LABORATORY CORP OF AMERICA HOLDINGS
Form DEF 14A
March 30, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

Laboratory Corporation of America Holdings

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Date Filed:

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Laboratory Corporation of America® Holdings

358 South Main Street

Burlington, NC 27215

Telephone: 336-229-1127

March 30, 2018

Dear Shareholder:

I hope you will join us for the 2018 Annual Meeting of Shareholders of Laboratory Corporation of America Holdings, which will be held on Thursday, May 10, 2018 at 9:00 a.m. The Annual Meeting will be a virtual meeting of shareholders to be held over the Internet, during which you will be able to vote your shares electronically and submit your questions during the live webcast of the meeting.

At the Annual Meeting, we will ask you to: 1) elect ten director nominees named in the attached proxy statement to our Board of Directors; 2) approve, on a non-binding advisory basis, executive compensation; and 3) ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2018. We will also discuss any other business matters properly brought before the meeting.

In reviewing the Proxy Statement you will find detailed information beginning on page 19 about the qualifications of our director nominees and why we believe they are the right people to represent you.

As discussed in our Compensation Discussion and Analysis, which begins on page 27, we continue to maintain an executive compensation program that creates strong alignment between our executives pay and the performance of the Company. Over the past several years, our compensation program has evolved to better align with our changing business and industry, as well as to reflect feedback we have received from our shareholders. The Board believes our current compensation program, which is highly performance-based, incentivizes our management team to execute on our strategic goals and is strongly aligned with the interests of our shareholders.

As part of our ongoing shareholder engagement efforts, since our 2017 Annual Meeting of Shareholders, senior management engaged with shareholders representing more than 75 percent of the Company s outstanding shares. Discussions with our shareholders were primarily focused on a review of our performance and differentiated capabilities, our transformational strategy to become a leading life sciences company, our corporate governance practices and our executive compensation program. In response to discussions with our shareholders, in January 2017 our Board of Directors adopted proxy access, which permits eligible shareholders to submit director nominees to be included in the Company s proxy statement, commencing with this Annual Meeting.

Your vote is very important to us. Whether or not you plan to participate in the 2018 Annual Meeting, it is important that your shares are represented and voted at the meeting. I urge you to promptly vote and submit your proxy via the Internet, by phone, or, if you receive paper copies of the proxy materials by mail, by following the instructions on the proxy card or voting instruction card.

On behalf of the Board of Directors, I would like to express our appreciation for your continued ownership of LabCorp. We look forward to your participation during the 2018 Annual Meeting.

Sincerely,

David P. King

Chairman of the Board,

President and Chief Executive Officer

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Notice of 2018 Annual Meeting

of Shareholders

Thursday, May 10, 2018

9:00 a.m., Eastern Daylight Time

The 2018 Annual Meeting will be a virtual meeting of shareholders to be held as a live webcast over the Internet at LH.onlineshareholdermeeting.com.

ITEMS OF BUSINESS:

1. To elect ten directors from among the nominees named in the attached Proxy Statement.

2. To approve, on a non-binding advisory basis, executive compensation.

3. To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the year ending December 31, 2018.

4. To consider any other business properly brought before the Annual Meeting.

RECORD DATE:

March 23, 2018. Only shareholders of record at the close of business on the record date are entitled to receive notice of, and to vote at, the 2018 Annual Meeting.

PROXY VOTING:

Your vote is important. We encourage you to mark, date, sign and return the enclosed proxy/voting instruction card or, if you prefer, to vote by telephone or by using the Internet.

March 30, 2018

By Order of the Board of Directors

F. Samuel Eberts III

Secretary

Important notice regarding the availability of proxy materials for the Annual Meeting of Shareholders to be held on May 10, 2018. Our Proxy Statement and Annual Report to Shareholders are available at www.proxyvote.com.

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PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are supplied to help you find further information in this Proxy Statement.

Annual Meeting of Shareholders

Date and Time:	9:00 a.m. on Thursday, May 10, 2018, Eastern Daylight Time
Virtual Meeting Location on the Internet:	LH.onlineshareholdermeeting.com
Record Date:	March 23, 2018
Mailing Date:	This proxy statement was first mailed or made available to shareholders on or about March 30, 2018.
Voting:	Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

Voting Matters and Vote Recommendation (page 5)

The following table summarizes the proposals to be considered at the Annual Meeting and the Board s voting recommendation with respect to each proposal.

PROPOSALS	BOARD VOTE RECOMMENDATION
Election of Directors	FOR EACH NOMINEE
Advisory Vote to Approve Executive Compensation	FOR
Ratification of PricewaterhouseCoopers LLP as Independent Auditor for 2018	FOR

How to Cast Your Vote (page 6)

You can cast your votes by any of the following methods:

Internet (www.proxyvote.com) until 11:59 p.m., Eastern Daylight Time on Wednesday, May 9, 2018;

Telephone (1-800-690-6903) until 11:59 p.m., Eastern Daylight Time on Wednesday, May 9, 2018;

Completing, signing and returning your proxy card or voting instruction card so that it is received before the polls close on Thursday, May 10, 2018; or

Participating in the Annual Meeting whether you are a shareholder of record or hold your shares in street name, you may vote online at the Annual Meeting.

You will need to enter your 16-digit control number (included in your Notice, your proxy card or the voting instructions that accompanied your proxy materials) to vote your shares at the Annual Meeting. Instructions on how to attend the Annual Meeting live over the Internet, and how to vote your shares during the Annual Meeting, are posted at LH.onlineshareholdermeeting.com. Shareholders with questions regarding how to attend and participate in the Annual Meeting live over the Internet, and how to vote during the Annual Meeting, may call 1-855-449-0991 on the Annual Meeting date.

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PROXY SUMMARY

Board Nominees (page 19)

The following table provides summary information about each director nominee.

NAME	AGE	DIRECTOR SINCE	OCCUPATION	INDEPENDENT	OTHER PUB BOARDS
d P. King	61	2007	Chairman, President & CEO, Laboratory Corporation of America Holdings		1
i B. Anderson	60	2006	Former CEO, Wendy s International, Inc.		2
Luc Bélingard	69	1995	Former Chairman, bioMérieux, Vice President, Institut Mérieux		4
ary Gilliland	63	2014	President and Director of the NCI-designated Fred Hutchinson Cancer Research Center in Seattle, WA		0
eng Kong	42	2013	Managing Partner, Sofinnova HealthQuest Capital		4
rt E. Mittelstaedt, Jr.	74	1996	Dean Emeritus, W. P. Carey School of Business at Arizona State University		1
M. Neupert	62	2013	Former Operating Partner, Health Evolution Partners, Inc.		0
elle P. Parham	50	2016	General Partner, Camden Partners		2
n H. Schechter	53	2013	Executive Vice President, Merck & Co., Inc.		0
nders Williams	69	2007	Chief Executive Officer, J. David Gladstone Foundation; President Emeritus, J. David Gladstone Institutes; Professor, University of California San Francisco		1

LabCorp is committed to strong corporate governance practices, including annual election of directors by majority vote, a Lead Independent Director with a clearly defined role and responsibilities, an annual self-assessment by the Board and proxy access to allow eligible shareholders to submit nominees to be included in the Company s Proxy Statement.

Executive Compensation (page 27; 46)

Pay for Performance (page 29)

LabCorp s executive compensation program is designed to attract, motivate and retain executives in a highly competitive environment. Our executive compensation philosophy is to pay for performance by rewarding the achievement of specific short-term and long-term operational and strategic goals.

The Company seeks to achieve outstanding performance for our shareholders through a focus on increased revenue, adjusted earnings per share (EPS), adjusted operating income, and relative total shareholder return compared to our peer group of companies we use for compensation purposes. Our compensation program rewards our executives for achieving strategic objectives. A substantial majority of the value of our executives compensation opportunity (51-60%), including performance-based cash compensation and performance shares, is subject to the achievement of Company and individual objectives, which provides a strong incentive to drive Company performance and increase shareholder value.

2017 Executive Total Compensation Mix (page 29)

The Compensation Committee takes several factors into consideration when setting executive compensation levels, including:

- alignment of compensation with growth drivers of the Company s business;
- competitive data and emerging best practices in executive compensation presented by its independent consultant; and
- feedback from shareholders.

While the Committee sets total target compensation (base salary plus the target amounts under our annual cash incentive and long-term incentive arrangements) to be competitive in relation to the median peer compensation as reflected in data provided by its independent consultant, the Committee places greater emphasis on the variable or at-risk portion of compensation versus fixed compensation.

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PROXY SUMMARY

For 2017, approximately 75 percent of Mr. King s total target compensation was performance-based and at-risk. For the other Named Executive Officers (NEOs), approximately 67 percent of the average total target compensation for 2017 was performance-based and at-risk. In 2017, an additional approximately 15 percent of our CEO s total target compensation and an additional approximately 15 percent of the average total target compensation for our other NEOs was variable and based on the performance of the Company s stock. The charts below show the mix of pay elements included in total compensation opportunities for 2017 for our Chief Executive Officer and an average for our other NEOs:

(1) Pay mix totals do not include the special restricted stock award with an approximate value of $1,500,000 to Mr. Huff upon his appointment as Chief Executive Officer of LabCorp Diagnostics.

Advisory Vote to Approve Executive Compensation (page 58)

We ask that our shareholders approve the advisory resolution on executive compensation. Beginning in 2011, the Compensation Committee has continued to evolve our compensation program to enhance the alignment of our program with the strategic goals of the Company and reflect the feedback we have received from our shareholders. The Compensation Committee continuously improves the compensation program by designing management incentives that create strong alignment between compensation, the performance of the Company and the interests of shareholders. In 2017, for instance, the Company for the first time since 2012 included in its mix of long-term equity awards non-qualified stock options, to further align long-term incentive compensation with our shareholders   interest in stock price appreciation. We have also adopted many market-leading compensation practices to further align the interests of our executives with those of our shareholders:

Robust stock ownership guidelines (6x base salary for CEO);

Prohibition on pledging and hedging Company stock;

Fully performance-based annual incentive program;

Incentive plan directly linked to strategic and objective financial goals;

Cap on annual incentive opportunities;

No employment agreements;

Limited perquisites;

No tax gross-ups;

Double trigger change-in-control provisions;

Performance oriented mix of long-term incentives: performance shares (60 percent of targeted grant value), restricted stock units (20 percent of targeted grant value) and non-qualified stock options (20 percent of targeted grant value) with multi-year vesting;

If the Company were to declare dividends, dividends would only be paid to the extent performance shares are earned;

Three-year performance measurement period for performance shares; and

Clawback policy.

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PROXY SUMMARY

Auditors (page 60)

We ask that our shareholders ratify the selection of PricewaterhouseCoopers, LLP as our independent auditor for the year ending December 31, 2018. Below is summary information about PricewaterhouseCoopers fees for services provided in fiscal years 2017 and 2016.

	2017	2016
Audit Fees(1)	$3,484,100	$3,014,000
Audit Related Fees(2)	$377,750	$181,000
Tax Fees(3)	$1,815,288	$1,209,480
All Other Fees(4)	$277,700	$1,800
TOTAL	$5,954,838	$4,406,280

(1) *Audit Fees include fees incurred for the audit of the Company s annual statements, review of financial statements included in the Company s quarterly reports on Form 10-Q and services that are normally provided by PricewaterhouseCoopers in connection with statutory and regulatory filings or engagements.*

(2) *Audit Related Fees include fees incurred for assurance and related services that are reasonably related to performance of the audit or review of the Company s financial statements but are not otherwise included as Audit Fees. Audit Related Fees for the year ended December 31, 2017 were primarily for certain accounting consultations.*

(3) *Tax Fees for the years ended December 31, 2017 and December 31, 2016 were related to general tax consulting, tax compliance, including expatriate tax services and preparation of tax returns, tax planning insights, transfer pricing documentation assistance and tax advice. The 2017 fees related to tax planning in conjunction with the acquisition of Chiltern.*

(4) *All Other Fees are fees incurred for any services not included in the other categories of fees. All Other Fees consisted of accounting research software and other services.*

Proxy Statement

LabCorp is providing you with these proxy materials in connection with its 2018 Annual Meeting of Shareholders (the Annual Meeting). The Notice of Internet Availability of Proxy Materials (the Notice), this Proxy Statement and LabCorp s 2017 annual report on Form 10-K (the 2017 Annual Report) were first mailed to shareholders of record on or about March 30, 2018. As used in this Proxy Statement, LabCorp, the Company and we may refer to Laboratory Corporation of America Holdings itself, one or more of its subsidiaries, or Laboratory Corporation of America Holdings and its consolidated subsidiaries, as applicable.

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GENERAL INFORMATION

2018 Annual Meeting of Shareholders

LabCorp s 2018 Annual Meeting is scheduled to occur on Thursday, May 10, 2018 at 9:00 a.m., Eastern Daylight Time. The Annual Meeting will be a virtual meeting and will be webcast live at LH.onlineshareholdermeeting.com. We believe that conducting the 2018 Annual Meeting as a virtual meeting will encourage higher levels of shareholder participation while also helping us reduce the financial and environmental costs associated with the 2018 Annual Meeting.

All owners of LabCorp s common stock, par value $0.10 per share (the Common Stock), on March 23, 2018, the record date (the Record Date), are eligible to receive notice of, and to vote electronically at, the 2018 Annual Meeting over the Internet by using the 16-digit control number included in the Notice, proxy card or the voting instructions that accompanied these proxy materials. Representatives of PricewaterhouseCoopers LLP, independent auditor for LabCorp for the years ending December 31, 2016 and December 31, 2017, will be present at the 2018 Annual Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on May 10, 2018

Pursuant to the notice and access rules adopted by the Securities and Exchange Commission (the SEC), LabCorp has elected to provide access to its proxy materials and the 2017 Annual Report over the Internet and sent the Notice to shareholders of record as of the Record Date on or about March 30, 2018. The Notice is not a form for voting and presents only an overview of the more complete proxy materials, which contain important information about the 2018 Annual Meeting. All shareholders may access the proxy materials on the website referred to in the Notice (www.proxyvote.com) and we encourage shareholders to do so prior to submitting their votes. Shareholders may request to receive a printed set of the proxy materials by following the instructions provided in the Notice.

Shareholders may also request to receive future proxy materials in printed form by mail or electronically by e-mail on an ongoing basis by following the instructions on your proxy card or at www.proxyvote.com. Choosing to receive proxy materials by e-mail will save LabCorp the cost of printing and mailing documents and will reduce the impact of LabCorp s annual meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Matters Subject to a Vote of the Shareholders

Current Proposals

The following matters are subject to a vote of the shareholders at the 2018 Annual Meeting:

Election of directors from among the nominees described in this Proxy Statement (see page 19);

Approval, on a non-binding advisory basis, of compensation for LabCorp s executives (see page 58); and

Ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the year ending December 31, 2018 (see page 60).

Board Recommendations

The Board of Directors of the Company (the Board) unanimously recommends that shareholders vote as follows:

- FOR the election of each of the nominees for director;
- FOR the approval, on a non-binding advisory basis, of the compensation for LabCorp s executives; and,
- FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2018.

GENERAL INFORMATION

Other Business

The Board does not intend to bring any other business before the 2018 Annual Meeting and is not aware of any other matters to be brought before the meeting. See the section Other Matters on page 65 for information about presenting proposals for the 2019 Annual Meeting. Please also see the section Identification and Evaluation of Director Candidates on page 11 for information about shareholder nominations to the Board.

Voting Procedures and Solicitation of Proxies

Quorum and Voting Requirements

The Board is soliciting your vote at the 2018 Annual Meeting or at any later meeting should the scheduled annual meeting be adjourned or postponed for any reason. By using a proxy, which authorizes specific people to vote on your behalf, your shares can be voted whether or not you attend the 2018 Annual Meeting. At least a majority of the total number of shares of Common Stock issued and outstanding and entitled to vote on the Record Date must be present in person or by proxy at the 2018 Annual Meeting for a quorum to be established. At the close of business on the Record Date, there were 102,001,292 shares of Common Stock issued and outstanding.

Each share of Common Stock is entitled to one vote on each of the director nominees and one vote on each other matter that is properly presented at the 2018 Annual Meeting. In accordance with LabCorp s Amended and Restated By-Laws (the By-Laws), director nominees in an uncontested election must receive a majority of the votes cast to be elected, which under the By-Laws means that the number of shares voted FOR a director must exceed 50 percent of the votes cast with respect to that director. The Board has adopted a policy under which a director who does not receive the required vote for election as provided in the By-Laws will submit his or her resignation for consideration by the Board. The affirmative vote of a majority of shares of Common Stock represented at the Annual Meeting and entitled to vote is required for approval of the other proposals noted above. Abstentions will have no effect on the election of the directors, but will have the same effect as a vote against the other proposals scheduled for the 2018 Annual Meeting.

Voting by Record Holders

If your name is registered in LabCorp s shareholder records as the owner of shares, there are four ways that you can vote your shares:

- ***Over the Internet.*** Vote at www.proxyvote.com. The Internet voting system is available 24 hours a day until 11:59 p.m. Eastern Daylight Time on Wednesday, May 9, 2018. Once you enter the Internet voting system, you can record, confirm and change your voting instructions.

- ***By telephone.*** Call 1-800-690-6903. The telephone voting system is available 24 hours a day in the United States until 11:59 p.m. Eastern Daylight Time on Wednesday, May 9, 2018. Once you enter the telephone voting system, a series of prompts will tell you how to record, confirm and change your voting instructions.

By mail. Mark your voting instructions on the proxy card (if you requested or received one), sign and date it, and return it in the prepaid envelope provided. For your mailed proxy card to be counted, it must be received before the polls close at the 2018 Annual Meeting on Thursday, May 10, 2018.

By participating in the Annual Meeting. Participate in the virtual 2018 Annual Meeting by visiting LH.onlineshareholdermeeting.com and listening to the live webcast and vote your shares electronically over the Internet during the 2018 Annual Meeting. You may vote online during the 2018 Annual Meeting whether you are a shareholder of record or hold your shares through a bank, broker or other custodian (referred to as shares held in street name).

You may change your vote or revoke a proxy at any time prior to the 2018 Annual Meeting by:

Entering new instructions on either the telephone or Internet voting system before 11:59 p.m. Eastern Daylight Time on Wednesday, May 9, 2018.

Sending a new proxy card with a later date than the previously submitted proxy card. The new proxy card must be received before the polls close at the 2018 Annual Meeting on Thursday, May 10, 2018.

Writing to LabCorp at 358 South Main Street, Burlington, North Carolina 27215, Attention: F. Samuel Eberts III, Secretary. Your letter should contain the name in which your shares are registered, the date of the proxy you wish to revoke or change, your new voting instructions, if applicable, and your signature. Your letter must be received before the 2018 Annual Meeting begins on Thursday, May 10, 2018.

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All proxies duly executed and received by LabCorp will be voted in accordance with the instructions provided by the person executing the proxy or, in the absence of any instruction, will be voted in accordance with the Board s recommendations on each proposal. Proxies will have the discretion to vote on any other matters that come before the 2018 Annual Meeting that are not otherwise specified in the Notice.

Voting by Holders in Street Name

If you hold shares through a bank, broker or other custodian (referred to as shares held in street name), the custodian will provide you with a copy of the Proxy Statement and a voting instruction form. Brokers and other holders of record have discretionary authority to vote shares without instructions from beneficial owners only on matters considered routine by the New York Stock Exchange, such as the advisory vote on the selection of the independent auditors. On non-routine matters, such as the election of directors, these banks, brokers and other holders of record do not have discretion to vote uninstructed shares and thus are not entitled to vote on such proposals, resulting in a broker non-vote for those shares. We encourage you to provide voting instructions so that your shares can be counted in the election of directors and the other matters to be considered at the 2018 Annual Meeting.

