		5,593.8
Reimbursable out-of-pocket expenses		192.8	(192.8)		
Gross profit	2,223.2		(123.7)		2,809.6
Selling, general and administrative expenses	1,128.8	360.0	(15.7)		1,473.1
Amortization of intangibles and other assets	81.7	127.9	(127.1)	91.1 <sup>a</sup>	173.7
Impairment charges		4.9	(4.9)		
Restructuring and other special charges	21.8		23.9		45.7
Operating income	990.9	217.3		(91.1)	1,117.1
Other income (expenses):					
Interest income		2.6	(2.6)		
Interest expense	(96.5)	(6.7)		(140.3) <sup>b</sup>	(243.5)
Equity method income, net	16.9				16.9
Investment income	2.2		2.6		4.8
Gain on sale of investments		16.4	(16.4)		
Other, net	2.1	(1.9)	16.4		16.6
Earnings before income taxes	915.6	227.7		(231.4)	911.9
Provision for income taxes	340.2	48.5		88.6 <sup>c</sup>	300.1
Net earnings	575.4	179.2		(142.8)	611.8

Less: Net earnings attributable to the noncontrolling interest		(1.6)				(1.6)		
Net earnings attributable to LabCorp	\$	573.8	\$	179.2	\$	(142.8)	\$	610.2
Basic and diluted earnings per share:								
Basic earnings per common share	\$	6.36	\$	3.28			\$	5.74
Diluted earnings per common share	\$	6.25	\$	3.15			\$	5.66
Weighted average number of shares used in per share calculations:								
Basic shares		90,200,000		54,648,533		15,686,770 <i>d</i>		105,886,770
Diluted shares		91,800,000		56,899,013		15,686,770 <i>d</i>		107,486,770

**See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.**

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**LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**

**Nine Months Ended September 30, 2014**

**(Dollars in millions, except per share data)**

	Historical		Note 2	Note 4	Pro Forma and Other Adjustments	Pro Forma Condensed Combined
	LabCorp	Covance	Reclassifications			
Net sales	\$ 4,498.9	\$ 1,886.6	\$ 137.8	\$		\$ 6,523.3
Reimbursable out-of-pocket expenses		137.8	(137.8)			
Cost of sales	2,842.3	1,310.2	236.6			4,389.1
Reimbursable out-of-pocket expenses		137.8	(137.8)			
Gross profit	1,656.6		(98.8)			2,134.2
Selling, general and administrative expenses	888.5	259.0	(11.2)			1,136.3
Amortization of intangibles and other assets	61.3	102.1	(101.4)		63.0 <sup>a</sup>	125.0
Impairment charges		52.6	(52.6)			
Restructuring and other special charges	15.4		66.4			81.8
Operating income	691.4	162.7			(63.0)	791.1
Other income (expenses):						
Interest income		1.8	(1.8)			
Interest expense	(77.4)	(9.7)			(100.6) <sup>b</sup>	(187.7)
Equity method income, net	10.4					10.4
Investment income	0.9		1.8			2.7
Gain on sale of businesses		15.1	(15.1)			
Other, net	13.9	(3.6)	15.1			25.4
Earnings before income taxes	639.2	166.3			(163.5)	642.0
Provision for income taxes	246.5	32.6			62.6 <sup>c</sup>	216.5

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Net earnings	392.7	133.8	(100.9)	425.6
Less: Net earnings attributable to the noncontrolling interest	(1.1)			(1.1)
Net earnings attributable to LabCorp	\$ 391.6	\$ 133.8	\$ (100.9)	\$ 424.5
Basic and diluted earnings per share:				
Basic earnings per common share	\$ 4.61	\$ 2.41		\$ 4.20
Diluted earnings per common share	\$ 4.53	\$ 2.32		\$ 4.14
Weighted average number of shares used in per share calculations:				
Basic shares	84,900,000	55,485,756	15,686,770 <i>d</i>	100,586,770
Diluted shares	86,500,000	57,553,096	15,686,770 <i>d</i>	102,186,770

**See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.**



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## LABORATORY CORPORATION OF AMERICA HOLDINGS

## UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

As of September 30, 2014

(in millions)

	Historical		Note 2	Note 4	Pro
	LabCorp	Covance	Reclassifications	Pro Forma and Other Adjustments	Forma Condensed Combined
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 575.7	\$ 704.8	\$	\$ (861.9)e)	\$ 418.6
Accounts receivable, net	841.6	330.7			1,172.3
Unbilled services		159.2			159.2
Supplies inventories	138.8	51.5			190.3
Prepaid expenses and other	126.3	215.3		(0.7)f)	340.9
Deferred income taxes	5.4	56.0			61.4
<b>Total current assets</b>	<b>1,687.8</b>	<b>1,517.5</b>		<b>(862.6)</b>	<b>2,342.7</b>
Property, plant and equipment, net	754.7	862.2			1,616.9
Goodwill, net	3,066.4	118.1		3,393.0g)	6,577.5
Intangible assets, net	1,489.4		7.5	2,204.0h)	3,700.9
Joint venture partnerships and equity method investments	94.7				94.7
Other assets, net	138.8	34.6	(7.5)	26.9i)	192.7
<b>Total assets</b>	<b>\$ 7,231.8</b>	<b>\$ 2,532.3</b>	<b>\$</b>	<b>\$ 4,761.8</b>	<b>\$ 14,525.4</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>					
Current liabilities:					
Accounts payable	\$ 286.2	\$ 53.9	\$	\$	\$ 340.1
Accrued payroll and benefits		129.9	(129.9)		
Accrued expenses and other	365.2	113.3	156.2	(75.7)j)	559.0
Unearned revenue		219.8		(11.0)k)	208.8
Deferred income taxes				112.3m)	112.3
Income taxes payable		26.3	(26.3)		
Short-term borrowings and current portion of long-term debt	97.6				97.6
<b>Total current liabilities</b>	<b>749.0</b>	<b>543.2</b>	<b>0.0</b>	<b>25.6</b>	<b>1,317.8</b>
Long-term debt, less current portion	2,917.1	250.0		4,000.0l)	7,167.1

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Deferred income taxes and other tax liabilities	552.6	13.0	9.3	844.1 <i>m</i> )	1,419.0
Other liabilities	223.9	77.0	(9.3)		291.6
<b>Total liabilities</b>	<b>4,442.6</b>	<b>883.2</b>		<b>4,869.7</b>	<b>10,195.5</b>
Commitments and contingent liabilities					
Noncontrolling interest	18.4				18.4
Shareholders equity:					
Common stock	10.4	0.8		0.7 <i>n</i> )	11.9
Additional paid-in capital		959.4		856.5 <i>n</i> )	1,815.9
Retained earnings	3,685.6	1,913.6		(2,190.3) <i>n</i> )	3,408.9
Less common stock held in treasury	(965.5)	(1,214.6)		1,214.6 <i>n</i> )	(965.5)
Accumulated other comprehensive income	40.3	(10.1)		10.1 <i>n</i> )	40.3
<b>Total shareholders equity</b>	<b>2,770.8</b>	<b>1,649.1</b>		<b>(108.4)</b>	<b>4,311.5</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 7,231.8</b>	<b>\$ 2,532.3</b>	<b>\$</b>	<b>\$ 4,761.3</b>	<b>\$ 14,525.4</b>

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

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**Table of Contents****NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS****(Dollars in millions, except per share data)****1. DESCRIPTION OF TRANSACTION AND BASIS OF PRESENTATION**

On November 2, 2014, LabCorp entered into the merger agreement, under the terms of which Covance stockholders as of the effective time will have the right to receive \$75.76 in cash, without interest, and 0.2686 of a share of LabCorp common stock for each share of Covance common stock.

LabCorp plans to pay the cash portion of the merger consideration from cash on hand and third party debt financing, which may include some combination of a senior unsecured term loan facility, as described below, the issuance of senior unsecured notes, and/or, to the extent necessary, borrowings under a bridge facility. LabCorp has entered into a bridge facility commitment letter with Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Bank, National Association, and Wells Fargo Securities, LLC, which we refer to collectively as the commitment parties. Under the bridge facility commitment letter, the commitment parties agreed to provide a \$4,250.0 senior unsecured bridge term loan credit facility comprised of a \$3,850.0 364-day unsecured debt bridge tranche and a \$400.0 60-day cash bridge tranche, which we refer to collectively as the bridge facility, to fund part of the cash portion of the merger consideration pursuant to a commitment letter entered into on November 2, 2014, which we refer to as the commitment letter. On December 19, 2014, LabCorp also entered into a five-year term loan credit facility, which we refer to as the term loan, under which the term loan lenders have agreed to provide term loans in the principal amount of \$1,000.0 to be used to pay all or a portion of the cash consideration and the fees and expenses in connection with the transactions contemplated by the merger agreement. The \$1,000.0 of term loan commitments under the term loan credit facility reduces the commitments made under the bridge facility dollar for dollar. As a result, the commitment under the bridge facility was reduced to a commitment of \$3,250.0, comprised of a \$2,850.0 364-day unsecured debt bridge tranche and a \$400.0 60-day cash bridge tranche. LabCorp anticipates that some or all of the bridge facility will be replaced prior to the closing of the merger with permanent financing comprised of senior unsecured notes of approximately \$3,250.0 with maturities ranging from three to thirty years, which we refer to as the senior unsecured notes. For purposes of these pro forma financial statements, management assumed that the cash portion of the merger consideration would be funded by the term loan and by senior unsecured notes, and the bridge facility will not be drawn.

On December 19, 2014, LabCorp entered into an amendment and restatement of its existing senior revolving credit facility, which we refer to as the credit facility. The new revolving credit facility consists of a five-year revolving facility in the principal amount of up to \$1,000.0.

At the effective time, certain shares of Covance restricted stock and deferred stock units will be canceled and converted into the right to receive the merger consideration. This conversion is not expected to result in a significant amount of incremental value to the restricted stock or deferred stock unit holders; however if it is determined that the exchange of such restricted shares or deferred stock units result in incremental value at the acquisition date, LabCorp would recognize a one-time charge for such incremental value as post-combination compensation expense. LabCorp will allocate purchase price consideration of \$109.2 for the portion of the fair value of the shares related to pre-combination services (including (i) vested shares and deferred stock units, (ii) shares for which vesting was accelerated as a result of the change in control provision in the 2010 Employee Equity Participation Plan, (iii) deferred stock units for which vesting was accelerated as a result of the change of control provision in the 2012 Directors Deferred Stock Plan and (iv) the portion of the shares for which vesting was accelerated as a result of the merger agreement which related to pre-combination services). LabCorp will recognize post-combination compensation expense of \$45.6 as a one-time charge for the portion of the shares for which vesting was accelerated as a result of the

change in control provisions in the 2014 Employee Equity Participation Plan and the 2013 Employee Equity Participation Plan, and as a result of the merger agreement

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which related to services not provided as of the date of the transaction. This post-combination compensation expense has been excluded from the unaudited pro forma condensed combined statement of operations as they reflect charges directly attributable to the merger that will not have a continuing impact on LabCorp's operations; however, it has been reflected in retained earnings, net of tax of \$28.1 on the unaudited pro forma balance sheet.

In addition, outstanding stock options, whether or not vested or exercisable, and outstanding restricted stock units, which we refer to as RSUs, of Covance, which were issued to certain employees of Covance, will be canceled and converted into the right to receive a cash payment upon the closing of the merger. The cash payment for options and Covance RSUs will be calculated at the time of the merger based upon 0.2686 multiplied by the average LabCorp stock price plus cash consideration (less, in the case of each in-the-money Covance stock option, the exercise price of such stock option) multiplied by the number of shares of Covance common stock related to each option and Covance RSU, respectively. The calculated value of the cash payment for purposes of the unaudited pro forma condensed combined financial statement is \$39.03 per Covance stock option and RSU based on the closing price of LabCorp's common stock of \$115.86 on January 13, 2015 (the most recent practicable date prior to the filing of this proxy statement). LabCorp will assume a liability of \$100.9 for the portion of the cash payments related to pre-combination services (including (i) vested options, and (ii) those options for which vesting was accelerated as a result of the change in control provision in the 2010 Employee Equity Participation Plan). LabCorp will recognize post-combination compensation expense of \$1.7 as a one-time charge for the portion of the options for which vesting was accelerated as a result of the change in control provisions in the 2014 Employee Equity Participation Plan and the 2013 Employee Equity Participation Plan, and as a result of the merger agreement. This post-combination compensation expense has been excluded from the unaudited pro forma condensed combined statement of operations as they reflect charges directly attributable to the merger that will not have a continuing impact on LabCorp's operations; however, it has been reflected in retained earnings, net of tax of \$1.0 on the unaudited pro forma balance sheet.

Additionally, certain executive officers of Covance will be eligible to receive change in control payments, including enhanced severance and other separation benefits in the event the executive officer experiences a qualifying termination of employment in conjunction with the completion of the merger. It is estimated that such payments will approximate \$23.7, which would be recognized by LabCorp as post-combination compensation expense. This post-combination compensation expense has been excluded from the unaudited pro forma condensed combined statement of operations as they reflect changes directly attributable to the merger that will not have a continuing impact on LabCorp's operations; however, it has been reflected in retained earnings, net of tax of \$9.1 on the unaudited pro forma balance sheet.

The merger is reflected in the unaudited pro forma condensed combined financial statements as being accounted for under the acquisition method in accordance with ASC 805, *Business Combination*, with LabCorp treated as the acquirer. Under the acquisition method, the total estimated purchase price is calculated as described in Note 3. In accordance with ASC 805, the assets acquired and the liabilities assumed have been measured at fair value based on various preliminary estimates. These estimates are based on key assumptions related to the merger, including reviews of publicly disclosed allocations for other acquisitions in the industry, LabCorp's historical experience, data that was available through the public domain and LabCorp's due diligence review of Covance's business. Due to the fact that the unaudited pro forma condensed combined financial information has been prepared based on preliminary estimates, the final amounts recorded for the merger may differ materially from the information presented herein. These estimates are subject to change pending further review of the fair value of assets acquired and liabilities assumed. In addition, the final determination of the recognition and measurement of the identified assets acquired and liabilities assumed will be based on the fair market value of actual net tangible and intangible assets and liabilities of Covance at the closing date of the merger.

For purposes of measuring the estimated fair value, where applicable, of the assets acquired and the liabilities assumed as reflected in the unaudited pro forma condensed combined financial information, LabCorp has applied

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the guidance in ASC 820, *Fair Value Measurements and Disclosures*, which we refer to as ASC 820, which establishes a framework for measuring fair value. In accordance with ASC 820, fair value is an exit price and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Under ASC 805, acquisition-related transaction costs and acquisition-related restructuring charges are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred. For the periods presented, neither LabCorp nor Covance had yet incurred material transaction costs related to the merger.

The unaudited pro forma condensed combined financial statements were prepared in accordance with GAAP in the United States and pursuant to U.S. Securities and Exchange Commission Regulation S-X Article 11, and present the pro forma financial position and results of operations of the consolidated companies based upon the historical information after giving effect to the merger and adjustments described in these footnotes. The unaudited pro forma condensed combined balance sheet is presented as if the merger had occurred on September 30, 2014; and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013 and the nine month period ended September 30, 2014 combines the historical results of operations of LabCorp and Covance giving effect to the merger as if it had occurred on January 1, 2013.

The unaudited pro forma condensed combined financial information does not reflect ongoing cost savings that LabCorp expects to achieve as a result of the merger or the costs necessary to achieve these costs savings or synergies.

**2. ACCOUNTING POLICIES AND RECLASSIFICATIONS**

LabCorp performed certain procedures for the purpose of identifying any material differences in significant accounting policies between LabCorp and Covance, and any accounting adjustments that would be required in connection with adopting uniform policies. Procedures performed by LabCorp involved a review of Covance's publicly disclosed summary of significant accounting policies, including those disclosed in Covance's Annual Report on Form 10-K for the year ended December 31, 2013 and preliminary discussion with Covance management regarding Covance's significant accounting policies to identify material adjustments. While LabCorp expects to engage in additional discussion with Covance's management and continue to evaluate the impact of Covance's accounting policies on its historical results after completion of the merger, LabCorp's management does not believe there are any differences in the accounting policies of Covance and LabCorp that will result in material adjustments to LabCorp's consolidated financial statements as a result of conforming Covance's accounting policies to those of LabCorp.

Additionally, the historical consolidated financial statements of Covance presented herein have been adjusted by condensing certain line items and by reclassifying certain line items in order to conform to LabCorp's financial statement presentation; these reclassifications are reflected in the column *Reclassifications*.

The reclassification adjustments on the balance sheet pertain to the following: (1) reclassification of intangible assets from other assets; (2) reclassification of tax reserve from other liabilities to deferred income taxes and other tax liabilities; and (3) reclassification of accrued payroll and benefits and income taxes payable to accrued expenses and other. The reclassification adjustments on the statements of operations pertain to the following: (1) reclassification of interest income to investment income; (2) reclassification of reimbursable out of pocket expenses to net sales and cost of sales; (3) reclassification of impairment charges to restructuring and other special charges; (4) reclassification of restructuring costs and other cost actions from selling, general and administrative expenses to restructuring and other special charges; (5) reclassification of gain on sale of investments and gain on sale of businesses to other, net; and (6) reclassification of depreciation expense from amortization of intangibles and other assets to cost of sales (\$123.7 and \$98.8 for the year ended December 31, 2013 and nine months ended September 30, 2014, respectively) and selling, general and administrative expenses (\$3.3 and \$2.6 for the year ended December 31, 2013 and nine months

ended September 30, 2014, respectively).



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The merger has been accounted for using the acquisition method of accounting in accordance with ASC 805, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill. In addition, ASC 805 establishes that the common stock issued to effect the merger be measured at the closing date of the merger at the then-current market price.

Based on (1) the closing price of LabCorp's common stock of \$115.86 per share on January 13, 2015 (the most recent practicable date prior to the filing of this proxy statement), (2) the fair value of Covance's indebtedness, paid off in conjunction with the merger (3) the number of shares of Covance common stock outstanding as of January 13, 2015 (the most recent practicable date prior to the filing of this proxy statement), and (4) the number of options to purchase Covance common stock, restricted stock, restricted stock units and deferred stock units that are outstanding at October 31, 2014 as disclosed in the merger agreement, the total consideration would have been approximately \$6,551.7. Changes in the share price of LabCorp's common stock, or changes in the number of Covance's outstanding shares of common stock, stock options or Covance RSUs outstanding could result in material differences in the consideration and, thus, the purchase price and related purchase price allocation. At the effective time, each outstanding share of Covance common stock will be cancelled and converted into the right to receive (1) \$75.76 in cash, without interest, and (2) 0.2686 of a share of LabCorp common stock.

The following is a preliminary estimate of the consideration to be paid by LabCorp in the merger:

Cash Consideration (\$75.76 x 56,954,245 shares of Covance common stock outstanding)	\$ 4,314.8
Stock Consideration (56,954,245 shares of Covance converted to 15,297,911 shares of LabCorp at a 0.2686 conversion rate)	1,772.4
Value of Covance's indebtedness repaid in conjunction with the merger	254.4
Cash settlement of equity awards of Covance	178.3
Value of Covance restricted stock and deferred stock units converted into LabCorp common stock (1,021,170 shares of Covance restricted stock converted to 274,287 at a 0.2686 conversion rate)	31.8
<b>Total value of consideration transferred</b>	<b>\$ 6,551.7</b>

The estimated value of the consideration does not purport to represent the actual value of the total consideration that will be received by Covance's stockholders when the merger is completed. In accordance with US GAAP, the fair value of the equity securities issued as part of the consideration will be measured at the closing date of the merger at the then-current market price. This requirement will likely result in a per share value component different from the \$115.86 per share on January 13, 2015 assumed in the calculation, and that difference may be material. For example, an increase or decrease of 10% in the price of LabCorp's common stock on the closing date of the merger from the price of LabCorp stock assumed in these unaudited pro forma condensed combined financial statements would change the value of the consideration by approximately \$177.2, which would be reflected as an equivalent increase or decrease to goodwill.



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The following is a summary of the preliminary estimated fair values of the net assets acquired:

Total estimated consideration transferred	\$ 6,551.7
Cash and cash equivalents	704.8
Accounts receivable	330.8
Unbilled services	159.2
Supplies inventories	51.5
Prepaid expenses and other	214.6
Deferred income taxes	56.0
Property, plant and equipment	862.2
Intangible assets	2,211.5
Other assets	24.3
<b>Total assets</b>	<b>\$ 4,614.9</b>
Accounts payable	53.9
Accrued expenses and other	265.1
Unearned revenue	208.8
Deferred income taxes	112.3
Deferred income taxes and other tax liabilities	866.5
Other liabilities	67.7
<b>Net assets to be acquired</b>	<b>\$ 3,040.6</b>
<b>Goodwill</b>	<b>\$ 3,511.1</b>

LabCorp has made preliminary allocation estimates based on limited access to information and will not have sufficient information to make final allocations until after completion of the merger. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after completion of the merger. LabCorp anticipates that the valuations of the acquired assets and liabilities will include, but not be limited to net working capital, property, plant, and equipment, trade names and trademarks, customer relationships and residual goodwill. The valuations will consist of physical appraisals, discounted cash flow analyses, or other appropriate valuation techniques to determine the fair value of the assets acquired and liabilities assumed.

For purposes of these unaudited pro forma condensed combined financial statements and the preliminary purchase accounting allocation, management assumed that the \$862.2 carrying value of Covance's property, plant and equipment at September 30, 2014, approximated its fair value. Upon closing of the merger, LabCorp will record the acquired property, plant and equipment at its acquisition date fair values. At the date of this proxy statement, LabCorp had limited access to information and did not have sufficient information, such as the specific nature, age, condition or location of the land, buildings, machinery and equipment, and does not know the appropriate valuation premise to make a preliminary valuation. A fair value increase or decrease of 10% would increase or decrease property, plant and equipment by \$86.2, deferred tax liability by approximately \$33.0 and goodwill by approximately \$53.2. With other assumptions held constant, a 10% increase in the fair value adjustment for property, plant and equipment would increase annual pro forma depreciation expense by approximately \$12.7.

The final consideration, and amounts allocated to assets acquired and liabilities assumed in the merger could differ materially from the preliminary amounts presented in these unaudited pro forma condensed combined financial statements. A decrease in the fair value of assets acquired or an increase in the fair value of liabilities assumed in the merger from those preliminary valuations presented in these unaudited pro forma condensed combined financial statements would result in a dollar-for-dollar corresponding increase in the amount of goodwill that will result from the merger. In addition, if the value of the acquired assets is higher than the preliminary indication, it may result in higher amortization and depreciation expense than is presented in these unaudited pro forma condensed combined financial statements.

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The preliminary pro forma adjustments included in the unaudited pro forma condensed combined financial statements related to the merger are as follows:

- (a) *Amortization of intangibles and other assets* Adjustment reflects the preliminary amortization expense associated with the fair value of the identifiable intangible assets acquired in the merger of \$91.1 and \$63.0 for the year ended December 31, 2013 and the nine months ended September 30, 2014, respectively.

The preliminary amortization expense for the intangible assets acquired from Covance is as follows:

	Estimated useful life (years)	Preliminary fair value	Amortization expense for the year ended December 31, 2013	Amortization expense for the nine months ended September 30, 2014
<b>Intangible assets, net</b>				
Customer list	27	\$ 1,916.9	\$ 71.0	\$ 53.2
Land use right	3	4.9	1.6	0.8
Tradenames and trademarks	15	289.4	19.3	9.6
Other	5	0.3	0.1	0.2
<b>Total</b>		<b>\$ 2,211.5</b>	<b>\$ 92.0</b>	<b>\$ 63.8</b>
Less: Covance historical amortization expense			(0.9)	(0.8)
<b>Pro forma adjustment to amortization of intangibles and other assets</b>			<b>\$ 91.1</b>	<b>\$ 63.0</b>

The estimated fair value of amortizable intangible assets is expected to be amortized on a straight-line basis over the estimated useful lives. The amortizable lives reflect the periods over which the assets are expected to provide material economic benefit. With other assumptions held constant, a 10% increase in the fair value adjustment for amortizable intangible assets would increase annual pro forma amortization by approximately \$9.2. In addition, with other assumptions held constant, a one year change in the estimated useful lives of the customer list and tradenames and trademarks would change annual amortization expense by approximately \$2.5 and \$1.2, respectively.

- (b) *Interest expense* As described in Note 1, in connection with entering into the merger agreement, LabCorp entered into a commitment letter with various lenders pursuant to which the lenders agreed to provide a bridge facility of up to \$4,250.0 to fund part of the cash portion of the merger consideration and fees and expenses in connection with the transactions contemplated by the merger agreement. LabCorp also entered

into a five-year term loan credit facility, which we refer to as the term loan, under which the term loan lenders have agreed to provide term loans in the principal amount of \$1,000.0 to be used to pay all or a portion of the cash consideration and the fees and expenses in connection with the transactions contemplated by the merger agreement. As a result, the commitment under the bridge facility was reduced to a commitment of \$3,250.0, comprised of a \$2,850.0 364-day unsecured debt bridge tranche and a \$400.0 60-day cash bridge tranche. LabCorp anticipates replacing some or all of the bridge facility prior to closing of the merger with permanent financing comprised of the senior unsecured notes. For purposes of these unaudited pro forma condensed combined financial statements, management assumed that the cash portion of the merger consideration would be funded by the term loan and the senior unsecured notes and no debt will be outstanding under the bridge facility at the date of the merger.

The final terms of the senior unsecured notes will be subject to market conditions and may change materially from the assumptions described below. Depending upon the nature of the changes, the impact on the unaudited pro forma condensed combined financial statements could be material.

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The pro forma adjustment to interest expense reflects the additional interest expense that would have been incurred during the historical periods presented assuming the merger and the issuance of the senior unsecured notes and term loan had occurred as of January 1, 2013.

	Weighted Average Interest Rate	Debt	Interest expense for the year ended December 2013	Interest expense for the nine months ended September 30, 2014
<b>Composition of new debt and related interest expense</b>				
<b>Total new debt (pro forma footnote 4(n) below) and related interest expense</b>	3.36%	\$ 4,250.0	\$ 142.9	\$ 107.2
Amortization of new debt issuance costs			4.1	3.1
<b>Total</b>			<b>\$ 147.0</b>	<b>\$ 110.3</b>
Less: Covance historical interest expense			(6.7)	(9.7)
<b>Pro forma adjustment to interest expense</b>			<b>\$ 140.3</b>	<b>\$ 100.6</b>

An increase (decrease) of 0.125% in the assumed weighted average interest rate of the senior unsecured notes would increase (decrease) annual pro forma interest expense by \$4.1. An increase (decrease) of \$100.0 in the principal amount of the senior unsecured notes would increase (decrease) annual pro forma interest expense by \$3.8.

If LabCorp were to use the bridge facility of \$3,250.0 (instead of the senior unsecured notes as assumed) and the term loan of \$1,000.0, the pro forma interest expense would be \$93.5 for the year ended December 31, 2013 and \$70.1 for the nine months ended September 30, 2014. An increase (decrease) of 0.125% in the assumed interest rate on the bridge facility would increase annual pro forma interest expense by \$5.3.

Debt issuance costs estimated to be incurred in conjunction with the merger have been amortized over the term of the respective debt instrument for the purposes of calculating the net pro forma adjustment to interest expense.

- (c) *Provision for income taxes* Adjustment reflects the tax effects of the pro forma adjustments made to the pro forma statement of operations calculated at the combined federal and state statutory rate of 38.3%. This rate does not reflect LabCorp's effective tax rate, which includes other tax items, such as foreign taxes, as well as other tax charges or benefits, and does not take into account any historical or possible future tax events that may impact the combined company.
- (d) *Basic and diluted earnings per common share* The unaudited pro forma adjustment to shares outstanding used in the calculation of basic and diluted earnings per share is calculated as follows (in shares):

	<b>Year ended December 31, 2013</b>		<b>Nine months ended September 30, 2014</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
LabCorp shares to be issued to shareholders of Covance	15,297,911	15,297,911	15,297,911	15,297,911
Covance restricted stock to be converted into LabCorp common stock (1,447,724 shares of Covance restricted stock and deferred stock units converted to 388,859 at a 0.2686 conversion rate)	388,859	388,859	388,859	388,859
LabCorp shares to be issued	15,686,770	15,686,770	15,686,770	15,686,770



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As all outstanding shares of Covance common stock will be eliminated in the merger, the unaudited pro forma weighted average number of basic shares outstanding is calculated by adding LabCorp's historical weighted average number of basic shares outstanding for the period and the number of shares of LabCorp common stock expected to be issued to Covance's stockholders in the merger. The unaudited pro forma weighted average number of diluted shares outstanding is calculated by adding LabCorp's historical weighted average number of diluted shares outstanding for the period and the number of shares of LabCorp common stock expected to be issued in the merger. As each outstanding stock option or RSU issued under each of the Covance Employee Equity Participation Plans, whether or not then vested or exercisable, will be canceled and terminated at the effective time in exchange for the right to receive cash, such stock options and RSUs were excluded from this calculation. Refer to pro forma footnote Note 1 for more information about treatment of stock-based compensation under the provisions of the merger agreement.

