

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended JUNE 30, 2003

OR

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

For the transition period from to

Commission file number 1-11353

LABORATORY CORPORATION OF AMERICA HOLDINGS

(Exact name of registrant as specified in its charter)

DELAWARE 13-3757370

(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

358 SOUTH MAIN STREET, BURLINGTON, NORTH CAROLINA 27215

(Address of principal executive offices) (Zip code)

(336) 229-1127

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act. Yes X No

The number of shares outstanding of the issuer's common stock is 144,849,441 shares as of July 31, 2003.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Information

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(Unaudited)

	June 30, 2003	December 31, 2002
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33.9	\$ 56.4
Accounts receivable, net	444.5	393.0
Supplies inventories	49.4	44.8
Prepaid expenses and other	23.7	33.8
Deferred income taxes	68.6	68.7
	-----	-----
Total current assets	620.1	596.7
Property, plant and equipment, net	368.2	351.2
Goodwill	1,272.2	910.1
Identifiable intangible assets, net	570.6	307.4
Investments in equity affiliates	481.9	400.6
Other assets, net	36.0	26.0
	-----	-----
	\$ 3,349.0	\$ 2,592.0
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 82.9	\$ 79.9
Accrued expenses and other	163.8	148.5
Current portion of long-term debt	0.4	0.4
	-----	-----
Total current liabilities	247.1	228.8
Revolving credit facility	85.0	--
Zero coupon-subordinated notes	518.0	512.9
5 1/2% senior notes	354.1	--
Long-term debt, less current portion	2.7	3.1
Capital lease obligations	4.9	5.5
Other liabilities	388.0	230.0
Commitments and contingent liabilities	--	--
Shareholders' equity:		
Preferred stock, \$0.10 par value; 30,000,000 shares authorized; shares issued: none	--	--
Common stock, \$0.10 par value; 265,000,000 shares authorized; 148,130,106 and 147,839,103 shares issued and outstanding at June 30, 2003 and December 31, 2002, respectively	14.8	14.8
Additional paid-in capital	1,422.8	1,406.5
Retained earnings	426.4	266.1
Treasury stock, at cost; 3,383,620 shares and 97,426 shares at June 30, 2003 and December 31, 2002, respectively	(95.6)	(4.4)
Unearned restricted stock compensation	(32.0)	(41.4)
Accumulated other comprehensive earnings (loss)	12.8	(29.9)
	-----	-----
Total shareholders' equity	1,749.2	1,611.7
	-----	-----
	\$ 3,349.0	\$ 2,592.0
	=====	=====

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(Unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2003	2002	2003	2002
Net sales	\$ 1,455.9	\$ 1,202.4	\$ 743.7	\$ 612.4
Cost of sales	842.9	667.7	427.2	336.1
Gross profit	613.0	534.7	316.5	276.3
Selling, general and administrative expenses	327.4	273.9	164.1	137.0
Amortization of intangibles and other assets	18.0	10.3	9.5	5.2
Operating income	267.6	250.5	142.9	134.1
Other income (expense):				
Interest expense	(21.4)	(8.4)	(10.0)	(4.2)
Income from equity investments, net	21.1	--	11.3	--
Investment income	4.7	2.0	2.4	1.2
Other income (expense), net	(0.3)	(0.4)	(0.2)	0.2
Earnings before income taxes	271.7	243.7	146.4	131.3
Provision for income taxes	111.4	99.4	60.0	52.8
Net earnings	\$ 160.3	\$ 144.3	\$ 86.4	\$ 78.5
Basic earnings per common share	\$ 1.10	\$ 1.03	\$ 0.60	\$ 0.56
Diluted earnings per common share	\$ 1.10	\$ 1.01	\$ 0.60	\$ 0.55

