

LABORATORY CORP OF AMERICA HOLDINGS

Form 8-K

May 09, 2002

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange  
Act of 1934

May 9, 2002

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(Date of earliest event reported)

LABORATORY CORPORATION OF AMERICA HOLDINGS

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(Exact name of registrant as specified in its charter)

DELAWARE	1-11353	13-3757370
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

358 SOUTH MAIN STREET, BURLINGTON, NORTH CAROLINA 27215

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(Address of principal executive offices)

336-229-1127

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(Registrant's telephone number, including area code)

ITEM 9. Regulation FD Disclosure.

Information of the Company dated May 9, 2002, relating to the  
acquisition of Dynacare.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange  
Act of 1934, the registrant has duly caused this report to  
be signed on its behalf by the undersigned hereunto duly  
authorized.

LABORATORY CORPORATION OF AMERICA HOLDINGS

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(Registrant)

By /s/ BRADFORD T. SMITH

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Bradford T. Smith

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Executive Vice President  
and Secretary

Date: May 9, 2002

This information contains forward-looking statements which are subject to change based on various important factors, including without limitation, competitive actions in the marketplace and adverse actions of governmental and other third-party payors. Actual results could differ materially from those suggested by these forward-looking statements. Further information on potential factors that could affect the Company's financial results is included in the Company's Form 10-K for the year ended December 31, 2001 and subsequent filings.

Security holders of Dynacare Inc. are urged to read the proxy statement regarding the proposed Plan of Arrangement when it is finalized and distributed to security holders because it will contain important information for making an informed decision. The definitive proxy statement will be filed with the U.S. Securities and Exchange Commission the ("SEC") by Dynacare, and security holders may obtain a free copy of such proxy statement when it becomes available, and other documents filed with the SEC by Dynacare, at the SEC's website at [www.sec.gov](http://www.sec.gov). The definitive proxy statement, when it becomes available, and other documents filed by Dynacare, may also be obtained free of charge by directing a request to Dynacare Inc., 14900 Landmark Boulevard, Suite 200, Dallas, Texas 75254, attention: Zbig S. Biskup, Executive Vice President and Chief Financial Officer and Secretary.

Dynacare and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the security holders of Dynacare in favor of the transaction. The directors and executive officers of Dynacare and their beneficial ownership of Dynacare common stock as of April 15, 2002 are set forth in the proxy statement for the 2002 annual meeting filed by Dynacare on April 30, 2002. LabCorp and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the security holders of Dynacare in favor of the transaction. The directors and executive officers of LabCorp are set forth in the proxy statement for the 2002 annual meeting filed by LabCorp on April 15, 2002. Security holders of Dynacare may obtain additional information regarding the interests of such participants by reading the definitive proxy statement when it becomes available.

## KEY TRANSACTION FACTS:

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Purchase Price	- \$23.00 per share consisting of \$11.50 cash and 0.1164 shares of LabCorp common stock (approx. 2.4 MM shares) per share of Dynacare stock
EPS Accretive	- 2002 = \$0.02 to \$0.03
	- 2003 = \$0.20 to \$0.25

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- Enterprise Value - \$660 million
- EBITDA Multiple - 11.4x 2002 EBITDA without synergies  
- 6.4x with peak synergies (\$45 million in 2004)
- Conditions - Regulatory approval  
- Dynacare shareholder approval
- Closing - Late Q2 or early Q3 2002

### DYNACARE TRANSACTION SPECIFICS

#### ----- Financing structure and assumptions:

- LabCorp common stock - \$240 million
- Cash - \$200 million
- Bridge loan - \$150 million
- Borrowings under \$300 million revolver - approximately \$113 million
- Pay off Dynacare's existing \$195 million of senior unsecured notes, plus approximately \$7 million call premium

### PROFILE OF DYNACARE:

- 
- Independent clinical laboratory offering services in certain regions of the U.S. and Canada
- 24 primary laboratories, 2 esoteric, 115 rapid response labs and 302 patient service centers
- Operates in 21 states in U.S. and in Canada
- Offers more than 1,000 different tests
- Current operations include four U.S. joint ventures with hospital partners
- Dynacare has announced its plan to terminate two of the joint ventures during the second quarter of 2002

### MAP OF DYNACARE LAB LOCATIONS

### DYNACARE FINANCIALS:

- 
- Dynacare accounts for its financial statements using

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### Canadian GAAP

- The term "Adjusted EBITDA" is used for purposes of comparing Canadian and U.S. GAAP
- Adjusted EBITDA under U.S. GAAP is being defined as EBITDA plus earnings from equity investments plus proportional D&A and interest expense from such equity investments
- Ultimately, adjusted EBITDA under U.S. GAAP is very similar to EBITDA under Canadian GAAP