- (e) *Cash and cash equivalents* Adjustment reflects the preliminary net adjustment to cash in connection with the merger :

Cash portion of the merger consideration	\$ (4,314.8)
Payment of outstanding Covance restricted stock, restricted stock units, deferred stock units and stock options	(212.2)
Repayment of Covance debt	(254.4)
Payment of transaction related expenses	(306.8)
Payment related to Covance change in control provisions	(23.7)
Proceeds from additional borrowings	4,250.0
<b>Pro forma adjustment to cash and cash equivalents</b>	<b>\$ (861.9)</b>

Components of the adjustment include (i) a decrease in cash resulting from payment of the cash component of the merger consideration; (ii) a decrease in cash related to the payment to holders of Covance restricted stock, restricted stock units, deferred stock units and stock options, of which \$178.2 relates to merger consideration and \$34.0 is to be recognized as post-combination compensation expense; (iii) a decrease in cash related to the repayment of Covance's debt, including accrued interest; (iv) estimated transaction related expenses of \$306.8, consisting of financing fees of \$46.8, of which an estimated \$29.7 will be capitalized, and advisory costs of \$260.0, expected to be expensed as incurred in connection with the merger; (v) estimated change in control payments, including enhanced severance and other separation benefits that are payable upon a qualifying termination of employment in conjunction with the completion of the merger in an amount of approximately \$23.7 and (vi) an increase in cash resulting from the proceeds in additional borrowings of \$3,250.0 of senior unsecured notes and an aggregate amount of \$1,000.0 for the term loan.

- (f) *Prepaid expenses and other* Adjustment reflects the elimination of \$0.7 of Covance's unamortized deferred financing costs classified as short-term, which was written off in connection with the merger.
- (g) *Goodwill, net* Adjustment reflects the preliminary estimated adjustment to goodwill as a result of the merger. Goodwill represents the excess of the consideration transferred over the preliminary fair value of the assets acquired and liabilities assumed as described in pro forma footnote Note 3. The goodwill will not be amortized,

but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment exists. In the event management determines that the value of goodwill has become impaired, LabCorp will incur an accounting charge for the amount of the impairment during the period in which the determination is made. The goodwill is attributable to the expected synergies of the combined business operations, new growth opportunities, and the acquired

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assembled and trained workforce of Covance. The goodwill is not expected to be deductible for tax purposes. The preliminary pro forma adjustment to goodwill is calculated as follows:

Preliminary purchase price	\$ 6,551.7
Less: Fair value of net assets to be acquired	(3,040.6)
<b>Total estimated goodwill</b>	<b>3,511.1</b>
Less: Covance reported goodwill	(118.1)
<b>Pro forma adjustment to goodwill</b>	<b>\$ 3,393.0</b>

- (h) *Intangible assets, net* Adjustment reflects the preliminary fair market value related to the change in fair value of identifiable intangible assets acquired in the merger. Refer to pro forma footnote Note 4(a) above for details related to the estimated fair value and related amortization expense of the intangible assets. The preliminary amounts assigned to the identifiable intangible assets are as follows:

Estimated fair value	\$ 2,211.5
Less: Covance book value of intangible asset	(7.5)
<b>Pro forma adjustment to intangible assets</b>	<b>\$ 2,204.0</b>

- (i) *Other assets, net* LabCorp is expected to incur an estimated \$29.7 in capitalizable debt issuance costs in conjunction with the issuance of the senior unsecured notes and term loan, which will be capitalized as other assets on the pro forma balance sheet and amortized over the life of the underlying debt instrument. In addition, deferred financing costs of \$2.8, classified as long-term, related to Covance's debt were written off in connection with the merger. As such, the net pro forma adjustment to other assets on the unaudited pro forma balance sheet is \$26.9.
- (j) *Accrued expenses and other* Adjustments reflect (i) a \$44.1 reduction of income tax payable related to the estimated impact of acquisition and financing costs expensed in connection with the merger based on a combined federal and state statutory tax rate of 38.3%; (ii) a \$9.1 reduction of income tax payable related to the estimated tax impact of the estimated change in control payments, including enhanced severance and other separation benefits that are payable upon a qualifying termination of employment in conjunction with the completion of the merger; (iii) a \$18.1 reduction of income tax payable related to the estimated tax impact of the post-combination compensation expense; and (iv) the removal of the accrued interest of \$4.4 related to Covance's historical debt, which was paid off at the date of the merger. As such, the net pro forma adjustment to accrued expense and other on the unaudited pro forma balance sheet is \$75.7.
- (k) *Unearned revenue* Management assumed that the fair value of the unearned revenue balance represented 95% of the \$219.8 carrying value of Covance's unearned revenue balance at September 30, 2014. Upon closing of the

merger, LabCorp will record the assumed unearned revenue at its acquisition date fair values, which will represent LabCorp's future performance obligation. The process of determining the fair value of the unearned revenues can result in a significant downward adjustment; the revenues associated with this haircut will not be recognized by LabCorp post-merger.

- (1) *Long-term debt* To fund transaction-related items, the cash portion of the merger consideration and other one-time costs, LabCorp is expected to incur \$4,250.0 of additional debt, with maturities ranging from three to thirty years and an expected weighted average interest rate of 3.36% on the principal amount of the debt.

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The preliminary adjustment to long-term debt is as follows:

Proceeds from additional borrowings:	
3-Yr Senior Unsecured Notes due 2017	\$ 500.0
5-Yr Senior Unsecured Notes due 2019	750.0
10-Yr Senior Unsecured Notes due 2024	1,000.0
30-Yr Senior Unsecured Notes due 2044	1,000.0
Term Loan	1,000.0
Less: Covance long-term debt	(250.0)
 Pro forma adjustment to long-term debt	 \$ 4,000.0

- (m) *Deferred income taxes* Adjustment reflects the deferred income tax effects of the pro forma adjustments made to the pro forma balance sheet by applying the combined federal and state statutory tax rate of 38.3% to the fair value adjustments made to certain assets acquired and liabilities assumed, primarily as indicated in the table below:

	<b>Adjustment to Asset Acquired (Liability Assumed)</b>	<b>Current Deferred Tax Liability</b>	<b>Noncurrent Deferred Tax Liability</b>
Estimated fair value adjustment of identifiable intangible assets acquired	\$ 2,204.0	\$	\$ 844.1
Estimated tax impact of repatriation of cash <sup>(1)</sup>	N/A	108.1	
Estimated fair value adjustment of unearned revenue assumed	208.8	4.2	
 Deferred tax liabilities related to estimated fair value adjustments		 <b>\$ 112.3</b>	 <b>\$ 844.1</b>

- (1) LabCorp believes at this time that it will be utilizing the earnings from Covance and respective subsidiaries that are currently indefinitely invested. These earnings are estimated to be approximately \$244.6 and will generate a deferred tax liability of approximately \$108.1. This estimate has been made based on the gross value of the earnings; it has not been reduced by the potential offset from foreign tax credits that will be available upon distribution, as the true value of those credits is not known at this time.

- (n) *Stockholders equity* Adjustment reflects (i) the issuance of 15,297,911 shares of LabCorp common stock to shareholders of Covance; (ii) the elimination of the historical equity balances of Covance; (iii) the pro forma

reduction to retained earnings of \$233.0 to reflect the estimated merger related fees and expenses expected to be incurred upon completion of the merger (\$277.1 expected to be expensed, net of \$44.1 tax benefit); (iv) the pro forma reduction to retained earnings of \$29.2 to reflect the estimated post-combination compensation expense associated with the payment of unvested equity awards upon completion of the merger (\$47.3 expected to be expensed in connection with the merger, net of \$18.1 tax benefit); and (v) the pro forma reduction to retained earnings of \$14.6 to reflect the estimated change in control payments, including enhanced severance and other separation benefits that are payable upon a qualifying termination of employment in conjunction with the completion of the merger (\$23.7 estimated to be expensed, net of \$9.1 tax benefit).

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The preliminary unaudited pro forma adjustment to common stock is calculated as follows:

Common stock (par value \$0.10)	\$ 1.5
Less: Covance historical common stock	(0.8)
<b>Pro forma adjustment common stock</b>	<b>\$ 0.7</b>

The preliminary unaudited pro forma adjustment to additional paid in capital is calculated as follows:

Additional paid-in-capital from merger (15,297,911 shares issued at \$115.86)	\$ 1,770.9
Additional paid-in-capital from Covance restricted stock and deferred stock units converted into LabCorp common stock (388,859 shares issued at \$115.86)	45.0
Less: Covance historical additional paid-in-capital	(959.4)
<b>Pro forma adjustment additional paid-in capital</b>	<b>\$ 856.5</b>

The preliminary unaudited pro forma adjustment to retained earnings is calculated as follows:

Estimated merger related fees and expenses expected to be incurred upon completion of the merger, net of tax	\$ (233.0)
Post-combination expense related to unvested equity awards upon completion of the merger, net of tax	(29.1)
Post-combination expense related to change in control payments, net of tax	(14.6)
Less: Covance historical retained earnings	(1,913.6)
<b>Pro forma adjustment retained earnings</b>	<b>\$ (2,190.3)</b>

The estimated fees and expenses and post-combination compensation expense associated with the payment of accelerated equity awards and change in control payments have been excluded from the unaudited pro forma condensed combined statements of operations as they reflect charges directly attributable to the merger that will not have a continuing impact on LabCorp's operations.

**Table of Contents****COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA**

The following selected unaudited pro forma per share information for the year ended December 31, 2013 and the nine month period ended September 30, 2014 reflects the merger and related transactions as if they had occurred on January 1, 2013. The book value per share amounts in the table below reflects the merger as if it had occurred on September 30, 2014 or December 31, 2013. The information in the table is based on, and should be read together with, the historical financial information that LabCorp and Covance have presented in their respective filings with the SEC. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus.

The unaudited pro forma combined per share data is presented for illustrative purposes only and are not necessarily indicative of actual or future financial position or results of operations that would have been realized if the proposed merger had been completed as of the dates indicated or will be realized upon the completion of the proposed merger. The summary pro forma information is preliminary, based on initial estimates of the fair value of assets acquired (including intangible assets) and liabilities assumed, and is subject to change as more information regarding the fair values are obtained, which changes could be materially different than the initial estimates.

Neither LabCorp nor Covance declared or paid any dividends during the periods presented.

	Historical		Unaudited Pro Forma Combined	Equivalent Basis
	LabCorp	Covance		Unaudited Pro Forma Combined <sup>(1)</sup>
<b>Basic Earnings per Share Attributable to Common Stockholders</b>				
Year Ended December 31, 2013	\$ 6.36	\$ 3.28	\$ 5.77	\$ 1.55
Nine Month Period Ended September 30, 2014	\$ 4.61	\$ 2.41	\$ 4.22	\$ 1.13
<b>Diluted Earnings per Share Attributable to Common Stockholders</b>				
Year Ended December 31, 2013	\$ 6.25	\$ 3.15	\$ 5.68	\$ 1.53
Nine Month Period Ended September 30, 2014	\$ 4.53	\$ 2.32	\$ 4.16	\$ 1.12
<b>Cash Dividends Per Share</b>				
Year Ended December 31, 2013	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Nine Month Period Ended September 30, 2014	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Book Value Per Share</b>				
Year Ended December 31, 2013	\$ 29.07	\$ 28.64	N/A	N/A
Nine Month Period Ended September 30, 2014	\$ 32.64	\$ 29.72	\$ 40.53	\$ 10.89

(1)



The per share amounts are calculated by multiplying the unaudited pro forma combined per share amounts by the exchange ratio of 0.2686.

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION****Comparative Per Share Market Price Information**

Covance common stock trades on NYSE under the symbol CVD and LabCorp common stock trades on NYSE under the symbol LH. The following table presents the closing prices of Covance common stock and LabCorp common stock on October 31, 2014, the last trading day before the public announcement of the merger agreement, and January 13, 2015, the last practicable trading day prior to the filing of this registration statement. The table also shows the estimated implied value of the per share merger consideration for each share of Covance common stock on the relevant date.

<b>Date</b>	<b>Covance Closing Price</b>	<b>LabCorp Closing Price</b>	<b>Exchange Ratio</b>	<b>Estimated Equivalent Per Share Value<sup>(1)</sup></b>
October 31, 2014	\$ 79.90	\$ 109.29	0.2686	\$ 105.12
January 13, 2015	\$ 106.21	\$ 115.86	0.2686	\$ 106.88

(1) The implied value of the per share merger consideration for each relevant date represents the sum of \$75.76, the cash consideration, plus the stock consideration, which is calculated by multiplying the closing price of LabCorp common stock on the relevant date by the exchange ratio of 0.2686.

The above table shows only historical comparisons. These comparisons may not provide meaningful information to Covance stockholders in determining whether to adopt the merger agreement. Covance stockholders are urged to obtain current market quotations for LabCorp common stock and Covance common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to adopt the merger agreement. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus.

**Comparative Stock Prices and Dividends**

The following table sets forth, for the periods indicated, the high and low sale prices per share of Covance common stock and LabCorp common stock as reported by NYSE. The table also provides information as to dividends paid per share of Covance common stock and LabCorp common stock. Covance and LabCorp have not historically paid any dividends on common stock, and Covance and LabCorp do not presently anticipate paying any dividends on their respective common stock in the foreseeable future.

<b>Covance</b>			<b>LabCorp</b>		
<b>Common Stock Price</b>		<b>Dividend per Share</b>	<b>Common Stock Price</b>		<b>Dividend per Share</b>
<b>High</b>	<b>Low</b>		<b>High</b>	<b>Low</b>	

*For the calendar quarter ended:*

**2015**

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March 31, 2015 (through January 13, 2015)	\$ 106.75	\$ 103.90	\$ 0.00	\$ 118.07	\$ 108.73	\$ 0.00
<b>2014</b>						
December 31, 2014	\$ 104.43	\$ 73.57	\$ 0.00	\$ 109.84	\$ 95.61	\$ 0.00
September 30, 2014	\$ 89.93	\$ 78.67	\$ 0.00	\$ 108.77	\$ 101.55	\$ 0.00
June 30, 2014	\$ 106.50	\$ 79.21	\$ 0.00	\$ 105.38	\$ 95.12	\$ 0.00
March 31, 2014	\$ 106.04	\$ 86.44	\$ 0.00	\$ 102.00	\$ 87.25	\$ 0.00
<b>2013</b>						
December 31, 2013	\$ 91.77	\$ 82.54	\$ 0.00	\$ 108.00	\$ 87.01	\$ 0.00
September 30, 2013	\$ 86.97	\$ 76.81	\$ 0.00	\$ 101.92	\$ 95.36	\$ 0.00
June 30, 2013	\$ 79.50	\$ 70.38	\$ 0.00	\$ 101.69	\$ 89.68	\$ 0.00
March 31, 2013	\$ 74.60	\$ 57.50	\$ 0.00	\$ 91.84	\$ 85.80	\$ 0.00

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December 31, 2012	\$ 59.31	\$ 46.51	\$ 0.00	\$ 94.30	\$ 82.15	\$ 0.00
September 30, 2012	\$ 49.51	\$ 45.26	\$ 0.00	\$ 95.30	\$ 83.50	\$ 0.00
June 30, 2012	\$ 50.93	\$ 44.20	\$ 0.00	\$ 94.33	\$ 81.56	\$ 0.00
March 31, 2012	\$ 49.68	\$ 42.02	\$ 0.00	\$ 93.30	\$ 85.58	\$ 0.00

**2011**

December 31, 2011	\$ 53.02	\$ 42.86	\$ 0.00	\$ 88.15	\$ 74.57	\$ 0.00
September 30, 2011	\$ 62.58	\$ 44.36	\$ 0.00	\$ 99.76	\$ 76.91	\$ 0.00
June 30, 2011	\$ 63.86	\$ 54.87	\$ 0.00	\$ 100.94	\$ 92.09	\$ 0.00
March 31, 2011	\$ 59.81	\$ 49.97	\$ 0.00	\$ 92.98	\$ 86.19	\$ 0.00

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This registration statement on Form S-4, of which this proxy statement/prospectus forms a part, and the documents to which Covance and LabCorp refer you to in this registration statement, of which this proxy statement/prospectus forms a part, as well as oral statements made or to be made by Covance and LabCorp, include certain forward-looking statements within the meaning of, and subject to the safe harbor created by, Section 21E of the Exchange Act with respect to the businesses, strategies and plans of Covance and LabCorp, their expectations relating to the merger and their future financial condition and performance. Statements included in or incorporated by reference into this registration statement, of which this proxy statement/prospectus forms a part, that are not historical facts, including statements about the beliefs and expectations of the management of each of Covance and LabCorp, are forward-looking statements. Words such as believes, anticipates, estimates, expects, intends, aims, potential, would, could, considered, likely, estimate and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. While Covance and LabCorp believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the control of LabCorp and Covance. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur. Actual results may differ materially from the current expectations of Covance and LabCorp depending upon a number of factors affecting their businesses and risks associated with the successful execution of the merger and the integration and performance of their businesses following the merger. These factors include, but are not limited to, risks and uncertainties detailed in LabCorp's periodic public filings with the SEC, including those discussed in the sections entitled Risk Factors in LabCorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and LabCorp's Quarterly Reports on Form 10-Q for the periods ended March 31, 2014, June 30, 2014 and September 30, 2014 and in Covance's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and Covance's Quarterly Reports on Form 10-Q for the periods ended March 31, 2014, June 30, 2014 and September 30, 2014, factors contained or incorporated by reference into such documents and in subsequent filings by LabCorp and Covance with the SEC, and the following factors:

the occurrence of any change, effect, event, occurrence, development, matter, state of facts, series of events or circumstances that could give rise to the termination of the merger agreement, including a termination of the merger agreement under circumstances that could require Covance to pay a termination fee and expenses to LabCorp or require LabCorp to pay a termination fee to Covance;

uncertainties related to the timing of the receipt of required regulatory approvals for the merger and the possibility that LabCorp and Covance may be required to accept conditions that could reduce the anticipated benefits of the merger as a condition to obtaining regulatory approvals;

the ability to implement integration plans for the merger and the ability to recognize the anticipated growth and cost savings and benefits of the merger;

the inability to complete the merger due to the failure to obtain the Covance stockholder approval or the failure to satisfy other conditions to the closing of the merger;

the failure of the merger to close for any other reason;

risks that the merger and the other transactions contemplated by the merger agreement disrupt current plans and operations and the potential difficulties in retention of any members of senior management of Covance and any other key employees that LabCorp is interested in retaining after the closing of the merger;

the outcome of any legal proceedings that have been or may be instituted against Covance and/or others relating to the merger agreement;

diversion of the attention of Covance and LabCorp management from ongoing business concerns;

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limitations placed on the ability of Covance and LabCorp to operate their respective businesses by the merger agreement;

the effect of the announcement of the merger on Covance's and LabCorp's business relationships, employees, customers, suppliers, vendors, other partners, standing with regulators, operating results and businesses generally;

the amount of any costs, fees, expenses, impairments and charges related to the merger;

factors that affect customer demand;

customers' financial strength;

shortages or changes in availability, or increases in costs of, key supplies;

the market price for LabCorp common stock potentially being affected, following the merger, by factors that historically have not affected the market price for LabCorp common stock;

the effect of LabCorp's increased exposure to the risks of operating internationally as a result of the merger;

changes in tax laws or interpretations that could increase the consolidated tax liabilities of Covance and LabCorp; and

competitive pressures in all markets in which Covance and LabCorp operate.

Consequently, all of the forward-looking statements Covance or LabCorp make in this document are qualified by the information contained or incorporated by reference into this proxy statement/prospectus, including, but not limited to (i) the information contained under this heading and (ii) the information discussed under the sections entitled "Risk Factors" in LabCorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and LabCorp's Quarterly Reports on Form 10-Q for the periods ended March 31, 2014, June 30, 2014 and September 30, 2014 and in Covance's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and Covance's Quarterly Reports on Form 10-Q for the periods ended March 31, 2014, June 30, 2014 and September 30, 2014. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus.

Neither LabCorp nor Covance is under any obligation, and each expressly disclaims any obligation, to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise. Persons reading this announcement are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.





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**RISK FACTORS**

By voting in favor of the proposal to adopt the merger agreement, Covance stockholders will be choosing to invest in LabCorp common stock. An investment in LabCorp common stock involves a high degree of risk. Before you vote, you should carefully consider the risks described below, those described in the section entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 46 of this proxy statement/prospectus and the other information contained in this proxy statement/prospectus or in the documents of Covance and LabCorp incorporated by reference into this proxy statement/prospectus, particularly the risk factors set forth in the documents of Covance and LabCorp incorporated by reference into this proxy statement/prospectus. See the section entitled **Where You Can Find More Information** beginning on page 154 of this proxy statement/prospectus. In addition to the risks set forth below, new risks may emerge from time to time and it is not possible to predict all risk factors, nor can Covance or LabCorp assess the impact of all factors on the merger and the combined company following the merger or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in or implied by any forward-looking statements.

**Risks Relating to the Merger**

***Because the market price of shares of LabCorp common stock will fluctuate, you cannot be sure of the market value of the shares of LabCorp common stock you will receive in the merger.***

Upon completion of the merger, each share of Covance common stock that you hold will be converted into the right to receive the per share merger consideration, which will consist of (i) an amount in cash equal to \$75.76, without interest, and (ii) 0.2686 shares of LabCorp common stock. There will be no adjustment to the per share merger consideration or exchange ratio for the stock consideration due to changes in the market price of either shares of Covance common stock or LabCorp common stock and the merger agreement does not provide for any price-based termination right. Accordingly, the market value of the shares of LabCorp common stock that you will be entitled to receive upon completion of the merger with respect to the stock consideration will depend on the market value of the shares of LabCorp common stock at the time of the completion of the merger and could vary significantly from the market value on the date of this proxy statement/prospectus or the date of the special meeting. In addition, the market value of the shares of LabCorp common stock that you will be entitled to receive in the merger with respect to the stock consideration also will continue to fluctuate after the completion of the merger and you could lose the value of your investment in LabCorp common stock. See the section entitled **Comparative Per Share Market Price and Dividend Information** beginning on page 44 of this proxy statement/prospectus.

Such variations could be the result of changes in the business, operations or products of Covance or LabCorp prior to the merger and LabCorp following the merger, market assessments of the likelihood that the merger will be completed or the timing of the completion of the merger, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of LabCorp or Covance. Because the date that the merger will be completed will be later than the date of the special meeting, at the time of the special meeting you will not know the value of the LabCorp common stock that you will receive upon completion of the merger with respect to the stock consideration.

***The market price for LabCorp common stock may be affected by factors different from those that historically have affected Covance common stock.***

Upon completion of the merger, Covance stockholders will become LabCorp stockholders. LabCorp's business differs from that of Covance, and accordingly the results of operations of LabCorp will be affected by certain factors that are different from those currently affecting the results of operations of Covance. For a discussion of the businesses of

LabCorp and Covance and of some important factors to consider in connection with those businesses, see the section entitled "Where You Can Find More Information" beginning on page 154

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of this proxy statement/prospectus for the location of information incorporated by reference into this proxy statement/prospectus.

***The shares of LabCorp common stock to be received by Covance stockholders as a result of the merger will have rights different from the shares of Covance common stock.***

Upon consummation of the merger, the rights of Covance stockholders, who will become LabCorp stockholders, will be governed by the charter and bylaws of LabCorp. The rights associated with Covance common stock are different from the rights associated with the LabCorp common stock. See the section entitled "Comparison of Stockholders Rights" beginning on page 136 of this proxy statement/prospectus for a discussion of these rights.

***Unanticipated regulatory actions could prevent, or substantially delay, consummation of the merger.***

Under the provisions of the HSR Act, the merger may not be completed until the expiration of a statutory waiting period, or the early termination of that waiting period, following the parties' filing of their respective notification and report forms. On November 12, 2014, Covance and LabCorp filed with the DOJ and Covance filed with the FTC, and on November 13, 2014, LabCorp filed with the FTC, notification and report forms under the HSR Act. The applicable waiting period under the HSR Act expired at 11:59 p.m. Eastern time on December 15, 2014, without any action having been taken by the FTC or the DOJ.

Notwithstanding the expiration of the statutory waiting period, at any time before or after completion of the merger, the FTC or the DOJ could act under the antitrust laws to prevent a substantial lessening of competition or the creation of a monopoly, including by seeking to enjoin completion of the transaction or seeking divestiture of assets, businesses or product lines of Covance or LabCorp. A delay could, among other things, increase the chance that an event occurs that constitutes a material adverse effect with respect to Covance and thereby may cause the failure of a LabCorp closing condition; other adverse effects with respect to Covance could occur, such as the loss of key personnel, potentially affecting the success of the combined entities; or an event could occur that causes a failure of a Covance closing condition or that adversely impacts the value of LabCorp common stock, and thus has a negative impact on the per share merger consideration.

Under the merger agreement, LabCorp and Covance generally must use their respective reasonable best efforts to obtain all regulatory approvals required to complete the merger, including the expiration or early termination of the waiting period under the HSR Act. However, LabCorp is not required under the merger agreement to accept or agree to limitations on its right to control or operate its business or assets (including the business or assets of Covance and its subsidiaries after the effective time) or to agree to sell or otherwise dispose of, hold (through the establishment of a trust or otherwise) or divest itself of all or any portion of its business, assets or operations (including the business, assets or operations of Covance and its subsidiaries after the effective time) in order to obtain such regulatory approvals. If the merger agreement is terminated for reasons relating to the failure to obtain certain regulatory approvals required for the merger, under certain circumstances, LabCorp will be required to pay Covance a termination fee of \$305 million.

***The closing of the merger is subject to conditions and if these conditions are not satisfied or waived, the merger will not be completed.***

The closing of the merger is subject to a number of conditions as set forth in the merger agreement that must be satisfied or waived, including the Covance stockholder approval, the expiration or termination of the waiting period applicable to the merger under the HSR Act, the absence of any law, regulation, order, judgment or injunction restraining, enjoining or otherwise prohibiting the closing of the merger, the declaration by the SEC of the

effectiveness of the registration statement on Form S-4 filed by LabCorp in respect of the shares of LabCorp common stock to be issued in the merger, of which this proxy statement/prospectus forms a part, and the approval of the listing on NYSE of the shares of LabCorp common stock to be issued in the merger.

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The closing of the merger is also dependent on the accuracy of representations and warranties made by the parties to the merger agreement (subject to customary materiality qualifiers and other customary exceptions) and the performance in all material respects by the parties of obligations imposed under the merger agreement. Under the merger agreement, LabCorp and Covance generally must use their respective reasonable best efforts to obtain all regulatory approvals required to complete the merger, including the expiration or early termination of the waiting period under the HSR Act. However, LabCorp is not required under the merger agreement to accept or agree to limitations on its right to control or operate its business or assets (including the business or assets of Covance and its subsidiaries after the effective time) or to agree to sell or otherwise dispose of, hold (through the establishment of a trust or otherwise) or divest itself of all or any portion of its business, assets or operations (including the business, assets or operations of Covance and its subsidiaries after the effective time) in order to obtain such regulatory approvals. If the merger agreement is terminated for reasons relating to the failure to obtain certain regulatory approvals required for the merger, under certain circumstances, LabCorp will be required to pay Covance a termination fee of \$305 million.

For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see the section entitled *The Merger Agreement Conditions to Completion of the Merger* beginning on page 118 of this proxy statement/prospectus.

There can be no assurance as to whether or when the conditions to the closing of the merger will be satisfied or waived or as to whether or when the merger will be consummated.

***The opinion of Covance's financial advisor rendered to the Covance board on November 2, 2014 did not reflect circumstances, developments or events occurring after the date of the opinion.***

The Covance board has not obtained an updated opinion from its financial advisor, Goldman Sachs, as of the date of this proxy statement/prospectus and does not expect to receive an updated opinion prior to the completion of the merger. Goldman Sachs' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, November 2, 2014, the date of its opinion and did not reflect circumstances, developments or events occurring after the date of its opinion. The recommendation of the Covance board that Covance stockholders vote **FOR** the proposal to adopt the merger agreement and **FOR** the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for Covance's named executive officers in connection with the merger, however, are made as of the date of this proxy statement/prospectus. For a description of the opinion that the Covance board received from Goldman Sachs, see the section entitled *The Merger Opinion of Covance's Financial Advisor* beginning on page 82 of this proxy statement/prospectus.

***LabCorp and Covance will be subject to business uncertainties and certain operating restrictions until consummation of the merger.***

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on LabCorp, Covance or the combined company following the merger. These uncertainties could disrupt the business of LabCorp or Covance and cause customers, suppliers, vendors, partners and others that deal with LabCorp and Covance to defer entering into contracts with LabCorp and Covance or making other decisions concerning LabCorp and Covance or seek to change or cancel existing business relationships with LabCorp and Covance. The uncertainty and difficulty of integration could also cause key employees of LabCorp and Covance to leave their employment. In addition, the merger agreement restricts Covance, LabCorp and their respective subsidiaries from making certain acquisitions and taking other specified actions until the merger occurs without the consent of the other parties. These restrictions may prevent LabCorp and Covance from pursuing attractive business opportunities that may arise prior to the completion of the merger. See the section entitled *The Merger Agreement Conduct of Business Prior to Effective Time* beginning

on page 106 of this proxy statement/prospectus for a description of the restrictive covenants to which each of LabCorp and Covance is subject.