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(Unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
	-----	-----	-----	-----
PERIOD ENDED JUNE 30, 2002				
Balance at beginning of year	\$ 14.1	\$1,081.8	\$ 11.5	\$ --
Comprehensive earnings:				
Net earnings	--	--	144.3	--
Other comprehensive earnings:				
Foreign currency translation adjustments	--	--	--	--
	-----	-----	-----	-----
Comprehensive earnings	--	--	144.3	--
Issuance of common stock	0.1	14.5	--	--
Issuance of restricted stock awards	0.1	40.9	--	--
Amortization of unearned restricted stock compensation	--	--	--	--
Income tax benefit from stock options exercised	--	15.4	--	--
Purchase of common stock	--	--	--	(4.4)
	-----	-----	-----	-----
BALANCE AT JUNE 30, 2002	\$ 14.3	\$1,152.6	\$ 155.8	\$ (4.4)
	=====	=====	=====	=====
PERIOD ENDED JUNE 30, 2003				
Balance at beginning of year	\$ 14.8	\$1,406.5	\$ 266.1	\$ (4.4)
Comprehensive earnings:				
Net earnings	--	--	160.3	--
Other comprehensive loss:				
Foreign currency translation adjustments	--	--	--	--
Tax effect of other comprehensive loss adjustments	--	--	--	--
	-----	-----	-----	-----
Comprehensive earnings	--	--	160.3	--
Issuance of common stock	--	5.9	--	--
Issuance of restricted stock awards	--	0.2	--	--
Cancellation of restricted stock awards	--	(1.0)	--	--
Amortization of unearned restricted stock compensation	--	--	--	--
Income tax benefit from stock options exercised	--	2.7	--	--
Assumption of vested stock options in connection with acquisition	--	8.5	--	--
Purchase of common stock	--	--	--	(91.2)
	-----	-----	-----	-----
BALANCE AT JUNE 30, 2003	\$ 14.8	\$1,422.8	\$ 426.4	\$ (95.6)
	=====	=====	=====	=====

(continued)

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(Unaudited)

	Unearned Restricted Stock Compensation	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
	-----	-----	-----
PERIOD ENDED JUNE 30, 2002			
Balance at beginning of year	\$ (13.2)	\$ (8.8)	\$1,085.4
Comprehensive earnings:			
Net earnings	--	--	144.3
Other comprehensive earnings:			
Foreign currency translation adjustments	--	0.4	0.4
	-----	-----	-----
Comprehensive earnings	--	0.4	144.7
Issuance of common stock	--	--	14.6
Issuance of restricted stock awards	(41.0)	--	--
Amortization of unearned restricted stock compensation	6.2	--	6.2
Income tax benefit from stock options exercised	--	--	15.4
Purchase of common stock	--	--	(4.4)
	-----	-----	-----
BALANCE AT JUNE 30, 2002	\$ (48.0)	\$ (8.4)	\$1,261.9
	=====	=====	=====
PERIOD ENDED JUNE 30, 2003			
Balance at beginning of year	\$ (41.4)	\$ (29.9)	\$1,611.7
Comprehensive earnings:			
Net earnings	--	--	160.3
Other comprehensive loss:			
Foreign currency translation adjustments	--	71.3	71.3
Tax effect of other comprehensive loss adjustments	--	(28.6)	(28.6)
	-----	-----	-----
Comprehensive earnings	--	42.7	203.0
Issuance of common stock	--	--	5.9
Issuance of restricted stock awards	(0.2)	--	--
Cancellation of restricted stock awards	1.0	--	--
Amortization of unearned restricted stock compensation	8.6	--	8.6
Income tax benefit from stock options exercised	--	--	2.7
Assumption of vested stock options in connection with acquisition	--	--	8.5
Purchase of common stock	--	--	(91.2)
	-----	-----	-----
BALANCE AT JUNE 30, 2003	\$ (32.0)	\$ 12.8	\$1,749.2
	=====	=====	=====

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(Unaudited)

	Six Months Ended June 30,	
	----- 2003	2002 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 160.3	\$ 144.3
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	66.7	45.8
Stock compensation	8.6	6.2
(Gain) loss on sale of assets	(0.1)	0.4
Accreted interest on zero coupon- subordinated notes	5.1	5.0
Deferred income taxes	15.0	4.8
Change in assets and liabilities:		
Increase in accounts receivable, net	(18.0)	(27.4)
Increase in inventories	(2.4)	(4.6)
Decrease (increase) in prepaid expenses and other	3.6	(5.6)
(Decrease) increase in accounts payable	(5.7)	10.3
Increase in accrued expenses and other	25.3	25.9
Other, net	(0.2)	0.2
	-----	-----
Net cash provided by operating activities	258.2	205.3
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(37.4)	(37.9)
Proceeds from sale of assets	0.6	0.6
Deferred payments on acquisitions	(6.3)	(8.0)
Proceeds from sale of marketable securities	50.4	--
Distributions from equity affiliates in excess of cumulative earnings	1.6	--
Acquisition of licensing technology	--	(15.0)
Acquisition of businesses, net of cash acquired	(636.0)	(3.3)
	-----	-----
Net cash used for investing activities	(627.1)	(63.6)
	-----	-----