Even if your shares are held in street name, you may participate in the virtual 2018 Annual Meeting and vote your shares during the meeting by visiting LH.onlineshareholdermeeting.com, listening to the live webcast and casting your vote online.

Proxy Expenses

LabCorp will bear the expenses to prepare proxy materials and to solicit proxies for the 2018 Annual Meeting. LabCorp expects to reimburse banks, brokers, and other persons for their reasonable, out-of-pocket expenses in handling proxy materials for beneficial owners LabCorp has also retained Morrow Sodali LLC for solicitation of holders of record as well as non-objecting beneficial owners. LabCorp paid Morrow Sodali LLC a fee of approximately $9,000 for these services, plus reimbursement of expenses. These solicitations may be made personally or by mail, facsimile, telephone, messenger, email or otherwise.

Results of the 2018 Annual Meeting

The voting results of the 2018 Annual Meeting will be disclosed no later than four business days after the 2018 Annual Meeting in a Current Report on Form 8-K filed with the SEC.

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CORPORATE GOVERNANCE

We have a long-standing commitment to strong corporate governance practices. These practices provide an important framework within which our Board and management pursue the strategic objectives of LabCorp and ensure the Company s long-term vitality for the benefit of our shareholders.

Shareholder Engagement

In 2017, we continued our active shareholder engagement program, which included participation by both management and members of our Board. In addition to our ongoing engagement with shareholders regarding operational results and business strategy, we have continued our practice of shareholder engagement to specifically discuss corporate governance, executive compensation and other matters important to our shareholders. In 2017, we engaged with shareholders that represented more than 75 percent of the Company s outstanding shares to review and receive feedback on our corporate governance practices and executive compensation program, our performance, our differentiated and innovative solutions, and our progress in executing on our strategic priorities as a leading life sciences company. Feedback received from our shareholder engagement program is reviewed with management and the Board. The Board uses this feedback as it considers long-term business strategy, executive compensation, corporate governance and other emerging areas of shareholder concern.

Board Structure and Independence

We have a strong governance structure to ensure Board oversight and accountability to our shareholders, including:

- a Lead Independent Director with a clearly defined role and clearly defined responsibilities;
- 100 percent committee independence;
- an annual self-assessment of performance and effectiveness conducted by the Board and each committee;
- annual elections of all directors;
- majority voting for election of directors;
- proxy access for shareholders director nominations; and
- no shareholder rights or poison pill plans.

Board Composition

The cornerstone of our governance philosophy is an independent and qualified board of directors. All directors are elected annually by a majority of votes cast by shareholders. All Board committees are composed entirely of independent directors.

LabCorp s By-Laws provide for a Board of no fewer than one and no more than fifteen directors and our Corporate Governance Guidelines provide for a Board size ranging from no fewer than nine directors and no more than fifteen directors. There are currently ten members of the Board, and each member is standing for reelection at the 2018 Annual Meeting. For more details about the nominees for directors and their biographies, please see Proposal One: Election of Directors (page 19).

The Board carefully evaluates each incoming director candidate based on selection criteria and overall priorities for Board composition that are periodically reviewed by the Nominating and Corporate Governance Committee with input from the rest of the directors. As our directors commitments change, the Board revisits their situations to ensure that they can continue to serve the best interests of the Company and our shareholders. We believe that a range of tenure among Board members from a variety of backgrounds ensures a balanced mix of longer tenured directors with deep perspectives on our business with fresh perspectives in the boardroom.

We expect high standards of ethical conduct from our directors and management as described in our Corporate Governance Guidelines and Code of Conduct and Ethics. Our governance principles are available under the Corporate Governance tab of the Investor Relations page of our website at www.labcorp.com. We have included some highlights from these principles and a summary of key policies below.

Board Independence

The Board believes that a substantial majority of its members should be independent, non-employee directors. The Board has established guidelines for determining director independence that are consistent with the current listing standards of the New York Stock Exchange (the Listing Standards). In addition, director affiliations and transactions are regularly reviewed to ensure that there are no conflicts or relationships that might impair a director s independence from the Company, senior management and our independent registered accounting firm as defined in the Listing Standards. Other than Mr. King, all of our current Board members and all of the nominees for director qualify as independent as defined in the Listing Standards.

Board Leadership

The Chairman of the Board leads the Board and oversees Board meetings and the delivery of information necessary for the Board s informed decision making. The Chairman also serves as the principal liaison between the Board and our management. The Board determines whether the roles of Chairman and Chief Executive Officer should be separated or combined based on its judgment as to the structure that best serves the interests of the Company. The Board believes that at this time, the positions of Chairman and Chief Executive Officer should be held by the same person as this combination has and continues to serve the Company well by providing unified leadership and direction in the management of the Company, contributing to an effective long-term strategy and delivering superior performance for our shareholders.

Since 2009, the Board has also required that an Independent Director serve as Lead Independent Director when the Chief Executive Officer also serves as Chairman or the Chairman otherwise is not an independent director. The Lead Independent Director, among other tasks assigned in the Company s Corporate Governance Guidelines, presides at executive sessions of the Board, serves as a liaison between the Chairman and the other directors, and advises the Chairman with respect to the schedule, agenda and information for Board meetings. The Board believes that appointing a Lead Independent Director provides an efficient and effective leadership model for the Company by fostering clear accountability, effective decision-making, alignment on corporate strategy between the Board and management and a cohesive public face for the Company s independent Board members. Mr. Mittelstaedt currently

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CORPORATE GOVERNANCE

serves as our Lead Independent Director, a role he has held since 2009 with the unanimous support of the Board. Mr. Mittelstaedt meets regularly with Mr. King to review and approve Board agendas, operations and strategic issues discussed with the Board and other matters relating to the Board s oversight functions.

The Board holds executive sessions without Company management and non-independent director participation. These sessions are generally held at each regularly scheduled meeting of the Board and at each special meeting upon the request of a majority of the independent directors attending the special meeting. The Company s Corporate Governance Guidelines provide that the independent directors shall meet on a periodic basis, but no fewer than five times a year on the same day as the regularly scheduled Board meetings. In 2017, Mr. Mittelstaedt, in his capacity as the Lead Independent Director, chaired five meetings of the independent and non-employee directors to discuss strategy, compensation, succession planning and other matters.

Annual Board Self-Assessment

The Board conducts a self-assessment of its performance and effectiveness on an annual basis. The purpose of the self-assessment is to determine whether the Board and its committees are functioning effectively and to improve the performance of the Board as a unit. The self-assessment process fosters frank exchanges between directors and helps guide suggested changes or additions to committee responsibilities and operations. As part of the assessment, each director completes a questionnaire developed by the Lead Independent Director. The results of the questionnaire and interview process are discussed by the Nominating and Corporate Governance Committee and are then presented to the full Board for review and discussion. In addition, each Board Committee conducts a similar self-assessment of its performance focused on the Committee s key responsibilities. Feedback from the Committees self-assessments is reviewed in the applicable Committee and also presented to the full Board for review and discussion.

Board s Role in Risk Management

Enterprise Risk Management

The Board believes that effective enterprise risk management is an integral part of Board and Committee deliberations throughout the year. The Board annually reviews the Company s enterprise risk management process and the comprehensive assessment of key financial, operational, information technology and security, and regulatory risks identified by management, as well as mitigating practices. In addition, the Board discusses risks related to the Company s strategic plan, competitive activities, human capital management and technological developments. The Audit Committee regularly reviews the Company s cybersecurity and other information technology risks, controls and procedures, including plans to mitigate cybersecurity risks and respond to data breaches. The Board receives regular reports directly from officers responsible for management of operations, financial reporting, legal and regulatory compliance, information technology and security (including cybersecurity) and medical and scientific standard of care. Each Committee also conducts its own risk assessment and risk management activities throughout the year, some of which are highlighted in the Board Committees and Their Functions section below, and reports its conclusions to the Board. The Board also encourages management to promote a corporate culture that integrates risk management into the Company s corporate strategy and day-to-day business operations in a way that is consistent with the Company s targeted risk profile. Through these processes, the Board oversees a system to identify, assess and address material risks to the Company on a timely basis.

Compensation Risk Assessment

The Compensation Committee regularly reviews the Company s compensation policies and procedures to ensure that those practices are consistent with emerging best practices, are aligned with the shareholders interests and support the Company s objective to attract and retain skilled and talented employees. Throughout the year, management reviews compensation policies, practices and changes in applicable regulations with the Compensation Committee, including the impact of the Company s pay practices on the Company s risk profile. The Compensation Committee also works directly with its independent compensation consultant, Frederic W. Cook (FW Cook), to evaluate the Company s compensation philosophy and objectives to identify potential risks in the Company s pay practices. After reviewing FW Cook s analysis and the Compensation Committee s findings, the Board has concluded that our compensation policies and practices are aligned with the interests of shareholders, appropriately reward pay for performance and do not create risks that are reasonably likely to have a material adverse effect on the Company.

Identification and Evaluation of Director Candidates

Identification of Director Candidates

The Nominating and Corporate Governance Committee recommends a slate of directors to the Board for election by the Company s shareholders at each annual meeting of shareholders and recommends candidates to the Board to fill any vacancies. Each member of the Board identifies potential candidates and these candidates are regularly reviewed by the committee, which maintains an active list of potential Board candidates. In addition, the committee is authorized to engage professional search firms at the Company s expense, to assist with the identification, evaluation and due diligence on potential nominees for the Board. The Nominating and Corporate Governance Committee believes it is important to maintain a Board with diverse experiences and expertise, including industry, scientific and medical experience, financial expertise, global business experience and executive leadership experience.

Shareholders may also suggest individuals to be considered by the Board as potential nominees for election to the Board. A shareholder may submit an individual for consideration by the Board of Directors in connection with the 2019 Annual Meeting of Shareholders by providing certain information as set forth in the By-Laws, in writing, to the Corporate Secretary of the Company at 358 South Main Street, Burlington, North Carolina 27215. These suggestions for the 2019 Annual Meeting must be received no earlier than the 120th day prior to the anniversary date of the 2018 Annual Meeting (i.e., January 10, 2019) and no later than the 60th day prior to the anniversary date of the 2018 Annual Meeting (i.e., March 11, 2019). Nominees that comply with the foregoing procedures will receive the same consideration as other candidates identified by or to our Nominating and Corporate Governance Committee.

Under the Company s new proxy access by-law, eligible shareholders also may submit their own nominations to the Board to be included in the Company s proxy statement for the 2019 Annual Meeting of Shareholders.
The By-Laws permit a shareholder, or a group of up to 20 shareholders, owning three percent or more of the Company s outstanding Common Stock continuously for at least three years to nominate and have included in the Company s proxy materials persons for election to the Board constituting up to 20 percent of the Board, provided that the shareholder(s) and the nominee(s) satisfy certain requirements specified in the By-Laws. For a shareholder nominee to be included in the Company s proxy statement for the 2019 Annual Meeting of Shareholders under the proxy access by-law, the information required by the By-Laws must be received by F. Samuel Eberts III, Secretary, Laboratory Corporation of America Holdings, 358 South Main Street, Burlington, North Carolina 27215 no earlier than the close of business on the 150th day prior to the anniversary date of the distribution of this proxy statement (i.e., October 31, 2018) and no later than the close of business on the 120th day prior to the anniversary date of the distribution of this proxy statement (i.e., November 30, 2018).

The By-Laws may be obtained free of charge by writing to the Company s Corporate Secretary and are included as Exhibit 3.2 to the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC on February 27, 2018.

Evaluation of Director Candidates

LABCORP BOARD OF DIRECTOR SKILLS AND EXPERIENCE

ATIONS RIENCE	King	Anderson	Bélingard	Gilliland	Kong	Mittelstaedt	Neupert	Parham	Schechter
tegy									
ance and									
vernance									
adership									
inical kground									
Experience									
ment									
rketing									
ement									

Cybersecurity

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CORPORATE GOVERNANCE

When evaluating prospective candidates for director, including those nominated by shareholders, the Nominating and Corporate Governance Committee conducts individual evaluations of the candidates, taking into account the criteria enumerated in the Company s Corporate Governance Guidelines (see description below). Among other things, the Committee considers whether prospective candidates have:

- personal and professional integrity;
- skills and experience to advise the Company regarding its medical, scientific, operational, strategic and governance goals;
- interest, capacity and willingness to serve the long-term interests of the Company s shareholders;
- ability and willingness to devote the required amount of time to the Company s affairs, including attendance at Board and Committee meetings;
- exceptional ability and judgment; and
- freedom from personal and professional relationships that would adversely affect the ability to serve the best interests of the Company and its shareholders.

The Company s Corporate Governance Guidelines provide that the Nominating and Corporate Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required of Board members in the context of the Company s business needs and the current composition of the Board. This assessment includes, among other characteristics, diversity, age, background, skills and expertise in the context of the perceived needs of the Board at the time of such assessment. The Company believes that Board membership should reflect diversity in its broadest sense, including persons diverse in geography, gender and ethnicity. The Board seeks independent directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board s deliberations and decisions, including experience with publicly traded national, international or multinational companies, executive or financial management experience and/or achievement with distinction in their chosen fields. The Board believes that its composition reflects a balance of skills, experiences, diversity and expertise that provides strong and broad oversight, practical experience and strategic vision to the Company.

Director candidates, other than sitting directors, may be interviewed by the Chairman of the Nominating and Corporate Governance Committee, other directors, the Chief Executive Officer and the Corporate Secretary. The results of these interviews, as well as any other materials received by the Nominating and Corporate Governance Committee that it deems appropriate, are considered by the Nominating and Corporate Governance Committee in making its recommendation to the Board.

Communications with the Board

Shareholders and interested parties may communicate with the Board, individually or as a group, by submitting written communications to the appropriately addressed Board member(s), c/o Corporate Secretary, Laboratory Corporation of America Holdings, 358 South Main Street, Burlington, North Carolina 27215.

All communications with the Board will be reviewed initially by the Corporate Secretary, who will relay all communications to the appropriate director or directors unless the communication is:

- an advertisement or other commercial solicitation or communication;
- obviously frivolous or obscene;
- unduly hostile, threatening or illegal; or
- related to trivial matters (in which case it will be delivered to the intended recipient for review at the next regularly scheduled Board meeting).

Directors may decide whether any of the communications addressed to their attention should be presented to the full Board, to one or more of its Committees or to the Company s management. Each director also has the discretion to determine whether a response to the person sending the communication is appropriate. Any response will be made through the Company s Corporate Secretary in accordance with the Company s policies and procedures and applicable law and regulations relating to the disclosure of information.

The Nominating and Corporate Governance Committee, comprised entirely of independent, non-employee directors, has reviewed and approved the foregoing procedures and is responsible for recommending changes to the procedures as necessary.

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Board Committees and Their Functions

The Board has four standing Committees that are each composed entirely of independent directors. The Nominating and Corporate Governance Committee reviews committee and committee chair assignments annually and recommends committee rosters to the full Board after considering factors such as the directors business and corporate governance experience, their preferences, criteria for specific committee service, the directors other responsibilities and scheduling flexibility. Assignments ensure that each committee has an appropriate mix of tenure and experience. Committee membership shown below is as of March 23, 2018:

	AUDIT COMMITTEE	COMPENSATION COMMITTEE	NOMINATING AND CORPORATE GOVERNANCE COMMITTEE	QUALITY AND COMPLIANCE COMMITTEE
Kerrii B. Anderson				
Jean-Luc Bélingard				
D. Gary Gilliland				
David P. King				
Garheng Kong				
Robert E. Mittelstaedt, Jr.				
Peter M. Neupert				

Richelle P. Parham

Adam H. Schechter

R. Sanders Williams

Chairperson *Member* *Financial Expert*

Charters for each of the Committees are available in print to any shareholder upon request in writing to the Corporate Secretary of the Company at 358 South Main Street, Burlington, North Carolina 27215 and are also available under the Corporate Governance tab of the Investor Relations page of the Company s website at www.labcorp.com. Each committee reviews its respective charter on an annual basis.

Audit Committee

Members: Ms. Anderson (Committee Chair, Financial Expert), Dr. Gilliland, Mr. Neupert (Financial Expert), Ms. Parham and Dr. Williams.

The Audit Committee is responsible for assisting the Board with the following functions:

- the selection, appointment, compensation and oversight of the work of any independent registered public accounting firm employed by the Company;
- reviewing the qualifications and independence of the Company s independent registered public accounting firm;
- assisting the Board with oversight of the integrity of the financial statements of the Company;
- ensuring that the Company complies with legal and regulatory requirements as they impact the Company s financial statements or reporting systems;
- overseeing the Company s internal audit functions and internal controls;
- overseeing the Company s management of financial risks, including with respect to risk assessment and risk management;
- producing an Audit Committee report as required by the SEC to be included in the Company s annual proxy statement; and

regularly reviewing the Company s cybersecurity and other information technology risks, controls and procedures, including the Company s plans to mitigate cybersecurity risks and to respond to data breaches, and receiving reports from, and meeting with, the Chief Information Officer and Chief Information Security Officer to review any specific cybersecurity issues that could affect the adequacy of the Company s internal controls.

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CORPORATE GOVERNANCE

The Audit Committee meets regularly and in executive sessions with PricewaterhouseCoopers, management and the Company s internal auditors. In its meetings with PricewaterhouseCoopers and the internal auditors, the Audit Committee discusses, among other things, the overall scope and plans for their respective audits, the results of their examinations and their evaluations of the Company s internal controls.

The Audit Committee constitutes a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Board has determined that Ms. Anderson and Mr. Neupert are each an audit committee financial expert as defined in the SEC s rules. The Board has also determined that both Ms. Anderson and Mr. Neupert have the accounting or related financial management expertise required by the Listing Standards.

Compensation Committee

Members: Mr. Schechter (Committee Chair), Mr. Bélingard, Dr. Kong, and Mr. Mittelstaedt.

The Compensation Committee is responsible for assisting the Board with the following functions:

- reviewing the Company s compensation and benefit policies, procedures and objectives, including any perquisites paid to the CEO and other executive officers and directors;
- performing an annual review of and making recommendations to the full Board regarding the goals and objectives for CEO compensation, evaluating the CEO s performance in light of those goals and objectives, and reviewing the compensation paid to the CEO and other executive officers;
- reviewing and evaluating the compensation paid to the Company s non-employee directors;
- monitoring the evolving executive compensation landscape and considering shareholder feedback;
- reviewing and overseeing the Company s incentive compensation and equity plans;
- evaluating the Company s pay practices in relation to the Company s risk profile and compensation philosophy;
- producing a Compensation Committee report as required by the SEC to be included in the Company s annual proxy statement; and
- assisting the Board in overseeing development and corporate succession plans for the corporate senior leadership team.

The Compensation Committee has delegated to Mr. King the responsibility of determining the individual and strategic goals for the annual incentive plans for each of the other NEOs, subject to the approval of the Compensation Committee. For a discussion of Mr. King s role in determining executive compensation, see the Compensation Discussion and Analysis section below (page 27).

The Compensation Committee has the sole authority to retain and terminate independent compensation consultants to assist the Committee in its evaluation of executive officer and director compensation. For 2017, the Compensation Committee retained FW Cook as its outside independent compensation consultant. FW Cook does no other work for the Company or its management except as directed by the Chairman of the Compensation Committee. See the Compensation Discussion and Analysis section below (page 27) for more information about FW Cook s role in recommending the amount or form of executive compensation.