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***The merger agreement may be terminated in accordance with its terms and the merger may not be consummated.***

Either Covance or LabCorp may terminate the merger agreement under certain circumstances, including, among other reasons, if the merger is not completed by June 2, 2015. In addition, if the merger agreement is terminated under certain circumstances specified in the merger agreement, Covance may be required to pay LabCorp a termination fee of \$200 million, including in the event Covance terminates the merger agreement to enter into an agreement with respect to a superior proposal. In certain other circumstances, Covance may be obligated to reimburse LabCorp for its transaction expenses up to \$50 million. In addition, if the merger agreement is terminated under certain circumstances specified in the merger agreement relating to the failure to obtain certain regulatory approvals for the merger, LabCorp may be required to pay Covance a termination fee of \$305 million. See the section entitled "The Merger Agreement - Termination of the Merger Agreement" beginning on page 119 of this proxy statement/prospectus and the section entitled "The Merger Agreement - Termination Fees and Expenses" beginning on page 120 of this proxy statement/prospectus for a more complete discussion of the circumstances under which the merger agreement could be terminated and when the termination fee and expense payment may be payable by Covance.

***The merger agreement contains restrictions on the ability of Covance to pursue other alternatives to the merger.***

The merger agreement contains non-solicitation provisions that, subject to limited exceptions, restrict the ability of Covance to solicit, initiate, knowingly encourage, or take any other action to knowingly facilitate any inquiries regarding any third party offer or proposal that might reasonably be expected to lead to a takeover proposal. Further, subject to limited exceptions, consistent with applicable law, the merger agreement provides that the Covance board will not withdraw, publicly propose to withdraw or modify in a manner adverse to LabCorp its recommendation that Covance stockholders vote in favor of the proposal to adopt the merger agreement, and in specified circumstances LabCorp has a right to negotiate with Covance in order to match any competing takeover proposals that may be made. Although the Covance board is permitted to take certain actions in response to a superior proposal or a takeover proposal that is reasonably likely to result in a superior proposal if it determines that the failure to do so would be inconsistent with its fiduciary duties, doing so in specified situations could require Covance to pay to LabCorp a termination fee of \$200 million. See the section entitled "The Merger Agreement - No Solicitation or Negotiation of Takeover Proposals" beginning on page 109 of this proxy statement/prospectus and the section entitled "The Merger Agreement - Termination Fees and Expenses" beginning on page 120 of this proxy statement/prospectus for a more complete discussion of these restrictions and consequences.

Such provisions could discourage a potential acquiror that might have an interest in making a proposal from considering or proposing any such acquisition, even if it were prepared to pay consideration with a higher value than that to be paid in the merger. There also is a risk that the requirement to pay the termination fee or expense payment to LabCorp in certain circumstances may result in a potential acquiror proposing to pay a lower per share price to acquire Covance than it might otherwise have proposed to pay.

***The termination of the merger agreement could negatively impact Covance.***

If the merger is not completed for any reason, including as a result of Covance stockholders failing to adopt the merger agreement, the ongoing business of Covance may be adversely affected and, without realizing any of the benefits of having completed the merger, Covance would be subject to a number of risks, including the following:

Covance may experience negative reactions from the financial markets, including negative impacts on its stock price;

Covance may experience negative reactions from its customers, regulators and employees;

Covance will be required to pay certain costs relating to the merger, whether or not the merger is completed;



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the merger agreement places certain restrictions on the conduct of Covance's business prior to completion of the merger and such restrictions, the waiver of which is subject to the consent of LabCorp (in certain cases, not to be unreasonably withheld, conditioned or delayed), may prevent Covance from making certain acquisitions or taking certain other specified actions during the pendency of the merger (see the section entitled "The Merger Agreement - Conduct of Business Prior to Effective Time" beginning on page 106 of this proxy statement/prospectus for a description of the restrictive covenants applicable to Covance); and

matters relating to the merger (including integration planning) will require substantial commitments of time and resources by Covance management, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to Covance as an independent company.

If the merger agreement is terminated and the Covance board seeks another merger or business combination, Covance stockholders cannot be certain that Covance will be able to find a party willing to offer equivalent or more attractive consideration than the per share merger consideration LabCorp has agreed to provide in the merger. If the merger agreement is terminated under certain circumstances, Covance may be required to pay a termination fee of \$200 million, depending on the circumstances surrounding the termination. Covance may be required to reimburse LabCorp for its expenses, up to an amount of \$50 million, if the merger agreement is terminated in certain specified circumstances. See the section entitled "The Merger Agreement - Termination Fees and Expenses" beginning on page 120 of this proxy statement/prospectus.

### ***Directors and executive officers of Covance may have interests in the merger that are different from those of Covance stockholders generally.***

The directors and executive officers of Covance may have interests in the merger that are different from, in addition to or in conflict with, those of Covance stockholders generally. These interests include the continued employment of certain executive officers of Covance, the treatment in the merger of Covance stock options, shares of Covance restricted stock, Covance restricted stock units, bonus awards, employment agreements, change in control severance agreements and other rights held by Covance's directors and executive officers, and the indemnification of former Covance directors and officers by LabCorp. Covance stockholders should be aware of these interests when they consider the recommendation of the Covance board that they vote in favor of the proposal to adopt the merger agreement and the other merger-related proposals. The Covance board was aware of and considered these interests when it declared advisable the merger agreement and the consummation of the transactions contemplated thereby, determined that the terms of the merger agreement and the transactions contemplated thereby, were fair to, and in the best interests of, Covance and its stockholders, and recommended that Covance stockholders adopt the merger agreement and the transactions contemplated thereby, including the merger. See the section entitled "Interests of Covance's Directors and Executive Officers in the Merger" beginning on page 124 of this proxy statement/prospectus and the section entitled "Advisory Vote on Merger-Related Compensation for Covance's Named Executive Officers" beginning on page 123 of this proxy statement/prospectus.

### ***The unaudited pro forma condensed combined financial statements included in this proxy statement/prospectus are presented for illustrative purposes only and the actual financial condition and results of operations of LabCorp following the merger may differ materially.***

The unaudited pro forma condensed combined financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of LabCorp's financial condition or results of operations following the merger for several reasons. The actual financial condition and results of operations of LabCorp following the merger may not be consistent with, or evident from, these unaudited pro forma condensed combined financial statements. In addition, the

assumptions used in preparing the unaudited pro forma financial

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information may not prove to be accurate, and other factors may affect LabCorp's financial condition or results of operations following the merger. Any potential decline in LabCorp's financial condition or results of operations may cause significant variations in the stock price of LabCorp.

***Lawsuits have been filed against LabCorp and Covance challenging the merger, and one or more adverse rulings may prevent the merger from being completed.***

In connection with the merger, LabCorp, Covance, Merger Sub and members of the Covance board have been named as defendants in putative class action complaints filed in the Court of Chancery of the State of Delaware (Berk v. Covance et al., Case No. 10440, which we refer to as the Delaware Action) and the Superior Court of New Jersey, Chancery Division, Mercer County (Ojeda v. Herring et al., docket number MER-C-92-14, which we refer to as the New Jersey Action). The New Jersey Action was filed November 12, 2014 by Charles Ojeda on behalf of himself and other of Covance's public stockholders. An amended complaint was filed on December 10, 2014 adding Michael Jianarras as proposed co-lead plaintiff with Mr. Ojeda in the putative class action. The Delaware Action was filed on December 9, 2014 by Barry Berk on behalf of himself and other of Covance's common stockholders. The complaints allege, among other things, that members of the Covance board breached their fiduciary duties by agreeing to sell Covance for an inadequate price, engaging in an unfair sales process, agreeing to inappropriate terms in the merger agreement that will preclude a superior offer from emerging following announcement of the transaction and making inadequate disclosures regarding the transaction in the initial version of this Form S-4 Registration Statement filed on November 26, 2014. In addition, the complaint in the Delaware Action also alleges that members of the Covance board breached their fiduciary duties by the selection of the Covance board's financial advisor. The complaints allege that LabCorp and Merger Sub aided and abetted the Covance board members' breaches of their fiduciary duties (the New Jersey Action also alleges Covance aided and abetted the board members' alleged breaches). The actions seek injunctive relief enjoining LabCorp and Covance from taking steps to consummate the merger at the agreed upon price (or, in the event the merger is consummated, rescinding the merger or awarding damages). The New Jersey Action also seeks declarations that the transaction is unfair and the defendants breached their fiduciary duties or aided and abetted such breaches. The Delaware Action also seeks injunctive relief enjoining Covance from holding a stockholder vote to approve the transaction until additional information is disclosed, and recovery through an accounting by the defendants of all damage caused and profits obtained by them as a result of the alleged breaches of fiduciary duties. Both actions also seek to recover costs and disbursements from the defendants, including attorneys fees and experts fees. These lawsuits are in a preliminary stage. Covance has moved to dismiss the New Jersey Action for lack of subject matter jurisdiction based on a forum selection bylaw, which designates Delaware as the exclusive forum for litigation involving alleged breaches of fiduciary duties by Covance directors.

Additional lawsuits may be filed against LabCorp, Covance and/or the board of directors of either company in connection with the merger. See the section entitled "The Merger Litigation Related to the Merger" beginning on page 97 of this proxy statement/prospectus for more information about litigation related to the merger.

One of the conditions to the closing of the merger is that no governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law, injunction, order or other judgment which is in effect and restrains, enjoins or otherwise prohibits the closing of the merger (whether temporary, preliminary or final). Therefore, if the plaintiffs in this action or in any additional lawsuit that may be filed secure injunctive relief or other relief prohibiting, delaying or otherwise adversely affecting the defendants' ability to complete the merger, then such injunctive or other relief may prevent the merger from becoming effective within the expected timeframe or at all.

***Covance stockholders will have less influence, as a group, as stockholders of LabCorp than as stockholders of Covance.***

Immediately after completion of the merger, former Covance stockholders, who collectively own 100% of Covance, will own approximately 15.5% of outstanding LabCorp common stock, based on the number of shares

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of Covance common stock and the number of shares of LabCorp common stock outstanding as of January 13, 2015, the latest practicable date prior to the filing of this registration statement. Consequently, Covance stockholders, as a group, will exercise less influence over the management and policies of LabCorp than they currently may have over the management and policies of Covance.

### **Risks Relating to the Combined Company Upon Completion of the Merger**

#### ***LabCorp may fail to realize the anticipated benefits of the merger.***

The success of the merger will depend on, among other things, LabCorp's ability to combine its business with that of Covance in a manner that facilitates growth opportunities and realizes anticipated growth and cost savings. LabCorp believes that the merger will provide an opportunity for revenue growth in development and commercialization of drugs and diagnostics and nutritional analysis and other areas, including a number of new business areas for LabCorp.

However, LabCorp must successfully combine the businesses of LabCorp and Covance in a manner that permits these benefits to be realized. In addition, LabCorp must achieve the anticipated growth and cost savings without adversely affecting current revenues and investments in future growth. If LabCorp is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully, or at all, or may take longer to realize than expected.

#### ***The failure to integrate successfully the business and operations of Covance in the expected time frame may adversely affect LabCorp's future results.***

Historically, LabCorp and Covance have operated as independent companies, and they will continue to do so until the completion of the merger. There can be no assurances that their businesses can be integrated successfully. It is possible that the integration process could result in the loss of key LabCorp or Covance employees, the loss of customers, the disruption of either company's or both companies' ongoing businesses or in unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. See the risk factors entitled "LabCorp may be unable to retain Covance personnel successfully after the merger is completed" and "LabCorp and Covance will be subject to business uncertainties and certain operating restrictions until consummation of the merger" above. Specifically, the following issues, among others, must be addressed in integrating the operations of LabCorp and Covance in order to realize the anticipated benefits of the merger so the combined company performs as expected:

combining the companies' operations and corporate functions;

combining the businesses of LabCorp and Covance and meeting the capital requirements of the combined company, in a manner that permits LabCorp to achieve the cost savings or revenue synergies anticipated to result from the merger, the failure of which would result in the anticipated benefits of the merger not being realized in the time frame currently anticipated or at all;

integrating the companies' technologies;

integrating and unifying the offerings and services available to customers;

identifying and eliminating redundant and underperforming functions and assets;

harmonizing the companies' operating practices, employee development and compensation programs, internal controls and other policies, procedures and processes;

maintaining existing agreements with customers, distributors, providers and vendors and avoiding delays in entering into new agreements with prospective customers, distributors, providers and vendors;

addressing possible differences in business backgrounds, corporate cultures and management philosophies;

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consolidating the companies' administrative and information technology infrastructure;

coordinating distribution and marketing efforts;

managing the movement of certain positions to different locations;

coordinating geographically dispersed organizations; and

effecting actions that may be required in connection with obtaining regulatory approvals.

In addition, at times the attention of certain members of either company's or both companies' management and resources may be focused on completion of the merger and the integration of the businesses of the two companies and diverted from day-to-day business operations, which may disrupt each company's ongoing business and the business of the combined company.

***Combining the businesses of LabCorp and Covance may be more difficult, costly or time-consuming than expected, which may adversely affect LabCorp's business results and negatively affect the value of LabCorp common stock following the merger.***

LabCorp and Covance have entered into the merger agreement because each believes that the merger will be in the best interests of its stockholders and that combining the businesses of LabCorp and Covance will produce benefits and cost savings. If LabCorp is not able to successfully combine the businesses of LabCorp and Covance in an efficient and effective manner, the anticipated benefits and cost savings of the merger may not be realized fully, or at all, or may take longer to realize than expected, and the value of LabCorp common stock may be affected adversely.

An inability to realize the full extent of the anticipated benefits of the merger and the other transactions contemplated by the merger agreement, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and operating results of LabCorp, which may adversely affect the value of LabCorp common stock after the completion of the merger.

In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual growth and cost savings, if achieved, may be lower than what LabCorp expects and may take longer to achieve than anticipated. If LabCorp is not able to adequately address integration challenges, LabCorp may be unable to successfully integrate LabCorp's and Covance's operations or to realize the anticipated benefits of the integration of the two companies.

***LabCorp and Covance will incur significant transaction and merger-related costs in connection with the merger.***

LabCorp and Covance have incurred and expect to incur a number of non-recurring costs associated with the merger. These costs and expenses include fees paid to financial, legal and accounting advisors, facilities and systems consolidation costs, severance and other potential employment-related costs, including payments that may be made to certain Covance executives, filing fees, printing expenses and other related charges. Some of these costs are payable by LabCorp and Covance regardless of whether the merger is completed. LabCorp currently estimates the aggregate amount of these expenses to equal \$ 366.8 million, and Covance currently estimates the aggregate amount of these expenses to equal \$50 million. There are also a large number of processes, policies, procedures, operations,

technologies and systems that must be integrated in connection with the merger and the integration of the two companies' businesses. While both LabCorp and Covance have assumed that a certain level of expenses would be incurred in connection with the merger and the other transactions contemplated by the merger agreement, there are many factors beyond their control that could affect the total amount or the timing of the integration and implementation expenses.

There may also be additional unanticipated significant costs in connection with the merger that LabCorp may not recoup. These costs and expenses could reduce the realization of efficiencies, strategic benefits and



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additional income LabCorp expects to achieve from the merger. Although LabCorp expects that these benefits will offset the transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

***If the merger is consummated, LabCorp will materially reduce its cash balances and incur a substantial amount of debt to finance the cash consideration and pay related fees and expenses in connection with the merger, which could, among other things, restrict its ability to engage in additional transactions or incur additional indebtedness.***

To fund the cash consideration to be paid to Covance stockholders pursuant to the terms of the merger agreement, LabCorp expects to use approximately \$4.25 billion in cash. LabCorp will need additional cash to pay fees and expenses, and is obligated to offer to repurchase \$250 million of existing senior notes of Covance after the closing of the merger. Following the completion of the merger, the combined company will have a significant amount of outstanding indebtedness. On a pro forma basis, the consolidated indebtedness of LabCorp following the merger is expected to be approximately \$7,264.7 million. This substantial level of indebtedness could have important consequences to LabCorp's business, including making it more difficult to satisfy its debt obligations, increasing its vulnerability to general adverse economic and industry conditions, limiting its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates and restricting LabCorp from pursuing certain business opportunities. These limitations could reduce the benefits LabCorp expects to achieve from the merger or impede its ability to engage in future business opportunities or strategic acquisitions.

***Third parties may terminate or alter existing contracts or relationships with Covance or LabCorp.***

Covance has contracts with customers, suppliers, vendors, landlords, licensors and other business partners which may require Covance to obtain consent from these other parties in connection with the merger. If these consents cannot be obtained, Covance may suffer a loss of potential future revenue and may lose rights that are material to its business and the business of the combined company. In addition, third parties with whom Covance or LabCorp currently have relationships may terminate or otherwise reduce the scope of their relationship with either party in anticipation of the merger. Any such disruptions could limit LabCorp's ability to achieve the anticipated benefits of the merger. The adverse effect of such disruptions could also be exacerbated by a delay in the completion of the merger or the termination of the merger agreement.

***Following the merger, LabCorp will depend more heavily on the pharmaceutical and biotechnology industries.***

LabCorp's business is dependent upon, among other things, ongoing demand for diagnostic testing services by patients, physicians, hospitals, managed care organizations and others. Following the consummation of the merger, LabCorp's revenues will increasingly depend on the expenditures made by the pharmaceutical and biotechnology industries in research and development. In some instances, companies in these industries are reliant on their ability to raise capital in order to fund their research and development projects. Accordingly, economic factors and industry trends that may affect LabCorp's clients in these industries may also affect LabCorp's business. If companies in these industries were to reduce the number of research and development projects they conduct or outsource, whether through inability to raise capital, industry trends, economic conditions or otherwise, LabCorp's business following the consummation of the merger could be materially adversely affected.

***Consummation of the merger will increase LabCorp's exposure to the risks of operating internationally.***

The merger will increase the importance of international operations to LabCorp's future operations, growth and prospects. As a result, LabCorp will be further exposed to risks inherent in conducting business internationally, which include:

difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations;

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unexpected changes in political or regulatory environments;

earnings and cash flows that may be subject to tax withholding requirements or the imposition of tariffs, exchange controls or other restrictions;

restrictions on, or difficulties and costs associated with, the repatriation of cash from foreign countries to the United States;

political and economic instability;

import and export restrictions and other trade barriers;

difficulties in maintaining overseas subsidiaries and international operations;

difficulties in obtaining approval for significant transactions;

government limitations on foreign ownership;

government takeover or nationalization of business; and

government mandated price controls.

Any one or more of the above factors could adversely affect LabCorp's international operations. Moreover, in order to effectively compete in certain foreign jurisdictions, it is often necessary or required to establish joint ventures, strategic alliances or marketing arrangements with local operators, partners or agents. Reliance on local operators, partners or agents could expose LabCorp to the risk of being unable to control the scope or quality of its overseas services or products, or being held liable under The Foreign Corrupt Practices Act of 1977, which we refer to as the FCPA, or other laws for actions taken by its strategic or local partners or agents even though these partners or agents may not themselves be subject to the FCPA or such other laws. Any determination that the combined company has violated the FCPA or such other laws could have a material adverse effect on its business, results of operations or prospects.

***LabCorp's revenues and earnings may be exposed to exchange rate fluctuations.***

Covance derives a large portion of its net revenues from international operations. For the years ended December 31, 2013 and 2012, Covance derived approximately 52% and 49%, respectively, of its net revenues from operations outside the United States. Since Covance's consolidated financial statements are denominated in U.S. dollars, fluctuations in exchange rates from period to period will have an impact on Covance's reported results, and, following the merger, may have an impact on LabCorp's reported results. In addition, in certain circumstances, LabCorp may incur costs in one currency related to its services or products for which it is paid in a different currency. As a result,

factors associated with international operations, including changes in foreign currency exchange rates, could significantly affect LabCorp's results of operations, financial condition and cash flows.

***LabCorp may be unable to retain Covance personnel successfully after the merger is completed.***

The success of the merger will depend in part on LabCorp's ability to retain the talents and dedication of the professionals currently employed by Covance. It is possible that these employees may decide not to remain with Covance while the merger is pending or with the combined company after the merger is consummated. If key employees terminate their employment, or if an insufficient number of employees is retained to maintain effective operations, the combined company's business activities may be adversely affected and management's attention may be diverted from successfully integrating Covance to hiring suitable replacements, all of which may cause the combined company's business to suffer. In addition, LabCorp and Covance may not be able to locate suitable replacements for any key employees that leave either company or offer employment to potential replacements on reasonable terms.

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**Risks Relating to LabCorp's Business**

You should read and consider risk factors specific to LabCorp's business that will also affect the combined company after the merger. These risks are described in the sections entitled "Risk Factors" in LabCorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, LabCorp Quarterly Reports on Form 10-Q for the periods ended March 31, 2014, June 30, 2014 and September 30, 2014 and in other documents incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus for the location of information incorporated by reference into this proxy statement/prospectus.

**Risks Relating to Covance's Business**

You should read and consider risk factors specific to Covance's business that will also affect the combined company after the merger. These risks are described in the sections entitled "Risk Factors" in Covance's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, Covance's Quarterly Reports on Form 10-Q for the periods ended March 31, 2014, June 30, 2014 and September 30, 2014 and in other documents incorporated by reference into this proxy statement/prospectus and in other documents incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus for the location of information incorporated by reference into this proxy statement/prospectus.

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**INFORMATION ABOUT THE SPECIAL MEETING**

**General**

This proxy statement/prospectus is being provided to the stockholders of Covance as part of a solicitation of proxies by the Covance board for use at the special meeting to be held at the time and place specified below, and at any adjournment or postponement thereof. This proxy statement/prospectus provides stockholders of Covance with the information they need to know to be able to vote or instruct their vote to be cast at the special meeting.

**Date, Time and Place**

The special meeting will be held at the Princeton Marriott Hotel & Conference Center at Forrestal, located at 100 College Road East, Princeton, New Jersey 08540, on February 18, 2015, at 8:00 a.m., local time.

**Purpose of the Special Meeting**

At the special meeting, Covance stockholders will be asked to consider and vote on:

a proposal to adopt the merger agreement; and

a proposal to approve, by non-binding, advisory vote, the compensation that may become payable to Covance's named executive officers in connection with the merger.

**Recommendation of the Covance Board**

**After careful consideration, the Covance board has unanimously approved and declared advisable the merger agreement, the merger and all of the other transactions contemplated by the merger agreement, declared that it is in the best interests of Covance and its stockholders to enter into the merger agreement and consummate the merger and all of the other transactions contemplated by the merger agreement, directed that adoption of the merger agreement be submitted to a vote at a meeting of the Covance stockholders, and recommended that the Covance stockholders vote to adopt the merger agreement. ACCORDINGLY, THE COVANCE BOARD UNANIMOUSLY RECOMMENDS THAT COVANCE STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT AND FOR THE ADVISORY PROPOSAL CONCERNING THE MERGER-RELATED COMPENSATION ARRANGEMENTS FOR COVANCE'S NAMED EXECUTIVE OFFICERS.**

**Record Date; Stockholders Entitled to Vote**

The Covance board has fixed the close of business on January 15, 2015 as the record date for determination of Covance stockholders entitled to receive notice of, and to vote at, the special meeting or any adjournments or postponements thereof. Only holders of record of issued and outstanding Covance common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the special meeting or any adjournments or postponements thereof.

At the close of business on the record date, there were 56,959,151 shares of Covance common stock issued and outstanding and entitled to vote at the special meeting. Covance stockholders are entitled to one vote for each share of

Covance common stock they owned as of the close of business on the record date.

**Voting by Covance's Directors and Executive Officers**

At the close of business on the record date, directors and executive officers of Covance and their affiliates were entitled to vote approximately 516,808 shares of Covance common stock, or approximately 0.9% of the shares of Covance common stock outstanding on that date. We currently expect that Covance's directors and executive officers will vote their shares in favor of each of the proposals to be considered at the special meeting, although none of them has entered into any agreement obligating them to do so.

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### **Quorum**

A majority of the shares of Covance common stock issued and outstanding as of the close of business on the record date and entitled to vote, present in person or represented by proxy, at the special meeting will constitute a quorum for the special meeting. At any adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the original meeting.

Abstentions are counted as present for purposes of determining whether a quorum is present. Broker non-votes are not counted for purposes of determining whether a quorum is present. A broker non-vote occurs when a nominee holds shares for a beneficial owner but cannot vote on a proposal because the nominee does not have the discretionary power to do so and has not received instructions from the beneficial owner. If you hold shares of Covance common stock in street name and you provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares or obtain a legal proxy from such bank, brokerage firm or other nominee to vote your shares in person at the special meeting, then your shares will be counted as part of the quorum.

### **Required Vote**

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding Covance common stock entitled to vote thereon. Shares not present, and shares present and not voted, whether by broker non-vote, abstention or otherwise, will have the same effect as votes cast **AGAINST**. For the advisory proposal concerning merger-related compensation arrangements for Covance's named executive officers to be considered approved, votes cast **FOR** must exceed votes cast **AGAINST**. Shares present and not voted, whether by broker non-vote, abstention or otherwise, will not be counted **FOR** or **AGAINST** the advisory proposal concerning merger-related compensation arrangements for Covance's named executive officers, assuming a quorum is present.

### **Failure to Vote, Broker Non-Votes and Abstentions**

In accordance with the rules of NYSE, brokers, banks, trust companies and other nominees who hold shares of Covance common stock in street name for their customers but do not have discretionary authority to vote the shares may not exercise their voting discretion with respect to the proposal to adopt the merger agreement. Accordingly, if brokers, banks, trust companies or other nominees do not receive specific voting instructions from the beneficial owner of such shares, they may not vote such shares with respect to the proposal to adopt the merger agreement.

If you fail to vote, fail to instruct your broker, bank, trust company or other nominee to vote, or mark your proxy or voting instructions to abstain, it will have the effect of a vote **AGAINST** the proposal to adopt the merger agreement.

If you fail to vote, fail to instruct your broker, bank, trust company or other nominee to vote, or mark your proxy or voting instructions to abstain it will have no effect on the advisory proposal concerning merger-related compensation arrangements for Covance's named executive officers, assuming a quorum is present.

### **How to Vote Your Shares**

Registered stockholders may vote (i) through the Internet by logging onto the website indicated on the enclosed proxy card and following the prompts using the control number located on the proxy card; (ii) by telephone (from the United States, Puerto Rico and Canada) using the toll-free telephone number listed on the enclosed proxy card; or (iii) by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided. If your shares are held in the name of a bank, broker or other nominee, follow the instructions you receive from your nominee on how to vote your shares. Registered stockholders who attend the special meeting may vote their shares personally



even if they previously have voted their shares.

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### **Voting in Person**

An admission ticket and government-issued picture identification will be required to enter the special meeting. All stockholders must have an admission ticket to attend the special meeting. Stockholders may obtain a special meeting ticket and directions to the Princeton Marriott Hotel & Conference Center at Forrestal, located at 100 College Road East, Princeton, New Jersey 08540, where it will be held, by writing to Covance Inc., Attention: Secretary, 210 Carnegie Center, Princeton, New Jersey 08540. If you are a registered stockholder, please indicate that in your request. If your shares are held by a bank, broker or other nominee, you must enclose evidence of your ownership of shares with your ticket request, which you can obtain from your broker, bank or other nominee. Please submit your ticket request and proof of ownership as promptly as possible in order to ensure you receive your ticket in time for the meeting. Admission to the special meeting will be on a first-come, first-served basis.

### **Voting of Proxies**

When you provide your proxy, the shares of Covance common stock represented by the proxy will be voted in accordance with your instructions. If you sign your proxy card without giving instructions, you will have granted authority to the named proxies solicited by Covance, which we refer to as named proxies, to vote **FOR** each of the proposal to adopt the merger agreement and the advisory proposal concerning merger-related compensation arrangements for Covance's named executive officers. In all cases, the delivery of a signed proxy card shall confer authority upon the named proxies to vote your shares in accordance with their judgment on any other matters properly presented at the special meeting, except that any proxy that is marked **AGAINST** the proposal to adopt the merger agreement will not be voted **FOR** any proposal to adjourn the special meeting. The Covance board currently knows of no other business that will be presented for consideration at the special meeting.

**Your vote is important. Accordingly, please submit your proxy promptly by telephone, by internet or by mail, whether or not you plan to attend the special meeting in person.**

### **Shares Held in the Covance 401(k) Savings Plan**

Shares of common stock held in the 401(k) Savings Plan are held of record and are voted by the trustee of the 401(k) Savings Plan at the direction of 401(k) Savings Plan participants. Participants in the 401(k) Savings Plan will be provided with a full paper set of proxy materials. Participants in the 401(k) Savings Plan may direct the trustee of the plan as to how to vote shares allocated to their 401(k) Savings Plan. The cutoff date for voting for participants in the 401(k) Savings Plan is February 12, 2015. If you do not provide voting instructions, the trustee will vote shares allocated to your plan account in the same proportion as those votes cast by plan participants submitting voting instructions considered as a group.