(continued)

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)
(Unaudited)

	Six Months Ended June 30,	
	2003	2002
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bridge loan	\$ 350.0	\$ --
Payments on bridge loan	(350.0)	--
Proceeds from revolving credit facilities	265.0	--
Payments on revolving credit facilities	(180.0)	--
Proceeds from senior note offering	350.0	--
Payments on other long-term debt	(0.4)	--
Termination of interest rate swap agreement	5.3	--
Debt issuance costs	(7.3)	(1.7)
Payments on long-term lease obligations	(0.7)	(0.6)
Purchase of common stock	(91.2)	--
Net proceeds from issuance of stock to employees	5.8	14.6
	-----	-----
Net cash provided by financing activities	346.5	12.3
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(0.1)	0.4
	-----	-----
Net increase (decrease) in cash and cash equivalents	(22.5)	154.4
Cash and cash equivalents at beginning of period	56.4	149.2
	-----	-----
Cash and cash equivalents at end of period	\$ 33.9	\$ 303.6
	=====	=====
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	\$ 2.9	\$ 0.7
Income taxes, net of refunds	70.8	55.5
 Disclosure of non-cash financing and investing activities:		
Issuance of restricted stock awards	0.2	41.0
Assumption of vested stock options in connection with acquisition	8.5	--

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

The condensed consolidated financial statements include the accounts of Laboratory Corporation of America Holdings and its wholly owned subsidiaries (the "Company") after elimination of all material intercompany accounts and transactions. On January 17, 2003, the Company completed the acquisition of DIANON Systems, Inc., (DIANON) a leading U.S. provider of anatomic pathology and oncology testing services. Disclosure of certain business combination transactions is included in Note 7 - Business Acquisition - DIANON Systems, Inc. The Company operates in one business segment.

The financial statements of the Company's foreign subsidiaries are measured using the local currency as the functional currency. Assets and liabilities are translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average monthly exchange rates prevailing during the period. Resulting translation adjustments are included in "Accumulated Other Comprehensive Earnings (loss)."

The accompanying condensed consolidated financial statements of the Company are unaudited. In the opinion of management, all adjustments (which include only normal recurring accruals) necessary for a fair presentation of such financial statements have been included. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in the Company's annual report. Therefore, the interim statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's annual report.

Certain amounts in the prior year's financial statements have been reclassified to conform with the current year presentation.

2. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding. Dilutive earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding plus potentially dilutive shares, as if they had been issued at the beginning of the period presented. Potentially dilutive common shares result primarily from the Company's restricted stock awards and outstanding stock options.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
 NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

The following represents a reconciliation of the weighted average shares used in the calculation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Basic	144,562,713	140,723,679	145,222,214	140,320,864
Assumed conversion/ exercise of:				
Stock options	485,967	1,081,033	381,169	977,307
Restricted stock awards	--	1,610,213	103,769	1,649,248
Diluted	145,048,680	143,414,925	145,707,152	142,947,419

The following table summarizes the potential common shares not included in the computation of diluted earnings per share because their impact would have been antidilutive:

	June 30,	
	2003	2002
Stock Options	4,432,902	--
Restricted Stock Awards	1,304,896	--

The Company's zero coupon-subordinated notes are contingently convertible into 9,977,634 shares of common stock and are not currently included in the diluted earnings per share calculation because these notes were not convertible according to their terms during the period ended June 30, 2003.

3. STOCK COMPENSATION PLANS

During May 2003, the Company made awards of 8,230 shares of restricted stock and 12,680 options to its non-employee directors at a price of \$30.36 under its 2000 Stock Incentive Plan.

During February 2003, the Company granted to employees 1,532,500 options at a price of \$24.46 under its 2000 Stock Incentive Plan. During March 2003, the Company granted to employees 216,700 options at a price of \$28.18 under its 2000 Stock Incentive Plan.