Nominating and Corporate Governance Committee

Members: Mr. Neupert (Committee Chair), Ms. Anderson, Dr. Kong, and Mr. Mittelstaedt

The Nominating and Corporate Governance Committee is responsible for assisting the Board with the following functions:

- identifying individuals qualified to become Board members, consistent with criteria approved by the Board;
- recommending to the Board the director nominees for the annual meeting of shareholders and the director nominees for each Board Committee;
- reviewing and reassessing, on an annual basis, the adequacy of the corporate governance principles of the Company and recommending any proposed changes to the Board for approval; and
- leading the Board in its annual self-assessment.

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Quality and Compliance Committee

Members: Dr. Williams (Committee Chair), Mr. Bélingard, Dr. Gilliland, and Mr. Schechter

The Quality and Compliance Committee is responsible for assisting the Board in carrying out its oversight responsibility with respect to quality and compliance issues. This oversight responsibility includes ensuring that management adopts and implements policies and procedures that require the Company s employees to act in accordance with high ethical standards, deliver high quality services and comply with healthcare and other legal requirements. The Quality and Compliance Committee is responsible for reviewing the Company s processes intended to assure excellent performance and meet scientific, medical and regulatory quality performance benchmarks.

In furtherance of the foregoing, the Quality and Compliance Committee annually reviews the Company s programs and practices related to scientific, medical and regulatory quality and compliance including a periodic reassessment of the adequacy of:

- the Company s Annual Compliance Audit Plans for monitoring quality and compliance risk areas;
- quality and compliance policy development;
- quality and compliance reporting/tracking systems;
- investigation and remediation practices for quality and compliance issues;
- education and training of Company personnel on quality and compliance; and
- quality and compliance function responsibilities, staffing and budget.

Additionally, the Quality and Compliance Committee meets regularly, but no less than annually, with each of the Company s Chief Compliance Officer and Chief Medical Officer and, as necessary, members of corporate compliance and the heads of the Company s quality functions, regarding the implementation and effectiveness of the Company s scientific, medical and regulatory compliance program, and receives and reviews periodic reports regarding, among other things:

- compliance-related activities and on-going compliance training programs;

the quality assurance activities conducted by the quality functions;

compliance auditing;

the results of internal quality audits;
the results of inspections by regulatory authorities;

any significant deviations observed by the Company s quality functions; and

the status of any corrective and preventative action plans initiated by those functions.

Board and Committee Meetings

During 2017, the Board held nine meetings and acted eleven times by unanimous written consent. In his capacity as the Lead Independent Director, Mr. Mittelstaedt chaired five meetings of the independent and non-employee directors on the same days as the regularly scheduled Board meetings. The Audit Committee held eight meetings, the Compensation Committee held four meetings, the Nominating and Corporate Governance Committee held three meetings and the Quality and Compliance Committee held four meetings. During 2017, each of the directors attended no less than 88 percent of the total meetings of the Board and the Committees of which he or she was a member. Members of the Board are encouraged to attend the Annual Meeting and all of the directors attended the 2017 Annual Meeting of Shareholders.

Corporate Governance Policies and Procedures

Corporate Governance Guidelines

The Board has adopted a set of Corporate Governance Guidelines that address a number of topics, including composition of the Board, director independence, annual self-assessment by the Board and its Committees, retirement of directors and succession planning. The Nominating and Corporate Governance Committee reviews the Corporate Governance Guidelines on a regular basis and any proposed additions or amendments are submitted to the full Board for its consideration. Shareholders may request a printed copy of the Corporate Governance Guidelines from the Corporate Secretary or access a copy on the Investor Relations page under the Corporate Governance tab of LabCorp s website at www.labcorp.com.

CORPORATE GOVERNANCE

Code of Conduct and Ethics

The Board has also adopted a Code of Conduct and Ethics (the Code) that is applicable to all directors, officers and employees of the Company and its subsidiaries and affiliates. The Code sets forth Company policies and expectations on a number of topics, including but not limited to, conflicts of interest, confidentiality, compliance with laws (including insider trading laws), preservation and use of Company assets, and business ethics. The Code also sets forth procedures for reporting and handling any potential violation of the Code, conflicts of interest and the appearance of any conflict of interest. The Code is regularly reviewed by management, the Audit Committee and the Quality and Compliance Committee and proposed additions or amendments are considered by the full Board. Shareholders may request a printed copy of the Code of Conduct and Ethics from the Corporate Secretary or access a copy under the Corporate Governance tab of the Investor Relations page on LabCorp s website at www.labcorp.com. In addition, any waivers for directors, officers and employees of the Company or amendments to the Code will also be posted on LabCorp s website.

Related Party Transactions

In accordance with its charter, the Board s Audit Committee is responsible for reviewing and approving the terms and conditions of all related party transactions. The Company s directors and key employees, including all members of senior management, complete annual reports disclosing, or certifying the absence of, any related party transactions. The Audit Committee reviews all potential material transactions involving related persons (as such transactions are defined by Item 404(a) of Regulation S-K as promulgated by the SEC) before allowing the Company to enter into any such transaction. The Company has not adopted a static set of criteria to be applied in evaluating a related party transaction and instead tailors the scope of its review to the particular circumstances presented by each transaction to ensure that any such transaction is thoroughly reviewed and evaluated. Based on the Company s review of its transactions, there have been no transactions or proposed transactions considered to be material related party transactions since January 1, 2017.

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DIRECTOR COMPENSATION

The Company s director compensation is designed to attract and retain highly qualified, independent directors to represent shareholders on the Board and act in their best interest. The Compensation Committee, which consists solely of independent directors, has primary responsibility for setting our director compensation. FW Cook, the Committee s independent compensation consultant, assists the Compensation Committee in evaluating our director compensation program.

Elements of Non-Employee Director Compensation

Director compensation is designed to align director compensation with emerging best practices and reflect the Board s belief that director compensation should not depend upon the number of meetings held but rather on the ongoing work and role of the directors throughout the year. For 2017, elements of non-employee director compensation included the following:

Annual Retainer. An annual retainer was paid to each non-employee director in quarterly installments. The annual retainer is $105,000.

Committee Chair Retainer. The Chair of each standing committee of the Board received an additional retainer, paid on a quarterly basis. The retainer for the Chair of the Audit Committee is $25,000, the retainer for the Chair of the Compensation Committee is $20,000 and the retainers for the Chairs of the Nominating and Corporate Governance Committee and the Quality and Compliance Committee each are $15,000.

Lead Independent Director Retainer. The retainer for the Lead Independent Director is $45,000, paid on a quarterly basis.

Equity Compensation. Each non-employee director who was then serving on the Board received a grant of restricted stock units having a value of approximately $165,000 on February 7, 2017, subject to the requirements of the Company s Director Stock Ownership Program (as further described below). The number of restricted stock units granted was determined by using the closing price of the Company s Common Stock on the grant date ($130.60). The restricted stock units vested fully on February 7, 2018. Effective as of October 3, 2017, the annual grant of restricted stock units to each non-employee director was increased in value to approximately $175,000, subject to the requirements of the Company s Director Stock Ownership Program. Because the annual equity awards for 2017 already had been granted when this change was approved, it is first effective for grants made in 2018.

In addition, the Company has a policy of granting to each new director that joins the Board equity awards with a prorated amount of the value of the annual award granted to all directors, with a one-year vesting period.

Reimbursement of Expenses**.** Each director is reimbursed for his or her reasonable out-of-pocket expenses incurred in connection with travel to and from, and attendance at, meetings of the Board or its Committees, as well as for related activities such as director education courses and materials consistent with our policies concerning reimbursement for travel, entertainment and other expenses.

The decision in 2017 to increase the directors equity compensation award was recommended by FW Cook based on their study of non-employee director compensation and was intended to maintain director pay levels with the competitive median of the peer group used for purposes of director compensation comparisons and broader industry benchmarks.

Director Stock Ownership Program

Maintaining a significant personal level of stock ownership ensures that each director is financially aligned with the interests of our shareholders. The Board believes that by holding an equity position in the Company, directors demonstrate their commitment to and belief in the long-term success of the Company. The Company s Director Stock Ownership Program requires each non-employee director to acquire and maintain a number of shares having a value of $500,000. For purposes of determining whether the stock ownership requirement is satisfied, a calculation is performed for each director annually as of the business day closest to June 30 of each year (the Measurement Date), utilizing the average closing price of the Company s Common Stock for the 90-day period ending on the Measurement Date. For new participants, the stock ownership requirement is initially determined as of the date that the director becomes a participant, utilizing the average closing price of the Company stock for the 90-day period ending on that date.

Until the required level of ownership is met, a director is required to hold 50 percent of any shares of Common Stock acquired upon the lapse of restrictions on any stock grant and upon the exercise of stock options, net of any shares

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DIRECTOR COMPENSATION

utilized to pay for the exercise price of the option and any tax withholding, if applicable. If a director fails to meet or show progress towards satisfying these requirements, the Compensation Committee may reduce future equity grants to that director. Once satisfied, each director is required to maintain the required level of stock ownership for his or her entire tenure of service on the Board. Each member of our Board is currently in compliance with the director stock ownership program, either through satisfying the required level of ownership, or by satisfying the holding requirement.

Summary of 2017 Compensation to Non-Employee Directors

The compensation paid by the Company to the non-employee directors for 2017 is set forth in the table below. Information on compensation for Mr. King is set forth in the Executive Compensation section below (page 46).

NAME	FEES EARNED OR PAID IN CASH ($)(1)	RESTRICTED STOCK UNIT AWARDS ($)(2)	TOTAL ($)
Kerrii B. Anderson	$130,000	$164,948	$294,948
Jean-Luc Bélingard	$105,000	$164,948	$269,948
D. Gary Gilliland	$105,000	$164,948	$269,948
Garheng Kong	$105,000	$164,948	$269,948
Robert E. Mittelstaedt, Jr.	$150,000	$164,948	$314,948

Peter M. Neupert	$120,000	$164,948	$284,948
Richelle P. Parham	$105,000	$164,948	$269,948
Adam H. Schechter	$125,000	$164,948	$289,948
R. Sanders Williams	$120,000	$164,948	$284,948

(1) Includes annual retainer payments of $105,000 for each director. Also includes Committee Chair retainer payments of $25,000 to Ms. Anderson, $20,000 to Mr. Schechter, $15,000 to Mr. Neupert and $15,000 to Dr. Williams. Mr. Mittelstaedt received $45,000 for serving as Lead Independent Director.

(2) Amounts represent the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718) for restricted stock units awarded to each director in 2017. For a discussion of the assumptions made in these valuations, see Note 14 to the Company s audited financial statements included within its Annual Report on Form 10-K for the year ended December 31, 2017. The aggregate number of restricted stock units held by each director as of December 31, 2017 was 1,263. There were no unvested non-qualified stock options as of December 31, 2017.

The aggregate number of vested and exercisable stock options held by each director as of December 31, 2017 was as follows: Ms. Anderson 12,700; Mr. Bélingard 14,700; Dr. Gilliland 0; Dr. Kong 0; Mr. Mittelstaedt 9,400; Mr. Neupert 0; Ms. Parham 0; Mr. Schechter 0; and Dr. Williams 2,600. Beginning in 2013, as part of the realignment of our long-term incentive compensation, we ceased granting stock options to directors.

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ELECTION OF DIRECTORS

PROPOSAL ONE Election of Directors

The Nominating and Corporate Governance Committee and the full Board have nominated each of David P. King, Kerrii B. Anderson, Jean-Luc Bélingard, D. Gary Gilliland, Garheng Kong, Robert E. Mittelstaedt, Jr., Peter M. Neupert, Richelle P. Parham, Adam H. Schechter and R. Sanders Williams for election at the Annual Meeting to hold office until the next annual meeting of shareholders or until his or her earlier death, resignation or removal. All nominees have consented to serve, and the Board does not know of any reason why any nominee would be unable to serve. No director nominee is related to any of our other director nominees or executive officers and there are no arrangements or understandings between a director and any other person pursuant to which such person was selected as a director nominee. If a nominee becomes unavailable or unable to serve before the 2018 Annual Meeting, the Board can either reduce its size or designate a substitute nominee. If the Board designates a substitute, your proxy will be voted for the substitute nominee.

Information about each nominee is included below, including details about the nominee s qualifications, skills and experiences that supported the determination by the Nominating and Corporate Governance Committee and the Board that the person should serve as a director of LabCorp.

Nominees to the Board of Directors

DAVID P. KING

Age: 61

Chairman and Chief Executive Officer

Director since

May 2007

Mr. King has served as Chairman of the Board, President, and Chief Executive Officer of the Company since May 6, 2009; prior to that date he served as a director, President and Chief Executive Officer of the Company since January 1, 2007. Mr. King served as Executive Vice President and Chief Operating Officer from December 2005 to January 2007, as Executive Vice President of Strategic Planning and Corporate Development from January 2004 to December 2005 and was hired in September 2001 as Senior Vice President, General Counsel and Chief Compliance Officer. Prior to joining the Company, he was a partner with Hogan & Hartson LLP (now Hogan Lovells US LLP) in Baltimore, Maryland from 1992 to 2001. Mr. King was appointed to the Board of Directors of Cardinal Health, Inc. in 2011 and chairs its Human Resources and Compensation Committee. He also sits on the Boards of Directors of the Seattle Science Foundation, PATH, Inc., and the American Clinical Laboratory Association. He is also on the Board of Trustees of Elon University and Durham Academy.

Skills & Qualifications: Mr. King has over sixteen years experience with the Company in a variety of roles of increasing responsibility in corporate operations, strategic planning, and corporate administration. Mr. King has a deep understanding of the clinical laboratory industry, business strategy, finance, sales and marketing, mergers and acquisitions, risk management and executive management of the Company and its operations.

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ELECTION OF DIRECTORS

KERRII B. ANDERSON

Age: 60

Independent Director

Director since

May 2006

Kerrii B. Anderson has served as a director of the Company since May 17, 2006. Ms. Anderson was Chief Executive Officer of Wendy s International, Inc., a restaurant operating and franchising company, from April 2006 until September 2008, when the company was merged with Triarc. Ms. Anderson served as Executive Vice President and Chief Financial Officer of Wendy s International from 2000 to 2006. Prior to this position, she was Chief Financial Officer, Senior Vice President of M/I Schottenstein Homes, Inc. from 1987 to 2000. Ms. Anderson is currently a director of Abercrombie & Fitch and a member of the Audit Committee. She is currently a director and a member of the Compensation Committee and Audit Committee of Worthington Industries, Inc. Ms. Anderson serves on the Financial Committee of the Columbus Foundation and on the Board of Trustees, as well as the Chair of the Finance and Audit Committee for Ohio Health. She is also the Chairman of the Board of Trustees for Elon University, as well as a member of the Audit Committee for Elon. Ms. Anderson served as the Chairwoman of the Board of Chiquita Brands International Inc. from October 2012 until the Company was sold on January 6, 2015, and was the Chairwoman of the Nominating and Corporate Governance Committee and a Member of the Audit Committee. She also was a director of PF Chang s China Bistro, Inc. from 2010 until June 2012 and Wendy s International from 2006 until September 30, 2008.

Skills & Qualifications: Ms. Anderson has a strong record of leadership in operations and strategy. Ms. Anderson is also an audit committee financial expert as a result of her experience as CEO and CFO of Wendy s International, Inc. Through her service on other public company boards, Ms. Anderson brings extensive financial, mergers and acquisitions, international, talent management, corporate governance and executive compensation experience to the Company s Board.

JEAN-LUC BÉLINGARD

Age: 69

Independent Director

Jean-Luc Bélingard has served as a director of the Company since April 28, 1995. From 2011 to December 2017, Mr. Bélingard served as Chairman of bioMérieux, the worldwide leader of the IVD microbiology segment and a non-US public company since 2010. Mr. Bélingard continues to serve on the board of directors of bioMérieux and as Vice President of Institut Mérieux. Prior to serving as Chairman, Mr. Bélingard had served as Chief Executive Officer of bioMérieux from July 2011 to April 2014. Mr. Bélingard retired as Chairman and Chief Executive Officer of Ipsen SA, a diversified French healthcare holding company, on November 22, 2010. He had served in that position since 2002. Prior to this position, Mr. Bélingard was Chief Executive Officer from 1999 to 2001 of bioMérieux-Pierre Fabre, a diversified French healthcare holding company, where his responsibilities included the management of that company s worldwide pharmaceutical

Director since

April 1995

and cosmetic business. From 1990 to 1999, Mr. Bélingard was CEO of Roche Diagnostics and a member of the Hoffman La Roche group Executive Committee. Mr. Bélingard is a director of the following non-US public companies: Stallergenes Greer (U.K.) since 2011, Transgene SA since 2013, and Lupin Limited (India). Mr. Bélingard holds directorships at various Institut Mérieux Group companies, in particular at Institut Mérieux, the Group s parent company. Mr. Bélingard serves on the advisory board of Laboratoire Pierre Fabre S.A. (France) since 2013, which is owned by The Pierre Fabre Foundation, a government-recognized public organization. Mr. Bélingard is also a member of the Bill and Melinda Gates Foundation CEO Roundtable. Mr. Bélingard has been Chairman of FEFIS, the French Federation of Health Industries (Fédération Française des Industries de Santé) since 2016, and, since January 2017, he has been a member of the Conseil National de l Industrie (C.N.I.) chaired by the French government.

Skills & Qualifications: Mr. Bélingard s long tenure at Roche, Ipsen and bioMérieux demonstrates his valuable business, leadership and management experience, including leading a large healthcare organization with global operations. He brings a strong strategic, operational and risk management background to the Company s Board and an important international perspective to the Board s deliberations. In addition, Mr. Bélingard has extensive corporate governance experience through his service on other public company boards.

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ELECTION OF DIRECTORS

D. GARY GILLILAND, M.D., PH.D.

Age: 63

Independent Director

Director since April 2014

Dr. Gilliland has served as a director of the Company since April 1, 2014. Since January 2, 2015, Dr. Gilliland has served as President and Director of the NCI designated Fred Hutchinson Cancer Research Center in Seattle, WA. Prior to that, he was the inaugural Vice Dean and Vice President for Precision Medicine at the University of Pennsylvania Perelman School of Medicine from October 2013 to January 2015, where he was responsible for synthesizing research and clinical-care initiatives across all medical disciplines including cancer, heart and vascular medicine, neurosciences, genetics and pathology, in order to create a national model for the delivery of precise, personalized medicine. From 2009 until he joined Penn Medicine in 2013, Dr. Gilliland was Senior Vice President of Merck Research Laboratories and Oncology Franchise Head. At Merck, Dr. Gilliland oversaw first-in-human studies, proof-of-concept trials, and Phase II/III registration trials that included the development of pembrolizumab (anti-PD1) for treatment of cancer, and managed all preclinical and clinical oncology-licensing activities. Prior to joining Merck, Dr. Gilliland was a member of the faculty at Harvard Medical School for nearly 20 years, where he served as Professor of Medicine and a Professor of Stem Cell and Regenerative Biology. He was also an Investigator of the Howard Hughes Medical Institute from 1996 to 2009, Director of the Leukemia Program at the Dana-Farber/Harvard Cancer Center from 2002 to 2009, and Director of the Cancer Stem Cell Program of the Harvard Stem Cell Institute from 2004 to 2009. Dr. Gilliland has a Ph.D. in Microbiology from UCLA and an M.D. from UCSF. He is board-certified in Internal Medicine and had his Fellowship training in Hematology and Oncology, all at Harvard Medical School.

Skills & Qualifications: Dr. Gilliland s expertise in cancer genetics and his experience working within medical communities ranging from academia to the pharmaceutical industry position him to provide a practical and balanced perspective to the Board. Dr. Gilliland also brings to the board executive experience in clinical research, as well as in healthcare finance and mergers and acquisitions.