**Stock owned in these plans may NOT be voted in person at the special meeting as the trustee of the plan votes the plan shares two business days prior to the special meeting, after receiving voting instructions from the plan participants.**

### **Revocation of Proxies**

You may revoke your proxy at any time before it is exercised in any one of three ways: (i) by giving written notice to the Secretary of Covance, (ii) by submitting a subsequently dated and properly signed proxy card or (iii) by attending the special meeting and revoking the proxy. Your attendance at the special meeting will not by itself revoke your proxy. Written notices of revocation and other communications with respect to the revocation of proxies should be addressed as follows:

Covance Inc.

Attention: Secretary

210 Carnegie Center

Princeton, New Jersey 08540

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Please note that if your shares are held in the name of a broker, bank, trust company or other nominee, you may change your voting instructions by submitting new voting instructions to your broker, bank, trust company or other nominee in accordance with its established procedures.

## **Solicitation of Proxies**

Directors, present and former officers and other employees of Covance may solicit proxies by telephone, facsimile or mail, or by meetings with stockholders or their representatives. Covance will reimburse brokers, banks or other custodians, nominees and fiduciaries for their charges and expenses in forwarding proxy material to beneficial owners. Covance has engaged Innisfree to solicit proxies for the special meeting for a fee not to exceed \$20,000 and an additional fee of \$5.50 per incoming and outgoing telephone contact and telecom charges plus the payment of certain out of pocket expenses. All expenses of solicitation of proxies will be borne by Covance.

## **Adjournments**

The special meeting may adjourn to reconvene at the same or some other place. Under the Covance by-laws, the chairman of the special meeting has the authority to adjourn the meeting. Notice of any adjourned meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, Covance may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

## **Proposal No. 1 Adoption of the Merger Agreement**

(Item 1 on the Covance proxy card)

This proxy statement/prospectus is being furnished to you as a stockholder of Covance as part of the solicitation of proxies by the Covance board for use at the special meeting to consider and vote upon a proposal to adopt the merger agreement, which is attached as **Annex A** to this proxy statement/prospectus.

The merger between Merger Sub and Covance cannot be completed without the approval of the proposal to adopt the merger agreement by the affirmative vote of the holders of a majority of the outstanding shares of Covance common stock entitled to vote on the matter at the special meeting. If you do not vote, the effect will be the same as a vote **AGAINST** the proposal to adopt the merger agreement.

**The Covance board, after due and careful discussion and consideration, has (i) approved and declared advisable the merger agreement, the merger and all of the other transactions contemplated by the merger agreement and (ii) declared that it is in the best interests of Covance and its stockholders that Covance enter into the merger agreement and consummate the merger and all of the other transactions contemplated by the merger agreement.**

**The Covance board accordingly unanimously recommends that Covance stockholders vote **FOR** the proposal to adopt the merger agreement.**

## **Proposal No. 2 Advisory (Non-Binding) Vote on Compensation**

(Item 2 on the Covance proxy card)

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that Covance provide stockholders with the opportunity to cast a non-binding, advisory vote on the compensation that would be payable to Covance's named executive officers that is based on or otherwise relates to the proposed

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transactions, as disclosed in this proxy statement/prospectus, including the disclosures set forth in the section entitled Interests of Covance's Directors and Executive Officers in the Merger beginning on page 124 of this proxy statement/prospectus. This vote is commonly referred to as a golden parachute say on pay vote. This non-binding, advisory proposal relates only to already existing contractual obligations of Covance that may result in a payment to Covance's named executive officers in connection with, or following, the consummation of the proposed transactions and does not relate to any new compensation or other arrangements between Covance's named executive officers and LabCorp or, following the consummation of the proposed transactions, LabCorp, Covance and their respective affiliates. Further, it does not relate to any compensation arrangement with its directors or executive officers who are not named executive officers.

As an advisory vote, this proposal is not binding upon Covance or the Covance board, and approval of this proposal is not a condition to completion of the proposed transactions. The vote on executive compensation payable in connection with the proposed transactions is a vote separate and apart from the vote to adopt the merger agreement. Accordingly, you may vote to adopt the merger agreement and vote not to approve the advisory proposal concerning the merger-related compensation for Covance's named executive officers. Because the vote is advisory in nature only, it will not be binding on Covance. Accordingly, to the extent that Covance is contractually obligated to pay the compensation, such compensation will be payable, subject only to the conditions applicable thereto, if the proposed transactions are consummated and regardless of the outcome of the advisory vote. The change of control payments are a part of Covance's comprehensive executive compensation program and are intended to align Covance's named executive officers' interests with yours as stockholders by ensuring their continued retention and commitment during critical events such as the proposed transactions, which may create significant personal uncertainty for them.

**The Covance board recommends a vote FOR the approval on an advisory (non-binding) basis of the compensation that may become payable to Covance's named executive officers in connection with the merger, as disclosed in this proxy statement/prospectus.**

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**THE PARTIES TO THE MERGER**

**Covance Inc.**

*210 Carnegie Center*

*Princeton, New Jersey 08540*

*(609) 452-4440*

Covance, a Delaware corporation, is a leading drug development services company providing a wide range of early-stage and late-stage product development services on a worldwide basis primarily to the pharmaceutical and biotechnology industries. It also provides laboratory testing services to the chemical, agrochemical and food industries. It is one of the world's largest and most comprehensive drug development services companies with annual revenues greater than \$2 billion, operations in more than 30 countries and more than 12,500 employees worldwide. The Company is headquartered in Princeton, New Jersey.

Covance common stock is listed on NYSE under the symbol CVD.

For more information about Covance, please visit Covance's Internet website at [www.covance.com](http://www.covance.com). Covance's Internet website address is provided as an inactive textual reference only. The information contained on Covance's Internet website is not incorporated into, and does not form a part of, this proxy statement/prospectus or any other report or document on file with or furnished to the SEC. Additional information about Covance is included in the documents incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus.

**Laboratory Corporation of America Holdings**

*358 South Main Street*

*Burlington, North Carolina 27215*

*(336) 229-1127*

LabCorp, a Delaware corporation, is one of the largest independent clinical laboratory companies in the United States. Through its national network of primary laboratories and patient service centers, along with a network of branches and STAT laboratories, its subsidiaries and affiliates provide clinical laboratory testing services to clients in both the United States and internationally, including physicians, hospitals and pharmaceutical companies, and process tests on hundreds of thousands of patient specimens daily.

LabCorp common stock is listed on NYSE under the symbol LH.

For more information about LabCorp, please visit LabCorp's Internet website at [www.labcorp.com](http://www.labcorp.com). LabCorp's Internet website address is provided as an inactive textual reference only. The information contained on LabCorp's Internet website is not incorporated into, and does not form a part of, this proxy statement/prospectus or any other report or document on file with or furnished to the SEC. Additional information about LabCorp is included in the documents incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 154 of this proxy statement/prospectus.

**Neon Merger Sub Inc.**

*c/o Laboratory Corporation of America Holdings*

*358 South Main Street*

*Burlington, North Carolina 27215*

*(336) 229-1127*

Merger Sub, a Delaware corporation and a wholly owned subsidiary of LabCorp, was formed solely for the purpose of facilitating the merger. Merger Sub has not carried on any activities or operations to date, except for



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those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the merger, Merger Sub will be merged with and into Covance, with Covance surviving the merger as a wholly owned subsidiary of LabCorp.

## **THE MERGER**

This section describes the merger. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as **Annex A** and is incorporated by reference into this proxy statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the merger that is important to you. You are encouraged to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about Covance or LabCorp. Such information can be found elsewhere in this proxy statement/prospectus and in the public filings Covance and LabCorp make with the SEC, as described in the section entitled **Where You Can Find More Information** beginning on page 154 of this proxy statement/prospectus.

### **Per Share Merger Consideration**

Upon completion of the merger, each share of Covance common stock issued and outstanding immediately prior to the effective time (other than certain awards of restricted stock granted to Covance employees, shares owned directly by Covance as treasury stock, shares owned directly by LabCorp or Merger Sub and shares held by Covance stockholders who have perfected and not withdrawn a demand for appraisal rights with respect to such shares in accordance with Section 262 of the DGCL) will be cancelled and converted automatically into the right to receive, in accordance with the terms of the merger agreement, the per share merger consideration, which consists of (i) \$75.76 in cash, without interest, and (ii) 0.2686 of a share of LabCorp common stock.

### **Background of the Merger**

The Covance board, together with senior management and with the assistance of Covance's advisors, has periodically reviewed and considered various strategic opportunities and alternatives available to Covance in light of competitive and industry developments from time to time. These reviews have focused on Covance's business strategy in light of dynamics in the bio-pharmaceutical, healthcare and clinical research environments, as well as discussions as to whether a strategic transaction offered the best avenue to enhance stockholder value.

In that context, in the second half of 2010 and beginning of 2011, the Covance board and senior management, with the assistance of Covance's financial and legal advisors, considered a number of potential acquisition transactions in the clinical research sector, as well as organic actions, that could help Covance increase its scale, technical scope and geographic footprint. After considering the various strategic benefits, risks and opportunities associated with a number of potential alternatives, including potential acquisition candidates and merger candidates, the Covance board concluded that, from the perspective of Covance's stockholders, a transaction with a company we refer to in this proxy statement/prospectus as **Company A** was the most compelling and authorized management to pursue a combination with **Company A**.

For several months in the early part of 2011, Covance and **Company A** engaged in negotiations regarding a potential transaction whereby Covance would combine with **Company A** for a mix of cash and Covance stock. Those discussions ultimately concluded without the parties agreeing to a transaction, in particular because the parties could not agree on mutually acceptable valuation and other key transaction terms. The due diligence that was conducted during these discussions indicated that the synergies expected to be available in a combination between Covance and **Company A** could be substantial, although it also indicated that the integration issues in combining the two companies

would be substantial, the regulatory challenges in completing the combination

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would be significant and the risk of customer attrition, including due to the possible loss of key employees, could also be significant.

In late 2011, another company in the clinical research sector executed an agreement to be acquired in a leveraged buy-out. As part of the go-shop process contemplated by that agreement, Covance analyzed a possible acquisition of that company but ultimately determined not to bid for that company.

In meetings during May and June 2012, the Covance board received an industry and strategy update and discussed the overall outlook for the industry and the company. During those discussions, which included members of senior management and an external consultant, the Covance board discussed a number of industry factors that could affect Covance in the coming years. In particular, the Covance board observed that bio-pharmaceutical research and development spending, absent an increase in drug pipeline productivity, might slow in coming years. The Covance board also discussed the possibility of participating disproportionately in bio-pharmaceutical research and development in coming years, including the possibility that clinical service companies like Covance would need to have increased scale to stay ahead of competition in the face of these market dynamics. In light of these considerations, the Covance board considered a number of possible strategies, including increasing scale through acquisitions, pursuing a sale of the company or separating the company into early and late-stage businesses. The Covance board also discussed opportunities to increase competitiveness and improve the Company's cost position.

Following these meetings, Covance initiated discussions with LabCorp about an alliance in which Covance would acquire LabCorp's central laboratories business and Covance and LabCorp would cooperate with respect to certain biomarker technologies for which Covance participated in the development process and LabCorp had the clinical diagnostic laboratory capabilities to commercialize. These discussions continued for several months, but the parties did not reach agreement on terms for a transaction.

In late November 2012, Mr. Joseph L. Herring, the Chairman and Chief Executive Officer of Covance, and Mr. David P. King, the Chairman and Chief Executive Officer of LabCorp, had a discussion in the context of the inability of Covance and LabCorp to reach agreement on the contemplated central laboratories acquisition and biomarker cooperation. During the discussion, Mr. King said to Mr. Herring that LabCorp was interested in pursuing a potential acquisition of Covance. Mr. Herring said that he would discuss this indication of interest with the Covance board.

On December 17-18, 2012, the Covance board held a regularly scheduled board meeting. At that meeting, the Covance board discussed the LabCorp oral indication of interest. Also in attendance for the discussion were representatives from Goldman Sachs, Covance's financial advisor, and Cravath, Swaine & Moore LLP, Covance's outside legal counsel, which we refer to as Cravath. Representatives of Goldman Sachs discussed with the Covance board preliminary financial information with respect to a potential combination of Covance and LabCorp.

The Covance board and senior management then discussed the indication of interest. The Covance board concluded that the LabCorp expression of interest was worth considering and that, while the Covance board was confident in Covance's outlook and strategy, it would be worthwhile to engage in discussions if LabCorp would put something specific in writing for the Covance board to consider. The Covance board also discussed whether the change of control severance and other benefits that might be implicated in an acquisition of Covance could result in management having interests that were misaligned with those of Covance. The Covance board concluded that it was aware of any such benefits and that it did not believe those benefits would pose any conflict of interest, and that any negotiations would occur with the direction and oversight of the Covance board. The Covance board then instructed Mr. Herring to contact Mr. King and convey the response of the Covance board. Mr. Herring then contacted Mr. King and did so.



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On February 8, 2013, Mr. King sent a letter to Mr. Herring expressing LabCorp's interest in pursuing a transaction at a price of \$80 per share, with the consideration consisting of 85% cash and 15% LabCorp stock. In that letter, LabCorp said that the retention of Covance senior management was of critical importance to it, and that LabCorp would contemplate employment agreements as part of any transaction. LabCorp also requested a 45-day exclusivity period. At the time, Covance stock was trading at approximately \$69 per share.

On February 12, 2013, the Covance board met to discuss the LabCorp indication of interest. Members of senior management, as well as representatives of Goldman Sachs and Cravath, were present. Mr. Herring outlined the proposal, which had been communicated to the members of the Covance board upon receipt. Representatives of Goldman Sachs discussed with the Covance board updated financial information regarding the proposal and a potential combination of LabCorp and Covance. The Covance board discussed the LabCorp proposal, as well as Covance's outlook and strategic direction. After discussion, the Covance board concluded that the LabCorp proposal undervalued Covance and that LabCorp would need to move substantially higher on price in order for Covance to engage in discussions. The Covance board instructed Mr. Herring to contact Mr. King to let him know of the Covance board's conclusion. Mr. Herring then contacted Mr. King to apprise him of the Covance board's response to the LabCorp proposal.

On March 1, 2013, Mr. King sent Mr. Herring a letter asking for certain nonpublic information regarding Covance in order to evaluate whether LabCorp would revise its prior proposal. On March 4, 2013, Mr. Herring responded to Mr. King declining to provide such information unless LabCorp submitted an improved proposal. Mr. Herring and Mr. King met again on March 16, 2013, during which meeting Mr. King urged Mr. Herring to provide additional nonpublic information so as to permit LabCorp to submit an improved proposal. On March 18, 2013, Mr. Herring provided Mr. King with limited additional nonpublic information. Shortly thereafter the parties terminated negotiations due to an inability to agree on price.

On December 16-17, 2013, the Covance board held a regularly scheduled meeting during which the Covance board received an industry and strategy update and discussed the overall outlook for the industry and the company. During those discussions, which included members of senior management and an external consultant (different than the external consultant present during the 2012 strategy review), the Covance board reviewed changes occurring in the healthcare industry generally, including increases in outpatient care, personalized medicine and new technologies in bio-pharmaceutical research and development. The Covance board also discussed the implications of these changes for Covance's business, including both risks and opportunities.

In May 2014, the chief executive officer of Company A contacted Mr. Herring to suggest a meeting. Mr. Herring contacted Gary E. Costley, Ph.D., the lead independent director of the Covance board, to let him know about this invitation. After discussing it with Dr. Costley, Mr. Herring agreed to meet with the chief executive officer of Company A, which meeting occurred on May 29, 2014. At this meeting, the chief executive officer of Company A expressed an interest in a combination of Company A and Covance. No specific proposal was made by Company A at this meeting, nor were any potential terms discussed. At the conclusion of the meeting, the chief executive officer of Company A expressed an interest in having another meeting to further discuss a potential transaction.

On June 16-17, 2014, the Covance board held a regularly scheduled meeting. Members of Covance senior management also participated. At this meeting, Mr. Herring informed the Covance board of his meeting with the chief executive officer of Company A, and that Company A was interested in a potential transaction with Covance. The Covance board discussed strategic implications of a potential combination with Company A, including alternatives for Covance of potential transactions with other companies or continuing on a stand-alone basis. The Covance board also discussed the implications for Covance if Company A were to combine with another company and not Covance. The Covance board and management noted that their extensive discussion of alternatives over a number of years had

consistently supported the conclusion that a combination with Company A at the right price was very likely to be the most attractive combination relative to a transaction with any other

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company in the clinical research sector. After discussion, the Covance board authorized Mr. Herring to have another meeting with Company A's chief executive officer.

Also at this meeting, the Covance board received a strategic plan update. Members of senior management discussed various initiatives and steps that Covance was taking to address the market dynamics affecting the industry that had been discussed at the meeting on December 16-17, 2013, as well as potential acquisition candidates.

On June 26, 2014, Mr. Herring and the chief executive officer of Company A had another meeting to discuss a potential transaction between the two companies. At the meeting, the chief executive officer of Company A made a preliminary offer to acquire Covance for \$102 per share, comprised of approximately 56% in Company A stock and the rest in cash. Mr. Herring and the chief executive officer of Company A discussed what a combination of the two companies might look like, as well as the challenges and opportunities facing their industry. At the meeting, the chief executive officer of Company A said that the offer reflected views of the Company A board of directors, and that certain members of the Company A board of directors had views on acceptable leverage levels that constrained the offer. Mr. Herring responded that he would relay the offer to the Covance board, but that he did not believe that the offer provided sufficient value relative to Covance's stand-alone prospects. Mr. Herring also said that he believed there were significant synergies that could be derived from a combination of the two companies, and that the offer did not reflect those synergies. The chief executive officer of Company A asked Mr. Herring for a price at which Covance would agree to a transaction. Mr. Herring declined to provide a price. The chief executive officer of Company A said that he would consider the feedback provided by Mr. Herring. At the time, Covance stock was trading at approximately \$85 per share.

Later that day, the Covance board held a meeting. Members of senior management, as well as a representative of Cravath, also participated. Mr. Herring provided the Covance board with an overview of his meeting with the chief executive officer of Company A, the proposal that was made to acquire Covance, and Mr. Herring's response. The Covance board discussed the offer and concluded that \$102 per share did not provide sufficient value to Covance and, in particular, noted that the potential synergies that could be created by a combination of Company A and Covance were such that Company A should be able to increase its price. Mr. Herring informed the Covance board that he had conveyed similar thoughts to the chief executive officer of Company A during the meeting, and that the chief executive officer of Company A had said he would consider the matter further. As a result, the Covance board told Mr. Herring that there was no need for him to respond to Company A any further at this time.

On July 1, 2014, the chief executive officer of Company A contacted Mr. Herring to let him know that the Company A board of directors was considering a potential revised offer. The chief executive officer of Company A subsequently asked Mr. Herring to meet on July 16, 2014. After consulting with several of the members of the Covance board, Mr. Herring agreed to the meeting.

On July 15, 2014, the chief executive officer of Company A contacted Mr. Herring to let him know that an improved offer was not forthcoming, but that he still wanted to meet with Mr. Herring to discuss potential synergies of a combination and certain matters related to the governance of the combined company. Mr. Herring informed the chief executive officer of Company A that there was no reason to meet in that case, as the Covance board had already rejected the \$102 per share offer.

On July 16, 2014, the Covance board met. Members of senior management and a representative of Cravath also participated. Mr. Herring provided the Covance board with an overview of his conversations with the chief executive officer of Company A since the last board meeting. The Covance board discussed the potential combination with Company A and its strategic implications, and reviewed their reasons for previously rejecting Company A's offer. After discussion, the Covance board confirmed the rejection of the previous offer.

In early September 2014, the chief executive officer of Company A informed Mr. Herring that he would be in New York on September 8, 2014, and asked if they could meet. After consulting with Dr. Costley, Mr. Herring



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agreed. During the meeting, the chief executive officer of Company A expressed continued interest in a transaction and asked if the Covance board had changed its willingness to engage, but he did not revise his prior proposal. Mr. Herring informed the chief executive officer of Company A that he believed the Covance board had not changed its position, although he would report to them about their meeting.

On September 29 and 30, 2014, the Covance board held a regularly scheduled meeting. Members of Covance senior management also participated. At this meeting, the Covance board and senior management discussed the industry and the various considerations that the Covance board and senior management had been discussing to address changing dynamics in the bio-pharmaceutical, healthcare and clinical services industries. The Covance board and senior management also discussed the various initiatives that Covance was pursuing in light of these dynamics, including initiatives relative to remaining an independent company and exploring strategic acquisitions to increase scale.

Covance senior management reported that it had identified another significant clinical services company, referred to in this proxy statement/prospectus as Company B, as a potential acquisition target. Senior management believed that Company B was an attractive target because it would significantly increase Covance's scale in certain segments of the clinical services industry and would further progress the initiatives already under way. Senior management reported that it was aware that Company B was far along in an alternative transaction that would make an acquisition by Covance potentially more difficult to execute and more expensive. Accordingly, Covance senior management advised the Covance board that Covance would need to move quickly to pursue this opportunity if the Covance board was interested in an acquisition of Company B.

While outlining this potential opportunity, Covance senior management expressed its view that an acquisition of Company B was of such a size and scale that it would likely make a subsequent sale of Covance itself unlikely for the foreseeable future, particularly a combination with Company A. Mr. Herring reported on his discussion with the chief executive officer of Company A on September 8. The Covance board and senior management discussed that Covance could consider re-evaluating a sale transaction concurrently with its consideration of Company B, so that the Covance board would have all feasible alternatives when determining which course of action to pursue. The Covance board and senior management noted that Covance had engaged in discussions with Company A on several occasions in the past, that a transaction with Company A was strategically compelling and, if it could be executed, was likely to create more value for the Company's stockholders than an acquisition of Company B. The Covance board agreed to reconvene on October 1, 2014 to further discuss these matters. At the time, Covance stock was trading at approximately \$79 per share.

On October 1, 2014, the Covance board met, together with members of Covance senior management and representatives of Cravath. Covance senior management discussed that it would need to develop updated financial forecasts to be utilized in evaluating these transactions, in particular any sale transaction. Senior management noted that it had not updated Covance's strategic plan and forecasts from December 2013, and that management would start that work in due course and present an updated financial forecast to the Covance board.

The Covance board discussed which financial advisor to retain in evaluating these alternatives. Senior management advised the Covance board that Goldman Sachs, whom Covance had utilized in prior discussions with Company A, was currently providing investment banking services to Company B on the alternative transaction that Company B was currently pursuing (not the discussions with Covance) and, accordingly, it was not feasible to have Goldman Sachs advise Covance on any transaction with Company B. The Covance board discussed whether Goldman Sachs could act as Covance's financial advisor in connection with any discussions with Company A in a scenario where Covance was considering a transaction with Company A and a transaction with Company B at the same time (although it would pursue only one of those transactions).

The Covance board was of the view that there was a compelling reason to have Goldman Sachs advise Covance in any transaction with Company A, noting Goldman Sachs' s valuable advice in prior discussions with Company A, Goldman Sachs' s familiarity with both Covance and Company A, as well as the broader healthcare

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industry, and Goldman Sachs's M&A advisory capabilities generally. The Covance board also considered that Goldman Sachs was not acting as an advisor or otherwise working with Company B on any transaction with Covance, but that the other transaction being considered by Company B would not proceed if Company B were to be acquired by Covance. The Covance board discussed that while this could raise a potential conflict of interest for Goldman Sachs, it concluded that Covance was likely to make a decision between a transaction with Company A or Company B relatively quickly and therefore this potential conflict would be eliminated in the very near term. Further the Covance board noted that strategically it preferred a transaction with Company A and would pursue a transaction with Company A over a transaction with Company B if attractive price and other terms could be agreed with Company A. Finally, the Covance board stated that it would be retaining a separate financial advisor to assist Covance in its consideration of an acquisition of Company B and, accordingly, it could have that financial advisor act as a second financial advisor on a transaction with Company A if it felt like that was necessary. After discussion, the Covance board concluded that the work that Goldman Sachs was doing for Company B was not likely to have any notable impact on the advice it would receive from Goldman Sachs, and that these considerations did not outweigh the significant benefits of maintaining Goldman Sachs as financial advisor in discussions with Company A. The Covance board also discussed that it would exclude Goldman Sachs from any meetings or portions of meetings where a transaction with Company B was to be discussed.

The Covance board then discussed potential financial advisors to assist Covance in evaluating an acquisition of Company B. After discussing a number of potential advisors and their relative strengths, knowledge of Covance and the industry and ability to provide acquisition financing, senior management recommended that Covance contact Citibank, who we refer to as Citi. The Covance board concurred with this recommendation and instructed senior management to retain Citi as financial advisor for that potential transaction.

The Covance board and senior management then discussed potential next steps in pursuing a sale transaction to Company A and an acquisition of Company B. After discussing various considerations, the Covance board instructed management to reach out to each of Company A and Company B to see if they were interested in having discussions. In discussing the best manner in which to approach Company A in light of the prior discussions between the companies, the Covance board discussed that there had been downward pressure on Covance's stock price since Company A's last offer to acquire Covance.

On October 2, 2014, Mr. Herring contacted the chief executive officer of Company A and informed him that Covance was considering potential alternative transactions, and that those alternatives would likely make a transaction with Company A not feasible for the foreseeable future, if at all. Mr. Herring asked the chief executive officer of Company A to let him know if Company A was still interested in a potential transaction and that, if so, it should provide Covance with an indicative value proposal. Mr. Herring said that time was of the essence since Covance was considering different alternatives, and requested that Company A respond early in the following week.

Also on that day, Dr. Nigel Brown, the Corporate Vice President, Business Development and Strategy of Covance, contacted a representative of Company B to see if they were interested in having discussions about a potential acquisition of Company B by Covance. On the following day, October 3, 2014, a representative of Citi contacted another representative of Company B with the same type of communication.

On October 4, 2014, Covance and Company A executed a confidentiality agreement for purposes of any discussions and the sharing of due diligence information. The confidentiality agreement had mutual standstill terms, which standstill restrictions lapsed with respect to any party that entered into a change of control transaction.

On October 8, 2014, the chief executive officer of Company A sent Mr. Herring a preliminary non-binding indication of interest for an acquisition of Covance for \$95 per share. The indication of interest did not specify the form of

consideration (cash or stock, or a mix), and stated that it was conditioned upon Company A conducting a due diligence review of Covance. The \$95 per share price reflected in the indication of interest

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represented a 22% premium over Covance's closing price on October 7, 2014. In the letter, Company A asked for a 30-day exclusivity period.

On October 8, 2014, the Covance board met, with senior management and representatives of Cravath participating. Mr. Herring provided an overview of the indication of interest submitted by Company A. At this point, Ms. Alison Cornell, the Corporate Senior Vice President, Chief Financial Officer of Covance, reviewed with the Covance board the updated set of five-year projections that she and the rest of senior management had prepared for purposes of evaluating the potential transactions. During the discussion, the Covance board provided input to Ms. Cornell and the senior management team on the forecasts. The Covance board authorized Ms. Cornell to share the updated forecasts reflecting the input of the Covance board (which are referred to in this proxy statement/prospectus as the Covance projections (see the section entitled "The Merger - Certain Covance Forecasts" beginning on page 89 of this proxy statement/prospectus) with Company A to the extent discussions continued with Company A.

Representatives from Goldman Sachs then joined the meeting and discussed with the Covance board various financial information regarding the offer from Company A. Senior management and Goldman Sachs discussed that Company A's offer, in comparison to Company A's prior offer, likely reflected risk adjustments for the pending expiration by its terms of an important contract between Covance and a key client, the slow-down in Covance's clinical development services that had been discussed on Covance's quarterly earnings call on July 30, 2014, and the fact that Covance's stock price had fallen since the prior discussions in June and July. Senior management and Goldman Sachs discussed that senior management was scheduled to have diligence sessions with Company A to review the Covance projections and to address these items in order to seek to convince Company A to increase its price. Senior management also discussed with the Covance board that Company A was requesting commercially sensitive information as part of its due diligence; information that senior management did not believe was necessary for Company A to evaluate Covance's outlook before conducting deeper due diligence if agreement on a price were reached, but that would be very damaging to Covance were it to be misused by Company A in competition with Covance. The Covance board concurred, citing the history of failed negotiations with Company A in expressing concern over turning over competitively sensitive information at this time, especially given the price at which Company A had made its offer.

At this time, Goldman Sachs left and representatives of Citi joined the meeting, and the Covance board discussed the potential transaction with Company B. Citi provided the Covance board with various financial information and analyses regarding Company B based on publicly available information, and Citi and senior management discussed the key areas of diligence that would have to be focused on in refining the appropriate value for Company B. Citi and senior management also discussed potential financing alternatives for a potential acquisition. Citi then left the meeting.