The tax benefits associated with the exercise of non-qualified stock options reduced taxes currently payable by \$2.7 and \$15.4 for the six months ended June 30, 2003 and 2002, respectively. Such benefits are credited to additional paid-in-capital.

On January 21, 2003, in connection with the acquisition of DIANON, the Company filed a Form S-8 registering approximately 690,000 shares of the Company's common stock under DIANON stock incentive plans.

The Company applies the provisions of APB Opinion No. 25 in accounting for its stock compensation plan and, accordingly, no compensation cost has been recognized for its stock compensation plans in the financial statements. Had the Company determined compensation cost based on the fair value method as defined in SFAS

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

No. 123, and as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123", the impact on the Company's net earnings on a pro forma basis is indicated below:

		Three Months Ended June 30,		Six Months Ended June 30,	
		2003	2002	2003	2002
Net earnings	As reported	\$ 86.4	\$ 78.5	\$ 160.3	\$ 144.3
	Pro forma	\$ 79.8	73.3	147.2	133.9
Basic earnings per common share	As reported	0.60	0.56	1.10	1.03
	Pro forma	0.55	0.52	1.01	0.95
Diluted earnings per common share	As reported	0.60	0.55	1.10	1.01
	Pro forma	0.55	0.51	1.01	0.94

4. STOCK REPURCHASE PROGRAM

On October 22, 2002, the Company's Board of Directors authorized a stock repurchase program under which the Company may purchase up to an aggregate of \$150.0 of its common stock from time-to-time. During the six months ended June 30, 2003, the Company purchased approximately 3.1 million shares of its common stock totaling approximately \$86.4 with cash flow from operations. It is the Company's intention to fund future purchases of its common stock with cash flow from operations.

5. SENIOR CREDIT FACILITIES

On January 14, 2003, the Company entered into a new \$150.0 364-day revolving credit facility with Credit Suisse First Boston, acting as Administrative Agent, and a group of financial institutions to replace the existing \$100.0 364-day revolving credit facility. The \$200.0 three-year revolving credit facility was amended on January 14, 2003 and expires on February 18, 2005. These credit facilities bear interest at varying rates based upon the Company's credit rating with Standard & Poor's Ratings Services. As of June 30, 2003, the effective interest rate on the revolving credit agreements was 1.86%.

On January 17, 2003, in conjunction with the acquisition of DIANON, the Company borrowed \$350.0 under the DIANON Bridge Loan Agreement with Credit Suisse First Boston, acting as Administrative Agent. On January 31, 2003, the Company sold \$350.0 aggregate principal amount of its 5 1/2% Senior Notes due February 1, 2013. Proceeds from the issuance of these Notes (\$345.1) together with cash on hand was used to repay the \$350.0 principal amount of the Company's bridge loan facility, and as a result, the DIANON bridge loan was terminated.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

During the six months ended June 30, 2003, the Company borrowed a total of \$265.0 and made payments of \$180.0 under its revolving credit agreements leaving an outstanding balance of \$85.0 as of June 30, 2003. At June 30, 2003, the effective interest rate on the revolving credit agreements was 1.86%.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swap agreements, which have been used by the Company from time to time in the management of interest rate exposure, are accounted for on an accrual basis. Amounts to be paid or received under such agreements are recognized as interest expense in the periods in which they accrue.

On June 18, 2003, the Company terminated its only outstanding interest rate swap agreement and received net proceeds of \$5.3. Approximately \$1.2 of these proceeds are included in the Company's interest expense for the six months ended June 30, 2003. The remaining \$4.1 of these proceeds has been deferred on the Company's balance sheet and will reduce interest expense on the 5 1/2% senior notes over the life of the notes. Including the effect of this swap agreement, the weighted-average effective interest rate on the Company's 5 1/2% senior notes was 4.07% at June 30, 2003.