GARHENG KONG, M.D., PH.D.

Age: 42

Independent Director

Dr. Kong has served as a director of the Company since December 1, 2013. Dr. Kong is the Managing Partner of Sofinnova HealthQuest Capital, a healthcare-focused investment firm, and was previously a general partner at Sofinnova Ventures, a position he held from 2010 to 2013. Before joining Sofinnova, Dr. Kong was a general partner from 2000 to 2010 at Intersouth Partners, a venture capital firm where he was a founding investor or board member for various life science ventures, several of which were acquired by large pharmaceutical companies. Prior to his investing career, Dr. Kong was employed by GlaxoSmithKline, McKinsey & Company, and TherOx. Dr. Kong has served on the Board of Directors of Histogenics Corporation, a public

Director since December 2013	biotechnology company where he also serves as the Chairman of the Board, since 2012 when he joined in connection with an investment by Sofinnova Ventures. Dr. Kong has served on the Board of Melinta Therapeutics, a pharmaceutical company formerly known as Cempra Pharmaceuticals, since 2006, and served as Chairman of the Board from 2008 to 2017. Dr. Kong has been on the Board of Alimera Sciences since October 2012 when Sofinnova Ventures made an investment in Alimera. Dr. Kong has served on the Board of Directors of Strongbridge Biopharma plc since 2015. Dr. Kong also sits on the Duke University Medical Center Board of Visitors.

Skills & Qualifications: Dr. Kong holds an M.D., Ph.D. in Biomedical Engineering and an M.B.A. from Duke University. Dr. Kong brings to the Board knowledge and experience in both the healthcare and finance fields, as well as executive leadership, based on his medical background and his work in life science-related venture capital. Dr. Kong also brings corporate governance expertise through his service on public company boards.

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ELECTION OF DIRECTORS

ROBERT E. MITTELSTAEDT, JR.

Age: 74

Lead Independent Director

Director since

November 1996

Robert E. Mittelstaedt, Jr. has served as a director of the Company since November 1996. Mr. Mittelstaedt is Dean Emeritus of the W. P. Carey School of Business at Arizona State University where he served as Dean and Professor of Management from 2004 to 2013. Prior to June 30, 2004, he was Vice Dean, Executive Education of The Wharton School, University of Pennsylvania. Mr. Mittelstaedt had served with The Wharton School since 1973, with the exception of the period from 1985 to 1989 when he founded, served as Chief Executive Officer, and subsequently sold Intellego, Inc., a company engaged in practice management, systems development, and service bureau billing operations in the medical industry. Mr. Mittelstaedt also serves as a Lead Independent Director and Nominating and Governance Committee chair of Innovative Solutions & Support, Inc. He served on the Board and was the Compensation Committee chair of W.P. Carey, Inc. until his retirement on September 21, 2016.

Skills & Qualifications: Mr. Mittelstaedt brings to the Board experience as a recognized expert in business strategy, corporate governance and executive compensation issues as well as extensive experience in corporate finance, mergers and acquisitions, sales and marketing, talent management and risk management. Mr. Mittelstaedt serves as the Board s Lead Independent Director and brings a deep understanding of the role of the Board and its oversight of corporate governance and business strategy.

PETER M. NEUPERT

Age: 62

Independent Director

Director since

January 2013

Mr. Neupert has served as a director of the Company since January 2013. Mr. Neupert was an Operating Partner at Health Evolution Partners, a health only, middle market private equity firm, from January 2012 until June 2015. Prior to that, Mr. Neupert served as Corporate Vice President of the Microsoft Health Solutions Group from its formation in 2005 to January 2012. Mr. Neupert served on the President s Information Technology Advisory Committee (PITAC), co-chairing the Health Information Technology subcommittee and helping to drive the Revolutionizing Health Care Through Information Technology report, published in June 2004. Mr. Neupert served as the founding President and Chief Executive Officer of drugstore.com from 1998 to 2001 and as Chairman of the board of directors through September 2004. Mr. Neupert is also a director of Clinithink Ltd, Adaptive Biotechnologies, Inc. and higi LLC. He served on the Board of Directors of QSI from August 2013 to January 2014 and Freedom Innovations LLC from May 2013 to April 2016. He serves as a trustee for the Fred Hutchinson Cancer Research Center and was an active member of the Institute of Medicine s Roundtable on Value & Science-Driven Healthcare from 2007 to 2011. Mr. Neupert brings to the Board experience as a recognized expert in health information technology and perspective on how to grow shareholder value leveraging business strategies with technology. Mr. Neupert is an audit committee financial expert as a result of his experience, including his experience as CEO and Chairman of drugstore.com.

Skills & Qualifications: Mr. Neupert s prior experience as a public company CEO and board member of both private and public companies brings practical insight to the Board with respect to business strategy, corporate governance, executive leadership, corporate finance and M&A, talent management and emerging trends in healthcare. His previous international business experience also enables him to provide the Board with an understanding of businesses and services adjacent to the diagnostic testing industry and the impact of technology, including cybersecurity risk and oversight.

RICHELLE P. PARHAM

Age: 50

Independent Director

Director since

February 2016

Richelle Parham has served as a director of the Company since February 8, 2016. In October 2016, Ms. Parham joined Camden Partners, a private equity firm, as a General Partner focusing on investments in growth stage global consumer companies. Prior to Camden Partners, Ms. Parham served as Vice President, Chief Marketing Officer of eBay from November 2010 to March 2015. Ms. Parham was responsible, globally, for eBay brand strategy and brand marketing, to reach 108+ million active eBay users, Internet marketing and CRM. Prior to joining eBay, Ms. Parham served as head of Global Marketing Innovation and Initiatives and head of Global Marketing Services at Visa, Inc. from 2008 to 2010. Her experience also includes 13 years at Digitas, Inc., a leading marketing agency, where she held a variety of senior leadership roles, including Senior Vice President and General Manager of the agency s Chicago office. An advocate of empowering female leaders through STEM programs, Ms. Parham is on the advisory board for Girls Who Code. Ms. Parham has served as a Director of Best Buy Co., Inc. and e.l.f. Beauty, Inc. since March 16, 2018. She served on the Board of Directors for Scripps Network Interactive Inc. (NYSE:SNI) from 2012 to March 2018 when Scripps Network was acquired by Discovery Communications. Ms. Parham holds double Bachelor of Science degrees in Business Administration and Design Arts from Drexel University. She became a member of the Drexel University Board of Trustees in 2014.

Skills & Qualifications: Ms. Parham brings to the Board extensive senior-level executive experience, including corporate finance and mergers and acquisitions. Ms. Parham also brings more than 20 years of global strategy and marketing experience, as well as expertise in understanding consumers and the consumer decision journey.

ADAM H. SCHECHTER

Age: 53

Independent Director

Director since

Mr. Schechter has served as a director of the Company since April 1, 2013. Mr. Schechter is an Executive Vice President of Merck & Co., Inc. and since 2010 has been President of Merck s Global Human Health Division, which includes the company s worldwide pharmaceutical and vaccine businesses. He is a member of Merck s executive committee and pharmaceutical and vaccines operating committee. Prior to becoming President, Global Human Health, Mr. Schechter served as President, Global Pharmaceutical Business from 2007 to 2010. Mr. Schechter s extensive experience at Merck includes global and U.S.-focused leadership roles spanning sales, marketing, and managed markets, as well as business and product development. Mr. Schechter serves on the Board of Directors for the European Federation of Pharmaceutical Industries and Associations. He is a Board Member for Water.org and an Executive Board Member for the National Alliance for Hispanic Health.

April 2013

Skills & Qualifications: Mr. Schechter brings to the Board global business acumen and general management experience, as well as demonstrated success in leading large, innovation-focused organizations. Mr. Schechter s deep knowledge of the pharmaceutical and healthcare industries and extensive experience collaborating with many of its key stakeholders to achieve patient-focused outcomes brings practical insight to the Board with respect to business strategies to service the changing healthcare environment. Mr. Schechter also brings extensive experience in corporate finance, mergers and acquisitions, sales and marketing, talent management and risk management, as well as corporate governance.

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ELECTION OF DIRECTORS

	R. SANDERS WILLIAMS, M.D.
Age: 69 Independent Director Director since May 2007	Dr. Williams has served as a director of the Company since May 16, 2007. Dr. Williams is Chief Executive Officer of The J. David Gladstone Foundation and President Emeritus of The J. David Gladstone Institutes since January 1, 2018. Prior to this appointment, he was President of The J. David Gladstone Institutes since November 2009. Dr. Williams is also Professor of Medicine at the University of California San Francisco. Dr. Williams served Duke University between 2001 and 2010 as Dean of the School of Medicine, Senior Vice Chancellor, Senior Advisor for International Strategy, and founding Dean of the Duke-NUS Graduate Medical School Singapore. He has served previously as President of the Association of University Cardiologists, Chairman of the Research Committee of the American Heart Association, on the editorial boards of leading biomedical journals, on the Advisory Committee to the Director of the National Institutes of Health and on the Board of External Advisors of the National Heart, Lung and Blood Institute. Dr. Williams was a director of Bristol-Meyers Squibb Company from 2006 until May 2013 and has been a director of Amgen since October 2014. Dr. Williams is a member of the National Academy of Medicine, and a Fellow of the American Association for the Advancement of Science.
	Skills & Qualifications: Dr. Williams experience as a physician, biomedical scientist, and executive leader brings important perspective to his service to the Company as a director. Dr. Williams also brings experience in corporate finance and mergers and acquisitions, complex health systems, including international healthcare organizations and delivery systems, and corporate governance.

The Board unanimously recommends that shareholders vote FOR the election of the nominees listed above.

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EXECUTIVE OFFICERS

Information regarding each of LabCorp s executive officers and their relevant business experience is summarized below.

David P. King

President and Chief Executive Officer

See Proposal One: Election of Directors (page 19) for information about Mr. King.

Lance V. Berberian

Senior Vice President and Chief Information Officer

Mr. Berberian (55) has served as Senior Vice President, Chief Information Officer since February 2014. From May 2007 to January 2014, he served as Chief Information Officer at IDEXX Laboratories, a global leader in diagnostics and IT solutions for animal health and food and water quality. Mr. Berberian served as Chief Information Officer and President of Kellstrom Aerospace Defense, a fully integrated supply chain firm, from January 2000 to April 2007. He also served as Chief Information Officer of Interim Healthcare from September 1997 to January 2000.

Brian J. Caveney, M.D., J.D., M.P.H.

Chief Medical Officer

Brian J. Caveney (44) has served as Senior Vice President, Chief Medical Officer since September 2017. In this role, he has broad responsibility for the medical and scientific strategy of the enterprise. Prior to joining the company, Dr. Caveney worked at Blue Cross NC since May 2011, including serving as chief medical officer from February 2016 to September 2017. In addition to various roles in the Healthcare Division of the core health plan, Dr. Caveney also served as chief clinical officer of Mosaic Health Solutions, a wholly owned subsidiary of Blue Cross NC for strategic investments in diversified health solutions businesses. Prior to joining Blue Cross NC, Dr. Caveney was a practicing physician and assistant professor at Duke University Medical Center and also provided consulting services for several companies in the Research Triangle Park region. He is board-certified in preventive medicine, with a specialty in occupational and environmental medicine. He is the past president of the Southeastern Atlantic College of Occupational and Environmental Medicine.

Edward T. Dodson

Senior Vice President and Chief Accounting Officer

Mr. Dodson (64) has served as Senior Vice President, Chief Accounting Officer since June 2005. He also has served as the Principal Accounting Officer since December 2014. Mr. Dodson, who has been a Certified Public Accountant for 35 years, joined the Company in August 1997 as Vice President and Corporate Controller and became Senior Vice President in June 2001. Prior to joining the Company in 1997, Mr. Dodson was a senior manager in the audit and consulting practice of KPMG LLP, where he worked for 17 years in that firm s Greensboro, North Carolina and Brussels, Belgium offices.

F. Samuel Eberts III, J.D.

Senior Vice President, Chief Legal Officer and Secretary

Mr. Eberts (58) has served as Senior Vice President, Chief Legal Officer, Secretary and Chief Compliance Officer since January 1, 2009. Prior to that date he served as Senior Vice President, General Counsel since August 2004. Prior to joining the Company, he was Vice President, Secretary, and General Counsel of Stepan Company. Before joining Stepan Company, he was Assistant General Counsel for Cardinal Health, Inc. from 1998 to 2001 and Associate General Counsel for Allegiance Healthcare Corporation (Allegiance Healthcare Corporation was purchased by Cardinal Health in 1998). Prior to that time, he was Chief Counsel of the Biotech North America division of Baxter International Inc.

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EXECUTIVE OFFICERS

Glenn A. Eisenberg

Executive Vice President and Chief Financial Officer

Mr. Eisenberg (56) has served as Executive Vice President, Chief Financial Officer since June 2014. Mr. Eisenberg received his Bachelors of Arts degree from Tulane University in 1982 and his Master of Business Administration from Georgia State University in 1988. From 2002 until he joined the Company, he served as the Executive Vice President, Finance and Administration and Chief Financial Officer at The Timken Company, a $4.3 billion leading global manufacturer of highly engineered bearings and alloy steels and related products and services. Previously, he served as President and Chief Operating Officer of United Dominion Industries, now a subsidiary of SPX Corporation after working in several roles in finance, including Executive Vice President and Chief Financial Officer of United Dominion. Mr. Eisenberg serves on the Board of Directors of US Ecology, Inc. since February 2018. Mr. Eisenberg served on the Board of Directors of Family Dollar Stores Inc. until July 2015, where he chaired the Audit Committee, and on the Board of Directors of Alpha Natural Resources Inc. until May 2015, where he was the lead independent director and chair of the Nominating and Corporate Governance Committee.

Gary M. Huff

Chief Executive Officer, LabCorp Diagnostics

Gary M. Huff (51) has served as the CEO of LabCorp Diagnostics since April 2017. Prior to becoming CEO, Mr. Huff served as the senior vice president of Health Systems and Strategic Alliances for LabCorp Diagnostics. Before joining LabCorp, he was the president and CEO of Baylor Miraca Genetics Laboratories (BMGL), a $68M precision medicine Genetics and Genomics Company formed between Baylor College of Medicine and Miraca Holdings, Japan. Before joining BMGL, Mr. Huff served as the executive vice president and COO of Solstas Lab Partners, a $400M full-service clinical laboratory owned by the New York-based private equity firm of Welsh, Carson, Anderson, and Stowe. Before leading Solstas, he was a senior executive for LabCorp. During his tenure, he held various leadership positions to include: North Atlantic Division senior vice president, National Toxicology vice president, associate vice president of Sales and Marketing Operations, and executive director of Business Development for hospitals and strategic alliances. Mr. Huff started his career in the laboratory industry with Roche Biomedical Laboratories.

John D. Ratliff

Chief Executive Officer, Covance Drug Development

John D. Ratliff (58) has served as the Chief Executive Officer of Covance Drug Development since October 1, 2016. Mr. Ratliff is a highly respected biopharmaceutical leader, with extensive experience in increasingly important roles in the industry. Most recently, he served as president and CEO of HUYA Bioscience International, a leader in globalizing biopharma innovation, from March 2016 to August 2016. From January 2014 until March 2016, Mr. Ratliff was engaged in a variety of entrepreneurial activities, including activities supporting Remarque Systems, Undercover Colors and T3D Therapeutics. Mr. Ratliff s experience in biopharma also includes nearly ten years at IQVIA formerly known as Quintiles, joining as Chief Financial Officer in 2004, becoming Chief Operating Officer in 2006, and President and COO in 2010, a position he held through December 2013. He led IQVIA s global services organization, with its clinical research, commercial, consulting, and lab operations, and was a member of the company s Board of Directors. Previous roles throughout his career also include serving as Chief Financial Officer at Acterna, a provider of communications test solutions for telecommunications and cable network operators; and in positions of increasing responsibility during his 19-year tenure at IBM.

Lisa J. Uthgenannt

Chief Human Resources Officer

Lisa J. Uthgenannt (57) has served as Chief Human Resources Officer since March 2015. Prior to that she served as Senior Vice President Human Resources for Covance, Inc. since she joined Covance in November 2010. Prior to joining Covance, Ms. Uthgenannt held numerous leadership positions at Johnson & Johnson, in both medical devices and pharmaceutical businesses since 2000.

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes the Company s executive compensation program and decisions for 2017. This section details the compensation framework applied by the Compensation Committee and, in particular, our compensation philosophy, elements of executive pay, compensation decisions and the link between executive pay and performance. In accordance with the rules of the SEC, the NEOs for 2017 are:

David P. King, Chief Executive Officer

F. Samuel Eberts III, Senior Vice President, Chief Legal Officer and Corporate Secretary

Glenn A. Eisenberg, Executive Vice President, Chief Financial Officer
Gary M. Huff, Executive Vice President, Chief Executive Officer, LabCorp Diagnostics

John D. Ratliff, Executive Vice President, Chief Executive Officer, Covance Drug Development

Executive Summary

Company Performance Highlights

The Compensation Committee considers the Company s financial and business performance, execution of the Company s strategic plan, leadership, and operational performance in making compensation decisions. The Committee believes that realized compensation should be tied to the performance of the Company and shareholder returns. LabCorp delivered record performance in 2017. Our management team continues to drive the disciplined execution of our mission to improve health and improve lives by delivering world-class diagnostic solutions, bringing innovative medicines to patients faster and using technology to improve the delivery of care. Our management team has transformed the Company into a leading global life sciences company with employees in approximately 60 countries.

2017 Performance Highlights

The Company achieved strong operational and financial performance across a broad range of measures.

Record Top Line Growth. Consolidated net revenues for 2017 were $10.2 billion, an increase of 8.2% over 2016 due to growth from strategic acquisitions of 5.8% and organic revenue growth of 2.4%.

Record Earnings. Adjusted Earnings Per Share were $9.60 in 2017, compared to $8.83 in 2016, an increase of 8.7%. Adjusted Earnings Per Share is a non-GAAP measure that excludes Amortization, Restructuring Charges and Special Items. In 2017, Adjusted Earnings Per Share excluded the impact of restructuring and other special charges ($0.98 per share), amortization expense ($1.41 per share), and the one-time benefit of $5.00 per diluted share from the implementation of the Tax Cuts and Jobs Act of 2017 from the GAAP diluted earnings per share of $12.21.

Record Cash Flow Generation. Operating cash flow for 2017 was $1.5 billion, compared to $1.2 billion in 2016, driven by higher cash earnings and improved working capital. Capital expenditures totaled $313 million, compared to $279 million in 2016. As a result, free cash flow (operating cash flow less capital expenditures) was a record $1,147 million, compared to $897 million in 2016.

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COMPENSATION DISCUSSION AND ANALYSIS

(1) The full year consolidated results of the Company include Covance as of February 19, 2015; prior to February 19, 2015, these consolidated results exclude Covance.

(2) 2008 revenue includes a $7.5 million adjustment relating to certain historic overpayments made by Medicare for claims submitted by a subsidiary of the Company.