The Covance board and senior management then discussed both transactions. In this discussion, it was acknowledged that Company B could be a strong strategic fit, although concerns were also expressed over the price that Company B might expect. The Covance board reviewed the fact that its previous considerations of alternatives had shown that a combination with Company A represented the most strategically compelling sale transaction for Covance and the Covance stockholders. The Covance board also discussed with senior management a stand-alone strategy if neither transaction were successful, including returning capital to stockholders through stock repurchases. In light of the Covance board's view that a transaction with Company A was likely to be the most financially attractive alternative available to Covance, the likely interest of Company A in a transaction at this time and concerns on the part of the Covance board about the capacity of senior management to be able to handle simultaneously both a sale transaction and the possible acquisition of Company B and the related financing transactions, the Covance board determined not to approach other potential acquirors of Covance at that time, pending a response from Company A. The Covance board instructed management to continue pursuing both alternatives, being mindful of the capacity of senior management to manage both projects concurrently. The Covance board also instructed Mr. Herring to communicate to

Company A that it believed that Covance was worth more than \$95 per share, and that Covance expected Company A to be able to improve its

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offer upon receiving the Covance projections and following a meeting with Covance senior management to address some of Company A's diligence concerns.

On October 9, 2014, Covance sent the Covance projections to Company A, and Covance senior management spoke with representatives of Company A to review and answer questions regarding the Covance projections. On October 9, 2014, Covance sent a preliminary indication of interest to Company B for a potential acquisition of Company B by Covance.

Also, on October 9, 2014, Mr. King of LabCorp contacted Mr. Herring to suggest a meeting on October 21, 2014. Mr. Herring consulted with Dr. Costley to discuss how he should respond. Mr. King had contacted Mr. Herring in the recent past about meeting, but their schedules had not made a meeting feasible. Dr. Costley told Mr. Herring that, in light of Covance's consideration of various alternatives, it made sense for Mr. Herring to try to get in touch with Mr. King. Mr. Herring responded to Mr. King on October 10, 2014, asking if there was something specific Mr. King wished to discuss.

On October 12, 2014, representatives of Covance senior management met with representatives of Company A senior management. During that meeting, Covance and Company A senior management discussed certain of the diligence items raised by Company A. The parties also discussed the potential synergies that could arise in connection with a potential combination.

On October 13, 2014, the chief executive officer of Company A sent a letter to Mr. Herring with another preliminary non-binding offer. The offer did not increase the indicative price from \$95 per share, nor did it include any allocation of the consideration between Company A stock and cash. The letter again requested a 30-day exclusivity period.

On October 13, 2014, a representative of Company B contacted representatives of Citi to respond to Covance's indication of interest. The representative said that Company B would not engage in discussions with Covance unless Covance increased its offer and provided a price below which it said Company B would not engage in a sale transaction. The floor price provided was approximately 15% above Covance's indication of interest. The representative of Company B also said that Company B would only engage in discussions if Covance agreed to exclusivity that would prevent it from engaging in any other strategic transaction in lieu of a transaction with Company B. The representative of Company B said that Company B was not willing to suspend its pursuit of the transaction that it was currently considering and that Covance would need to complete negotiation of any transaction with Company B by November 3, 2014 in order to dissuade Company B from completing that other transaction.

Later that day, the Covance board met to review the discussions with Company A and Company B. Representatives of senior management and Cravath also participated. Representatives of Goldman Sachs participated in the discussions concerning Company A. Mr. Herring provided an overview of the offer received from Company A that day, noting that Company A had not increased its price despite having received the Covance projections and having had due diligence reviews with Covance senior management on October 9 and 12, 2014. Goldman Sachs discussed with the Covance board financial information regarding the proposal from Company A. Company A had not indicated a particular mix of stock and cash in its offer, so the Goldman Sachs analyses assumed a 50/50 allocation between stock and cash. Based on that assumption, the Covance board and management discussed the pro forma impact on Company A of the combination, the impact on Company A's debt levels, the participation by Covance stockholders in the expected synergies and other risks created by such a large component of consideration being in the form of Company A stock. The Covance board discussed various alternatives as to how to respond to Company A.

After excusing Goldman Sachs, Mr. Herring provided an update on the discussions with Company B. Mr. Herring said that he and the rest of the senior management team had discussed Company B's floor price with Citi, and that Citi

viewed that price as very high. Mr. Herring also reviewed Company B's request for



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exclusivity, noting that exclusivity would prevent Covance from pursuing a sale transaction but not prevent Company B from engaging in its planned transaction that would make an acquisition by Covance more difficult to execute and likely more expensive. The Covance board agreed with senior management's recommendation to maintain its existing price indication for an acquisition of Company B, and also to reject Company B's request for exclusivity. The Covance board acknowledged that this could cause Company B to disengage from discussions.

Particularly in light of the price Company B was asking, the Covance board believed that a combination with Company A was more compelling from a value perspective. The Covance board also discussed that the equity component of Company A's offer would enable Covance stockholders to participate in the benefit of substantial potential synergies from a combination of Covance and Company A, although it would also expose the Covance stockholders to risks associated with Company A's business. After discussion, the Covance board authorized senior management to counter-offer to Company A at a price of \$99-\$100 per share, but to reject any request for exclusivity in order to keep other options open. The Covance board also discussed Company A's request for competitively sensitive information as part of its diligence review. The Covance board discussed that it remained uncomfortable providing Company A with access to that information in light of the disagreement with Company A on price, the history of failed negotiations with Company A, and the possibility that the parties would not be able to reach agreement on a transaction. At the time, Covance stock was trading at approximately \$77 per share.

During the meeting, Mr. Herring also notified the Covance board that Mr. King had reached out to him on October 9, 2014 and that Mr. Herring had responded on October 10, 2014 to ask Mr. King what he wished to discuss. However, Mr. Herring explained that he and Mr. King had not yet had an opportunity to speak. Mr. Herring reminded the Covance board of the prior discussions with LabCorp. The Covance board authorized Mr. Herring to respond to Mr. King either directly or via a representative from Goldman Sachs to determine the nature of his interest in a meeting.

On October 14, 2014, a representative of Goldman Sachs spoke with Mr. King. The representative informed Mr. King that Covance was considering different strategic alternatives and that, if LabCorp were interested in a strategic combination with Covance, it should act promptly or the opportunity would likely be foreclosed. Mr. King expressed interest in such a combination. Mr. King also stated he would consult the LabCorp board and respond quickly. After being updated on this conversation with Mr. King, Mr. Herring consulted with Dr. Costley and John McCartney, another Covance director, who agreed Covance should be willing to enter a confidentiality agreement with LabCorp and provide the Covance projections to LabCorp.

On October 14, 2014, Mr. Herring contacted the chief executive officer of Company A by telephone and provided a counter-offer of \$99 per share, comprised of 50% cash and 50% Company A stock, with no exclusivity period during negotiations. The chief executive officer of Company A told Mr. Herring the Company A board of directors would consider this response.

On October 15, 2014, the chief executive officer of Company A contacted Mr. Herring by telephone and declined to counter or otherwise reply to Mr. Herring's proposal. The chief executive officer stated that Company A would only consider raising its offer after conducting more detailed due diligence that would include information Covance considered highly competitively sensitive.

On October 15, 2014, Mr. Herring and Mr. King spoke by telephone. Mr. King expressed his interest in a potential combination of LabCorp and Covance. Mr. Herring reinforced to Mr. King that Covance was in the process of considering a number of alternatives, and that if LabCorp was interested in pursuing a transaction with Covance, it would have to move quickly.

On October 16, 2014, the Covance board held a meeting. Members of senior management, as well as representatives of Goldman Sachs, also participated. Mr. Herring updated the Covance board on the current status of strategic discussions relating to Covance, particularly discussions with LabCorp, Company A and Company B. On the same day, LabCorp and Covance executed a confidentiality agreement. The confidentiality

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agreement had mutual standstill terms, which standstill restrictions lapsed with respect to any party that entered into a change of control transaction. Later that day, Covance provided LabCorp with the Covance projections, and Covance senior management spoke with representatives of LabCorp to review and answer questions regarding the Covance projections.

On October 20, 2014, Mr. King sent a letter to Mr. Herring with a preliminary non-binding indication of interest to acquire Covance for \$95 to \$105 per share, with the consideration consisting of approximately 75% cash and 25% LabCorp stock. The indication of interest requested a 20-day exclusivity period. The LabCorp indication of interest stated that it wanted to address the retention of key members of management should a transaction proceed.

Later that day, the Covance board held a meeting, which included members of senior management and representatives of Goldman Sachs and Cravath. Mr. Herring provided the Covance board with an update regarding his discussions with Company A, including that Company A was not willing to increase its indicative price without access to additional and competitively sensitive due diligence information. The Covance board discussed that Covance had engaged in discussions with Company A on and off over the years, and that the parties had never been successful in completing a transaction. The Covance board discussed that there were significant synergies in a transaction with Company A, making the equity component of Company A's proposal potentially attractive, but also that Company A's reluctance to increase price indicated that it was not willing to share those synergies with Covance's stockholders to a sufficient degree.

The Covance board then discussed the indication of interest provided by LabCorp. Mr. Herring outlined the indication of interest, and noted that LabCorp seemed enthusiastic about a transaction. Goldman Sachs discussed financial information regarding the LabCorp proposal. The Covance board discussed the high cash component of the transaction, which provided value certainty. The Covance board also discussed with Goldman Sachs the liquid market for LabCorp stock, which would allow Covance stockholders to either keep or trade the stock portion of the consideration. After discussion, the Covance board directed Mr. Herring to ask LabCorp to tighten its indicative range, and to communicate that Covance was expecting a price near the top end of that range. Based on this discussion, the Covance board also agreed that it did not make sense to continue to actively engage with Company A at this time.

The Covance directors then met in executive session with Cravath, but without Mr. Herring or the rest of the management team and without Goldman Sachs present. The independent directors discussed with Cravath the request by LabCorp to enter into some form of retention arrangement with key executives of Covance. After discussion, the directors concluded that no discussions between any Covance executive and LabCorp regarding any roles, retention or other arrangements would be permitted until authorized by the Covance board. Dr. Costley contacted Mr. Herring after the meeting to inform him of this directive.

After the Covance board meeting on October 20, 2014, Mr. Herring and Mr. King held a discussion regarding the potential transaction. Mr. Herring told Mr. King that LabCorp would have to tighten its indicative price range and that Covance was expecting a price near the top of that range.

On October 22, Mr. Herring and Mr. King held another discussion regarding the potential transaction, and Mr. King provided a specific proposal of \$102.50 per share.

On October 23, 2014, the Covance board met, together with members of senior management and representatives of Goldman Sachs and Cravath. Mr. Herring updated the Covance board on his discussion with Mr. King and the revised offer of \$102.50 per share. The Covance board discussed that LabCorp seemed enthusiastic about a transaction, as opposed to Company A, which was unwilling to increase its price from \$95 per share. The Covance board noted the

significant gap between Company A and LabCorp on price, although the Covance board also noted the greater opportunity for synergies with a combination with Company A. The Covance board also noted the more certain value offered by the LabCorp proposal, the expected reduced regulatory risk with the LabCorp proposal and the low risk of customer attrition in a transaction with LabCorp.

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The Covance board focused on how to continue to negotiate for a higher price from LabCorp while not having LabCorp disengage from discussions. The Covance board gave guidance to Mr. Herring on negotiating parameters in light of these considerations. The Covance board discussed with Goldman Sachs how an increase in price may affect the cash/stock mix offered by LabCorp in light of LabCorp's stated intention of maintaining its investment grade rating. Goldman Sachs reviewed possible adjustments to the mix in the context of a price increase, including the likelihood that LabCorp would need to increase the stock component in that scenario. The Covance board concluded that a slight increase in the stock component would be acceptable in the face of a price increase, noting the liquid market for LabCorp stock. The Covance board discussed LabCorp's request for exclusivity, and concluded that it was not willing to agree to exclusivity at this time. Finally, the Covance board agreed not to re-engage with Company A at this time, noting that Company A was aware of Covance's timing considerations and had not taken any action to get back in touch with Mr. Herring to continue discussions, that Company A continued to seek access to information that was highly sensitive given the substantial competitive overlap between Company A and Covance and that the potential of a transaction with Company A was outweighed by the risk of losing a potential transaction with LabCorp.

On October 23, 2014, Mr. Herring and Mr. King had a discussion. During that conversation, Mr. Herring told Mr. King that the Covance board would support a transaction at a price of \$104.50. Mr. King said that LabCorp was focused on maintaining its investment grade rating, and any increase in price may require an adjustment to the cash/stock mix.

On October 24, 2014, Mr. King contacted Mr. Herring and said that LabCorp was willing to proceed at a price of \$104.50, with approximately 72.5% in cash and 27.5% in stock.

On October 24, 2014, Covance provided LabCorp with access to its data room and on October 28, 2014, LabCorp provided Covance with access to its data room. Both LabCorp and Covance conducted due diligence through November 2, 2014.

On October 25, 2014, Cravath sent a draft merger agreement to Sullivan & Cromwell LLP, LabCorp's outside legal counsel, which we refer to as Sullivan & Cromwell.

On October 26, 2014, the Covance board met, together with members of senior management and representatives of Goldman Sachs and Cravath. Mr. Herring reviewed the revised offer from LabCorp. The representatives of Goldman Sachs discussed with the board financial information regarding the revised proposal. The Covance board concluded that \$104.50 was an attractive price, especially when balanced against Covance's medium-term performance outlook and longer-term market risks. In particular, the Covance board was of the view that \$104.50 provided value for stockholders now, and that while Covance stock might be able to achieve that price at some point in the future, there was risk associated with that possibility in light of the industry dynamics and outlook previously considered by the Covance board.

The Covance board discussed whether it should contact Company A to provide it with another opportunity to bid for Covance. The Covance board noted that, assuming a 50/50 cash/stock transaction with Company A, in light of the significant synergies that might be achievable through a combination of Company A and Covance, the potential upside in the stock component of that transaction could warrant a combination with Company A at a notional price that was potentially lower than \$104.50 per share. However, the Covance board also noted that there was risk in taking that much stock from Company A relative to more cash from LabCorp, and that any potential upside in any stock component from Company A, although possibly significant, was uncertain. The Covance board further discussed that Company A had not shown any willingness to increase its price from \$95 per share. The Covance board discussed that Company A was well aware that Covance was pursuing other alternatives that would make a transaction with Company A not viable, but that Company A had not reached out to Mr. Herring to continue

discussions. The Covance board also noted that Company A and Covance had been in discussions in the past without reaching an agreement, and there were doubts that Company A would ever come to terms with Covance on a transaction at an acceptable price. The Covance board also noted that the higher degree of competitive overlap

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with Company A meant that the sensitive due diligence Company A had consistently sought if discussions proceeded would present a business risk to Covance if a transaction was not consummated. In addition, because of the same overlap, a combination with Company A would present higher regulatory approval risk than a combination with LabCorp and any remedies sought by regulatory authorities as a condition to their approval of the transaction might adversely affect the realization of synergies. The overlap also presented an increased risk of customer attrition, and the possible loss of key employees, relative to a combination with LabCorp. The Covance board also noted that there was risk in delaying finalizing an agreement with LabCorp. The Covance board also discussed with Cravath that the terms of any merger agreement with LabCorp would allow the Covance board to respond to unsolicited bids that were made, including by Company A, after execution of the merger agreement. Cravath discussed the likely parameters of how those terms would be finalized through negotiation. After discussion, and taking into account these considerations, the Covance board determined that it would try to finalize a transaction with LabCorp and not reach out to Company A.

The Covance board also reviewed with senior management and Goldman Sachs other potential parties that might be contacted to see if they were interested in a potential transaction. After reviewing each of the parties identified, there was consensus that none of those parties were likely to be interested in pursuing a transaction with Covance. In light of this view and the focus of the Covance board of not losing the transaction with LabCorp, the Covance board instructed senior management and the advisors to negotiate with LabCorp to try to sign a merger agreement.

At this point, Cravath and James Lovett, the Corporate Senior Vice President, General Counsel of Covance, reviewed with the Covance board the key terms of the merger agreement that had been sent to LabCorp's counsel the prior day, and received guidance from the Covance board on how to negotiate those terms.

The independent members of the Covance board then met without Mr. Herring or the other members of senior management or Goldman Sachs present. The independent directors discussed LabCorp's desire to begin discussions regarding employment or retention arrangements for key members of the Covance management team, including Mr. Herring. The independent directors concluded that, in light of the fact that Covance and LabCorp were in agreement on price, and that the remaining transaction terms were likely to be negotiated by Cravath and Mr. Lovett, they were comfortable with LabCorp commencing those discussions.

Following this meeting, representatives of Cravath and Sullivan & Cromwell had various conversations to negotiate the terms of the merger agreement, and representatives of Goldman Sachs, Lazard Frères & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the latter two each a financial advisor to LabCorp and to which we refer as Lazard and BofA Merrill Lynch, respectively), engaged in discussions and negotiations regarding the manner in which the exchange ratio for the stock component of the merger consideration would be calculated.

On October 30, 2014, the Covance board met to receive an update on the discussions and negotiations with LabCorp. Members of senior management and representatives of Goldman Sachs and Covance were also present. Mr. Lovett provided an update on the due diligence effort that each party was conducting on the other for the transaction. As part of that discussion, senior management noted that LabCorp had not delivered a set of financial forecasts to Covance in due diligence, and Ms. Cornell provided an update on Covance's efforts to develop a set of financial forecasts for LabCorp based on research analyst reports, industry information, due diligence information provided by LabCorp and publicly available information. Mr. Lovett also provided an update on the merger agreement negotiations, noting that the key items that remained open were the manner in which the exchange ratio for the stock component of the consideration would be determined, the level of efforts each party had to use in order to obtain regulatory approvals for the transaction, the size of the break-up fee payable by Covance in order to terminate the merger agreement to take a superior proposal and the match rights to be provided to LabCorp in that scenario and the size of the expense reimbursement payable to LabCorp if the Covance stockholders did not approve the transaction or LabCorp terminated the agreement due to a Covance breach of the merger agreement.





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On October 30 and 31, 2014, LabCorp and Covance and their advisors continued to negotiate and discuss the remaining open items in the merger agreement. By the end of the day on October 31, the parties and their advisors were still significantly apart on three key points in the merger agreement—the valuation of the LabCorp stock for purposes of the stock portion of the consideration, the level of regulatory efforts and the terms of the deal protection provisions.

On October 31, 2014, LabCorp sent to Mr. Herring proposed terms for an employment agreement. Mr. Herring shared those terms with Dr. Costley, who also shared those terms with Dr. Bradley Sheares, chair of the compensation and organization committee of the Covance board. In light of the fact that key open issues remained in the merger agreement discussions with LabCorp and that Mr. Herring would likely be required to negotiate those directly with Mr. King, Mr. Herring informed Mr. King on November 1, 2014 that he was suspending any discussions with LabCorp over any employment terms until negotiations on the key open points in the merger agreement were complete.

On November 1, 2014, Mr. Herring and Mr. King engaged in discussions regarding the key open points in the merger agreement. Representatives of Goldman Sachs and Cravath also had discussions with representatives of Lazard, BofA Merrill Lynch and Sullivan & Cromwell on the open issues.

In the morning of November 2, 2014, Mr. Herring sent to Mr. King a letter outlining a proposal to finalize the open terms in the merger agreement. The letter proposed (1) establishing the exchange ratio of 0.2686 LabCorp shares for each Covance share, (2) a regulatory break-up fee payable by LabCorp under certain circumstances of 5% of the equity value of the transaction, (3) a break-up fee payable by Covance in order to terminate the agreement to take a superior proposal of 3% of equity value, (4) LabCorp match rights of five business days, with two business days for subsequent matches and (5) an expense reimbursement to LabCorp of 50% of LabCorp's expenses (up to \$40 million) if the merger agreement was terminated due to Covance stockholders not approving the transaction or due to a Covance breach of the agreement.

Later that morning, Mr. King sent a letter to Mr. Herring outlining a counter-proposal of (1) an exchange ratio of 0.2629, (2) agreeing to the 5% regulatory break-up fee, (3) a break-up fee payable by Covance of 3.25%, (4) agreeing to the match right periods and (5) requesting a \$50 million expense reimbursement, with Covance responsible for 100% (as opposed to 50%) of expenses up to that cap. Mr. Herring told Mr. King that he was not responding to that proposal and that Mr. King should present Mr. Herring's original proposal to the LabCorp board, which was scheduled to meet that morning.

Later that morning, after the LabCorp board met, Mr. King informed Mr. Herring that the LabCorp board was in support of Mr. King's counter-proposal to Mr. Herring.

Later that day, the compensation and organization committee of the Covance board met. All of the directors of the Covance board were also present by invitation, as well as members of Covance senior management and representatives of Cravath. Representatives of Cravath explained that Mr. Herring had suspended discussions on his employment arrangement with LabCorp several days prior due to the fact that key terms of the merger agreement were still being negotiated. Representatives of Cravath provided an overview of the employee benefit related provisions of the merger agreement, as well as the effect of the transaction on Covance's employee benefit plans and arrangements. The Compensation and Organization Committee of the Covance board recommended approval of these terms to the Covance board.

The Covance board then convened a meeting, with members of senior management and Cravath still present. Dr. Brown and Cravath provided an overview of the proposed terms of the engagement letter with Goldman Sachs.

The Covance board approved the terms of the engagement letter, and authorized Mr. Herring to execute the engagement letter. Goldman Sachs then joined the meeting.

Representatives of Cravath reviewed with the Covance board the terms of the merger agreement that had been negotiated with LabCorp and its counsel, as well as reviewed the key open items that remained in the

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negotiations. Cravath and Mr. Lovett reviewed the proposal and counter-proposal made by Covance and LabCorp to resolve the open items, and the Covance board provided guidance to senior management and Cravath on how to resolve those open points.

The representatives of Goldman Sachs reviewed various financial analyses related to the proposed transaction.

The Covance board directed Covance's senior management and advisors to try to finalize the terms of the merger agreement in line with the parameters provided by the Covance board. The Covance board told Mr. Herring that only upon those terms being finalized would he be permitted to resume negotiations regarding his employment agreement with LabCorp.

During the remainder of the day, LabCorp and Covance and their management teams and advisors negotiated the final terms of the merger agreement. Those negotiations resulted in an exchange ratio of 0.2686, a break-up fee payable by Covance to terminate the agreement to take a superior proposal of 3.25% and an expense reimbursement of \$50 million if Covance were to breach the merger agreement, but only \$30 million if Covance's stockholders did not approve the merger agreement. Upon resolution of these terms, Mr. Herring was authorized to resume negotiations of his employment agreement with LabCorp. However, LabCorp and Mr. Herring did not agree to the terms of any employment contract prior to the execution of the merger agreement with Covance.

At the end of the day on November 2, 2014, the Covance board met, together with senior management and representatives of Goldman Sachs and Cravath. Representatives of Cravath provided an overview of the final terms of the merger agreement based upon the negotiations during the day. Goldman Sachs reviewed with the Covance board its financial analysis of the merger consideration provided for in the merger agreement and rendered to the Covance board an oral opinion, subsequently confirmed by delivery of a written opinion dated November 2, 2014, to the effect that, as of that date and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the per share merger consideration consisting of \$75.76 in cash without interest and 0.2686 shares of LabCorp common stock to be paid to holders (other than LabCorp and its affiliates) of Covance common stock pursuant to the merger agreement was fair from a financial point of view to such holders. Mr. Herring then reviewed with the Covance board the status of negotiations of his employment agreement with LabCorp following the closing of the merger, in particular, that no agreement had been reached but that Mr. Herring was supportive of statements in the press roll-out that he would be the head of LabCorp's Covance division following the merger.

The Covance board then determined, by unanimous vote, for the reasons detailed in "The Merger Recommendation of the Covance Board; Covance's Reasons for the Merger" beginning on page 78 of this proxy statement/prospectus, that the transactions contemplated by the merger agreement were advisable, fair to and in the best interests of Covance and its stockholders, approved the merger agreement and recommended that the stockholders of Covance vote in favor of adopting the merger agreement.

Later on November 2, 2014, Covance and LabCorp executed the merger agreement, and the parties issued a joint press release on the morning of November 3, 2014 announcing the execution of the merger agreement.

## **Recommendation of the Covance Board; Covance's Reasons for the Merger**

The Covance board, at a special meeting held on November 2, 2014, unanimously:

approved and declared advisable the merger agreement, the merger and all of the other transactions contemplated by the merger agreement;

declared that it is in the best interests of Covance and its stockholders to enter into the merger agreement and consummate the merger and all of the other transactions contemplated by the merger agreement;

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directed that the merger agreement be submitted to a vote at a meeting of the Covance stockholders; and

recommended that the Covance stockholders vote to adopt the merger agreement.

Accordingly, the Covance board unanimously recommends that the Covance stockholders vote **FOR** the proposal to adopt the merger agreement and **FOR** the proposal to approve, by non-binding, advisory vote, the proposal concerning merger-related compensation arrangements for Covance's named executive officers.

In evaluating the merger, the Covance board consulted with and received the advice of Covance's outside legal and financial advisors, held discussions with Covance senior management and considered a number of factors that it believed supported its decision to enter into the merger agreement and consummate the merger. These discussions included executive sessions with outside legal advisors without management and financial advisors present. These factors included, but were not limited to, the following:

the per share merger consideration of \$75.76 in cash and 0.2686 LabCorp shares valued at \$105.12 per share of Covance common stock as of the date of the merger agreement, representing a 32% premium to Covance's closing stock price of \$79.90 on October 31, 2014 (the last trading day prior to the Covance board's approval of the merger agreement);

the per share merger consideration representing a valuation of Covance at a multiple of approximately 13.2 times Covance's EBITDA for the period from October 1, 2013 through September 30, 2014 (as defined in the section entitled "The Merger - Certain Covance Forecasts" beginning on page 89 of this proxy statement/prospectus);

the Covance board's view that \$104.50 provided value for stockholders now, and that while Covance stock might be able to achieve that price at some point in the future, there was risk associated with that possibility in light of the industry dynamics and outlook previously considered by the Covance board;

the financial analyses presented to the Covance board by Goldman Sachs as well as the opinion of Goldman Sachs, dated November 2, 2014, to the Covance board to the effect that, as of that date, and based upon and subject to the factors and assumptions set forth therein, the per share merger consideration of \$75.76 in cash, without interest, and 0.2686 shares of LabCorp common stock to be paid to the holders (other than LabCorp and its affiliates) of Covance common stock pursuant to the merger agreement was fair from a financial point of view to those holders. See the section entitled "The Merger - Opinion of Covance's Financial Advisor" beginning on page 82 of this proxy statement/prospectus. The full text of the written opinion of Goldman Sachs is attached as **Annex B** to this proxy statement/prospectus;

the relationships between Goldman Sachs and each of Covance and LabCorp;

the Covance board's views and opinions on the challenges and opportunities facing the bio-pharmaceutical, healthcare and clinical services industries and market competition;

the Covance board's understanding of the business operations, financial conditions, earnings and prospects of Covance, including the prospects of Covance on a stand-alone basis;

Covance's review of LabCorp's business operations, financial condition, earnings and prospects;

the Covance board's views as to the potential impact of the merger on Covance's business and its customer relationships, employees and other business partners, and the prospects of a combination of Covance with LabCorp;

prior to authorizing Covance's entry into the merger agreement, the Covance board's consideration of several strategic alternatives with the assistance of its outside legal and financial advisors and of Covance senior management, including other potential sale and acquisition transactions and operating on a stand-alone basis, the financial value of each which was evaluated based on the projections provided by Covance senior management, and that such other strategic alternatives were determined to

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be less favorable to Covance's stockholders than the merger with LabCorp given that they were subject to longer-term risks and offered less certain value for Covance stockholders now, and may not be executable at all;

the fact that Company A, the other company with whom Covance had engaged in discussions regarding a potential sale transaction, was not willing to increase its offer price from \$95 per share despite being aware that Covance was going to pursue another strategic alternative imminently, the potentially higher regulatory risk to consummating a transaction with Company A, and also the potential risk of customer attrition, and the possible loss of key employees, even if such a transaction could be mutually agreed upon acceptable terms;

the anticipated market capitalization, liquidity and capital structure of the combined company;

the fact that the per share merger consideration to be paid to Covance stockholders consisted of a high cash component, which provided certainty of value, and that the liquid market for LabCorp common stock would allow Covance stockholders to either keep or trade the stock portion of the per share merger consideration;

the likelihood that the merger would be consummated based on, among other things:

the fact that LabCorp had obtained committed debt financing, the limited number and nature of the conditions to the debt, the reputation of the financing sources and the obligation of LabCorp to use its reasonable best efforts to obtain the debt financing, each of which, in the reasonable judgment of the Covance board, increased the likelihood of such financing being consummated;

the absence of a financing condition in the merger agreement;

the likelihood and anticipated timing of consummating the merger in light of the scope of the conditions to closing;

that Covance is entitled to specific performance to prevent breaches of the merger agreement and to enforce specifically the terms of the merger agreement;

other terms of the merger agreement, including:

the covenants contained in the merger agreement obligating each of the parties to use reasonable best efforts to take all actions necessary to cause the closing conditions in the merger agreement to be satisfied as promptly as practicable, except that neither LabCorp nor any of its affiliates is required to agree to limitations on their right to control or operate LabCorp's business or assets (including the

business and assets of Covance and its subsidiaries after the consummation of the merger) or to exercise full ownership rights of such businesses, or agree or be required to sell or otherwise dispose of, hold or divest itself of all or any portion of such business or assets;

Covance's ability, at any time prior to (but not after) obtaining the Covance stockholder approval, to consider and respond to an unsolicited written takeover proposal, to furnish non-public information to the person making such a proposal and to engage in discussions or negotiations with the person making such a takeover proposal, if the Covance board, prior to taking any such actions, determines in good faith and after consultation with its outside legal and financial advisors that such takeover proposal either constitutes a superior proposal or could reasonably be expected to result in a superior proposal and that failure to take such action would be inconsistent with the Covance board's fiduciary duties to the Covance stockholders;

the Covance board's ability, under certain circumstances, to withhold, modify or qualify, the Covance board recommendation to Covance stockholders that they vote in favor of the adoption of the merger agreement or recommend the approval or adoption of, or approve or adopt, declare advisable or publicly propose to recommend, approve, adopt or declare advisable, a takeover proposal;



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Covance's ability, under certain circumstances, to terminate the merger agreement in order to enter into an agreement providing for a superior proposal, provided that Covance complies with its obligations relating to the entering into of any such agreement and concurrently with the termination of the merger agreement pays to LabCorp a termination fee of \$200 million, in connection with an agreement for a superior proposal; and

the availability of appraisal rights under the DGCL to Covance stockholders who comply with all of the required procedures under the DGCL, which allows such holders to seek appraisal of the fair value of their shares of Covance common stock as determined by the Delaware Court of Chancery;

the fact that resolutions approving the merger were unanimously approved by the Covance board, which is comprised of all independent directors (other than Mr. Herring) who are not affiliated with LabCorp and are not employees of Covance or any of its subsidiaries;

that Covance would be able to broaden its customer relationships and diversify its portfolio following the merger;

the fact that the merger is not conditioned upon any member of Covance senior management entering into any employment or other agreement or arrangement with LabCorp, and that no such agreement or arrangement existed as of the date of the merger agreement; and

the risk that continuing to pursue other potential alternatives could have resulted in the loss of an opportunity to consummate a transaction with LabCorp.