The Company's zero coupon-subordinated notes contain the following three features that are considered to be embedded derivative instruments under FAS No. 133:

- 1) The Company will pay contingent cash interest on the zero coupon subordinated notes after September 11, 2006, if the average market price of the notes equals 120% or more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for a specified measurement period.
- 2) Contingent additional principal will accrue on the zero coupon-subordinated notes during the two-year period from September 11, 2004 to September 11, 2006, if the Company's stock price is at or below specified thresholds.
- 3) Holders may surrender zero coupon-subordinated notes for conversion during any period in which the rating assigned to the zero coupon-subordinated notes by Standard & Poor's Ratings Services is BB- or lower.

Based upon independent appraisals, these embedded derivatives had no fair value at June 30, 2003 and 2002.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
 NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

7. BUSINESS ACQUISITION - DIANON SYSTEMS, INC.

On January 17, 2003, the Company completed the acquisition of all of the outstanding shares of DIANON Systems, Inc. (DIANON) for \$47.50 per share in cash, or approximately \$595.6 including transaction fees and expenses, and converted approximately 390,000 vested DIANON employee stock options into approximately 690,000 vested Company options valued at \$8.5. The transaction total of approximately \$604.1 was funded by a combination of cash on hand, borrowings under the Company's senior credit facilities and a bridge loan facility.

DIANON is a leading provider of anatomic pathology and oncology testing services in the U.S. and had 2001 revenues of approximately \$125.7. DIANON had approximately 1,100 employees at the closing date of the acquisition and processed more than 8,000 samples per day in one main testing facility and four regional labs.

The acquisition of DIANON was accounted for under the purchase method of accounting. As such, the cost to acquire DIANON has been allocated to the assets and liabilities acquired based on estimated fair values as of the closing date. The consolidated financial statements include the results of operations of DIANON subsequent to the closing of the acquisition.

The Company finalized its recording of the DIANON purchase price allocation during the second quarter of 2003. In connection with the DIANON integration plan, the Company recorded \$18.9 of costs associated with the execution of the plan. The majority of these integration costs related to contractual obligations associated with leased facilities and equipment (\$10.8) and employee severance (\$8.1). These costs were accounted for as costs of the DIANON acquisition and included in goodwill.

The following table summarizes the Company's purchase price allocation related to the acquisition of DIANON based on the fair value of the assets acquired and liabilities assumed on the acquisition date.

	Fair Values as of January 17, 2003

Current assets	\$ 87.7
Property, plant and equipment	28.3
Goodwill	353.9
Identifiable intangible assets	271.5
Other assets	3.0

Total assets acquired	744.4

Current liabilities	\$ 33.1
Other liabilities	106.8

Total liabilities assumed	139.9

Net assets acquired	\$ 604.5
	=====

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

As a result of this acquisition, the Company recorded an addition to non-deductible goodwill of approximately \$353.9, an addition to customer lists of approximately \$227.8 (expected period of benefit of 30 years, non-deductible for tax) and an addition to trade names of approximately \$43.7 (expected period of benefit of 15 years, non-deductible for tax).

The following unaudited pro forma combined financial information for the three and six months ended June 30, 2003 and 2002 assumes that the DIANON and Dynacare acquisitions which were closed by the Company on January 17, 2003 and July 25, 2002, respectively, were acquired on January 1, 2002:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net sales	\$ 743.7	\$ 737.3	\$1,463.9	\$1,447.1
Net earnings	86.4	82.5	160.4	151.6
Diluted earnings per common share	\$ 0.60	\$ 0.55	\$ 1.10	\$ 1.02

The Company believes that the combined company is now in a position nationally to offer to both primary care physicians and specialists such as oncologists, urologists and gastroenterologists, the broadest range of leading-edge anatomic, genomic and clinical testing technology for the large and rapidly growing cancer diagnostic market.

8. RESTRUCTURING CHARGES

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

	Severance Costs	Lease and Other Facility Costs	Total
Balance at December 31, 2002	\$ 5.8	\$20.3	\$26.1
DIANON integration	8.1	10.8	18.9
Cash payments	(6.3)	(1.4)	(7.7)
Balance at June 30, 2003	\$ 7.6	\$29.7	\$37.3
Current			\$21.8
Non-current			15.5
			\$37.3

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
 NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

9. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the six-month period ended June 30, 2003 and for the year ended December 31, 2002 are as follows:

	June 30, 2003	December 31, 2002
	-----	-----
Balance as of January 1	\$ 910.1	\$ 719.3
Goodwill acquired during the period	375.0	190.8
Adjustments to goodwill	(12.9)	--
	-----	-----
Balance at end of period	\$ 1,272.2	\$ 910.1
	=====	=====

The adjustments to goodwill represent certain adjustments made to the balances of investments in equity affiliates relating to the Dynacare acquisition.