(3) Excluding the $0.25 per diluted share impact of restructuring and other special charges and the $0.27 per diluted share impact from amortization in 2007; excluding the $0.44 per diluted share impact of restructuring and other special charges and the $0.31 per diluted share impact from amortization in 2008; excluding the ($0.09) per diluted share impact of restructuring and other special charges and the $0.35 per diluted share impact from amortization in 2009; excluding the $0.26 per diluted share impact of restructuring and other special charges and the $0.43 per diluted share impact from amortization in 2010; excluding the $0.72 per diluted share impact of restructuring and other special charges, the $0.03 per diluted share impact from a loss on the divestiture of assets and the $0.51 per diluted share impact from amortization in 2011; excluding the $0.29 per diluted share impact of restructuring and other special charges and the $0.54 per diluted share impact from amortization in 2012; excluding the $0.15 per diluted share impact of restructuring and other special charges and the $0.55 per diluted share impact from amortization in 2013; excluding the $0.34 per diluted share impact of restructuring and other special charges and the $0.55 per diluted share impact from amortization in 2014; excluding the $2.44 per diluted share impact of restructuring and other special charges and the $1.12 per diluted share impact from amortization in 2015; excluding the $0.64 per diluted share impact of restructuring and other special charges and the $1.17 per diluted share impact from amortization in 2016; and excluding the $0.98 per diluted share impact of restructuring and other special charges, the $1.41 per diluted share impact from amortization, and the one-time benefit of $5.00 per diluted share from the Tax Cuts and Jobs Act of 2017.

(4) EPS, as presented represents adjusted, non-GAAP financial measures. Diluted EPS, as reported in the Company s Annual Report were: $3.93 in 2007; $4.16 in 2008; $4.98 in 2009; $5.29 in 2010; $5.11 in 2011; $5.99 in 2012; $6.25 in 2013; $5.91 in 2014; $4.35 in 2015; $7.02 in 2016; and $12.21 in 2017.

Shareholder Engagement and Evolution of Compensation Plan

Over the last 5 years, our annual advisory vote on executive compensation received support that has averaged approximately 95 percent of the shares voted. Last year, our annual advisory vote on executive compensation received support from approximately 94 percent of the shares voted. We are committed to refining our compensation program to incentivize our leaders and align with our strategy, the key value drivers of our business and the expectations of our shareholders.

To ensure shareholder input is reflected in our programs, we engage with our shareholders throughout the year to discuss their views and feedback on our compensation and corporate governance programs as well as other topics of emerging concern and focus. Since our last annual meeting, members of both management and our Board have engaged with holders representing more than 75 percent of our shares outstanding. One key area of discussion with our shareholders was our executive compensation program. Feedback from our shareholders on compensation is shared with our Compensation Committee and discussed as part of the Committee s annual review of our compensation program. Specific feedback we have received from investors has been reflected in the evolution of our executive compensation program and compensation best practices.

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Since 2011, our compensation program has changed considerably, including several key structural changes:

- We have increased the performance-based shares in the long-term incentive program from 40 percent in 2011 to 60 percent in 2017;

- We have incorporated a relative total shareholder return (TSR) metric into our long-term incentive program; and

- We have amended the performance metrics in our annual and long-term incentive programs to create stronger alignment with our strategic priorities.

Our long-term incentives will continue to represent the overwhelming majority of our executives compensation mix to maintain emphasis on long-term alignment with the interests of our shareholders. With the Compensation Committee s determination to reintroduce the use of stock options in its equity awards in 2017, the long-term incentive mix continues to be primarily performance-based, with 60 percent performance shares, 20 percent restricted stock units and 20 percent non-qualified stock options. The Committee concluded that this change was consistent with its commitment to responding to shareholder feedback, structuring pay for performance and incentivizing executives to achieve superior financial results and create shareholder value.

Compensation Program Overview and Alignment with Company Performance and Shareholder Interests

LabCorp s executive compensation program is designed to attract, motivate and retain executives in a highly competitive environment. Our executive compensation philosophy is to pay for performance by rewarding the achievement of specific short-term and long-term operational and strategic goals. We believe our executive compensation program discourages unnecessary risk-taking and aligns the interests of our shareholders with the performance of our executives. This program reflects our strong commitment to a results-driven compensation program.

In support of the Compensation Committee s overarching pay for performance compensation philosophy, our executives compensation structure is:

- **Highly performance-based variable compensation.** Performance-based compensation comprises a significant part of total compensation, with the combined percentage of variable and at-risk compensation highest for our CEO;

Long-term performance oriented. Equity-based compensation comprises the largest part of total compensation and vests over a multi-year period to align the long-term interests of executive officers and shareholders;

Sensitive to performance variability. The size and the realizable values of incentive awards provided to executive officers should vary significantly with performance achievements;

Benchmarked to peers. Compensation opportunities for executive officers are evaluated against those offered by companies that are in similar industries and are similar in size and scope of operations; and

Designed to recognize varying levels of responsibility. Differences in executive compensation within the Company reflect varying levels of responsibility and/or performance.

The Committee has structured our executive compensation program to align compensation with performance using three key elements of compensation: (i) annual salary; (ii) annual cash incentive pay; and (iii) long-term incentive awards. While the Committee sets total target compensation for these three elements to be competitive in relation to the median peer compensation as reflected in data provided by FW Cook, its independent consultant, the Committee places greater emphasis on the variable or at-risk portion of compensation.

Approximately 60 percent of our CEO s target compensation is based on long-term performance and is delivered in equity. We believe the significant portion of total compensation delivered in equity tightly aligns Mr. King s performance with the Company s objectives and our shareholder s expectations. Over 75 percent of our CEO s compensation is performance-based and at-risk.

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COMPENSATION DISCUSSION AND ANALYSIS

The charts below show the mix of pay elements included in total compensation opportunities for 2017 for

our Chief Executive Officer and an average for our other NEOs:

(1) Pay mix totals do not include a special restricted stock award with an approximate value of $1,500,000 to Mr. Huff upon his appointment as Chief Executive Officer of LabCorp Diagnostics.

The Company seeks to achieve outstanding performance for our shareholders through a focus on increased adjusted operating income, revenue, adjusted EPS, and relative total shareholder return (compared against our peer group). Our compensation program rewards our executives for achieving goals set for these financial measures, as well as provides them a direct incentive to both preserve shareholder value and increase the Company s stock price. In 2017, the Company also added adjusted operating income as a metric for our annual cash incentive plan. A substantial majority of the executives 2017 compensation opportunity was in the form of variable and performance-based awards, including performance-based cash compensation under our annual incentive cash plan (MIB Plan), performance shares, restricted stock units and stock options, all of which provide our executives a strong incentive to drive Company performance and increase shareholder value. Incentive compensation is guided by the following principles:

- the MIB Plan only provides payments if performance goals are met or exceeded;

- payments under the MIB Plan, if any, are based on a mix of Company goals common to all executives and strategic and individual goals for each executive in line with the executive s major responsibilities, so that incentive cash payments relate to both Company performance as well as individual performance, and performance goals are tied to specific financial and operational priorities of the Company each year;

- by granting performance shares on overlapping cycles, the Company is able to make adjustments to new cycles of multi-year performance goals each year, as appropriate; and

- a significant portion of long-term incentives under the long-term incentive program (60 percent) are earned only if three-year objective performance goals are met.

The Committee believes this program reflects our strong commitment to a results-driven compensation program, and the amounts earned in 2017 by our NEOs reflect this approach. For example, most of the Company s financial goals under the MIB Plan were achieved near or above target. As a result of record performance on those goals and after taking into account individual goals, Mr. King received a MIB Plan payout above target, at 113.6 percent of target. The other NEOs received a MIB payout of approximately 106 percent of target on average.

Our commitment to paying for performance is demonstrated in the graph below, which shows the total payout of the annual non-equity incentive compensation for Mr. King year over year from 2014 to 2017. During the three-year period ending in 2017, the Company reported significant growth in revenue, earnings, free cash flow, and stock price, driven by organic growth and disciplined acquisitions, including the 2015 acquisition of Covance, which significantly expanded the Company s offering to the biopharmaceutical industry, increased the Company s international presence and enhanced the Company s long-term profitable growth opportunities.

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Strong Compensation Practices

Consistent with the Company s focus on enhancing the alignment of our executive officers interests with those of our shareholders, the Company s executive compensation program has the following features:

- all executives must meet significant stock ownership requirements that increase with their level of responsibility within the Company; in 2017 the stock ownership requirements for the Chief Executive Officer and Executive Vice Presidents were six times base salary and three times base salary, respectively;
- we prohibit pledging and hedging with respect to Company stock, including the use of short sales, puts, calls and similar instruments designed to offset the risk of a decline in the value of the Company s stock;
- we do not provide any tax gross-ups to executives, including on any severance/change in control payments;
- there is a cap on annual incentive cash payment opportunity even for extraordinary performance so that executives are not provided incentives to take inappropriate risks;
- there are no employment agreements;
- the Master Senior Executive Severance Plan, which provides financial protection for our executives in circumstances involving a change in control, is a double trigger plan, requiring termination following a change in control for severance payouts;
- clawback provisions under the 2016 Omnibus Incentive Plan that require repayment of awards in the event of an accounting restatement involving certain forms of misconduct;
- double trigger provisions under the 2016 Omnibus Incentive Plan under which awards assumed or substituted in connection with a change in control will only result in accelerated vesting in the event of a qualifying termination;

- no guaranteed bonuses;
- other than a specific allowance authorized by the Board, all other personal use of corporate aircraft is subject to prior approval by the Board;
- no excessive severance or change in control provisions; and
- no payment of dividends on stock options or unvested performance awards.

The Role of the Compensation Committee

The Compensation Committee is responsible for the development, oversight and implementation of the executive compensation plan. The Committee works throughout the year, reviewing compensation trends, evaluating emerging best practices and considering changes to the executive compensation program that will provide our senior management with an incentive to achieve superior financial results for the Company and align pay with performance. In determining whether changes to the executive compensation program are needed, the Committee considers the goals and strategic objectives of the Company, including changes to strategy that should be reflected in the incentive structure of the management team. The Committee also considers the results of prior advisory votes on compensation and direct shareholder feedback in determining changes to the executive compensation program. The Committee

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COMPENSATION DISCUSSION AND ANALYSIS

approves changes to each component of executive officer compensation, including merit increases in base salary, annual incentive awards and long-term equity incentive awards.

Compensation Decisions for Mr. King

With regard to compensation decisions for Mr. King, our Chief Executive Officer, the Compensation Committee considers the results of his performance assessment, including input from all independent non-employee directors, as well as the Company s financial and business performance. In an executive session, the chair of the Compensation Committee leads the independent non-employee directors through a review of Mr. King s annual accomplishments, a review and approval of compensation actions recommended by the Compensation Committee, and a review of performance objectives for the next year. The Board (except for Mr. King) reviews and approves the Committee s decisions with respect to Mr. King s compensation.

The Role of Management

Annually, Mr. King is invited to provide input on the Compensation Committee s executive compensation decisions, and the Compensation Committee has delegated to Mr. King the responsibility of determining the individual and strategic goals for the annual incentive plans for each of the other NEOs, subject to the approval of the Compensation Committee. Mr. King s input and compensation proposals for the other NEOs are based on his assessment of past and expected individual performance and contribution. In addition, in her role as the Company s Chief Human Resources Officer, Ms. Uthgenannt generally attends and participates in meetings of the Compensation Committee, including to provide input on the design and implementation of the Company s executive compensation program.

The Role of the Independent Consultant

FW Cook, the Committee s independent compensation consultant, plays an integral role in supporting the Compensation Committee in the compensation-setting process, and one of its representatives attends most of the Compensation Committee meetings to serve as a resource for the Committee. FW Cook provides insight and advice related to the Company s compensation plans and policies, and provides recommendations based on compensation trends and regulatory/compliance developments. In order to encourage independent review and discussion of executive compensation matters, the Compensation Committee and the Committee chair regularly meet with the independent compensation consultant in executive sessions without management present. The Compensation Committee has sole authority to retain or replace the independent compensation consultant. In order to maintain consultant independence, Compensation Committee pre-approval is required for all services performed by the independent compensation consultant. In 2017, the Committee assessed the independence of FW Cook considering, among other factors, the independence factors established by the New York Stock Exchange. Specifically, FW Cook provides no services to the Company or its management other than the services provided to the Compensation Committee in its capacity as the Committee s independent adviser on executive compensation matters. FW Cook affirmed that no member of the consulting team has any business or personal relationship with the CEO or any member of the Company s Compensation Committee. The Compensation Committee was aware, however, that our CEO serves as the chair of a Compensation Committee at another public company that uses a different team of consultants at FW Cook for compensation advisory services. FW Cook also affirmed that neither FW Cook nor any member of the consulting team serving the Company s Compensation Committee owns any stock or equity derivatives of the Company. In addition, the Committee evaluated the work of FW Cook and determined that its work raised no conflict of interest, including under applicable New York Stock Exchange factors. Considering all of these factors, the Compensation Committee concluded FW Cook was independent.

Use of Peer Group

In evaluating executive compensation, the Compensation Committee considers both absolute performance of the Company and performance relative to an established peer group, as well as the pay practices of that peer group. With input from FW Cook and recognizing that LabCorp has no directly comparable competitors, the comparative peer group is selected from public companies in the healthcare services industry that are closest to LabCorp in terms of scope of services and are of a similar size in terms of revenue, profitability, cash flow, market capitalization and number of employees. Each year, with the support of FW Cook, the Committee reviews the previous year s peer group to ensure it remains valid for benchmarking purposes and makes adjustments as needed to reflect changes in business strategy and circumstances (*e.g.*, acquisitions). In addition to other changes, Omnicare, Inc. was removed from the peer group. The Committee believes that it was no longer an appropriate comparator following its acquisition. Perrigo

Company plc was added to the peer group as the Committee believes that its size and business mix makes it a suitable comparator for LabCorp. The companies included in the 2017 comparative peer group were:

Agilent Technologies, Inc.	Owens & Minor, Inc.
Baxter International Inc.	Perrigo Company plc
Becton, Dickinson and Company	Quest Diagnostics Incorporated
Boston Scientific Corporation	IQVIA Holdings Inc.
DaVita Healthcare Partners Inc.	St. Jude Medical, Inc.
Henry Schein, Inc.	Stryker Corporation
Mylan N.V.	Thermo Fisher Scientific

Annually, FW Cook prepares a review of competitive total compensation for the Company s executives versus total compensation for similar positions at our peer group companies and utilizes national general industry survey data for executives for whom there is insufficient comparable information in the peer company proxy statements.

Shareholder Input

In addition to the overall comparative framework and the other factors discussed above and below, we also consider input from our shareholders. We engage with shareholders throughout the year relating to executive compensation matters (representing more than 75 percent of our shares outstanding) and will continue our outreach and consider input from shareholders. We also consider the outcome of our annual say on pay votes when making executive compensation decisions. See Proposal No. 2 below for this year s say on pay proposal. Last year, approximately 94% of the shareholders votes cast on this proposal were voted in favor of the proposal. The Committee believes that this approval by a substantial majority of our shareholders demonstrates strong support for our approach to executive compensation and, as a result, the Committee will continue to evaluate executive compensation using the same clear principles of performance-based compensation.

2017 Actions

Our executive compensation program focuses on three key elements of compensation: (i) annual salary; (ii) annual cash incentive pay; and (iii) long-term incentive awards. The following chart shows how these elements were used by the Committee in 2017.

LABCORP - 2017 EXECUTIVE COMPENSATION STRUCTURE AND ACTIONS	
BASE SALARY	For 2017, the Committee increased Mr. King s base pay by 4.3% (which increase he declined in light of the reduction of the Company s guidance after the first quarter of 2017) and the base salaries of the other NEOs as follows: Messrs. Eisenberg and Ratliff by 3% and Mr. Eberts by 5.3%. Mr. Huff s salary was set in connection with his promotion to Chief Executive Officer of LabCorp Diagnostics.

ANNUAL CASH INCENTIVE **(MIB Plan)**	**PERFORMANCE METRICS**	
	Consolidated Net Revenues	Payouts under the 2017 MIB Plan were 113.6% of Target for the CEO and above Target for the other NEOs excluding Mr. Ratliff
	Consolidated Adjusted Operating Income	
	Strategic Objectives	

LONG TERM **INCENTIVE (LTI)**	**PERCENT OF LTI**	**PERFORMANCE METRICS**	
		70% EPS Growth	
	60% Performance Shares	30% Revenue	Payouts of 2015-2017 performance share cycle were 172.7% of Target
		Total Shareholder Return (25% Modifier)	
	20% Restricted Stock Units	Service During Vesting Period	
		Service During Vesting Period	

20% Non-qualified Stock Options

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COMPENSATION DISCUSSION AND ANALYSIS

In addition to the three main elements of our compensation program, we also provide limited perquisites, severance benefits and post-retirement benefits as part of a standard, competitive compensation package.

From time to time, the Committee, in its discretion, determines that certain executives should receive additional compensation outside of the annual compensation program. In 2017, the Committee determined that Mr. Huff should receive a restricted stock unit award with an approximate value of $1,500,000 vesting ratably one-third each year for purposes of retention in connection with his appointment as Chief Executive Officer of LabCorp Diagnostics in addition to the restricted stock units granted as part of his long-term incentive awards.

Base Salary

While the Compensation Committee generally targets salary levels of the NEOs at or below the median of the peer group, it retains the flexibility to adjust individual compensation to take into account variations in the individual s job experience and responsibility, including as reviewed and recommended to the Committee by Mr. King. Annual changes in base salaries are determined using several factors, including the peer group s practices, our performance, the individual s performance and increases generally provided to our employees.

Effective July 2017, the Committee increased Mr. King s base pay by 4.3 percent which increase he declined in light of the reduction of the Company s guidance after the first quarter of 2017. The base salaries of the other NEOs were increased as follows: Messrs. Eisenberg and Ratliff by 3 percent and Mr. Eberts by 5.3 percent. Mr. Eberts salary was increased based on a review of competitive base salaries and Mr. Eberts performance. Mr. Huff s salary was established in connection with his appointment as Chief Executive Officer of LabCorp Diagnostics.

Annual Cash Incentive Pay (MIB Plan)

Our MIB Plan is designed to compensate our executives for achieving in-year goals that further the Company s strategy and create shareholder value. Target MIB Plan award amounts for 2017 for the NEOs ranged from 70 percent to 150 percent of base salary, depending on the role of the executive and competitive market positioning. As a result of the level of performance on those goals and after taking into account individual goals, Mr. King received a MIB Plan payouts above target at 113.6 percent of target. The other NEOs received a MIB payout of approximately 106 percent of target on average.

Company financial goals may be achieved by the NEOs at a threshold, target or superior level. If actual performance measures fall between either the threshold and target levels or the target and superior levels, the payouts are interpolated accordingly. If the threshold level of performance for a particular goal is not achieved, the payout for that goal is zero. Individual and strategic goals are measured based on a yes/no outcome (i.e., the goal was either achieved, triggering a 100 percent target payment, or was not achieved, resulting in no payment).

Company Financial Goals. For 2017, Messrs. King, Eberts and Eisenberg shared two Company financial goals based on the following two measures at 35 percent weighting. Messrs. Huff and Ratliff shared these two goals at 10 percent weighting:

Consolidated Net Revenues (35 percent weighting); and

Consolidated Adjusted Operating Income (35 percent weighting)

The consolidated net revenues and consolidated adjusted operating income performance measures were selected as performance measures because they are top-line and bottom-line measures used by the Company and the investment community to evaluate our operating performance.

In addition to the shared Company financial goals described above, the performance measures used for the remaining 30 percent of each NEO s target amount were directed to specific areas of focus for each NEO for 2017, tying individual performance to strategic goals that were intended to contribute to our overall success. The individual and strategic goals applicable to each NEO under the MIB Plan for 2017 are discussed below under the heading Summary of MIB Plan Payments by Executive.