In the course of its deliberations, the Covance board also considered a variety of risks and other countervailing factors related to entering into the merger agreement, the merger and all other transaction contemplated thereby, including but not limited to:

the fact that the merger may be delayed or not occur at all, due to a failure of certain conditions, including regulatory approval of the transaction;

the possibility that regulatory approvals required in connection with the merger, including the risk that regulatory clearances may not be obtained, and the risk that the \$305 million termination fee to which Covance may be entitled in such circumstances may not be sufficient to compensate Covance for the harm it would suffer as a result;

the risks and costs to Covance if the merger is delayed or does not occur at all, including the potential negative impact on Covance's ability to retain key employees, the diversion of Covance management and employee attention and the potential disruptive effects on Covance's day-to-day operations and Covance's relationships with third parties;

the restrictions on the conduct of Covance's business prior to the consummation of the merger, which may delay or prevent Covance from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of Covance pending consummation of the merger;

the potential risks associated with achieving anticipated synergies and successfully integrating Covance's business, operations and workforce with those of LabCorp;

the risk of incurring substantial expenses related to the merger, including in connection with any litigation resulting from the announcement or pendency of the merger;

the possibility that, if the merger is not consummated, under certain circumstances, Covance may be required to pay up to \$30 million or \$50 million in LabCorp's expenses or a termination fee of \$200 million, as more fully described in the section entitled "The Merger Agreement Expenses" beginning on page 122 of this proxy statement/prospectus and the section entitled "The Merger Agreement Termination Fees and Expenses" beginning on page 120 of this proxy statement/prospectus, which

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could discourage other third parties from making an alternative takeover proposal with respect to Covance, but which the Covance board believes would not be a meaningful deterrent;

the fact that the transaction would be taxable to Covance's stockholders that are U.S. holders for U.S. federal income tax purposes; and

the other potential risks described in the section entitled "Risk Factors" beginning on page 48 of this proxy statement/prospectus.

In addition, the Covance board was aware of and considered the interests of its directors and executive officers that are different from, or in addition to, the interests of Covance stockholders generally, including the treatment of Covance stock options and other equity awards held by such directors and executive officers in the merger described in the section entitled "Interests of Covance's Directors and Executive Officers in the Merger" beginning on page 124 of this proxy statement/prospectus and LabCorp's agreement to indemnify Covance directors and officers against certain claims and liabilities.

The foregoing discussion of the information and factors that the Covance board considered is not intended to be exhaustive, but rather is meant to include the material factors that the Covance board considered. The Covance board collectively reached the conclusion to approve the merger agreement, the merger and all of the other transactions contemplated by the merger agreement in light of the various factors described above and other factors that the members of the Covance board believed were appropriate. In view of the complexity and wide variety of factors, both positive and negative, that the Covance board considered in connection with its evaluation of the merger, the Covance board did not find it practical, and did not attempt, to quantify, rank or otherwise assign relative weights or values to any of the factors it considered in reaching its decision and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of the Covance board. Rather, in considering the various factors, individual members of the Covance board considered all of these factors as a whole and concluded, based on the totality of information presented to them and the investigation conducted by them, that, on balance, the positive factors outweighed the negative factors and that they supported a determination to approve the merger agreement, declare its advisability and recommend that the Covance stockholders vote to adopt the merger agreement. In considering the factors discussed above, individual directors may have given different weights to different factors.

## **Opinion of Covance's Financial Advisor**

On November 2, 2014, at a meeting of the Covance board, Goldman Sachs rendered its oral opinion to the Covance board, subsequently confirmed in writing, to the effect that, as of November 2, 2014, and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the per share merger consideration of \$75.76 in cash, without interest, and 0.2686 shares of LabCorp common stock to be paid to the holders (other than LabCorp and its affiliates) of Covance common stock pursuant to the merger agreement was fair from a financial point of view to those holders.

**The full text of the written opinion of Goldman Sachs, dated November 2, 2014, which sets forth the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached to this proxy statement/prospectus as Annex B. The summary of the Goldman Sachs opinion provided in this proxy statement/prospectus is qualified in its entirety by reference to the full text of Goldman Sachs' written opinion. Goldman Sachs' advisory services and opinion were provided for the information and assistance of the Covance board in connection with its consideration of**

**the proposed transaction and the opinion does not constitute a recommendation as to how any holder of Covance common stock should vote with respect to the proposed transaction or any other matter.**

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In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the merger agreement;

annual reports to stockholders and Annual Reports on Form 10-K of Covance and LabCorp for the five fiscal years ended December 31, 2013;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Covance and LabCorp;

certain other communications from Covance and LabCorp to their respective stockholders;

certain publicly available research analyst reports for Covance and LabCorp;

certain internal financial analyses and forecasts for Covance and certain financial analyses and forecasts for LabCorp, in each case, prepared by management of Covance and approved for Goldman Sachs use by Covance, which we refer to as the Covance management forecasts, and

certain operating synergies projected by the managements of the Company and LabCorp to result from the proposed transaction, as approved for Goldman Sachs use by Covance, which we refer to as the synergies. Goldman Sachs also held discussions with members of the senior managements of Covance and LabCorp regarding their assessment of the strategic rationale for, and the potential benefits of, the proposed transaction and the past and current business operations, financial condition and future prospects of LabCorp and with members of the senior management of Covance regarding their assessment of the past and current business operations, financial condition and future prospects of Covance; reviewed the reported price and trading activity for shares of Covance common stock and shares of LabCorp common stock; compared certain financial and stock market information for Covance and LabCorp with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the contract research organization industry and in other industries; and performed such other studies and analyses, and considered such other factors, as Goldman Sachs deemed appropriate.

For purposes of rendering its opinion, Goldman Sachs, with the consent of Covance, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, it, without assuming any responsibility for independent verification thereof. In that regard, Goldman Sachs assumed, with the consent of Covance, that the Covance management forecasts and the synergies had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Covance management. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of Covance or LabCorp or any of their respective subsidiaries and Goldman Sachs had not been furnished with any such evaluation or appraisal. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for

the consummation of the proposed transaction would be obtained without any adverse effect on Covance or LabCorp or on the expected benefits of the proposed transaction in any way meaningful to its analysis. Goldman Sachs assumed that the proposed transaction would be consummated on the terms set forth in the merger agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs' opinion does not address the underlying business decision of Covance to engage in the proposed transaction, or the relative merits of the proposed transaction as compared to any strategic alternatives that may be available to Covance; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs' opinion addresses only the fairness from a financial point of view to the holders (other than LabCorp and its affiliates) of shares of Covance common stock, as of the date of its opinion, of the aggregate consideration to be paid to such holders pursuant to the merger agreement. Goldman Sachs did not express any view on, and its opinion does not address, any other term or aspect of the merger agreement or the proposed transaction or any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into or

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amended in connection with the proposed transaction, including, the fairness of the proposed transaction to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of Covance; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Covance, or class of such persons, in connection with the proposed transaction, whether relative to the aggregate consideration to be paid to the holders (other than LabCorp and its affiliates) of shares of Covance common stock pursuant to the merger agreement or otherwise. Goldman Sachs did not express any opinion as to the prices at which shares of LabCorp common stock will trade at any time or as to the impact of the proposed transaction on the solvency or viability of Covance or LabCorp or the ability of Covance or LabCorp to pay their respective obligations when they come due. Goldman Sachs' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, the date of its opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of the opinion. Goldman Sachs' opinion was approved by a fairness committee of Goldman Sachs.

The following is a summary of the material financial analyses presented by Goldman Sachs to the Covance board on November 2, 2014 in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before October 31, 2014 and is not necessarily indicative of current market conditions.

*Implied Transaction Premia and Multiples Analysis*

Based on the closing price of \$109.29 per share of LabCorp common stock on October 31, 2014, the last trading day prior to November 2, 2014, the date on which Goldman Sachs rendered its opinion to the Covance board, Goldman Sachs calculated that the per share merger consideration of \$75.76 in cash plus 0.2686 shares of LabCorp common stock reflected an implied value of \$105.12 per share of Covance common stock. By multiplying this implied value per share by the total number of fully diluted outstanding shares of Covance common stock as of October 31, 2014, as provided by Covance management, Goldman Sachs derived an implied equity value of Covance of approximately \$6.081 billion. Goldman Sachs then subtracted from this implied equity value Covance's cash amount as of September 30, 2014, of approximately \$705 million and added to the result Covance's total debt amount of approximately \$250 million as of September 30, 2014, and derived an implied enterprise value of Covance of approximately \$5.627 billion.

Using the results of the calculations described above and estimates of Covance's financial results for 2014 through 2016 set forth in the Covance management forecasts, Goldman Sachs calculated the following premia and multiples:

the implied value of the per share merger consideration as a premium to the highest closing price of Covance common stock achieved during the 52-week period ended on October 31, 2014;

the implied value of the per share merger consideration as a premium to the average of the closing prices of Covance common stock over the one-month period ended October 31, 2014;

the implied value of the per share merger consideration as a premium to the average of the closing prices of Covance common stock over the three-month period ended October 31, 2014;

the implied value of the per share merger consideration as a premium to the average of the closing prices of Covance common stock over the one-year period ended October 31, 2014;



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the implied enterprise value as a multiple of Covance's EBITDA for the twelve-month period ended September 30, 2014 as provided by the management of Covance to Goldman Sachs;

the implied enterprise value as a multiple of Covance's estimated EBITDA for 2014 and 2015; and

the implied value of the per share merger consideration as a multiple of Covance's estimated earnings per share, or EPS, for 2015 and 2016.

The results of these analyses are summarized as follows:

<b>Premium to</b>	
52-Week High	(0.9)%
1- Month Closing Average	33.2%
3-Month Closing Average	27.6%
1-Year Closing Average	18.1%
<b>Enterprise Value / EBITDA</b>	
12-Month as of 9/30/2014	13.2x
2014E	12.6x
2015E	11.9x
<b>Price / EPS</b>	
2015E	22.8x
2016E	19.3x

*Selected Companies Analysis*

Goldman Sachs calculated and compared certain financial information and multiples for Covance to corresponding financial information and multiples for LabCorp and the following selected publicly traded companies:

Contract Research Organization Peer Group

Charles River Laboratories International, Inc.

ICON plc

PAREXEL International Corporation

Quintiles Transnational Holdings Inc.

LabCorp Peer Group

Laboratory Corporation of America Holdings

Quest Diagnostics Incorporated

Although none of LabCorp or the selected companies is directly comparable to Covance or LabCorp, the companies included were chosen because they are publicly traded companies in the contract research organization industry or the clinical laboratory industry with operations that, for purposes of analysis, may be considered similar to certain operations of Covance and LabCorp, respectively.

With respect to Covance, LabCorp and each of the selected companies, Goldman Sachs calculated:

enterprise value as a multiple of estimated EBITDA for 2014;

price as a multiple of estimated EPS, or P/E multiple, for 2014 and 2015; and

the ratio of the estimated P/E multiple for 2015 to the estimated 5-year EPS compound annual growth rate, or P/E/G ratio.

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For purposes of these calculations, Goldman Sachs calculated an implied equity value for each company derived by multiplying the number of fully diluted outstanding shares of that company as reported in its most recent SEC filings by the company's closing share price on October 31, 2014. By adding the net debt amount of each company as of June 30, 2014 as reported in its most recent public filings to the equity value of such company derived from the foregoing calculations, Goldman Sachs determined an implied enterprise value for each company. The multiples for Covance were calculated using both the Covance management forecasts and the median estimates for Covance published as of October 31, 2014 by Institutional Brokers Estimate System, which we refer to as IBES. The multiples for LabCorp and each of the selected companies were calculated using the median estimates for each company published by IBES as of October 31, 2014. The following table presents the results of these calculations:

	Covance		LabCorp	Selected Companies		Contract Research Organization	LabCorp
	IBES	Management		High	Low	Peers Median	Peers Median
<b>Enterprise Value / EBITDA</b>							
2014E	9.7x	9.6x	10.3x	13.3x	9.1x	12.6x	9.7x
<b>Price / EPS</b>							
2014E	20.8x	20.7x	16.1x	22.3x	15.6x	20.5x	15.9x
2015E	18.2x	17.4x	15.0x	19.9x	14.6x	18.1x	14.8x
<b>P/E/G</b>							
2015E	1.2x	1.0x	1.7x	1.9x	0.9x	1.3x	1.5x

*Illustrative Present Value of Future Stock Price Analysis*

Goldman Sachs calculated an illustrative range of implied present values per share of Covance common stock based on hypothetical share prices for Covance common stock as of December 31 of 2014 through 2018. This analysis is designed to provide an indication of the present value of a hypothetical future value of a company's equity per share as a function of such company's estimated future earnings per share and its assumed price to future earnings multiple. For purposes of this analysis, Goldman Sachs derived these hypothetical future share prices for Covance common stock by applying an illustrative range of P/E multiples of 17.0x to 20.0x to Covance's estimated EPS for each of the years 2015 through 2019, respectively, as reflected in the Covance management forecasts, which took into account share repurchases in 2015, 2016 and 2018. By applying a discount rate of 8.3%, reflecting an estimate of Covance's cost of equity, to these hypothetical future share prices, Goldman Sachs derived an illustrative range of present values per share of Covance common stock of \$76.68 to \$116.15.

*Illustrative Discounted Cash Flow Analysis*

Goldman Sachs performed an illustrative discounted cash flow analysis to determine the present value per share of Covance common stock as of September 30, 2014. For purpose of this analysis, Goldman Sachs applied discount rates of 8.0% to 10.0%, reflecting an estimate of Covance's weighted average cost of capital, to (i) Covance's estimated unlevered free cash flows from the fourth quarter of 2014 through 2019, and (ii) illustrative terminal values for Covance at the end of 2019. The illustrative terminal values were derived by applying perpetuity growth rates ranging from 2.50% to 3.50% to Covance's estimated unlevered free cash flow for the year 2019, assuming the capital expenditure in the terminal year would be equal to 105% of depreciation and amortization. To derive an illustrative range of Covance's equity value as of September 30, 2014, Goldman Sachs added Covance's net cash amount as of September 30, 2014 of approximately \$455 million to the sum of the present values of unlevered future free cash

flows and terminal values. By dividing the foregoing range of equity values of Covance by the total number of fully diluted Covance shares outstanding, Goldman Sachs derived illustrative present values per share of Covance common stock ranging from \$87.58 to \$134.41.

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Goldman Sachs analyzed certain publicly available information relating to the following acquisitions in the contract research organization industry:

<b>Date</b>	<b>Target</b>	<b>Acquirer</b>
<b>Announced</b> 05/2006	Charles River Laboratories International, Inc. Phase II-IV Clinical Services Business	Kendle International Inc.
02/2007	BioReliance Corporation	Avista Capital Holdings, L.P.; Avista Capital Partners, L.P.
07/2007	PRA International	Genstar Capital, LLC
12/2007	Quintiles Transnational Corp.	3i Group plc; Bain Capital Private Equity; Temasek Holdings; TPG Capital, L.P.
02/2009	PharmaNet Development Group, Inc.	JLL Partners; JLL Partners Fund V, L.P.; JLL Partners VI, L.P.
05/2010	InVentiv Health, Inc.	Thomas H. Lee Partners, L.P.
08/2010	INC Research, LLC	Avista Capital Holdings, L.P.; Ontario Teachers Pension Plan
05/2011 11/2011	Kendle International Inc. Pharmaceutical Product Development, LLC	INC Research, LLC Carlyle Partners V, L.P.; Hellman & Friedman Capital Partners VII, L.P.; Hellman & Friedman LLC; The Carlyle Group LP
06/2013	PRA International	Kohlberg Kravis Roberts & Co. LP

Although none of the selected transactions is directly comparable to the proposed merger, the target companies in the selected transactions are such that, for purposes of analysis, the selected transactions may be considered similar to the proposed merger.

With respect to each of the selected transactions and using information contained in the SEC filings of each target company, Goldman Sachs calculated the implied enterprise value of the target company based on the announced transaction price, as a multiple of the target company's EBITDA for the last twelve-month period prior to the announcement of the transaction, or the LTM EBITDA. The following presents the results of this analysis:

	<b>Selected Transactions</b>		
	High	Low	Median
<b>Enterprise value/LTM EBITDA</b>	16.8x	6.9x	11.4x
<i>Historical Merger Premium Analysis</i>			

Goldman Sachs analyzed certain publicly available information relating to merger transactions in the U.S. announced since January 1, 2009 with a total transaction value between \$1 billion to \$10 billion and more than 50% of the aggregate consideration paid in cash. In connection with this analysis, Goldman Sachs analyzed 315 transactions, including 63 in the healthcare industry.

With respect to each of these transactions, Goldman Sachs calculated the implied premium represented by the announced per share transaction price to the closing price of the target company's common stock on the last

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trading day before the public announcement of the transaction. The results of this analysis are summarized as follows:

	<b>Median 1-Day Premium</b>
<b>By Industry</b>	
All Industries	26%
Healthcare	30%
<b>By Year</b>	
2009	32%
2010	25%
2011	24%
2012	24%
2013	26%
2014 Year-to-Date	23%

*General*

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Covance or the proposed transaction.

Goldman Sachs prepared these analyses for purposes of providing its opinion to the Covance board as to the fairness from a financial point of view to the holders (other than LabCorp and its affiliates) of shares of Covance common stock, as of the date of its opinion, of the per share merger consideration to be paid to such holders pursuant to the merger agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon projections of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Covance, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The merger consideration was determined through arm's-length negotiations between Covance and LabCorp and was approved by the Covance board. Goldman Sachs provided advice to Covance during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to Covance or that any specific amount of consideration constituted the only appropriate consideration for the proposed merger.

As described above, Goldman Sachs' opinion was one of many factors taken into consideration by the Covance board in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the delivery of its fairness opinion to the Covance board and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as **Annex B** to this proxy statement/prospectus.

Goldman Sachs and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time



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purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of Covance, LabCorp, any of their respective affiliates and third parties, or any currency or commodity that may be involved in the proposed transaction. Goldman Sachs provided certain financial advisory and/or underwriting services to LabCorp and/or its affiliates from time to time for which its Investment Banking Division had received, and may receive, compensation, including having acted as co-manager with respect to a public offering by LabCorp of 2.50% Senior Notes due 2018 (aggregate principal amount \$400,000,000) and 4.00% Senior Notes due 2023 (aggregate principal amount \$300,000,000) in October 2013. During the two year period ended November 2, 2014, the Investment Banking Division of Goldman Sachs has received compensation for financial advisory and underwriting services provided to LabCorp and its affiliates of approximately \$500,000. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to Covance, LabCorp and their respective affiliates for which its Investment Banking Division may receive compensation.

Covance selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the proposed transaction. Pursuant to a letter agreement, dated October 31, 2014, the Covance board engaged Goldman Sachs to act as its financial advisor in connection with the transaction. Pursuant to the terms of this engagement letter, Covance has agreed to pay Goldman Sachs a fee based on the aggregate value of the aggregate consideration to be paid, as of the closing of the transaction. Such fee is contingent upon the consummation of the proposed transaction. Based on the LabCorp share price as of the close of trading on November 19, 2014, Goldman Sachs would be entitled to receive a fee of approximately \$40 million. In addition, Covance has agreed to reimburse Goldman Sachs for its expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons against certain liabilities that may arise out of its engagement.

**Certain Covance Forecasts**

Covance does not as a matter of course make long-term public forecasts as to future performance, earnings or other results, and Covance usually does not disclose financial forecasts due to the unpredictability of the underlying assumptions and estimates. However, Covance has included in this proxy statement/prospectus certain information that was contained in the Covance management forecasts that were furnished to the Covance board, Covance's financial advisor, LabCorp and LabCorp's financial advisor in connection with the proposed merger. The Covance management forecasts relating to Covance included information for the years 2014 through 2019.

The following table presents the material items included in the Covance management forecasts relating to Covance:

	2014E	2015E	2016E	2017E	2018E	2019E
	(\$ in millions, except per share amounts)					
Revenue	\$ 2,542	\$ 2,726	\$ 2,953	\$ 3,268	\$ 3,606	\$ 3,979
EBITDA <sup>(1)</sup>	\$ 446	\$ 474	\$ 507	\$ 562	\$ 620	\$ 685
EBIT	\$ 308	\$ 330	\$ 360	\$ 416	\$ 473	\$ 536
Diluted Adjusted Earnings per Share <sup>(2)</sup>	\$ 3.85	\$ 4.60	\$ 5.44	\$ 6.39	\$ 7.47	\$ 8.75

(1) EBITDA is defined as earnings before net interest expense, income taxes and depreciation and amortization.

EBITDA includes non-cash stock-based compensation expenses. EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or net earnings as a measure of operating

performance, or as an alternative to cash flows as a measure of liquidity. Covance management believes it is useful to exclude depreciation, amortization, income taxes and net interest expense, as these are essentially fixed amounts that cannot be influenced by management in the short term.

- (2) Assumes 5.65 million shares repurchased at \$84.00, 4.66 million shares repurchased at \$96.61, 0.78 million shares repurchased at \$127.76 and 1.36 million shares repurchased at \$146.92 in 2015, 2016, 2018 and 2019 respectively. Assumes no share repurchases in 2017.

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In addition to the financial forecasts summarized above, Covance also prepared estimates of Covance's unlevered free cash flow. These estimates were derived by adjusting projections and estimates relating to Covance's earnings before interest and taxes, which we refer to as EBIT, which was further adjusted to add back depreciation and amortization and subtract capital expenditures, changes in working capital, and certain other items as detailed below. The unlevered free cash flow estimates were based on projections and estimates prepared by Covance and were reviewed and approved by Covance's management for Goldman Sachs' use in connection with its financial analyses. These unlevered free cash flow estimates were not furnished to LabCorp and its financial advisors; however, certain information in the below table was furnished to LabCorp and its financial advisors. The unlevered free cash flow estimates are summarized below.

	Q4 2014E	2015E	2016E	2017E	2018E	2019E
	(\$ in millions)					
EBIT	\$ 81	\$ 330	\$ 360	\$ 416	\$ 473	\$ 536
Taxes	(20)	(81)	(88)	(102)	(116)	(131)
Tax Rate	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%
After Tax EBIT	\$ 61	\$ 249	\$ 272	\$ 314	\$ 357	\$ 405
Depreciation and Amortization	36	144	147	146	147	149
Inc/(Dec) in Deferred Tax Liability	0	25	17	8	(5)	(5)
(Inc)/ Dec in Other WC Items	31	(1)	(9)	(15)	(18)	(18)
Asset Sales	0	73	5	0	0	0
Cap-ex	(33)	(174)	(137)	(142)	(152)	(157)
Unlevered Free Cash Flow	\$ 96	\$ 315	\$ 294	\$ 311	\$ 328	\$ 374

The reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures is provided below.

	2014E	2015E	2016E	2017E	2018E	2019E
	(\$ in millions)					
Net income (GAAP)	\$ 195	\$ 258	\$ 225	\$ 310	\$ 362	\$ 418
Income Taxes	51	84	73	101	117	136
Depreciation and Amortization (GAAP)	138	144	147	146	147	149
Restructuring Charges	11	6	48	N/A	N/A	N/A
Asset Impairment Charges	53	N/A	N/A	N/A	N/A	N/A
Interest Expense (Income), net	10	11	13	3	(8)	(19)
Foreign Exchange Transaction Losses	4	2	2	2	2	2
Gain on Sale of Assets	(16)	(30)	N/A	N/A	N/A	N/A
EBITDA (Non-GAAP)	\$ 446	\$ 474	\$ 507	\$ 562	\$ 620	\$ 685

	2014E	2015E	2016E	2017E	2018E	2019E
EPS (GAAP)	\$ 3.39	\$ 4.95	\$ 4.69	\$ 6.39	\$ 7.47	\$ 8.75
	0.09	0.08	0.75	N/A	N/A	N/A

Restructuring Charges and Other Cost Reduction  
Actions

Asset Impairment Charges	0.61	N/A	N/A	N/A	N/A	N/A
Gain on Sale of Assets	(0.23)	(0.43)	N/A	N/A	N/A	N/A
Adjusted EPS (Non-GAAP)	\$ 3.85	\$ 4.60	\$ 5.44	\$ 6.39	\$ 7.47	\$ 8.75

	Q4 2014E	2015E	2016E	2017E	2018E	2019E
	(\$ in millions)					
Net Income (GAAP)	\$ 58	\$ 258	\$ 225	\$ 310	\$ 362	\$ 418
Income Taxes	19	84	73	101	117	136
Restructuring charges	1	6	48	N/A	N/A	N/A
Interest Expense (Income), net	3	11	13	3	(8)	(19)
Foreign Exchange Transaction Losses	1	2	2	2	2	2
Gain on Sale of Assets	N/A	(30)	N/A	N/A	N/A	N/A
EBIT (Non-GAAP)	\$ 81	\$ 330	\$ 360	\$ 416	\$ 473	\$ 536

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The Covance financial forecasts summarized above, including the estimates of unlevered free cash flow and the non-GAAP reconciliations, which we refer to collectively as the Covance projections, were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or GAAP. The Covance projections were prepared by, and are the responsibility of, Covance. The Covance projections were, in the view of Covance management, prepared on a reasonable basis, reflected the best estimates and judgments available to the management of Covance at the time and presented, to the best of the knowledge and belief of the management of Covance, the expected course of action and the expected future financial performance of Covance as of the date such Covance projections were prepared. The Covance projections include certain non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Covance may not be comparable to similarly titled amounts used by other companies. The footnotes to the tables above provide certain supplemental information with respect to the calculation of these non-GAAP financial measures. Neither Covance's independent registered public accountants, Ernst & Young LLP, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the Covance projections contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Covance projections. The Ernst & Young LLP report incorporated by reference in this proxy statement/prospectus relates to Covance's historical financial information. It does not extend to the Covance projections and should not be read to do so. The Covance projections are not being included in this proxy statement/prospectus to influence your decision on how to vote on any proposal, but because the Covance projections were made available to the Covance board, Covance's financial advisors, LabCorp and LabCorp's financial advisors.

The Covance projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of Covance, including, among others, an assumption that Covance would continue to operate as an integrated, stand-alone company. Important factors that may affect actual results and cause the Covance projections not to be achieved include, but are not limited to, risks and uncertainties relating to Covance's business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other matters described in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 46 of this proxy statement/prospectus and the section entitled "Risk Factors" beginning on page 48 of this proxy statement/prospectus. The Covance projections also reflect assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in the Covance projections. Accordingly, there can be no assurance that the Covance projections will be realized.