### DYNACARE FINANCIALS:

#### ----- Dynacare Accounting Reconciliation - Income Statements (US\$ in millions except per share amounts)

	2001 Actuals under Differing GAAPs		
	Canadian	U.S.	Variance
	-----	-----	-----
Revenues	\$ 402.4	\$ 237.9	\$ (164.4)
EBITDA	\$ 52.9	\$ 14.3	\$ (38.6)
Plus: Earnings from equity investments	0.0	30.7	30.7
Plus: JV depreciation and amortization	0.0	6.4	6.4
Plus: JV interest expense	0.0	0.5	0.5
	-----	-----	-----
Adjusted EBITDA	\$ 52.9	\$ 51.8	\$ (1.1)
EBIT	\$ 35.0	\$ 3.4	\$ (31.6)
Plus: Earnings from equity investments	0.0	30.7	30.7
Plus: JV interest expense	0.0	0.5	0.5
	-----	-----	-----
Adjusted EBIT	\$ 35.0	\$ 34.6	\$ (0.4)
Net earnings (loss)	\$ 11.7	\$ 17.3	\$ 5.5
Earnings per share	\$ 0.66	\$ 0.96	\$ 0.31

	2000 Actuals under Differing GAAPs		
	Canadian	U.S.	Variance
	-----	-----	-----
Revenues	\$ 352.9	\$ 203.9	\$ (149.0)
EBITDA	\$ 48.1	\$ 11.1	\$ (37.0)
Plus: Earnings from equity investments	0.0	29.6	29.6
Plus: JV depreciation and amortization	0.0	5.5	5.5
Plus: JV interest expense	0.0	0.5	0.5
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Adjusted EBITDA	\$ 48.1	\$ 46.7	\$ (1.4)
EBIT	\$ 31.5	\$ 0.7	\$ (30.8)
Plus: Earnings from equity investments	0.0	29.6	29.6
Plus: JV interest expense	0.0	0.5	0.5
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Adjusted EBIT	\$ 31.5	\$ 30.8	\$ (0.7)
Net earnings (loss)	\$ 6.0	\$ (0.8)	\$ (6.8)
Earnings per share	\$ 0.46	\$ (0.06)	\$ (0.52)

	1999 Actuals under Differing GAAPs		
	Canadian	U.S.	Variance
Revenues	\$ 272.7	\$ 134.6	\$ (138.1)
EBITDA	\$ 43.0	\$ 5.8	\$ (37.3)
Plus: Earnings from equity investments	0.0	30.4	30.4
Plus: JV depreciation and amortization	0.0	5.4	5.4
Plus: JV interest expense	0.0	0.7	0.7
Adjusted EBITDA	\$ 43.0	\$ 42.2	\$ (0.8)
EBIT	\$ 30.0	\$ (1.2)	\$ (31.2)
Plus: Earnings from equity investments	0.0	30.4	30.4
Plus: JV interest expense	0.0	0.7	0.7
Adjusted EBIT	\$ 30.0	\$ 29.9	\$ (0.1)
Net earnings (loss)	\$ 5.6	\$ 5.4	\$ (0.3)
Earnings per share	\$ 0.45	\$ 0.43	\$ (0.02)

### Key Accounting Methodology Differences:

- Proportionate accounting for partnerships in Canadian GAAP versus equity method of accounting in U.S. GAAP
- Reported revenues, EBITDA and EBIT in U.S. GAAP are lower than in Canadian GAAP
- Adjusted EBITDA (EBITDA plus earnings from equity investments plus proportional D&A and interest from such investments) will track very closely to EBITDA under Canadian GAAP
- Differences in accounting for pending changes in tax law (related to timing of recognition) can lead to differences at the net income line, as was the case in 2000 and 2001

Note: EBITDA and EBIT figures are before severance, relocation and other charges.

### FINANCIAL IMPACT OF TRANSACTION:

- Expected incremental revenue:
  - 2002 - \$145 to \$155 million
  - 2003 - \$300 to \$320 million
- Expected incremental adjusted EBITDA:
  - 2002 - \$25 to \$30 million
  - 2003 - \$85 to \$90 million
- Expected incremental diluted EPS
  - 2002 - \$0.02 to \$0.03
  - 2003 - \$0.20 to \$0.25

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### Notes:

- Assumes transaction close date of 7/1/02
- Numbers based on U.S. GAAP
- Includes synergies

### LABCORP - WELL POSITIONED FOR FUTURE REVENUE AND PROFIT GROWTH:

	LabCorp	Dynacare
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Revenues*	\$2.2 billion	\$238 million
Full-Service Labs	20	24
Esoteric Labs	4	2
Patient Service Centers	900	302
Employees	19,000	6,300
Tests Offered	4,000	1,000

\* 2001 Revenues Based on U.S. GAAP

- Expanded laboratory operations
- Enhanced high-value testing opportunities with added hospital business - approximately 20% of Dynacare revenues
- Expanded opportunities to offer LabCorp's genomic and esoteric capabilities to new markets.