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Mr. Ratliff shared the two Company financial goals referenced above (weighted ten percent for each goal) and had three additional segment business financial goals as listed below:

- Covance Drug Development Segment Adjusted Operating Income (25 percent weighting);
- Covance Drug Development Segment Revenues (15 percent weighting); and
- Covance Drug Development Segment Net Orders (10 percent weighting).

Mr. Huff shared the two Company financial goals referenced above (weighted ten percent for each goal) and had two additional segment business financial goals as listed below:

- LabCorp Diagnostics Segment Revenues (25 percent weighting); and
- LabCorp Diagnostics Segment Adjusted Operating Income (25 percent weighting).

Setting and Evaluating Performance Targets. The threshold, target and superior goals for the consolidated revenues and consolidated adjusted operating income measures were based on various outcomes considered by the Compensation Committee, with the target amounts most closely approximating the Company s operating budget approved by the Board. The achievement of performance measures that are not financially-based was determined by the Committee in its discretion, after discussion with Mr. King. Performance levels are determined annually by the Compensation Committee based upon its collective experience, reasoned business judgment and consultation with FW Cook. The Compensation Committee determines the performance measures, performance targets and allocation for Mr. King. In turn, the Committee has delegated to Mr. King the responsibility of determining the individual and strategic goals for the annual incentive plans for each of the other NEOs, subject to the approval of the Compensation Committee.

Results for 2017 Company and Segment Financial Goals. The 2017 goals that were common for each of the NEOs and the result for the year for each goal were:

COMPANY GOALS	THRESHOLD	TARGET	SUPERIOR	2017 RESULT	% OF TARGET

Consolidated Net Revenues(1)	$9,505 million	$9,964 million	$10,422 million	$10,152 million	120.9%
Consolidated Adjusted Operating Income(2)	$1,608 million	$1,710 million	$1,813 million	$1,729 million	118%

LABCORP DIAGNOSTICS SEGMENT BUSINESS	THRESHOLD	TARGET	SUPERIOR	2017 RESULT	% OF TARGET
Segment Net Revenues(3)	$6,668.1 million	$6,989.6 million	$7,311.1 million	$7,158.5 million	102.4%
Segment Adjusted Operating Income(4)	$1,309.7 million	$1,393.3 million	$1,476.9 million	$1,444.2 million	103.7%

COVANCE DRUG DEVELOPMENT SEGMENT BUSINESS	THRESHOLD	TARGET	SUPERIOR	2017 RESULT	% OF TARGET
Segment Net Revenues(5)	$2,672.0 million	$2,968.9 million	$3,265.8 million	$2,806.9 million	94.5%

Segment Adjusted Operating Income(6)	$408.5 million	$453.9 million	$499.3 million	$390.0 million	0%
Segment Net Orders(7)	$2,982.7 million	$3,314.1 million	$3,645.5 million	$3,973.3 million	119.9%

(1) Consolidated Revenues represents the Company s consolidated net revenues as reported in the Annual Report on Form 10-K for the year ended December 31, 2017, adjusted for foreign currency impact versus budgeted exchange rates.

(2) Consolidated adjusted operating income represents the Company s consolidated adjusted operating income (excluding amortization, restructuring and other special charges) as reported in the Company s 2017 earnings release on February 6, 2018, adjusted for foreign currency impact versus budgeted exchange rates.

(3) LabCorp Diagnostic s Segment Revenues represents LabCorp Diagnostics net revenues as reported in the Company s 2017 earnings release on February 6, 2018, adjusted for foreign currency impact versus budgeted exchange rates.

(4) LabCorp Diagnostic s adjusted Segment Operating Income represents LabCorp Diagnostics adjusted operating income as reported in the Company s 2017 earnings release on February 6, 2018, adjusted for foreign currency impact versus budgeted exchange rates.

(5) Covance Drug Development s Segment Revenues represents Covance Drug Development net revenues as reported in the Company s 2017 earnings release on February 6, 2018, adjusted for foreign currency impact versus budgeted exchange rates.

(6) Covance Drug Development s Segment adjusted Operating Income represents Covance Drug Development adjusted operating income as reported in the Company s 2017 earnings release on February 6, 2018, adjusted for foreign currency impact versus budgeted exchange rates.

(7) Segment Net Orders represents Covance Drug Development s reported net orders at actual currency rates.

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COMPENSATION DISCUSSION AND ANALYSIS

Mr. King

As Chief Executive Officer, Mr. King had individual goals for 2017 that were focused on the importance of executing key elements of our strategic plan. As a result of the achievements reflected in the table below, Mr. King s earned annual incentive cash payment was approximately 113 percent of his 2017 target goal.

2017 TARGET AND ACTUAL PAYOUT

	BASE SALARY	TARGET % OF BASE SALARY	TOTAL OPPORTUNITY AT TARGET	ACTUAL PAYOUT % OF TARGET	ACTUAL PAYOUT
David P. King	$1,150,000	150%	$1,725,000	113.6%	$1,960,367

2017 RESULTS

	ALLOCATION BY GOAL		INCENTIVE CASH PAYMENT OPPORTUNITY BY GOAL BY LEVEL OF ACHIEVEMENT			
	%	GOAL	THRESHOLD	TARGET	SUPERIOR	ACTUAL PAYOUT
Company Financial Goals:	35%	Consolidated Net Revenues[1]	$301,875	$603,750	$905,625	$729,868
	35%	Consolidated Adjusted Operating Income[1]	$301,875	$603,750	$1,207,500	$712,999
Individual/Strategic Goals:	10%	Support Diagnostics CEO Transition[2]	$-	$172,500		$172,500
	10%	Support Innovation[3]	$-	$172,500		$172,500
	10%	Board Succession: Identify three potential Board members and determine availability	$-	$172,500		$172,500

		and interest(4)				
TOTAL	**100%**		**$603,750**	**$1,725,000**	**$2,630,625**	**$1,960,367**

(1) The 2017 results for the Company Financial Goals are set forth in the table above under the heading Results for 2017 Company and Segment Financial Goals.

(2) The Compensation Committee determined that this goal was met and approved a payout at target based on the review of the success of the support rendered to transition of LabCorp Diagnostics Chief Executive Officer.

(3) The Compensation Committee determined that this goal was met and approved a payout at target based on the development and implementation of three key strategic initiatives.

(4) The Compensation Committee determined that this goal was met and approved a payout at target based on the identification of potential Board members.

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Mr. Eberts

As Chief Legal Officer, Mr. Eberts had individual goals for 2017 that were based on legal and global integration matters in line with his major responsibilities. As a result of the achievements reflected in the table below, Mr. Eberts earned an annual incentive cash payment that was approximately 113 percent of his 2017 target goal.

2017 TARGET AND ACTUAL PAYOUT

	BASE SALARY	TARGET % OF BASE SALARY	TOTAL OPPORTUNITY AT TARGET	ACTUAL PAYOUT % OF TARGET	ACTUAL PAYOUT
F. Samuel Eberts III	$489,250	70%	$342,475	113.6%	$389,204

2017 RESULTS

	ALLOCATION BY GOAL		INCENTIVE CASH PAYMENT OPPORTUNITY BY GOAL BY LEVEL OF ACHIEVEMENT			
	%	GOAL	THRESHOLD	TARGET	SUPERIOR	ACTUAL PAYOUT
Company Financial Goals:	35%	Consolidated Net Revenues[1]	$59,933	$119,866	$179,799	$144,905
	35%	Consolidated Adjusted Operating Income[1]	$59,933	$119,866	$239,733	$141,556
Individual/Strategic Goals:	10%	Talent Development Develop and implement career development plans for identified members of the legal department[2]	$-	$34,248		$34,248
	10%	Corporate Communications: Drive enterprise-wide communications integration by designating and establishing communications leads, monthly collaboration calls, implementing an	$-	$34,248		$34,248

		internal editorial calendar, establishing standard communication formats and templates, and identifying and training three subject matter experts[3]				
	10%	Intellectual Property Management Integrate Sequenom intellectual property management[4]	$-	$34,248		$34,248
TOTAL	**100%**		**$119,866**	**$342,475**	**$522,275**	**$389,204**

(1) The 2017 results for the Company Financial Goals are set forth in the table above under the heading Results for 2017 Company and Segment Financial Goals.

(2) The Compensation Committee determined that this goal was met and approved a payout at target based on the review, discussion and successful implementation of career development plans for the applicable employees.

(3) The Compensation Committee determined that this goal was met and approved a payout at target based on enterprise-wide integration of corporate communications and its review of the completion of the global communications roadmap for the three-year period.

(4) The Compensation Committee determined that this goal was met and approved a payout at target based on the review, discussion and implementation of the integration of Sequenom s intellectual property management.

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COMPENSATION DISCUSSION AND ANALYSIS

Mr. Eisenberg

As Chief Financial Officer, Mr. Eisenberg had individual goals for 2017 that were based on his responsibility for financial management, as well as his responsibility for completing certain strategic acquisition integrations. As a result of the achievements reflected in the table below, Mr. Eisenberg earned an annual incentive cash payment that was approximately 113 percent of his 2017 target goal.

2017 TARGET AND ACTUAL PAYOUT

	BASE SALARY	TARGET % OF BASE SALARY	TOTAL OPPORTUNITY AT TARGET	ACTUAL PAYOUT % OF TARGET	ACTUAL PAYOUT
Glenn A. Eisenberg	$656,625	100%	$656,625	113.6%	$746,219

2017 RESULTS

	ALLOCATION BY GOAL %	GOAL	INCENTIVE CASH PAYMENT OPPORTUNITY BY GOAL BY LEVEL OF ACHIEVEMENT THRESHOLD	TARGET	SUPERIOR	ACTUAL PAYOUT
Company Financial Goals:	35%	Consolidated Net Revenues(1)	$114,909	$229,819	$344,728	$277,826
	35%	Consolidated Adjusted Operating Income(1)	$114,909	$229,819	$459,638	$271,404
Individual/Strategic Goals:	10%	Capital Allocation (2)	$	$65,663	$	$65,663
	10%	Financial Analysis: Improve Enterprise-wide financial analysis and reporting, decision support and forecasting (3)	$	$65,663	$	$65,663
	10%	Execute on various tax reduction project initiatives(4)	$	$65,663	$	$65,663
TOTAL	**100%**		**$229,818**	**$656,625**	**$1,001,354**	**$746,219**

(1) The 2017 results for the Company Financial Goals are set forth in the table above under the heading Results for 2017 Company and Segment Financial Goals.

(2) The Compensation Committee determined that this goal was met and approved a payout at target based on the review of the execution of capital allocation in line with the approved budget of the Company s free cash flow and maintaining investment grade ratings.

(3) The Compensation Committee determined that this goal was met and approved a payout at target based on the review and discussion and implementation of the financial system for consolidation, planning and forecasting by February 2017.

(4) The Compensation Committee determined that this goal was met and approved a payout at target based on the review of the improvement of the tax rate and realization of other tax savings.

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Mr. Huff

As Chief Executive Officer for LabCorp Diagnostics, Mr. Huff had individual goals for 2017 that were based on operational matters in line with his major responsibilities. As a result of the achievements reflected in the table below, Mr. Huff earned an annual incentive cash payment that was approximately 118 percent of his 2017 target goal.

2017 TARGET AND ACTUAL PAYOUT

	BASE SALARY	TARGET % OF BASE SALARY	TOTAL OPPORTUNITY AT TARGET	ACTUAL PAYOUT % OF TARGET	ACTUAL PAYOUT
Gary M. Huff	$600,000	100%	$600,000	118.04%	$708,267

2017 RESULTS

	ALLOCATION BY GOAL %	ALLOCATION BY GOAL GOAL	INCENTIVE CASH PAYMENT OPPORTUNITY BY GOAL BY LEVEL OF ACHIEVEMENT THRESHOLD	TARGET	SUPERIOR	ACTUAL PAYOUT
Company Financial Goals:	10%	Consolidated Net Revenue(1)	$30,000	$60,000	$90,000	$72,533
	10%	Consolidated Adjusted Operating Income(1)	$30,000	$60,000	$120,000	$70,857
Company Segment Financial Goals:	25%	LabCorp Diagnostics Segment Net Revenues(1)	$75,000	$150,000	$225,000	$189,249
	25%	LabCorp Diagnostics Segment Adjusted Operating Income(1)	$75,000	$150,000	$225,000	$195,628
Individual/Strategic Goals	10%	Present 30/60/90 day plan at April Board Meeting(2)	$-	$60,000	$-	$60,000
	10%	Announce organization structure by June 30, 2017(3)	$-	$60,000	$-	$60,000

10%	Identify and itemize talent gaps by September 30, 2017(4)	$-	$60,000	$-	$60,000
100%		**$210,000**	**$600,000**	**$840,000**	**$708,267**

(1) The 2017 results for the Company Financial Goals and the Company Segment Financial Goals are set forth in the table above under the heading Results for 2017 Company and Segment Financial Goals.

(2) The Compensation Committee determined that this goal was met and approved a payout at target based on the presentation of the applicable plan.

(3) The Compensation Committee determined that this goal was met and approved a payout at target based on the announcement of the organizational structure.

(4) The Compensation Committee determined that this goal was met and approved a payout at target based on the review and identification of organizational talent gaps and remedial plans to address such gaps.

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COMPENSATION DISCUSSION AND ANALYSIS

Mr. Ratliff

As Executive Vice President of LabCorp and Chief Executive Officer of Covance Drug Development, Mr. Ratliff had individual goals for 2017 that were based on his responsibility for completing certain strategic acquisition integrations with respect to Covance. As a result of the achievements reflected in the table below, Mr. Ratliff earned an annual incentive cash payment that was approximately 79 percent of his 2017 target goal.

2017 TARGET AND ACTUAL PAYOUT

	BASE SALARY	TARGET % OF BASE SALARY	TOTAL OPPORTUNITY AT TARGET	ACTUAL PAYOUT % OF TARGET	ACTUAL PAYOUT
John D. Ratliff	$650,000	125%	$812,500	79.80%	$648,415

2017 RESULTS

	ALLOCATION BY GOAL %	ALLOCATION BY GOAL GOAL	INCENTIVE CASH PAYMENT OPPORTUNITY BY GOAL BY LEVEL OF ACHIEVEMENT THRESHOLD	TARGET	SUPERIOR	ACTUAL PAYOUT
Company Financial Goals:	10%	Consolidated Net Revenues(1)	$40,625	$81,250	$121,875	$98,222
	10%	Consolidated Adjusted Operating Income(1)	$40,625	$81,250	$162,500	$95,952
Company Segment Financial Goals:	25%	Adjusted Operating Income(1)	$101,563	$203,125	$304,688	$0
	15%	Net Revenues(1)	$60,938	$121,875	$182,813	$88,616
	10%	Net Orders(1)	$40,625	$81,250	$121,875	$121,875
Individual/Strategic Goals:	10%	Feasibility, Recruitment and Engagement(2)	$-	$81,250	$-	$81,250
	10%	Organizational Optimization(3)	$-	$81,250	$-	$81,250
	10%	Central Labs-Deliver 2017	$-	$81,250	$-	$81,250

		integration milestones[4]				
TOTAL	**100%**		**$284,376**	**$812,500**	**$1,137,501**	**$648,415**

(1) The 2017 results for the Company Financial Goals and the Company Segment Financial Goals are set forth in the table above under the heading Results for 2017 Company and Segment Financial Goals. The Compensation Committee determined that the adjusted Covance Segment operating income goal was not met.
(2) The Compensation Committee determined that this goal was met and approved a payout at target based on the development of the feasibility, recruitment and engagement strategy for the clinical business.
(3) The Compensation Committee determined that this goal was met and approved a payout at target based on the completion of the needs assessment and gap analysis, organizational restructuring including key leadership recruitment, integration strategy, and meeting key milestones.
(4) The Compensation Committee determined that this goal was met and approved a payout at target based on the delivery of integration milestones for Central Labs.

Long-Term Incentive Awards

Long-term incentive awards for 2017 continued to be comprised of a mix of performance share awards (60 percent of target value, based on grant date fair value), restricted stock units (20 percent of target value, based on grant date fair value) and time based non-qualified stock options (20 percent of target value, based on grant date fair value).

In setting 2017 long-term compensation, the Compensation Committee determined that a balanced program using performance-based awards, restricted stock units and non-qualified stock options would achieve all of the following:

- reward stock-price growth;
- deliver performance-based, at-risk compensation through performance shares;
- ensure longer-term business focus through the use of multi-year operational performance goals to determine the number of performance share awards ultimately earned;
- provide retention features through multi-year vesting and the use of restricted stock units and stock options (three-year vesting requirement);
- align interests of executive officers, including the NEOs, with interests of all shareholders; and
- align with emerging practices of the market and peer group data.

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Long-term incentive award values for 2017 were structured so that target award opportunities were generally positioned in order to deliver total direct compensation at the median of the peer group. Mr. King s award values for 2017 were slightly above the median of the peer group and the award values for the balance of the NEOs for 2017 ranged from slightly below the median to above the 75th percentile of the peer group. The Compensation Committee retains the flexibility to adjust individual award levels, taking into account variations in the individual s job experience and responsibility, including as reviewed and recommended to the Committee by Mr. King for executives other than himself. These values were selected based on the Company s desire to attract and retain executive talent, the Company s stated objective of placing a greater emphasis on long-term incentives and the Committee s assessment of the Company s performance. Restricted stock units and non-qualified stock options generally vest in equal one-third increments over a three-year period beginning on the first anniversary of the grant date.

The Committee has used a relative total shareholder return (TSR) metric to act as a modifier on the performance share metrics since 2014. If the three-year cumulative relative TSR falls below the 25th percentile of our peer group, the calculated payout of the performance shares will be reduced by 25 percent. If the three-year cumulative relative TSR is above the 75th percentile, the calculated payout of the performance shares will be increased by 25 percent. The Committee believes the use of a TSR modifier ensures that exceptional or subpar TSR performance appropriately limits or rewards long-term incentive compensation that is based on EPS growth and revenue. The metrics for the long-term performance share program are as follows:

70 percent: EPS growth over a three-year period

30 percent: Revenue growth over a three-year period

Modifier of 25 percent based on relative TSR over a three-year period

For 2017, we introduced the use of non-qualified stock options as part of the long-term incentive awards for our NEOs. Stock options accounted for 20 percent of each NEO s LTI grant value. The Committee concluded that stock options were consistent with market practice, with over 77 percent of the peer group using them. The Committee further determined that the use of stock options directly aligns the interests of our executives with the interests of our shareholders by providing value only if the price of our Common Stock rises. However, the Committee limited the use of stock options so that the executives will still be focused on the long-term financial measures used for our performance shares and would not be incentivized to take actions that would be overly risky for the Company because of a desire to increase the stock price.

The retention award discussed above that was granted to Mr. Huff upon his appointment as Chief Executive Officer of LabCorp Diagnostics was not considered in determining the award size or mix for his long-term incentive awards.

2017-2019 Performance Shares Granted

Performance shares granted to each of the NEOs for the 2017-2019 performance period will be earned, if at all, based on three-year average annual EPS growth, three-year cumulative revenue growth, and total shareholder return relative to our peer group, as follows:

GOAL	WEIGHTING	THRESHOLD	TARGET	SUPERIOR
EPS GROWTH (annual)	70%	2017: $9.36 2017 & 2018: *3% annual growth rate over the prior year*	2017: $9.60 2018 & 2019: *5% annual growth rate over the prior year*	2017: $9.84 2018 & 2019: *7% annual growth rate over the prior year*
REVENUE GROWTH (cumulative)	30%	$31.1 billion	$32.0 billion	$33.1 billion
RELATIVE TOTAL SHAREHOLDER RETURN MODIFIER	N/A	Bottom 25th Percentile -25%	Between the 26th and 75th Percentile No adjustment	Top 25th Percentile +25%

Details related to the grant size for each NEO can be found in the Grants of Plan-Based Awards table on page 47.