The inclusion of the Covance projections in this proxy statement/prospectus should not be regarded as an indication that any of Covance, LabCorp or any of their respective affiliates, officers, directors, partners, advisors or other representatives considered the Covance projections to be necessarily predictive of actual future events, and the Covance projections should not be relied upon as such. None of Covance, LabCorp or any of their respective affiliates, officers, directors, partners, advisors or other representatives can give you any assurance that actual results will not differ from the Covance projections, and none undertakes any obligation to update or otherwise revise or reconcile the Covance projections to reflect circumstances existing after the date the Covance projections were generated or to reflect the occurrence of future events. Covance and LabCorp do not intend to make publicly available any update or other revision to the Covance projections. Further, the inclusion of the Covance projections in this proxy statement/prospectus does not constitute an admission or representation by Covance or LabCorp that this information is material. None of Covance, LabCorp or their respective affiliates, officers, directors, partners, advisors or other representatives has made or makes any representation to any stockholder or other person regarding Covance's and, post-closing, LabCorp's ultimate performance compared to the information contained in the Covance projections.

or that forecasted results will be achieved. Neither Covance nor LabCorp has made any representation to the other, in the merger agreement or otherwise, concerning the Covance projections.

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### **LabCorp's Reasons for the Merger**

At its meeting held on November 2, 2014, after due consideration and consultation with LabCorp's management and legal and financial advisors, the LabCorp board approved entry into the merger agreement. In doing so, the LabCorp board considered the business, assets and liabilities, results of operations, financial performance, strategic direction and prospects of Covance and determined that the merger was in the best interests of LabCorp. In making its determination, the LabCorp board focused on a number of factors, including the following:

*Strategic Fit.* The LabCorp board considered that the combination of LabCorp and Covance would create a combined company with the ability to leverage technologies that improve patient recruitment for clinical trials, enhance efficiency in the conduct of clinical trials and deliver data faster to drug sponsors, physicians and patients.

In particular, the LabCorp board considered that the combined company would benefit from:

Covance's innovative risk-based patient monitoring tools, which would significantly enhance LabCorp's existing capabilities in predictive analytics, benefitting at-risk patients, risk-bearing physicians and payors;

the opportunity to advance personalized medicine, improve the development of therapeutics and enable its pharmaceutical customers to revolutionize drug commercialization through the combined company's range of innovative offerings;

the increased scale of the combined company's central laboratory operations and collective data resources to drive greater R&D productivity for its clients; and

an enhanced platform providing a one-stop shop for growing pharmaceutical outsourcing needs which will support the continuum from drug and diagnostic development to clinical utilization.

*Growth and Future Capital Returns.* The LabCorp board considered that the combination of LabCorp and Covance would create new sources of revenue and broaden LabCorp's customer base by providing an opportunity for growth in development and commercialization of drugs and diagnostics, nutritional analysis and other areas, and would enhance cash flow to fund growth and future capital returns to stockholders.

*Additional Considerations.* In the course of reaching its decision to approve the merger agreement, the LabCorp board considered the following additional factors as generally supporting its decision:

the per share merger consideration, the fact that the stock consideration is fixed, and the resulting percentage ownership interest that current Covance stockholders would have in LabCorp following the merger;

the terms and conditions of the merger agreement, including the conditions to the completion of the merger; the circumstances under which the merger agreement could be terminated and the impact of such a termination; and the potential payment by Covance of a termination fee of \$200 million plus up to \$50

million in expenses;

historical information concerning LabCorp's and Covance's respective businesses, financial condition, results of operations, earnings, technology positions, managements, competitive positions and prospects on a stand-alone basis and forecasted combined basis;

current financial market conditions;

LabCorp's expectation that the transaction will be accretive to adjusted earnings per share in 2015 before synergies;

availability of financing for the cash portion of the purchase price, including a financing commitment for a \$4.25 billion senior unsecured bridge term loan credit facility comprised of a \$3.85 billion 364-day unsecured debt bridge tranche and a \$400 million 60-day cash bridge tranche (as discussed below);



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expected annual cost synergies in excess of \$100 million to be fully realized within three years of closing;

the current and prospective business environment in which LabCorp and Covance operate, including international, national and local economic conditions, the competitive and regulatory environment, and the likely effect of these factors on LabCorp and the combined company;

the impact of the merger on the customers and employees of LabCorp;

the regulatory approvals required to consummate the merger and the belief of LabCorp's management that the merger would be approved by the requisite authorities, without the imposition of conditions sufficiently material to preclude the merger, and would otherwise be consummated in accordance with the terms of the merger agreement;

the expectation that the merger could be completed within a reasonable time frame; and

the minimal overlap between LabCorp's and Covance's businesses will contribute to a seamless integration. The LabCorp board also considered a number of potentially negative factors in its deliberations concerning the merger agreement, including:

the risk that, because the stock consideration under the merger agreement would not be adjusted for changes in the market price of LabCorp common stock or Covance common stock, the value of the per share merger consideration to be paid to holders of shares of Covance common stock upon the consummation of the merger could be significantly more than the value of the per share merger consideration immediately prior to the announcement of the proposed merger;

the risk that the merger might not receive all necessary regulatory approvals, or that any governmental authority could attempt to condition their approval of the merger on the companies' compliance with certain conditions, including the divestiture of assets, and the fact that under certain circumstances, termination of the merger agreement for reasons relating to the failure to obtain certain regulatory approval may require LabCorp to pay Covance a termination fee of \$305 million;

the difficulties and management challenges inherent in completing the merger and integrating the businesses, operations and workforce of Covance with those of LabCorp;

the possibility of encountering difficulties in achieving expected growth and cost savings;

the risk that Covance's financial performance may not meet LabCorp's expectations;

the risk that LabCorp's potential lower cash balance and increased indebtedness resulting from the financing for the merger could adversely affect LabCorp's business, increase LabCorp's vulnerability to sustained, adverse macroeconomic weakness and limit LabCorp's ability to obtain further financing and pursue certain operational and strategic opportunities; and

the risk associated with expansion by LabCorp into new business areas, and the risk that failure to retain key Covance personnel may make integration of such businesses challenging.

The foregoing discussion of the information and factors that the LabCorp board considered is not intended to be exhaustive, but rather is meant to include the material factors that the LabCorp board considered. The LabCorp board collectively reached the conclusion to approve the merger agreement, the merger and all of the other transactions contemplated by the merger agreement in light of the various factors described above and other factors that the members of the LabCorp board believed were appropriate. In view of the complexity and wide variety of factors, both positive and negative, that the LabCorp board considered in connection with its evaluation of the merger, the LabCorp board did not find it practical, and did not attempt, to quantify, rank or otherwise assign relative or specific weights or values to any of the factors it considered in reaching its decision and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any

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particular factor, was favorable or unfavorable to the ultimate determination of the LabCorp board. Rather, in considering the various factors, individual members of the LabCorp board considered all of these factors as a whole and concluded, based on the totality of information presented to them and the investigation conducted by them, that, on balance, the positive factors outweighed the negative factors and that they supported a determination to approve the merger agreement and declare its advisability. In considering the factors discussed above, individual directors may have given different weights to different factors.

See the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 46 of this proxy statement/prospectus.

## **Financing of the Merger and Indebtedness Following the Merger**

LabCorp plans to fund the cash consideration from a combination of cash on hand and third party debt financing, which may include some combination of a senior unsecured term loan facility, as described below, the issuance of senior unsecured notes, and/or, to the extent necessary, borrowings under the bridge facility described below.

On December 19, 2014, LabCorp entered into a term loan credit facility with Bank of America, as administrative agent, and the term loan lenders, pursuant to which the term loan lenders have provided commitments for a \$1.0 billion five-year senior unsecured term loan credit facility. The term loan credit facility is for the purpose of financing a portion of the cash consideration and the fees and expenses in connection with the transactions contemplated by the merger agreement. The term loan credit facility will be advanced in full on the closing date of the merger and the conditions to funding the term loan credit facility on the closing date of the merger are substantially the same as the below described conditions to funding the bridge facility. The term loan credit facility will mature 5 years after the closing date of the merger and may be prepaid without penalty. The \$1.0 billion of term loan commitments made under the term loan credit facility reduces the commitments made under the bridge facility described below dollar for dollar.

When funded, the term loan credit facility will accrue interest at a per annum rate equal to, at the Company's election, either a LIBOR rate plus a margin ranging from 1.125% to 2.00%, or a base rate determined according to a prime rate or federal funds rate plus a margin ranging from 0.125% to 1.00%. The interest margin applicable to the term loan credit facility is based on the Company's senior credit ratings as determined by Standard & Poor's and Moody's, which are currently BBB+ and Baa2, respectively. Until the earlier of the closing date of the merger or the date the term loan credit facility commitments are terminated, a ticking fee shall accrue on the unfunded term loan credit facility commitments in an amount equal to 0.15% per annum of the unfunded commitments.

On November 2, 2014, in connection with entering into the merger agreement, LabCorp entered into a bridge facility commitment letter with the commitment parties: Bank of America, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Bank, National Association, which we refer to as Wells Fargo, and Wells Fargo Securities, LLC. On December 19, 2014, certain other financial institutions joined the bridge facility commitment letter as commitment parties under a joinder letter pursuant to which a portion of the commitments under the bridge facility were assigned to such joining financial institutions.

The commitment parties have agreed to provide a financing commitment for a \$4.25 billion senior unsecured bridge term loan credit facility, which upon entry into the term loan credit facility was reduced to a \$3.25 billion commitment, comprising a \$2.85 billion 364-day unsecured debt bridge tranche and a \$400 million 60-day unsecured cash bridge tranche for the purpose of financing a portion of the cash consideration and the fees and expenses in connection with the transactions contemplated by the merger agreement. The bridge facility may be drawn only in a single drawing on the closing date of the merger and may be prepaid without penalty. The \$2.85 billion senior

unsecured debt bridge tranche would mature 364 days after the closing date of the merger and the \$400 million unsecured cash bridge tranche would mature 60 days after the closing date of the merger.

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The bridge facility would bear interest at a rate per annum equal to, at LabCorp's election:

LIBOR (calculated on a 360-day basis) plus an applicable LIBOR margin, which varies from 1.25% to 2.75% depending on LabCorp's debt rating and for how long the bridge facility is outstanding; or

a base rate (calculated on a 365/366-day basis) that is customary for financings like the bridge facility plus an applicable base rate margin that is equal to the relevant LIBOR margin minus 1.0%.

Borrowings under the bridge facility and the term loan credit facility, respectively, will be subject to certain conditions, including:

the completion of the merger substantially concurrently with the closing under the bridge facility and the term loan credit facility, respectively, in accordance with the merger agreement;

the delivery to certain of the commitment parties of certain financial statements and pro forma financial statements relating to LabCorp and Covance;

LabCorp shall have received a debt rating for senior, unsecured non-credit enhanced long-term indebtedness from each of Standard & Poor's Financial Services LLC and Moody's Investors Service, Inc.;

the absence, since November 2, 2014, of a material adverse effect on Covance, which for purposes of the bridge facility commitment letter is defined in a manner similar to the definition of material adverse effect in the merger agreement; and

certain other customary closing conditions.

Under the bridge facility, Bank of America acts as the administrative agent and Wells Fargo acts as the syndication agent. The agents and the other commitment parties or their respective affiliates have from time to time performed, and may in the future perform, various investment banking, financial advisory, commercial banking, transfer agent and/or other services for LabCorp for which they have been paid, or will be paid, customary fees.

The foregoing description of the bridge facility does not purport to be a complete description of its terms, and is qualified in all respects by reference to the complete text of the bridge facility commitment letter, a copy of which is filed as an exhibit to LabCorp's Form 8-K filed on November 3, 2014 and is incorporated herein by reference.

LabCorp anticipates that some or all of the bridge facility will be replaced by the issuance of senior unsecured notes by LabCorp through a public offering or in a private placement. There can be no assurance that such replacement financing will be obtained. LabCorp's ability to obtain additional debt financing will be subject to various factors, including market conditions, operating performance and credit ratings. For a description of certain risks associated with the financing of the merger, see Risk Factors Risks Relating to the Combined Company Upon Completion of the Merger. If the merger is consummated, LabCorp will materially reduce its cash balances and incur a substantial amount

of debt to finance the cash consideration and pay related fees and expenses in connection with the merger, which could, among other things, restrict its ability to engage in additional transactions or incur additional indebtedness beginning on page 56 of this proxy statement/prospectus.

### **Closing and Effective Time**

Unless the parties otherwise mutually agree, the closing of the merger will occur on the second business day after all conditions to the closing of the merger are satisfied or waived (other than those conditions that by their nature must be satisfied or waived at the closing of the merger, but subject to the fulfillment or waiver of such conditions). Subject to the satisfaction or waiver of the conditions to the closing of the merger described in the

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section entitled "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 118 of this proxy statement/prospectus, including the adoption of the merger agreement by Covance stockholders at the special meeting, it is anticipated that the merger will close in the first quarter of 2015. It is possible that factors outside the control of both companies could result in the merger being completed at a different time, or not at all.

The effective time will occur as soon as practicable after the closing of the merger when the certificate of merger is duly filed with the Secretary of State of the State of Delaware or at such later time as the parties may mutually agree and specify in the certificate of merger.

## **Regulatory Approvals**

The completion of the merger is subject to antitrust review in the United States. Under the HSR Act and the rules promulgated thereunder, the merger may not be completed until notification and report forms have been filed with the FTC and the DOJ and the applicable waiting period (or any extensions thereof) has expired or been terminated.

On November 12, 2014, Covance and LabCorp filed with the DOJ and Covance filed with the FTC, and on November 13, 2014, LabCorp filed with the FTC notification and report forms under the HSR Act with respect to the proposed merger. The applicable waiting period under the HSR Act expired at 11:59 p.m. Eastern time on December 15, 2014, without any action having been taken by the FTC or the DOJ.

At any time before or after consummation of the merger, notwithstanding the termination of the waiting period under the HSR Act, the DOJ or the FTC, or any state, could take such action under the antitrust laws as each deems necessary or desirable in the public interest, including seeking to enjoin the completion of the merger or seeking divestiture of substantial assets of Covance and LabCorp. Private parties also may seek to take legal action under the antitrust laws under certain circumstances.

There can be no assurance that the DOJ, the FTC or any other governmental entity or any private party will not attempt to challenge the merger on antitrust or competition grounds, and, if such a challenge is made, there can be no assurance as to its result. Under the merger agreement, LabCorp and Covance generally must use their respective reasonable best efforts to obtain all regulatory approvals required to complete the merger, including the expiration or early termination of the waiting period under the HSR Act. However, LabCorp is not required under the merger agreement to accept or agree to limitations on its right to control or operate its business or assets (including the business or assets of Covance and its subsidiaries after the effective time) or to agree to sell or otherwise dispose of, hold (through the establishment of a trust or otherwise) or divest itself of all or any portion of its business, assets or operations (including the business, assets or operations of Covance and its subsidiaries after the effective time) in order to obtain such regulatory approvals. If the merger agreement is terminated for reasons relating to the failure to obtain certain regulatory approvals required for the merger, under certain circumstances, LabCorp will be required to pay Covance a termination fee of \$305 million. For a description of the parties' obligations with respect to regulatory approvals related to the merger, see the section entitled "The Merger Agreement - Efforts to Complete the Merger; Regulatory Approvals" beginning on page 113 of this proxy statement/prospectus.

## **Federal Securities Law Consequences**

Pending the effectiveness of the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, shares of LabCorp common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act or the Exchange Act, except for shares of LabCorp common stock issued to any Covance stockholder who may be deemed an "affiliate" of LabCorp after the completion of the merger. This proxy statement/prospectus does not cover resales of LabCorp common stock received by any person upon the completion of

the merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any resale of LabCorp common stock.



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### **Accounting Treatment**

LabCorp prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting. LabCorp will be treated as the acquiror for accounting purposes.

### **NYSE Market Listing**

The shares of LabCorp common stock to be issued in the merger will be listed for trading on NYSE.

### **Delisting and Deregistration of Covance Common Stock**

If the merger is completed, Covance common stock will be delisted from NYSE and deregistered under the Exchange Act, and Covance will no longer be required to file periodic reports with the SEC with respect to Covance common stock.

Covance and LabCorp have agreed take all actions reasonably necessary prior to the effective time to cause the Covance common stock to be delisted from NYSE and deregistered under the Exchange Act as soon as reasonably practicable following the effective time.

### **Litigation Related to the Merger**

On November 12, 2014, a putative class action in connection with the merger, which we refer to as the New Jersey Action, was filed in the Superior Court of New Jersey, Chancery Division, Mercer County, naming LabCorp, Covance, Merger Sub and members of the Covance board as defendants. An amended complaint was filed on December 10, 2014. The New Jersey Action is captioned *Ojeda v. Herring et al.*, MER-C-92-14. In addition, on December 9, 2014, a putative class action in connection with the merger, which we refer to as the Delaware Action, was filed in the Court of Chancery of the State of Delaware, naming LabCorp, Covance, Merger Sub and members of the Covance board as defendants. The Delaware Action is captioned *Berk v. Covance et al.*, No. 10440. The complaints allege, among other things, that members of the Covance board breached their fiduciary duties by agreeing to sell Covance for an inadequate price, engaging in an unfair sales process, agreeing to inappropriate terms in the merger agreement that will preclude a superior offer from emerging following announcement of the transaction and making inadequate disclosures regarding the transaction in the initial version of this Form S-4 Registration Statement filed on November 26, 2014. In addition, the complaint in the Delaware Action also alleges that members of the Covance board breached their fiduciary duties by the selection of the Covance board's financial advisor. The complaints also allege that LabCorp and Merger Sub aided and abetted the Covance board members' breaches of their fiduciary duties (the New Jersey Action also alleges Covance aided and abetted the board members' alleged breaches). The actions seek injunctive relief enjoining LabCorp and Covance from taking steps to consummate the merger at the agreed upon price (or, in the event the merger is consummated, rescinding the merger or awarding damages). The New Jersey Action also seeks declarations that the transaction is unfair and the defendants breached their fiduciary duties or aided and abetted such breaches. The Delaware Action also seeks injunctive relief enjoining Covance from holding a stockholder vote to approve the transaction until additional information is disclosed, and recovery through an accounting by the defendants of all damage caused and profits obtained by them as a result of the alleged breaches of fiduciary duties. Both actions also seek to recover costs and disbursements from the defendants, including attorneys fees and experts' fees. These lawsuits are in a preliminary stage. Covance has moved to dismiss the New Jersey Action for lack of subject matter jurisdiction based on a forum selection bylaw, which designates Delaware as the exclusive forum for litigation involving alleged breaches of fiduciary duties by Covance directors.

Both Covance and LabCorp management believe these allegations are without merit and intend to defend vigorously against these allegations.

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**THE MERGER AGREEMENT**

*This section describes the material terms of the merger agreement. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as **Annex A** and is incorporated by reference into this proxy statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. You are encouraged to read the merger agreement carefully and in its entirety before making any decisions regarding the merger, including approval of the proposal to adopt the merger agreement, as it is the legal document governing the merger. This section is not intended to provide you with any factual information about Covance or LabCorp. Such information can be found elsewhere in this proxy statement/prospectus and in the public filings Covance and LabCorp make with the SEC, as described in the section entitled *Where You Can Find More Information* beginning on page 154 of this proxy statement/prospectus.*

**Explanatory Note Regarding the Merger Agreement**

The merger agreement and this summary of terms are included to provide you with information regarding the terms of the merger agreement. Factual disclosures about Covance and LabCorp contained in this proxy statement/prospectus or in the public reports of Covance and LabCorp filed with the SEC may supplement, update or modify the factual disclosures about Covance and LabCorp contained in the merger agreement. The representations, warranties and covenants made in the merger agreement by Covance, LabCorp and Merger Sub were qualified and subject to important limitations agreed to by Covance, LabCorp and Merger Sub in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purpose of establishing circumstances in which a party to the merger agreement may have the right not to consummate the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties also may be subject to a contractual standard of materiality different from that generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by the matters contained in the confidential disclosures that Covance and LabCorp each delivered in connection with the merger agreement, which disclosures were not reflected in the merger agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement/prospectus, may have changed since the date of the merger agreement.

**Effects of the Merger; Merger Consideration**

The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with the DGCL, at the effective time, Merger Sub, a Delaware corporation and newly formed subsidiary of LabCorp, will merge with and into Covance. Following the effective time, the separate corporate existence of Merger Sub will cease, and Covance will continue as the surviving corporation in the merger as a subsidiary of LabCorp.

Unless the parties agree otherwise, the closing of the merger will take place on the second business day after the satisfaction or waiver of all of the closing conditions set forth in the merger agreement, other than those conditions that, by their terms, are to be satisfied at the closing of the merger (but subject to the satisfaction or (to the extent permitted by law) waiver of those conditions). The merger will be effective when the parties file a certificate of merger with the Secretary of State of the State of Delaware, or at such later time as the parties agree and specify in the certificate of merger.

At the effective time, each share of common stock of Merger Sub issued and outstanding immediately prior to the effective time will be converted into one share of common stock, par value \$0.01 per share, of the

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surviving corporation and each outstanding share of Covance common stock (other than shares constituting awards of rollover restricted stock (as described in the section below entitled "The Merger Agreement Treatment of Covance Stock Options and Other Stock-Based Awards" beginning on page 99 of this proxy statement/prospectus), shares owned directly by Covance as treasury stock, shares owned directly by LabCorp or Merger Sub and shares held by stockholders who have properly exercised and perfected appraisal rights with respect to such shares in accordance with Section 262 of the DGCL) will be converted into the right to receive (i) \$75.76 in cash, without interest, and (ii) 0.2686 shares of LabCorp common stock.

The directors of Merger Sub immediately prior to the effective time will be the directors of the surviving corporation until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the surviving corporation.

The officers of Merger Sub immediately prior to the effective time will be the officers of the surviving corporation until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the surviving corporation.

The certificate of incorporation and bylaws of the surviving corporation will be amended at the effective time to be the certificate of incorporation and bylaws of Merger Sub as in effect immediately prior to the effective time (except as to the name of the surviving corporation, which will be Covance Inc.) until thereafter changed or amended as provided therein or by applicable law. The form of the amended certificate of incorporation of the surviving corporation is set forth as Exhibit A to the merger agreement.

## **Adjustments to Prevent Dilution**

The per share merger consideration will be adjusted appropriately to reflect the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities of a subsidiary of Covance or of securities convertible into Covance common stock and any dividend or distribution of securities of a subsidiary of LabCorp or of securities convertible into LabCorp common stock), reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to Covance common stock or LabCorp common stock with a record date prior to the effective time.

## **Treatment of Covance Stock Options and Other Stock-Based Awards**

### *Covance Stock Options*

Each Covance stock option that is outstanding immediately prior to the effective time, whether or not vested or exercisable, will be canceled, entitling its holder to receive an amount in cash, with respect to each share of Covance common stock subject to such option, equal to (i) the sum of the cash consideration plus the product of (x) the stock consideration and (y) the volume weighted average of the closing sale prices of shares of LabCorp common stock for the ten consecutive trading days ending with (and including) the third trading day prior to the closing of the merger (which average we refer to as the average LabCorp stock price and which sum we refer to as the per-share option equivalent amount), minus (ii) the applicable exercise price, except that any Covance stock option that has an exercise price per share of Covance common stock that is greater than or equal to the per-share option equivalent amount will be canceled for no consideration. The payments in respect of options will be paid as promptly as practicable, but no later than 10 business days, following the effective time, without interest and less any applicable withholding taxes, in accordance with Covance's payroll procedures.

### *Covance Restricted Stock*

For each award of Covance restricted stock (other than any award that constitutes rollover restricted stock as described below) that is outstanding at the effective time, a number of shares equal to the sum of (i) the

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number of shares of Covance restricted stock that have been issued prior to the effective time plus (ii) one-half the number of additional shares of Covance restricted stock or Covance common stock that could be issued pursuant to the award agreement governing such award (subject to the restricted stock limitation), generally assuming maximum achievement of all applicable performance goals for performance periods that have not been completed, will vest in full and become free of restrictions as of the effective time and be converted into the right to receive the per share merger consideration. The payments in respect of such restricted stock awards will be paid as promptly as practicable, but no later than 10 business days, following the effective time, without interest, in accordance with Covance's payroll procedures.

### *Covance Restricted Stock Units*

For each Covance restricted stock unit that is outstanding immediately prior to the effective time, the holder will receive, for each Covance share subject to such restricted stock unit, an amount in cash equal to the sum of (i) the stock consideration multiplied by the average LabCorp stock price plus (ii) the cash consideration. Such amounts will be paid as promptly as practicable, but no later than 10 business days, following the effective time (or, if applicable, at the earliest date permitted by Section 409A of the Internal Revenue Code of 1986, as amended, which we refer to as the Internal Revenue Code), without interest and less any applicable withholding taxes, in accordance with Covance's payroll procedures.

### *Covance Deferred Stock Units*

Each Covance deferred stock unit that is outstanding immediately prior to the effective time will vest in full and, at the effective time of the merger, will be canceled and will be converted into the right to receive the per share merger consideration. Such consideration will be paid as promptly as practicable, but no later than 10 business days, following the effective time (or, if applicable, at the earliest date permitted by Section 409A of the Internal Revenue Code), without interest and less any applicable withholding taxes, in accordance with Covance's payroll procedures.

### *Covance Rollover Restricted Stock*

Each award of restricted stock identified as rollover restricted stock that is outstanding at the effective time will be canceled in exchange for an award of a number of shares of LabCorp common stock equal to (i) the sum of (A) the stock consideration plus (B)(1) the cash consideration divided by (2) the average LabCorp stock price, multiplied by (ii) the number of shares of rollover restricted stock that constitute such award of rollover restricted stock, rounded up to the nearest whole share. In the event that the foregoing treatment of rollover restricted stock would cause a vote of the stockholders of LabCorp to be required under the rules and regulations of the New York Stock Exchange in order for LabCorp and Merger Sub to consummate the transactions contemplated by the merger agreement, then, notwithstanding the foregoing, each award of rollover restricted stock will be canceled in exchange for an award representing the right to receive a cash amount equal to (i) the sum of (A) the stock consideration multiplied by the average LabCorp stock price plus (B) the cash consideration, multiplied by (ii) the number of shares of rollover restricted stock that constitute such award of rollover restricted stock, and such award will continue to vest and be settled in accordance with the terms and conditions as were applicable under such award of rollover restricted stock immediately prior to the effective time.

## **Exchange and Payment Procedures**

Prior to the closing date, LabCorp will select an exchange agent reasonably acceptable to Covance to handle the exchange of shares of Covance common stock for the per share merger consideration, as described above.

At or prior to the effective time, LabCorp will deposit with the exchange agent a number of whole shares of LabCorp common stock sufficient to pay the aggregate stock consideration and an amount in cash sufficient to pay the aggregate cash consideration to which Covance stockholders will become entitled and all requisite



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payments of cash in lieu of fractional shares (as described in the section below entitled "The Merger Agreement - Fractional Shares" beginning on page 101 of this proxy statement/prospectus). From time to time at or after the effective time, as necessary, LabCorp will deposit with the exchange agent an amount in cash sufficient to pay any dividends or other distributions with a record and payment date after the effective time payable on whole shares of LabCorp common stock to be issued in exchange for Covance shares theretofore not surrendered, as described below in the section entitled "The Merger Agreement - Distributions with Respect to Unexchanged Shares" beginning on page 101 of this proxy statement/prospectus.

As promptly as reasonably practicable after the effective time, but in any event within two business days thereafter, LabCorp will cause the exchange agent to deliver a letter of transmittal to each holder of record of a certificate representing shares of Covance common stock converted to the right to receive the per share merger consideration pursuant to the merger agreement. The letter of transmittal will specify that delivery will be effected, and risk of loss and title to the shares of Covance common stock will pass, only upon proper delivery of such share certificate to the exchange agent and will provide instructions for effecting the surrender of share certificates in exchange for payment of the per share merger consideration. Holders of shares of Covance common stock will not be entitled to receive the per share merger consideration or any other payments in respect of their shares under the merger agreement unless and until such holders have delivered a duly completed and executed letter of transmittal to the exchange agent, accompanied by the required share certificates and such other customary documents as may be reasonably required by the exchange agent. Surrendered share certificates will be cancelled.

In the event of a transfer of ownership of Covance common stock which is not registered in Covance's transfer records, payment of the per share merger consideration may be made to a person other than the person in whose name the surrendered certificate is registered if (i) such certificate is properly endorsed or otherwise is in proper form for transfer and (ii) the person requesting payment pays any fiduciary or surety bonds or taxes required on account of the payment to a person other than the registered holder or establishes to the reasonable satisfaction of LabCorp that such tax has been paid or is not applicable.

## **Distributions with Respect to Unexchanged Shares**

Dividends or other distributions to LabCorp common stockholders with a record date after the effective time will be payable to all LabCorp shares issuable in the merger. Until holders of certificates previously representing Covance shares have surrendered their share certificates to the exchange agent for exchange, those holders will not receive dividends or distributions with a record date after the effective time on the shares of LabCorp common stock into which those shares have been converted. When such holders surrender their share certificates, they will receive, without interest, (i) the amount of dividends or other distributions with a record date after the effective time theretofore payable with respect to the whole shares of LabCorp common stock such holder receives in the exchange and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the effective time payable with respect to such whole shares of LabCorp common stock with a payment date subsequent to such surrender.