### SYNERGY COMMITMENT:

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Synergy commitment - \$45 million

### Timing:

- 2002 - \$6 million
- 2003 - \$36 million
- 2004 - \$45 million

### Sources:

- Lab Capacity
- Esoteric Sendouts
- Supply Savings
- Infrastructure Improvements

### SYNERGY PLAN:

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- Rationalize national lab capacity
  - Redirect esoteric test sendouts to LabCorp's Centers of Excellence
  - Eliminate redundant infrastructure
  - Talented managers from both companies will participate in the integration process

### VALUE DRIVERS:

#### LabCorp:

- 
- Proven strategy for growth
  - Pioneer in identifying and commercializing

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- innovative technologies
- National infrastructure connects large scale proficiency with wide scale technological expertise
- Strong balance sheet

Industry:

- New advances in scientific research will generate growth and demand for molecular testing
- Aging population

Align=top height=19> 250 BRANNAN STREET, SAN FRANCISCO, CA 94107  
**Item 2.** (a)Name of Person Filing Wells Capital Management Incorporated (b)Address of Principal Business Office or, if none, Residence 525 Market St, 10th Floor, San Francisco, CA 94105 (c)Citizenship California (d)Title of Class of Securities COM (e)CUSIP Number 848637104

**Item 3. If this statement is filed pursuant to 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:**

- (a)  Broker or dealer registered under section 15 of the Act (15 U.S.C. 78c)
- (b)  Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c)  Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d)  Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).
- (e)  An investment adviser in accordance with 240.13d-1(b)(1)(ii)(E);  
]
- (f)  An employee benefit plan or endowment fund in accordance with 240.13d-1(b)(1)(ii)(F);
- (g)  A parent holding company or control person in accordance with 240.13d-1(b)(1)(ii)(G);
- (h)  A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i)  A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j)  A non-U.S.institution in accordance with 240.13d-1(b)(1)(ii)(J);
- (k)  Group, in accordance with 240.13d-1(b)(1)(ii)(K).

If filing as a non-U.S.institution in accordance with 240.13d-1(b)(1)(ii)(J), please specify the type of institution: \_\_\_\_\_

**Item 4. Ownership.**

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- (a) Amount beneficially owned: 6,676,639
- (b) Percent of class: 5.15%
- (c) Number of shares as to which the person has:
  - (i) Sole power to vote or to direct the vote 0
  - (ii) Shared power to vote or to direct the vote 1,400,006
  - (iii) Sole power to dispose or to direct the disposition of 0
  - (iv) Shared power to dispose or to direct the disposition of 6,676,639

**Item 5. Ownership of Five Percent or Less of a Class**

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following.[ ] .

**Item 6. Ownership of More than Five Percent on Behalf of Another Person.**

Not applicable

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.**

See Exhibit B

**Item 8. Identification and Classification of Members of the Group**

Not applicable.

**Item 9. Notice of Dissolution of Group**

Not applicable.

**Item 10. Certification**

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

SIGNATURE



January 25, 2016

Date

/s/ Michael J. Choquette

Signature

Michael J. Choquette, Designated Signer

Name/Title

**Exhibit A**

EXPLANATORY NOTE

This Schedule 13G is filed by Wells Fargo & Company on its own behalf and on behalf of any subsidiaries listed in Exhibit B. Aggregate beneficial ownership reported by Wells Fargo & Company under Item 9 on page 2 is on a consolidated basis and includes any beneficial ownership separately reported herein by a subsidiary.

**Exhibit B**

The Schedule 13G to which this attachment is appended is filed by Wells Fargo & Company on behalf of the following subsidiaries:

- Wells Capital Management Incorporated (1)
- Wells Fargo Advisors, LLC (2)
- Wells Fargo Delaware Trust Company, National Association (3)
- Wells Fargo Bank, National Association (3)
- Wells Fargo Securities, LLC (2)
- Wells Fargo Advisors Financial Network, LLC (2)
- Wells Fargo Funds Management, LLC (1)

(1) Classified as a registered investment advisor in accordance with Regulation 13d-1(b)(1)(ii)(E). (2) Classified as a broker dealer in accordance with Regulation 13d-1(b)(1)(ii)(A). (3) Classified as a bank in accordance with Regulation 13d-1(b)(1)(ii)(B).

**Exhibit C**

AGREEMENT

The undersigned hereby agree that the statement on Schedule 13G to which this Agreement is attached shall be filed by Wells Fargo & Company on its own behalf and on behalf of Wells Capital Management Incorporated

Date: January 25, 2016

WELLS FARGO & COMPANY

By: /s/ Michael J. Choquette  
Michael J. Choquette, Designated Signer

Wells Capital Management Incorporated

By: /s/ Kevin Pham  
Kevin Pham, Vice President

SIGNATURE

**Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations  
(See 18 U.S.C. 1001)**