EPS and revenue growth were selected as targets because they are important measures used by the Company and the investment community to evaluate our operating performance. EPS goals require annual growth against each prior year EPS outcome over the entire three-year period. The cumulative revenue goal in the long-term incentive program reflects the multilayer cycle in certain strategic revenue objectives. The relative total shareholder return modifier was selected based on feedback from our shareholders, FW Cook s recommendations and the Compensation Committee s goal of linking a portion of long-term incentive compensation directly to relative shareholder returns. Amounts earned are interpolated for achievement between levels. Failure to achieve threshold would result in the executives receiving no performance shares for the period in question.

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COMPENSATION DISCUSSION AND ANALYSIS

2015-2017 Performance Share Awards Earned

We granted performance share awards in 2015 that would be earned only to the extent the stated performance goals over the three-year performance period ending December 31, 2017 were realized. Awards were earned at 172.7 percent of target, and subsequently vested on March 29, 2018:

GOAL	WEIGHTING	THRESHOLD	TARGET	SUPERIOR	2015-2017 RESULT
EPS GROWTH* (annual)	70%	2015: $7.50 2016 & 2017: *2% annual growth rate over the prior year*	2015: $7.65 2016 & 2017: *4% annual growth rate over the prior year*	2015: $7.95 2016 & 2017: *6% annual growth rate over the prior year*	$9.58 *>6% average annual growth rate*
REVENUE GROWTH** (in millions) (cumulative total)	30%	$25,589.8	$26,473.3	$27,636.5	$28,147.2
RELATIVE TOTAL SHAREHOLDER RETURN MODIFIER***	N/A	Bottom 25th Percentile	26th-75th Percentile	Top 25th Percentile	31ST Percentile

* *The level of achievement was determined separately for each of 2015, 2016 and 2017, and then an average of the achievement levels for these three years was calculated to determine the overall achievement level of the EPS Growth performance criterion for the 2015-2017 performance period.*

***When established, revenue targets set forth in this table were intended to be reduced to exclude revenue from the Company s Canadian operations that was budgeted in the targets set forth herein to the extent, and for the period, that the Company is no longer required under GAAP to consolidate the financial results of those operations and therefore revenues from those operations are no longer included in the amount of revenue reported on the face of the Company s audited financial statements in that period.*

****Refers to the percentile among our peer group based on Total Shareholder Return.*

The chart below shows the total payout of the performance share awards earned for Mr. King year over year from 2013 to 2017.

Equity Grant Practices; Clawback Requirement

Generally, the Compensation Committee approves equity grants at the beginning of the year in connection with a regularly scheduled Compensation Committee meeting. Under the 2016 Omnibus Incentive Plan used for these awards, the grant date of an award is the date the Compensation Committee approves the award, and the price is based on the closing market price on the grant date. The Compensation Committee does not time awards with the release of information concerning the Company.

Awards that have been made pursuant to the 2016 Omnibus Incentive Plan are subject to a mandatory repayment policy pursuant to which gains on such awards may be recovered in the event of an accounting restatement involving certain forms of misconduct. In addition, awards made under the 2016 Omnibus Incentive Plan may be annulled if the grantee is terminated for cause (as defined in the 2016 Omnibus Incentive Plan or in any other agreement with the grantee).

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Stock Ownership Guidelines

The Board believes that requiring executive management to maintain a significant personal level of stock ownership ensures that each executive officer is financially aligned with the interests of our shareholders. Pursuant to the executive stock ownership program, the stock ownership requirement for each senior executive is determined annually, utilizing the executive s base salary as of the business day closest to June 30 of each year (the Measurement Date) and the average closing price of the Company s Common Stock for the 90-day period ending on the Measurement Date. For new executive officers, the stock ownership requirement is initially determined as of the date that the person becomes an executive officer, utilizing the executive s base salary as of that date and the average closing price of the Company s Common Stock for the 90-day period ending on that date.

The required level of stock ownership will be adjusted if the executive s position changes and the new position has a different ownership requirement. An executive is required to maintain this level of stock ownership throughout his or her tenure with the Company until near retirement, as explained below. The ownership requirements for each position are:

POSITION	COMPANY STOCK OWNERSHIP REQUIREMEN AS A MULTIPLE OF BASE SALARY
Chief Executive Officer	6x
Executive Vice Presidents	3x
All Other Executive Officers	1x

Until the required level of ownership is met, an executive is required to hold 50 percent of any shares of Company Common Stock acquired upon the lapse of restrictions on any stock grant and upon the exercise of stock options, net of taxes and shares used to pay the exercise price. If an executive fails to meet or show progress towards satisfying these requirements, the Compensation Committee may reduce future equity grants or other incentive compensation for that executive. Once an executive reaches the age of 62, the ownership requirement is reduced by 50 percent, and once an executive reaches the age of 64, the ownership requirement is reduced by 75 percent. As of December 31, 2017, each of the NEOs was in in compliance with the stock ownership guidelines, either through satisfying the required level of ownership, or by satisfying the holding requirement.

Ban on Pledging and Hedging Transactions

The Company maintains an Insider Trading Policy that prohibits executives and key employees from pledging and hedging with respect to Company stock, including the use of short sales, puts, calls and similar instruments designed to offset the risk of a decline in the value of the Company s stock.

Perquisites

The Compensation Committee has determined that financial services, long-term disability, a wellness exam allowance and certain security services are appropriate benefits that help ensure that the Company s executives maintain appropriate fiscal and physical health, which contributes to stable executive leadership for the Company. The aggregate value of these perquisites for 2017 was approximately $71,643 for Mr. King and an average of approximately $19,850 for each of the other NEOs. The Compensation Committee believes that the perquisites are conservative and beneficial to the Company, and there are no tax gross-up payments associated with these perquisites. For more information on perquisites in 2017, including the valuation and amounts, see the Summary Compensation Table below.

Historically, the use of corporate aircraft for personal travel has been limited to extraordinary circumstances. However, in December 2017, the Board, upon the recommendation of the Compensation Committee, encouraged Mr. King to use corporate aircraft for personal travel because it increases his time available for business purposes and enhances his safety and security. The Compensation Committee set a personal travel allowance of $150,000 for Mr. King s use in 2018, however, he will not receive tax reimbursement for any imputed income associated with personal travel. Mr. King did not use corporate aircraft for personal travel in 2017.

COMPENSATION DISCUSSION AND ANALYSIS

Termination and Change-in-Control Payments

The Company has not entered into any employment agreements or other individual termination agreements with any NEOs. The Company originally adopted a severance program in 1996 to provide participants financial protection in circumstances involving a qualifying termination, with a higher level of payment if the qualifying termination occurs within three years of a change in control (a double trigger). The severance program comprised the Amended and Restated Master Senior Executive Severance Plan (the Amended and Restated Severance Plan) and the Master Senior Executive Change-in-Control Severance Plan (the Change-in-Control Plan). The Company originally adopted and continues to maintain the severance program to provide a competitive benefit necessary to attract and retain executives, and so that in the context of a change in control the executive would consider corporate actions that would benefit shareholders without regard to personal finances.

As a result of amendments over time, we believe that the severance program is appropriately structured and consistent with current market practice. For example, the plans provide for severance payments, a portion of which is based on the executive s average actual MIB payout over a three-year period prior to the termination of employment, rather than target, and the plans do not have tax gross-up payments associated with change-in-control payments. For additional information on the termination and change-in-control benefits under the Amended and Restated Severance Plan and the Change-in-Control Plan, see Potential Payments Upon Termination or Change-in-Control on page 52.

The 2016 Omnibus Incentive Plan provides that if awards are assumed or substituted in connection with a change in control, only a qualifying termination event will result in accelerated vesting (i.e. double trigger). The plan does not provide for any gross-up and we believe these provisions are consistent with current compensation trends.

Senior Executive Transition Policy

In 2004, the Board approved the Senior Executive Transition Policy (the Transition Policy) to reflect the belief that a strong succession planning process ensures the continued success of the Company while failure to ensure a smooth transition of leadership would have an adverse effect on the Company and its shareholders. Eligibility requirements for the Transition Policy include, (a) being a member of the management Executive Committee (EC) and designated as a participant by the Chief Executive Officer and the Compensation Committee, (b) having five years of service as an EC member, (c) having ten years of service with the Company, and (d) approval from the Board of a plan that ensures a smooth and effective transition of the departing executive s management team and includes a non-solicit and non-compete agreement. The eligibility requirements of the Transition Policy are designed to ensure the retention of the executive over a period of time, to provide the Company with the ability to limit participation to the most senior executives and to ensure the goal of strong succession planning. The Transition Policy also provides additional protection to the Company in the form of non-compete and non-solicitation obligations on the part of the departing executive, which obligations extend for a period of two (2) years from the date of a departing executive s termination and, with respect to the non-solicitation obligations, apply to any business or entity that was a customer of LabCorp during the one (1) year period preceding the date of a departing executive s termination, and the policy sets forth the treatment of long-term incentive awards made under the Company s stock incentive plans in the event of a voluntary termination before age 65. On September 14, 2014, the Compensation Committee decided to end future participation in the Transition Policy. The only individual designated for participation in the Transition Policy is Mr. King.

Deferred Compensation Plan

In 2001, the Board approved the Deferred Compensation Plan (DCP), under which certain of the Company s executives, including the NEOs, may elect to defer up to 100 percent of their annual cash incentive pay and/or up to 50 percent of their annual base salary and/or eligible commissions subject to annual limits established by the federal government. The deferral limits were based on the Compensation Committee s assessment of best practices at the time the DCP was established. The DCP provides executives a tax efficient strategy for retirement savings and capital accumulation without significant cost to the Company. The Company makes no contributions to the DCP. For additional information on the DCP, see the Nonqualified Deferred Compensation Table and accompanying narrative on page 52.

Retirement Plans

The Company previously adopted a supplemental retirement plan, the Pension Equalization Plan (the PEP) for executives, including the NEOs who have met the Plan s service requirements. The PEP is an unfunded,

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non-contributory, non-qualified plan that was designed to provide income continuation benefits at retirement and work in conjunction with the Company s Cash Balance Retirement Plan (the Cash Balance Plan), a qualified and funded defined benefit plan available to substantially all employees. The PEP was intended to provide additional retirement benefits to a select group of management employees as an integral part of a total compensation package designed to attract and retain top executive performers. Requirements of participation when the PEP was established included (a) approval of participation by the Chief Executive Officer, (b) being named as a Senior or Executive Vice President or operating in the capacity of one, or (c) being named as the President or Chief Executive Officer. Effective January 1, 2010, both the PEP and the Cash Balance Plan were frozen; after that date no new participants have been admitted and no further service credits will be awarded to current participants.

The Company currently offers a defined contribution retirement savings plan (i.e., 401(k) plan) called the Employees Retirement Savings Plan. Participation in this plan is available to substantially all eligible US-based employees, including executives. Company contribution information for executives is reflected in the Summary Compensation Table below.

Tax and Accounting Treatments

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code) limits the corporate federal income tax deduction for certain non-performance based compensation paid to the chief executive officer and, pursuant to IRS guidance, each of the three highest-paid employees (other than the chief financial officer) of public companies to $1 million per year. Prior to December 2017, compensation that was performance-based under Section 162(m) was not subject to this deduction limit. The Compensation Committee carefully considered the Company s executive compensation program in light of the applicable tax rules. Our 2016 Omnibus Incentive Plan was structured to permit us to use awards that qualify as performance-based under Section 162(m) where appropriate, including for stock options, performance share awards and the majority of our annual cash incentive program. However, the Compensation Committee believes that tax deductibility is but one factor to be considered in fashioning an appropriate compensation package for executives. As a result, the Compensation Committee exercises its discretion in this area to design a compensation program that serves the long-term interests of the Company and has regularly decided that it is appropriate for the Company to make some compensation awards that are non-deductible.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of the Company has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company s Annual Report on Form 10-K (including through incorporation by reference to this Proxy Statement).

THE COMPENSATION COMMITTEE

Adam H. Schechter, Chairperson

Jean-Luc Bélingard

Garheng Kong

Robert E. Mittelstaedt, Jr.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The compensation paid, accrued or awarded during the years ended December 31, 2015, 2016 and 2017 to the Company s NEOs, which includes the Chief Executive Officer, the Chief Financial Officer, and the three other most highly compensated executive officers who were serving as executive officers as of December 31, 2017, is set forth below:

NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)[1]	NON-QUALIFIED STOCK OPTIONS[2]	STOCK AWARDS ($)[2]	NON-EQUITY INCENTIVE PLAN COMPENSATION ($)[3]	CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS ($)[4]	ALL OTHER COMPENSATION ($)[5]	TOTAL ($)
DAVID P. KING	2017	$1,150,000	1,581,820	$6,749,173	$1,960,367	$128,904	$75,990	$11,646,254
	2016	$1,133,333	$-	$7,683,109	$1,785,419	$101,810	$149,826	$1,528,101
Chief Executive Officer	2015	$1,044,481	$-	$7,878,178	$1,672,371	$-	$31,384	$3,407,745
F. SAMUEL	2017	$502,125	$111,350	$475,810	$389,204	$35,457	14,155	$1,536,524
EBERTS III	2016	$486,875	$-	$529,589	$303,833	$26,784	12,590	$1,359,671
Senior Vice President Chief Legal Officer	2015	$444,807	$-	$600,318	$236,929	$-	$14,590	$1,296,644
GLENN A.	2017	$666,474	$373,349	$1,588,668	$746,219	$-	$33,035	$3,435,987
EISENBERG	2016	$653,438	$-	$2,799,854	$679,626	$-	$10,030	$4,142,948
Executive Vice President Chief Financial Officer	2015	$635,417	$-	$2,110,929	$676,912	$-	$22,565	$3,445,823
GARY M. HUFF	2017	$525,082	$-	$2,964,735	$708,267	$48,451	$18,121	$4,264,656
Executive Vice President, Chief Executive								

Officer of LabCorp Diagnostics									
JOHN D. RATLIFF Executive Vice President, Chief Executive Officer of Covance Drug Development	2017	$659,750	$697,573	$2,978,743	$648,415		$-	$13,035	$4,997,516

(1) Values reflect the amounts actually paid to the NEOs in each year. Base salary adjustments, if any, typically occur in February of each year. In 2017, base salary adjustments were effective as of July 1. Base salary adjustments are typically not retroactive to the beginning of the year.

(2) Represents the aggregate grant date fair value of options, restricted stock units and performance shares for each NEO granted during each respective year, computed in accordance with accounting standards for stock-based compensation. The grant date fair value of restricted stock units is based on the closing price of the Common Stock on the applicable grant date. For performance share awards, 65 percent of the grant date fair value is based on the closing price of the Common Stock on the applicable grant date, and 35 percent of the grant date fair value is based on a Monte-Carlo simulated fair value for the relative (to the 14 peer companies) total shareholder return component of the performance awards. For this purpose, performance share awards included in the above totals are valued assuming achievement at target, which was the probable outcome determined for accounting purposes at the time of grant. The threshold and superior grant date values of performance share awards granted in 2017 included above are as follows:

NAME	GRANT DATE VALUE AT THRESHOLD PERFORMANCE ($)	GRANT DATE VALUE AT SUPERIOR PERFORMANCE ($)
DAVID P. KING	$2,547,888	$8,917,609
F. SAMUEL EBERTS III	$179,788	$629,257
GLENN A. EISENBERG	$599,740	$2,099,090
GARY M. HUFF	$505,821	$1,770,373
JOHN D. RATLIFF	$1,124,345	$3,935,206

(3) Represents the amounts earned by each NEO during 2017 pursuant to the Company s MIB Plan. For additional information on these awards for 2017, see the Grants of Plan-Based Awards table below and Compensation Discussion & Analysis Annual Cash Incentive Pay above.

(4) Represents solely the aggregate change in the actuarial present value of each NEO s accumulated benefit under the Company s pension plans from December 31, 2014 to December 31, 2015, December 31, 2015 to December 31, 2016, and December 31, 2016 to December 31, 2017, respectively. For the assumptions made in the

2017 valuations, see Note 16 to the Company s audited financial statements included within its Annual Report on Form 10-K for the year ended December 31, 2017. These assumptions change from year to year to reflect current market conditions.

(5) Includes the value of the following perquisites: financial services; executive long-term disability premiums; personal liability insurance premiums; and wellness exam pursuant to the policies in effect for a particular year. Also includes certain amounts paid for security for Messrs. King, Eisenberg, Huff and Ratliff. Also includes Company 401(k) contributions, which are applicable to all eligible employees. Financial services amounts are based on the actual amounts paid by the Company to its third party vendor for financial services. Use of the corporate jet is provided by the Company to the NEOs for business trips. Any personal use of the corporate jet is subject to review and prior approval by the Board. In 2015, 2016 and 2017, none of the NEOs had any personal use of the corporate jet. See the Perquisites section below.

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Perquisites

The table below details the perquisites, including those that exceeded ten percent of the total perquisites, received by the NEOs during 2017, plus the Company contributions into each executive s 401(k) account during 2017.

NAME	YEAR	FINANCIAL SERVICES(1)	LONG-TERM DISABILITY(1)	PERSONAL LIABILITY INSURANCE(1)	WELLNESS EXAM(1)	AUTO ALLOWANCE(1)	SECURITY(2)	COMPANY-PAID 401-K(3)
DAVID P. KING	2017	$12,750	$1,686	$-	$-	$-	$48,154	$13,400
F. SAMUEL EBERTS III	2017	$2,000	$1,405	$-	$-	$-	$-	$10,750
GLENN A EISENBERG	2017	$20,000	$1,405	$-	$-	$-	$3,530	$8,100
GARY M. HUFF	2017	$-	$1,054	$-	$-	$-	$6,851	$10,217
JOHN D. RATLIFF	2017	$-	$1,405	$-	$-	$-	$3,530	$8,100

(1) *Represents the actual cost of the perquisite, which is taxable to the NEO, and for which taxes are not reimbursed by the Company.*

(2) *Mr. King has been instructed by the Board to take certain actions to enhance his security, including using a specified company vehicle. Rather than disclose a lower amount based on the use of the car attributable to what is deemed to be personal use, which is permitted under applicable rules, this column reflects all the costs, both personal and business, incurred by the Company in 2017 for the vehicle used by Mr. King ($22,428).*

In addition, the Company paid $25,726 in 2017 for improvements to Mr. King s personal residence based on the recommendation of a security firm that the Board instructed be engaged to provide such advice. The Company paid a security firm $3,530 for a security assessment on Messrs. Eisenberg and Ratliff s personal residence and $6,851 for a security assessment on Mr. Huff s personal residence.

(3) *Includes the Company Non-Elective Safe Harbor Contribution and Company Discretionary Contribution, which is applicable to all eligible employees.*

Grants of Plan-Based Awards

During 2017, the following restricted stock unit, stock options and performance share awards, and annual cash incentive awards pursuant to the MIB Plan, were made to the NEOs.