## **No Transfers Following the Effective Time**

At the close of business on the day on which the effective time occurs, the stock transfer books of Covance will be closed and there will be no further registration of transfers of shares on the records of the surviving corporation of the shares of Covance common stock that were outstanding immediately prior to the effective time.

## **Fractional Shares**

LabCorp will not issue fractional shares of LabCorp common stock pursuant to the merger agreement. Instead of receiving any fractional shares, each holder of Covance common stock will be paid an amount in cash

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(rounded to the nearest cent), equal to the product of (x) the fractional share interest to which such holder would otherwise be entitled and (y) the average LabCorp stock price.

## **Termination of Exchange Fund**

Any certificates representing shares of LabCorp common stock and any funds that had been made available to the exchange agent for the payment of the per share merger consideration or other payments required under the merger agreement that remain in the exchange fund six months after the effective time will be delivered to LabCorp. Thereafter, holders of Covance common stock as of immediately prior to the effective time will be entitled to look only to LabCorp and the surviving corporation with respect to the payment of any per share merger consideration (or dividends or distributions with a record date after the effective time) as contemplated by the merger agreement. None of LabCorp, Covance, the surviving corporation or the exchange agent will be liable to any holder of a certificate for the per share merger consideration (or dividends or distributions paid by LabCorp after the effective time) properly delivered to a public official pursuant to any abandoned property, escheat or similar law.

## **Lost, Stolen or Destroyed Certificates**

If a share certificate has been lost, stolen or destroyed, then, before a Covance stockholder will be entitled to receive the per share merger consideration (or dividends or distributions with respect thereto), such holder will need to deliver an affidavit of that fact and, if required by LabCorp, post a bond or surety (in such amount as LabCorp may reasonably direct) as indemnity against any claim that may be made in respect of such lost certificate.

## **Withholding Taxes**

LabCorp, the surviving corporation or the exchange agent will be entitled to deduct and withhold applicable taxes from the consideration otherwise payable pursuant to the merger agreement to any holder of shares of Covance common stock or Covance restricted stock, or any holder of Covance stock options, Covance restricted stock units or Covance deferred stock units, and pay over such withheld amount to the appropriate governmental entity. Any amount so withheld will be treated for all purposes of the merger agreement as having been paid to such holders.

## **Appraisal Rights**

The merger agreement provides that Covance stockholders of record have appraisal rights under the DGCL in connection with the merger. Covance stockholders who do not vote in favor of the adoption of the merger agreement and who otherwise comply with the applicable provisions of Section 262 of the DGCL will be entitled to exercise appraisal rights thereunder. Any shares of Covance common stock held by a Covance stockholder as of the record date who has not voted in favor of the adoption of the merger agreement and who has demanded appraisal for such shares in accordance with the DGCL will not be converted into a right to receive the per share merger consideration, unless such holder fails to perfect or withdraws or otherwise loses the right to appraisal under the DGCL. If, after the effective time, such holder of Covance common stock fails to perfect or withdraws or otherwise loses his, her or its appraisal rights, each such share will be treated as if it had been converted as of the effective time into a right to receive the per share merger consideration, without interest thereon, less any withholding taxes.

Under the merger agreement, Covance must give LabCorp (i) prompt notice of any demands for appraisal, withdrawals of such demands and any other instruments received by Covance relating to stockholders' rights of appraisal under Section 262 of the DGCL and (ii) the right to participate in and direct all negotiations and proceedings with respect to such demands for appraisal. Covance may not, except with the prior written consent of LabCorp, voluntarily make any payment with respect to any demands for appraisal, settle or offer to settle any such demands or

commit to any payment or settlement.

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**THE PROCESS OF DEMANDING AND EXERCISING APPRAISAL RIGHTS REQUIRES STRICT COMPLIANCE WITH TECHNICAL PREREQUISITES. IF YOU WISH TO EXERCISE YOUR APPRAISAL RIGHTS, YOU SHOULD CONSULT WITH YOUR OWN LEGAL COUNSEL IN CONNECTION WITH COMPLIANCE UNDER SECTION 262 OF THE DGCL, THE FULL TEXT OF WHICH IS ATTACHED TO THIS PROXY STATEMENT/PROSPECTUS AS ANNEX C.**

**Representations and Warranties**

The merger agreement contains representations and warranties made by Covance to LabCorp and Merger Sub and by LabCorp and Merger Sub to Covance. Certain of the representations and warranties in the merger agreement are subject to materiality or material adverse effect qualifications (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct is material or would result in a material adverse effect on the company making such representation or warranty). In addition, certain of the representations and warranties in the merger agreement are subject to knowledge qualifications, which means that those representations and warranties would not be deemed untrue, inaccurate or incorrect as a result of matters of which certain officers of the party making the representation did not have actual knowledge after reasonable inquiry.

The merger agreement provides that a material adverse effect means, with respect to a party, any change, effect, event, occurrence, circumstance or state of facts that, with all other changes, effects, events, occurrences, circumstances and states of fact, (i) is or would reasonably be expected to be materially adverse to the business, financial condition or results of operations of such party and its subsidiaries, taken as a whole, or (ii) that prevents or materially impairs or delays the ability of such party to consummate the merger or any other transactions contemplated by the merger agreement. However, solely for purposes of clause (i) of the preceding sentence, no change, effect, event, occurrence, circumstance or state of facts relating to the following will be taken into account in determining whether there has been a material adverse effect:

the economy in general;

the industry in which such party operates, including changes in the use, adoption or non-adoption of technologies or industry standards;

the securities, credit, financial or other capital markets generally in the United States or elsewhere in the world;

any change in a such party's stock price or trading volume or any failure, in and of itself, to meet internal or published projections, forecasts or estimates in respect of revenues, earnings, cash flow or other financial or operating metrics for any period (provided, however, that the facts or causes underlying or contributing to such change or failure may be considered in determining whether a material adverse effect has occurred unless otherwise excluded from the definition of material adverse effect);

changes following the date of the merger agreement in law, legislative or political conditions or policy or practices of any governmental entity;

changes following the date of the merger agreement in applicable accounting regulations or principles or official interpretations thereof;

changes in foreign currency rates;

an act of terrorism or an outbreak or escalation of hostilities or war (whether declared or not declared) or any natural disasters or any national or international calamity or crisis;

the announcement of the merger agreement or the transactions contemplated thereby or the closing of the merger (including any loss of customers, suppliers, employees or other commercial relationships or action taken or requirements imposed by any governmental entity in connection with the transactions); or

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actions (or omissions) taken (or not taken) with the consent of the other party or as required to comply with the merger agreement (other than any requirement to operate in the ordinary course of business).  
except, with respect to the first, second, third, fifth and sixth bullet points above, to the extent that any such change, effect, event, occurrence, circumstance or state of facts has had or would reasonably be expected to have a disproportionate effect on such party and its subsidiaries relative to other companies in the same industry as such party.

In the merger agreement, Covance has made representations and warranties regarding, among other things:

due organization, valid existence, good standing and corporate power;

ownership of subsidiaries;

capitalization, including the number of shares of Covance common stock, stock options and other equity-based awards outstanding;

corporate authority to execute and deliver, to perform Covance's obligations under, and to consummate the transactions contemplated by, the merger agreement, and the enforceability of the merger agreement against Covance;

the declaration of advisability of the merger agreement by the Covance board, and the approval of the merger agreement and the merger by the Covance board;

the absence of violations of, or conflicts with, organizational documents, applicable law and certain contracts as a result of Covance entering into the merger agreement and consummating the merger and the other transactions contemplated by the merger agreement;

the governmental consents and approvals required in connection with the transactions contemplated by the merger agreement;

the required vote of Covance stockholders to adopt the merger agreement;

the proper filing of documents with the SEC since January 1, 2012 and the accuracy of the information contained in those documents;

the conformity with generally accepted accounting principles of Covance financial statements filed with the SEC since January 1, 2012 and the absence of undisclosed liabilities;

internal controls over financial reporting and disclosure controls and procedures;

the lack of outstanding loans to any executive officer or director of Covance;

accuracy of information supplied or to be supplied for inclusion in this proxy statement/prospectus;

the conduct of business in all material respects in the ordinary course of business since June 30, 2014, and the absence of a material adverse effect or certain other changes since June 30, 2014;

absence of certain litigation and governmental orders;

compliance with certain material contracts;

compliance with applicable laws and permits;

labor and employment matters;

employee benefits matters, including matters related to employee benefit plans;

tax matters;

intellectual property;



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environmental matters;

insurance coverage;

inapplicability of state takeover statutes to the merger agreement and the merger;

fees payable to brokers and financial advisors in connection with the merger;

the receipt of an opinion from Covance's financial advisor regarding the fairness, from a financial point of view, of the consideration to be paid to holders of Covance common stock in the merger; and

matters relating to Covance's owned and leased property.

In the merger agreement, LabCorp and Merger Sub have made representations and warranties regarding, among other things:

due organization, valid existence, good standing and corporate power;

capitalization, including the number of shares of LabCorp common stock, stock options and other equity-based awards outstanding;

corporate authority to execute and deliver, to perform their respective obligations under, and to consummate the transactions contemplated by, the merger agreement, and the enforceability of the merger agreement against LabCorp and Merger Sub;

the absence of violations of, or conflicts with, organizational documents, applicable law and certain contracts as a result of LabCorp and Merger Sub entering into the merger agreement and consummating the merger and the other transactions contemplated by the merger agreement;

the governmental consents and approvals required in connection with the transactions contemplated by the merger agreement;

the proper filing of documents with the SEC since January 1, 2012 and the accuracy of the information contained in those documents;

the conformity with generally accepted accounting principles of LabCorp's financial statements filed with the SEC since January 1, 2012 and the absence of undisclosed liabilities;

internal controls over financial reporting and disclosure controls and procedures;

the lack of outstanding loans to any executive officer or director of LabCorp;

accuracy of information supplied or to be supplied for inclusion in this proxy statement/prospectus;

the conduct of business in all material respects in the ordinary course of business since June 30, 2014, and the absence of a material adverse effect since June 30, 2014 or certain other changes since June 30, 2014;

the validity and enforceability of the debt commitment letter LabCorp entered into in connection with the merger and the sufficiency of funds to consummate the merger;

ownership, operations and assets of Merger Sub;

absence of ownership of Covance common stock;

absence of certain litigation and governmental orders;

compliance with applicable laws and permits;

absence of the requirement to obtain LabCorp stockholder approval for the issuance of LabCorp common stock in connection with the merger; and

fees of brokers and financial advisors payable in connection with the merger.

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**Conduct of Business Prior to Effective Time**

Each of Covance and LabCorp has agreed to certain covenants in the merger agreement restricting the conduct of its business between the date of the merger agreement and the effective time.

Prior to the closing of the merger, subject to certain agreed upon exceptions or except as consented to in writing by LabCorp (which consent may not be unreasonably withheld or delayed), Covance has agreed to and has agreed to cause each of its subsidiaries to conduct its business in the ordinary course consistent with past practice and (i) to use its reasonable best efforts to preserve its business organizations intact, (ii) to keep available the services of its current officers and employees and (iii) to preserve its relationships with government entities and significant customers, suppliers, licensors, licensees, distributors, lessors and other significant business associates. In addition, prior to the closing of the merger, subject to certain agreed upon exceptions or except as consented to in writing by LabCorp (which consent may not be unreasonably withheld or delayed), Covance has agreed not to and has agreed to cause each of its subsidiaries not to:

declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock or property) in respect of any of its capital stock, other than dividends or distributions of a wholly owned subsidiary to its parent;

cause a foreign subsidiary of Covance to distribute, pay, or otherwise transfer cash or property in respect of the capital stock of such subsidiary, if the distributee, payee, or transferee is a United States entity, or (y) engage in a transaction to which Section 956 of the Internal Revenue Code applies, unless the total amount of foreign-source income generated under clauses (x) and (y) does not exceed \$25 million, it being understood that LabCorp will not unreasonably withhold its consent for amounts in excess of \$25 million, consistent with the objective of limiting foreign-source income prior to closing of the merger and to the extent not inconsistent with the business needs of Covance in carrying on its business in the ordinary course consistent with past practice;

split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or enter into any agreement with respect to the voting of its capital stock;

purchase, redeem or otherwise acquire any shares of its or its subsidiaries' capital stock or other securities or any rights, warrants or options to acquire any such shares or other securities, other than (i) the acquisition by Covance of shares of Covance common stock in connection with the surrender of shares of Covance common stock by holders of stock options in order to pay the exercise price of such Covance stock options, (ii) the withholding of shares of Covance common stock to satisfy tax obligations with respect to awards granted pursuant to Covance stock plans, (iii) the acquisition by the trustee of the 401(k) Savings Plan of shares of Covance common stock to satisfy participant elections under the 401(k) Savings Plan and (iv) the acquisition by Covance of Covance stock options, shares of Covance restricted stock and Covance restricted stock units in connection with the forfeiture of such awards;

issue, deliver, sell, pledge, dispose of, encumber or subject to any lien any shares of its capital stock or other equity interests (or any securities convertible into, exercisable or exchangeable for equity interests) to acquire any such equity interests, other than (i) upon the exercise of Covance stock options that are outstanding as of the date of the merger agreement, (ii) upon the vesting or settlement of Covance restricted stock, Covance restricted stock units and Covance deferred stock units granted under Covance stock plans prior to the date of the merger agreement and (iii) rights of participants under the 401(k) Savings Plan to cause the trustee thereof to acquire shares of Covance common stock to satisfy participant elections thereunder, in each case in accordance with their terms as of the date of the merger agreement;

amend (i) the Covance charter or the Covance bylaws or (ii) the comparable organizational documents of any subsidiary in any material respect;

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(i) acquire any business, whether by merger, consolidation, purchase of property or assets (including equity interests) or otherwise, or (ii) acquire any other assets or property other than, in the case of clause (ii), (A) acquisitions of raw materials, inventory, consumables, similar materials and other non-capital assets acquired and used in the ordinary course of business consistent with past practice, (B) transactions solely between or among Covance and its subsidiaries, (C) making or committing to any capital expenditures allowable under the merger agreement or (D) investments in cash and cash equivalents consistent with past practice;

sell, license, lease, transfer, assign, divest, cancel, abandon, allow to lapse or otherwise dispose of any of its properties, rights or assets (including capital stock of any subsidiary and intellectual property), other than (i) sales or other dispositions of inventory and other assets in the ordinary course of business consistent with past practice, (ii) the non-exclusive licensing or sublicensing of intellectual property in the ordinary course of business consistent with past practice, (iii) leases and subleases of owned and leased real property, and voluntary terminations or surrenders of real property leases, in each case, in the ordinary course of business consistent with past practice, (iv) the settlement of claims permitted under the merger agreement and (v) abandonments or lapses of intellectual property rights that are not material to the conduct of the business of Covance and its subsidiaries, in each case, in the ordinary course of business consistent with past practice;

pledge, encumber or otherwise subject to a lien (except as otherwise permitted by the merger agreement) any of its properties, rights or assets (including capital stock of any subsidiary), other than to secure indebtedness permitted under the agreement;

(i) incur, redeem, prepay, defease, cancel, or, in any material respect, modify any indebtedness for borrowed money, issue or sell any debt securities or warrants or other rights to acquire any of the debt securities of Covance or any of its subsidiaries, agree to pay deferred purchase price for any property (other than extensions of trade credit to customers of Covance and its subsidiaries in the ordinary course of business consistent with past practice), guarantee, assume or endorse or otherwise as an accommodation become responsible for any such indebtedness or any debt securities or other financial obligations of another person or enter into any keep well or other agreement to maintain any financial statement condition of another person, other than (A) borrowings in the ordinary course of business under Covance's existing credit facilities and in respect of letters of credit (provided that the aggregate outstanding amount of borrowings under credit facilities and letters of credit does not exceed \$10 million more than the amount on the date the merger agreement was signed), (B) foreign currency arrangements entered into in the ordinary course of business and not for any speculative purpose, (C) prepayments of indebtedness in the ordinary course of business consistent with past practice or (D) indebtedness permitted under the merger agreement that is incurred by Covance or a wholly owned subsidiary of Covance to Covance or to another wholly owned subsidiary of Covance; or (ii) make any loans, advances or capital contributions to, or investments in, any other person, other than (x) to any of Covance's wholly owned subsidiaries or to Covance from any of its wholly owned subsidiaries, (y) as permitted by the merger agreement or (z) advances of business and travel expenses to employees or advances to customers in the ordinary course of business;

make any capital expenditures that, in the aggregate, exceed 105% of the aggregate amount of expenditures provided for in Covance's 2015 capital expenditures plan provided to LabCorp in writing prior to the date of the merger agreement;

settle any claim, investigation, proceeding or litigation with a governmental entity or third person, in each case threatened, made or pending against Covance or any of its subsidiaries, for amounts in excess of \$10 million individually or \$30 million in the aggregate, other than settlements of claims, investigations, proceedings or litigation for an amount (excluding any amounts not covered by Covance's insurance policies) not in excess of the amount reflected or reserved therefore in the most recent financial statements (or the notes thereto) of Covance included in Covance's filed SEC documents;

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except as required pursuant to the terms of any benefit plan in effect on the date of the merger agreement, (i) grant to any director, officer or employee any increase in compensation or employee benefits, (ii) grant to any present or former director, officer or employee any severance or termination pay, or increase in severance or termination pay, (iii) enter into any employment, consulting, severance, termination or similar agreement with any present or former director, officer or employee, (iv) pay any bonus to any present or former director, officer or employee other than payment of 2014 annual cash bonuses in the ordinary course of business based on actual performance in 2014, (v) grant any new awards under any benefit plan or arrangement that would have been a benefit plan had it been in effect as of the date of the merger agreement, (vi) establish, adopt, enter into or amend in any material respect any collective bargaining agreement, other contract with a labor organization or benefit plan, other than routine amendments to benefit plans that do not increase costs of maintaining such benefit plans by other than a de minimis amount, (vii) amend or modify any outstanding award under any benefit plan, (viii) take any action to amend, waive or accelerate the vesting criteria or vesting requirements of payment of any compensation or benefit under any benefit plan or remove any existing restrictions in any benefit plan or award made thereunder, (ix) take any action to accelerate the payment, or to fund or in any other way secure the payment, of compensation or benefits under any benefit plan or (x) forgive any loans, or issue any loans (other than routine travel, immaterial business expense advances, relocation loans or education loans issued in the ordinary course of business), to any current or former employee, officer, director or consultant (except that the Company may enter into or make available to newly-hired employees (other than executive officers or executive committee members), or to such employees in the context of promotions based on job performance or workplace requirement, in each case in the ordinary course of business, benefits (excluding equity grants) consistent with the benefits made available to similarly situated employees);

communicate with employees regarding the compensation, benefits or other treatment they will receive in connection with the transactions contemplated by the merger agreement, unless such communications are consistent with those previously agreed by LabCorp and Covance;

make any material change in accounting methods, principles or practices affecting the consolidated assets, liabilities or results of operations, other than as required by GAAP or any similar organization, or by law;

make any change (or file any such change) in any material method of tax accounting; make, change or rescind any material tax election; settle or compromise any material tax liability or consent to any claim or assessment relating to a material amount of taxes; file any amended tax return reflecting a material amount of taxes; enter into any closing agreement relating to a material amount of taxes; or waive or extend the statute of limitations in respect of material taxes, in each case outside of the ordinary course of business;

cancel, amend, modify or terminate, or waive any material rights, claims or benefits under, any material contract, other than in the ordinary course of business consistent with past practice, or enter into any contract that would have been considered material under the merger agreement it were entered into prior to the date the merger agreement was signed (with the exception of certain types of material contracts, which are permitted if entered into in the ordinary course of business consistent with past practice);

enter into any new line of business or geographic area, except to the extent that they are reasonable extensions to Covance's business as of the date the merger agreement was signed and that they would not reasonably be expected to prevent, delay or impair the parties' ability to complete the merger on a timely basis;

adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization; or

authorize any of, or commit or agree to take any of the actions prohibited by any of the conduct of business covenants described above.



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Prior to the closing of the merger, subject to certain agreed upon exceptions or except as consented to in writing by Covance (which consent may not be unreasonably withheld or delayed), LabCorp has agreed to and has agreed to cause each of its subsidiaries to conduct its business in the ordinary course consistent with past practice and (i) to use its reasonable best efforts to preserve its business organizations intact, (ii) to keep available the services of its current officers and employees and (iii) to preserve its relationships with governmental entities and significant customers, suppliers, licensors, licensees, distributors, lessors and other significant business associates.

In addition, prior to the closing of the merger, subject to certain agreed upon exceptions or except as consented to in writing by Covance (which consent may not be unreasonably withheld or delayed), LabCorp has agreed not to and has agreed to cause each of its subsidiaries not to:

declare, set aside or pay any dividends or make any other distributions in respect of its capital stock, other than dividends or distributions of a wholly owned subsidiary to its parent;

split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock;

purchase, redeem or otherwise acquire any shares of its or its subsidiaries' capital stock or other securities or any rights, warrants or options to acquire any such shares or other securities, other than (i) the acquisition by LabCorp of shares of LabCorp common stock in connection with the surrender of shares of LabCorp common stock by holders of stock options in order to pay the exercise price of such LabCorp stock options, (ii) the withholding of shares of LabCorp common stock to satisfy tax obligations with respect to awards granted pursuant to LabCorp stock plans, (iii) the acquisition by LabCorp of any awards under the LabCorp stock plans in connection with the forfeiture of such awards and (iv) the acquisition by LabCorp of LabCorp common stock in connection with the exercise of rights under the LabCorp employee stock purchase plan, in each case that are outstanding as of the date of the merger agreement and in accordance with their terms as of that date;

issue, deliver, sell, pledge, dispose of, encumber or subject to any lien any shares of its capital stock or other equity interests (or any securities convertible into, exercisable or exchangeable for equity interests) to acquire, any such equity interests, other than with respect to any awards granted under any LabCorp stock plan;

amend the LabCorp charter or LabCorp bylaws in any manner that would prohibit, hinder, impede or delay the merger in any material respect, or have a material and adverse impact on the value of LabCorp common stock;

make any material change in accounting methods, principles or practices affecting the consolidated assets, liabilities or results of operations of LabCorp, other than as required by GAAP or any similar organization or by law;

adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization; or

authorize any of, or commit agree to take any of the actions prohibited by any of the conduct of business covenants described above.

**No Solicitation or Negotiation of Takeover Proposals**

The merger agreement provides that neither Covance nor any of its subsidiaries will, and Covance will instruct and cause its and its subsidiaries' respective directors, officers and other representatives not to, directly or indirectly:

solicit, initiate, knowingly encourage or otherwise knowingly facilitate any inquiries regarding or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, any takeover proposal (as defined below);

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engage in, participate in or otherwise continue any discussions or negotiations with any person regarding any takeover proposal;

provide any non-public information to any person with respect to, or otherwise knowingly facilitate, any proposal or offer that constitutes or may reasonably be expected to lead to any takeover proposal; or

enter into or agree to enter into any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement or other similar agreement related to any takeover proposal other than a confidentiality agreement (any of which, other than a confidentiality agreement entered into in accordance with the non-solicitation provisions of the merger agreement, we refer to as an acquisition agreement).

Under the merger agreement, a takeover proposal means any inquiry, proposal or offer from any person or group of persons relating to (i) any direct or indirect acquisition or purchase in any manner of 15% or more of the consolidated total assets of Covance and its subsidiaries, taken as a whole, or 15% or more of outstanding shares of Covance common stock, (ii) any tender offer or exchange offer, that, if consummated, would result in any person or group or persons owning, directly or indirectly, 15% or more of outstanding shares of Covance common stock or (iii) any merger, consolidation, business combination, recapitalization, reorganization, liquidation, dissolution, share exchange or similar transaction involving Covance or any of its subsidiaries that would result in any person or group (or the stockholders of any person) owning, directly or indirectly, (a) 15% or more of any class of equity securities of Covance or of the surviving entity in a merger or the resulting direct or indirect parent of Covance or such surviving entity or (b) businesses or assets (including capital stock of the subsidiaries of Covance) that constitute 15% or more of the consolidated revenues, net income or total assets of Covance and its subsidiaries.

### *Existing Discussions or Negotiations*

In the merger agreement, Covance agreed to, and agreed to cause its subsidiaries to, and agreed to instruct and cause its and its subsidiaries' respective directors, officers and other representatives to, immediately cease and cause to be terminated any discussions and negotiations with any person conducted prior to the date of the merger agreement with respect to any takeover proposal, or proposal or offer that could reasonably be expected to lead to any takeover proposal. Covance also agreed to promptly inform any such persons referred to in the preceding sentence of its obligations, and to promptly request from each person that has executed a confidentiality agreement in connection with its consideration of a takeover proposal to return or destroy all confidential information concerning Covance and any of its subsidiaries and promptly terminate all physical and electronic data access previously granted to such person.

### *Fiduciary Exception*

At any time prior to (but not after) obtaining the requisite approval of the Covance stockholders to adopt the merger agreement at a Covance stockholder meeting (which we refer to as the Covance stockholder approval), if (i) the Covance board has determined in good faith after consultation with its outside legal counsel and financial advisor that an unsolicited bona fide written takeover proposal received after the date of the merger agreement either constitutes a superior proposal (as defined below) or would reasonably be expected to result in a superior proposal, (ii) the Covance board determines after consultation with and receiving advice of outside counsel that the failure to take such action would be inconsistent with the fiduciary duties of the Covance board to the Covance stockholders under applicable law, (iii) Covance has not breached its obligations not to solicit takeover proposals under the merger agreement and (iv) Covance has provided at least 24 hours prior written notice to LabCorp of its intent to take any of the following

actions, then Covance may (provided that Covance first enters into a confidentiality agreement with the person making the takeover proposal containing terms no less favorable

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to Covance in the aggregate than those set forth in the confidentiality agreement between LabCorp and Covance entered into in connection with negotiation of the merger agreement):

furnish information with respect to Covance and its subsidiaries to the person making such unsolicited takeover proposal (provided that Covance concurrently provides (and in any event within 24 hours) to LabCorp any non-public information concerning Covance or its subsidiaries to be provided to such other person which was not previously provided to LabCorp); and

engage in discussions or negotiations with any such person regarding such takeover proposal.

Under the merger agreement, a superior proposal means any unsolicited, bona fide takeover proposal (with the percentages set forth in the definition thereof changed from 15% to 50%) made in writing after the date of the merger agreement that the Covance board determines in good faith is reasonably likely to be consummated and that is on terms which the Covance board determines in good faith, if consummated, would be more favorable to the stockholders of Covance from a financial point of view than the merger, taking into account all financial, legal, regulatory, financing, certainty and timing of consummation and other aspects of such proposal and of the merger agreement (including any changes to the financial and other terms of the merger agreement proposed by LabCorp to Covance within a specified number of days of LabCorp's receipt of notice from Covance of such proposal in response to such proposal or otherwise).

### *Notice*

Covance will promptly (and, in any event, within 24 hours) notify LabCorp if any takeover proposals are received by, any non-public information is requested in connection with any takeover proposal from, or any discussions or negotiation with respect to a takeover proposal are sought to be initiated or continued with, it, its subsidiaries or any of their respective representatives. In any such notice, Covance must indicate the name of such person and the material terms and conditions of any such proposals or offers (including, if applicable, copies of any written takeover proposal) and should continue to keep LabCorp informed, on a current basis, of the status and terms of any such proposals or offers and the status of any such discussions or negotiations, including any change in Covance's intentions as previously notified.

### **No Change in Recommendation or Alternative Acquisition Agreement**

Subject to certain exceptions described below, the Covance board and each committee of the Covance board may not:

withdraw (or modify or qualify in a manner adverse to LabCorp), or publicly propose to withdraw (or modify or qualify in a manner adverse to LabCorp), the Covance recommendation to Covance stockholders that they vote in favor of the adoption of the merger agreement, which we refer to as the Covance recommendation, or recommend the approval or adoption of, or approve or adopt, declare advisable or publicly propose to recommend, approve, adopt or declare advisable, any takeover proposal (any of which, we refer to as an adverse recommendation change);

approve or recommend, or publicly propose to approve or recommend, any acquisition agreement; or

cause or permit Covance or any of its subsidiaries to enter into any acquisition agreement.

*Fiduciary Exception*

However, at any time before the Covance stockholder approval is obtained, the Covance board may, subject to compliance by Covance with its obligations under the merger agreement not to solicit takeover proposals:

make an adverse recommendation change if the Covance board determines in good faith, after consultation with and receiving the advice of its outside legal counsel and financial advisor, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law; and/or

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terminate the merger agreement and concurrent with such termination cause Covance to enter into an acquisition agreement providing for a superior proposal, which we refer to as a superior proposal termination, subject to the payment by Covance of any required termination fee.

However, the Covance board may not make an adverse recommendation change and/or effect a superior proposal termination until after at least five business days following LabCorp's receipt of written notice from Covance advising that the Covance board intends to take such action and the basis for doing so. After providing such notice and prior to making such adverse recommendation change and/or effecting a superior proposal termination:

Covance must, during such five business day period, negotiate in good faith with LabCorp and its representatives with respect to any revisions to the terms of the transaction contemplated by the merger agreement proposed by LabCorp; and