			ESTIMATED POSSIBLE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS[1]			ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS					
NAME	AWARD TYPE	GRANT DATE	THRESHOLD ($)	TARGET ($)	MAXIMUM ($)	THRESHOLD (#)[2]	TARGET (#)[2]	MAXIMUM (#)[2]	ALL OTHER OPTION AWARDS: NUMBER OF SECURITIES UNDERLYING OPTIONS (#)	ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS (#)[3]	GRANT DATE FAIR VALUE OF STOCK AWARDS[4]
DAVID P. KING	Restricted Stock Units	2/7/2017								12,660	$1,653,396
	Performance Share	2/7/2017				18,990	37,980	66,465			$5,095,777
	Stock Options	2/7/2017							48,300		$1,581,820
		3/31/17	$603,750	$1,725,000	$2,630,625						

	MIB Plan										
	Restricted Stock Units	2/7/2017								890	$116,234
	Performance Share	2/7/2017				1,340	2,680	4,690			$359,576
F. SAMUEL EBERTS III	Stock Options	2/7/2017							3,400		$111,350
	MIB Plan	3/31/17	$119,866	$342,475	$522,275						
GLENN A. EISENBERG	Restricted Stock Units	2/7/2017								2,980	$389,188
	Performance Share	2/7/2017				4,470	8,940	15,645			$1,199,480
	Stock Options	2/7/2017							11,400		$373,349

	MIB Plan	3/31/17	$229,818	$656,625	$1,001,354					
	Restricted Stock Units	2/7/2017							1,340	$175,004
	Restricted Stock Units	4/4/2017							1,890	$271,234
	Restricted Stock Units	4/4/2017							10,500	$1,506,855
GARY M. HUFF[(6)]	Performance Share	2/7/2017				1,565	3,130	5,477		$419,952
	Performance Share	4/4/2017				2,205	4,410	7,717		$591,690
	Stock Options	2/7/2017							-	$-
	MIB Plan	3/31/17	$210,000	$600,000	$840,000					
		2/7/2017							5,590	$730,054

Restricted Stock Units										
Performance Share	2/7/2017				8,380	16,760	29,330			$2,248,689
Stock Options	2/7/2017							21,300		$697,573
MIB Plan	3/31/17	$284,376	$812,500	$1,137,501						

(1) Amounts represent the range of possible payouts denominated in dollars pursuant to the MIB Plan, as established by the Compensation Committee in February 2017. Actual amounts paid out pursuant to the plan are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above. For a discussion of the performance criteria applicable to these awards, see Compensation Discussion and Analysis Annual Cash Incentive Pay above.

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EXECUTIVE COMPENSATION

(2) *Amounts represent the range of estimated potential shares to be earned under performance share awards. The performance share awards vest at the end of three years provided that certain performance metrics are met. For a discussion of the performance criteria applicable to these awards, see Compensation Discussion and Analysis Long-Term Incentive Equity Awards above.*

(3) *Amounts represent stock option awards that vest ratably over three years, beginning on the first anniversary of the grant date, based on continued service.*

(4) *Amounts represent restricted stock unit awards that vest ratably over three years, beginning on the first anniversary of the grant date, based on continued service,*

(5) *Amounts represent the full grant date fair value of restricted stock unit, stock options and performance share awards as computed in accordance with accounting standards for stock-based compensation, but excluding the effect of estimated forfeitures. The amounts shown in this column will likely vary from the amount actually realized by any NEO based on a number of factors, including the number of shares that ultimately vest, the satisfaction or failure to meet any performance criteria, the timing of any exercise or sale of shares, and the price of the Company s Common Stock. The value for stock options is calculated using the Black-Scholes option pricing model. The value of the performance share awards if they are achieved at the maximum payout is as follows: Mr. King $8,917,610; Mr. Eberts $629,257; Mr. Eisenberg $2,099,090; Mr. Huff $1,770,373; and Mr. Ratliff $3,935,206.*

(6) *Mr. Huff received a special restricted stock unit award with an approximate value of $1,500,000 on April 4, 2017 (in connection with his appointment as CEO of LabCorp Diagnostics) in addition to his respective annual restricted stock unit awards under our long-term incentive award program.*

Outstanding Equity Awards at Fiscal Year-End

The following table shows, as of December 31, 2017, the number of outstanding stock options, restricted stock units and performance shares held by the NEOs:

		OPTION AWARDS				STOCK AWARDS			
NAME	GRANT DATE	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE[1]	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE[1]	OPTION EXERCISE PRICE ($)	OPTION EXPIRATION DATE	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#)[2]	MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($)[3]	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS OR OTHER

								THAT HAVE NOT VESTED (#)[4,5]	RIGHTS THAT HAVE NOT VESTED ($)[6]
	5/24/2012	149,900		$84.86	5/23/2022				
	2/07/2017		48,300	$130.60	2/6/2027				
	3/11/2015					6,077	$969,342		
DAVID P. KING	2/09/2016					15,087	$2,406,527		
	2/07/2017					12,660	$2,019,397		
	3/11/2015							73,449	$11,715,850
	2/09/2016							92,417	$14,741,436
	2/07/2017							66,465	$10,601,832
	2/9/2011	11,600		$90.74	2/9/2021				
	5/24/2012	11,400		$84.86	5/23/2022				
	2/07/2017		3,400	$130.60	2/06/2027				
	3/11/2015					464	$74,013		
F. SAMUEL EBERTS III	2/09/2016					1,040	$165,890		
	2/07/2017					890	$141,964		

	3/11/2015							5,595	$892,458
	2/09/2016							6,370	$1,016,079
	2/07/2017							4,690	$748,102
	2/07/2017		11,400	$130.60	2/6/2027				
	3/11/2015					1,627	$259,523		
	2/09/2016					6,094	$972,054		
GLENN A. EISENBERG	2/09/2016					3,660	$583,807		
	2/07/2017					2,980	$475,340		
	3/11/2015							19,687	$3,140,273
	2/09/2016							22,400	$3,573,024
	2/07/2017							15,645	$2,495,534

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		OPTION AWARDS				STOCK AWARDS			
NAME	GRANT DATE	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE[1]	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE[1]	OPTION EXERCISE PRICE ($)	OPTION EXPIRATION DATE	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#)[2]	MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($)[3]	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED (#)[4,5]	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED ($)[6]
GARY M. HUFF	9/01/2016					307	$48,970		
	2/07/2017					1,340	$213,743		
	4/04/2017					1,890	$301,474		
	4/04/2017					10,500	$1,674,855		
	9/01/2016							1,872	$298,603
	2/07/2017							5,477	$873,636

	4/04/2017						7,717	$1,230,939
	2/07/2017	21,300	$130.60	2/6/2027				
JOHN D. RATLIFF	10/3/2016				12,200	$1,946,022		
	2/07/2017				5,590	$891,661		
	2/07/2017						29,330	$4,678,428

(1) Stock option awards vest ratably over three years beginning on the first anniversary of the grant date, except for Mr. Ratliff s 10/3/16 grant which vests 2/9/17, 2/9/18 and 2/9/20.

(2) Restricted stock units vest ratably over three years beginning on the first anniversary of the grant date. Amounts shown represent the remaining unvested portion.

(3) Aggregate market value is calculated based on the Common Stock price on December 29, 2017, which was $159.51 per share, multiplied by the number of shares or units, respectively, for each unvested performance or stock award.

(4) Represents the number of shares subject to the March 11, 2015 performance awards that vested on March 29, 2018 following the performance period ending December 31, 2017.

(5) Based on performance to date, represents the number of shares subject to the February 9, 2016 performance awards for the performance period ending December 31, 2018, assuming achievement at superior. Information on the threshold, target and superior awards are provided in the Grants of Plan-Based Awards table in the Company s proxy statement for its 2017 Annual Meeting.

(6) Based on performance to date, represents the number of shares subject to the February 7, 2017 performance awards for the performance period ending December 31, 2019, assuming achievement at superior. Information on the threshold, target and superior awards are provided in the Grants of Plan-Based Awards table above.

Option Exercises and Stock Vested

The following table shows, for 2017, the number and value of stock options exercised and the number and value of vested restricted stock and performance awards for each of the NEOs:

	OPTION AWARDS(1)		STOCK AWARDS(2)	
NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ON EXERCISE ($)	NUMBER OF SHARES ACQUIRED ON VESTING (#)	VALUE REALIZED ON VESTING ($)

DAVID P. KING(2)	177,400	$11,755,879	124,164	$17,645,900
F. SAMUEL EBERTS III(2)	31,500	$2,712,232	9,387	$1,334,507
GLENN A. EISENBERG(3)	-	$-	32,737	$4,620,052
GARY M. HUFF(3)	-	$-	153	$24,114
JOHN D. RATLIFF (5)	-	$-	6,100	$816,363

(1) The value realized on exercise was based on the price at which these shares were sold, which occurred simultaneously with their exercise. Consequently, the value realized was the sale price minus the strike price, multiplied by the number of shares exercised and sold.

(2) Represents one-third of the restricted stock units granted on February 11, 2014, which vested on February 13, 2017 at $134.93 per share, the closing price on that date, one-third of the restricted stock units granted on March 11, 2015, that vested on March 13, 2017 at $144.24 per share, the closing price on that date, one-third of the restricted stock units granted on February 9, 2016, that vested on February 9, 2017 at $133.83 per share, the closing price on that date, and 175 percent of the performance award granted on February 11, 2014 that vested on March 29, 2017 at $143.19 per share, the closing price on that date.

(3) Represents one-third of the restricted stock units granted on June 16, 2014, which vested on February 13, 2017 at $134.93 per share, the closing price on that date, one-third of the restricted stock units granted on June 16, 2014, which vested on June 16, 2017 at $140.77 per share, the closing price on that date, one-third of the restricted stock units granted on March 11, 2015, that vested on March 13, 2017 at $144.24 per share, the

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closing price on that date, one-third of the restricted stock units granted on February 9, 2016, that vested on February 9, 2017 at $133.83 per share, the closing price on that date, and 175 percent of the performance award granted on June 16, 2014 that vested on March 29, 2017 at $143.19 per share, the closing price on that date

(4) *Represents one-third of the restricted stock units granted on September 1, 2016 that vested on September 1, 2017 at $157.61 per share, the closing price on that date.*

(5) *Represents one-third of the restricted stock units granted on October 3, 2016, that vested on February 9, 2017 at $133.83 per share, the closing price on that date.*

Retirement Benefits

Prior to January 1, 2010, substantially all employees, including Mr. King and Mr. Eberts (the only NEOs who were eligible to participate as of January 2010), were eligible to participate in the Cash Balance Plan, and the plan was funded by the Company both in terms of an annual service credit, which is a percentage of base salary, and an interest credit, currently at four percent per year. Eligibility requirements under the Cash Balance Plan included one year of service (participants entered the plan in either January or July after meeting the service requirement) and the attainment of 21 years of age. Each of Mr. King and Mr. Eberts has met the eligibility requirements. As discussed above, the Company also has a Pension Equalization Plan (PEP). Mr. Huff was eligible to participate in the Cash Balance Plan and the PEP when he was previously employed by the Company prior to his termination in 2008. When Mr. Huff left the Company in 2008 he cashed out his Cash Balance Plan. Mr. Huff, who was rehired by the Company in 2016, still has a PEP benefit available to him when he retires and reaches his benefit commencement date upon attainment of age 65. See Compensation Discussion & Analysis Retirement Plans above.

In October 2009, the Board froze any additional service-based credits for any years of service after December 31, 2009 with respect to both the Cash Balance Plan and the PEP. Both plans are closed to new entrants. Current participants in the Cash Balance Plan and the PEP have stopped earning service-based credits, but will continue to earn interest credits.

Under both the Cash Balance Plan and the PEP, a participant is eligible for benefits at normal retirement at age 65 or early retirement at age 55, subject to reduced benefits for each year under age 65. For early retirement at or after age 55 with reduced benefits, there is a reduction of one-half percent per month applied to the full retirement benefit for every month under the age of 65.

Before the Cash Balance Plan was frozen for any additional service-based credits, the Cash Balance Plan, as supplemented by the PEP, was designed to provide an employee having 25 years of credited service with an annuity equal to 52 percent of final average pay less 50 percent of estimated individual Social Security benefits. Final average pay is defined as the highest five consecutive years of base salary during the ten years of employment preceding termination or retirement. The participant, if single, has one payment option: ten-year certain and life annuity. If married, the participant has two payment options: (a) ten-year certain and life annuity; or (b) 50 percent joint and survivor annuity. The ten-year certain and life annuity offers a guaranteed minimum payment for ten years. The 50 percent joint and survivor annuity offers half the annuity payments to the surviving spouse.

The formula for calculating the amount payable to the participants in the Cash Balance Plan, in conjunction with the PEP, is illustrated as follows (ten-year certain and life annuity payment option):

[(0.52) x (Final Average Pay) (0.50) x (Estimated Social Security Benefit)] x (Credited Service up to 25 years) ÷ (25)

The amount payable could be less if a married participant elected to receive benefits under the 50 percent joint and survivor annuity option. The reduction for the 50 percent joint and survivor annuity is determined using the actuarial basis defined by the pension plans and reflects the possibility that the spouse may outlive the participant, which extends the length of payments.

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The following table shows, as of December 31, 2017, the present value of accumulated benefits under the Company s Cash Balance Plan and PEP for each of the NEOs who were eligible to participate in the plans:

NAME	PLAN NAME	NUMBER OF YEARS CREDITED SERVICE (#)[1]	PRESENT VALUE OF ACCUMULATED BENEFIT ($)[2]	PAYMENTS DURING LAST FISCAL YEAR (
DAVID P. KING	Cash Balance Plan	7.00	$60,496	$-
	Pension Equalization Plan	8.25	$1,297,316	$-
F. SAMUEL EBERTS III	Cash Balance Plan	4.0	$32,515	$-
	Pension Equalization Plan	5.33	$299,159	$-
GLENN A. EISENBERG	Cash Balance Plan	-	$-	$-
	Pension Equalization Plan	-	$-	$-
GARY M. HUFF	Cash Balance Plan	-	$-	$-
	Pension Equalization Plan	16.58	$339,819	$-
JOHN D. RATLIFF	Cash Balance Plan	-	$-	$-
	Pension Equalization Plan	-	$-	$-

(1) *The Company s Cash Balance Plan had been offered to substantially all employees after a year of service and after reaching 21 years of age. Plan entry dates were January and July of each year. The PEP was amended January 1, 2004, to waive the one-year service requirement. Because of these differing service crediting provisions, there could be a difference of up to 1.5 years between Cash Balance Plan service and PEP service reflected in the column. Credited years of service equals actual years of service with the Company, subject to the crediting provisions above.*

(2) *The calculation of present value of accumulated benefit is based on a normal retirement age of 65, as defined by each plan, and credited service and certain discount rate and mortality inputs. For the assumptions made in the valuations, see Note 16 to the Company s audited financial statements included within the 2017 Annual Report on Form 10-K for the year ended December 31, 2017.*

Deferred Compensation Plan

The DCP offers eligible participants another vehicle to accumulate savings for retirement. See Compensation Discussion & Analysis Deferred Compensation Program above. Amounts deferred by a participant are credited to a bookkeeping account maintained on behalf of each participant, which is used for the measurement and determination of amounts to be paid to a participant, or his or her designated beneficiary, pursuant to the terms of the DCP. Deferred amounts are the Company s general unsecured obligations and are subject to claims by the Company s creditors. The Company s general assets or existing Rabbi Trust may be used to fund payment obligations and pay DCP benefits.

According to the terms of the DCP, a participant has the opportunity to allocate deferred amounts to one or more of 23 measurement funds offered. The measurement funds are indexed to externally managed funds inside the Company s insurance-backed account. Amounts in these accounts can earn variable returns, including negative returns. Deemed earnings on the deferrals are based on these measurement funds and have no guaranteed rate of return. The Company makes no contributions to the DCP.

Under the DCP, a participant may make separate distribution elections with respect to each year s deferrals. These distribution elections include the ability to elect a single lump-sum payment or annual installment payments.

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The following table summarizes each NEO s contributions, earnings and aggregate balance under the DCP as of December 31, 2017:

NAME	EXECUTIVE CONTRIBUTIONS IN LAST FY ($)(1)	REGISTRANT CONTRIBUTIONS IN LAST FY ($)	AGGREGATE EARNINGS IN LAST FY ($)(2)	AGGREGATE WITHDRAWALS/ DISTRIBUTIONS ($)	AGGREGATE BALANCE AT LAST FYE ($)(3)
DAVID P. KING	$-	$-	$41,808	$-	$499,160
F. SAMUEL EBERTS III	$-	$-	$-	$-	$-
GLENN A. EISENBERG	$-	$-	$-	$-	$-
GARY M. HUFF	$47,508	$-	$5,523	$-	$53,031
JOHN D. RATLIFF	$-	$-	$-	$-	$-

(1) *Amounts in this column would be included in the Salary column of the Summary Compensation Table above.*

(2) *Amounts in this column are not included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table as they do not qualify as above market or preferential earnings.*

(3) *For Mr. King, $300,620 was previously reported in the Summary Compensation Table in prior years.*

Potential Payments Upon Termination or Change in Control

The tables that follow provide information related to compensation payable to each NEO, assuming termination of such executive s employment on December 31, 2017, or assuming a change in control with a corresponding qualifying termination occurred on December 31, 2017. Amounts also assume the price of Common Stock was $159.51, the closing price on December 29, 2017.

DAVID P. KING	VOLUNTARY TERMINATION (#)	EARLY RETIREMENT (#)	NORMAL RETIREMENT	INVOLUNTARY NOT FOR CAUSE OR GOOD REASON TERMINATION	FOR CAUSE TERMINATION	CHANGE-IN-CONTROL	DISABILITY	DEATH
Severance (Related to Base Compensation)	$-	$-	$-	$2,300,000	$-	$3,450,000	$-	$-
Severance (Related to Annual Incentive Cash Payments)	$-	$-	$-	$3,372,160	$-	$5,058,240	$-	$-
Excise Tax & Gross-up	$-	$-	$-	$-	$-	$-	$-	$-
Stock Options	$1,396,353	$1,396,353	$1,396,353	$1,396,353	$-	$1,396,353	$1,396,353	$1,396,353
Restricted Stock Units	$5,395,265	$5,395,265	$5,395,265	$5,395,265	$-	$5,395,265	$5,395,265	$5,395,265
Performance Shares	$26,197,763	$26,197,763	$26,197,763	$26,197,763	$-	$21,265,873	$21,265,873	$21,265,873
Health & Welfare Benefits	$-	$-	$-	$12,707	$-	$12,707	$360,000	$1,500,000
Financial Services	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
TOTAL	**$32,999,381**	**$32,999,381**	**$32,999,381**	**$38,684,248**	**$10,000**	**$36,588,438**	**$28,427,491**	**$29,567,491**

F. SAMUEL EBERTS III	VOLUNTARY TERMINATION	EARLY RETIREMENT	NORMAL RETIREMENT	INVOLUNTARY NOT FOR CAUSE OR GOOD REASON TERMINATION	FOR CAUSE TERMINATION	CHANGE-IN-CONTROL	DISABILITY	DEATH
Severance (Related to Base Compensation)	$-	$-	$-	$502,125	$-	$502,125	$-	$-
Severance (Related to Annual	$-	$-	$-	$257,111	$-	$257,111	$-	$-

Incentive Cash Payments)								
Excise Tax & Gross-up	$-	$-	$-	$-	$-	$-	$-	$-
Stock Options	$27,296	$27,296	$27,296	$32,755	$-	$98,294	$98,294	$98,294
Restricted Stock Units	$171,846	$171,846	$171,846	$204,173	$-	$381,866	$381,866	$381,866
Performance Shares	$1,422,031	$1,422,031	$1,422,031	$1,422,031	$-	$1,524,915	$1,524,915	$1,524,915
Health & Welfare Benefits	$-	$-	$-	$806	$-	$806	$300,000	$1,500,000
Financial Services	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
TOTAL	**$1,631,173**	**$1,631,173**	**$1,631,173**	**$1,926,876**	**$10,000**	**$2,775,117**	**$2,315,075**	**$3,515,075**