The components of identifiable intangible assets are as follows:

	June 30, 2003		December 31, 2002	
	-----		-----	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	-----	-----	-----	-----
Customer lists	\$ 578.3	\$ 104.0	\$ 338.4	\$ 90.8
Patents and technology	51.9	8.3	55.2	6.0
Non-compete agreements	22.1	17.0	21.3	16.1
Trade name	49.6	2.0	5.9	0.5
	-----	-----	-----	-----
	\$ 701.9	\$ 131.3	\$ 420.8	\$ 113.4
	=====	=====	=====	=====

Amortization of intangible assets for the six month and three month periods ended June 30, 2003 was \$18.0 and \$9.5, respectively, and \$10.3 and \$5.2 for the six and three month periods ended June 30, 2002. Amortization expense for the net carrying amount of intangible assets is estimated to be \$20.2 for the remainder of fiscal 2003, \$40.3 in fiscal 2004, \$39.6 in fiscal 2005, \$37.1 in fiscal 2006, and \$35.4 in fiscal 2007.

10. NEW ACCOUNTING PRONOUNCEMENTS

In May 2003, the Statement of Financial Accounting Standards ("SFAS") No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" was issued. SFAS No. 150 requires certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity to be classified as liabilities. The provisions for SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003 and to

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all other instruments that exist as of the beginning of the first interim financial reporting period beginning after June 15, 2003. The Company does not have any financial instruments that meet the provisions of SFAS No. 150, and therefore, adopting the provisions of this Statement is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2003, the Statement of Financial Accounting Standards ("SFAS") No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" was issued. This Statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The new guidance amends SFAS No. 133 for decisions made (1) as part of the Derivatives Implementation Group process that effectively required amendments to SFAS No. 133, (2) in connection with other Board projects dealing with financial instruments, and (3) in connection with implementation issues raised in relation to the application of the definition of a derivative. The amendments set forth in SFAS No. 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. This Statement is generally effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. It is not expected that the provisions of SFAS No. 149 will have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN No. 46), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN No. 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company does not believe it has any unconsolidated variable interest entities, but has not fully completed its evaluation.

In December 2002, Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123", was issued. This Statement amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair-value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require disclosure in interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported

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results. The Company does not intend to adopt the fair-value method of accounting for stock-based employee compensation under SFAS No. 123 and therefore, the adoption of SFAS No. 148 has only impacted disclosures, and not the financial results of the Company.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." Interpretation No. 45 changes current practice in accounting for and disclosure of guarantees and will require certain guarantees to be recorded as liabilities at fair value on the balance sheet. Current practice requires that liabilities related to guarantees be recorded only when a loss is probable and reasonably estimable, as those terms are defined in SFAS No. 5, "Accounting for Contingencies." Interpretation No. 45 also requires a guarantor to make significant new disclosures, even when the likelihood of making any payments under the guarantee is remote. The disclosure requirements of Interpretation No. 45 were effective December 31, 2002. The initial recognition and measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The Company does not have any material guarantees that would require current disclosure or further recognition under Interpretation No. 45.

11. COMMITMENTS AND CONTINGENCIES

The Company is involved in litigation purporting to be a nation-wide class action involving the alleged overbilling of patients who are covered by private insurance. The Company has reached a settlement with the class that will not materially differ from accruals previously established or have a material adverse effect on the Company. The Company has now substantially implemented its obligations under the settlement. On January 9, 2001, the Company was served with a complaint in North Carolina which purported to be a class action and makes claims similar to those referred to above. That claim has now been dismissed with prejudice.

On June 24, 2003, the Company and certain of its executive officers were sued in the United States District Court for the Middle District of North Carolina in the first of a series of putative shareholder class actions alleging securities fraud. Since that date, at least five other complaints containing substantially identical allegations have been filed against the Company and certain of the Company's executive officers. Each of the complaints alleges that the defendants violated the federal securities laws by making material misstatements and/or omissions that caused the price of the Company's stock to be artificially inflated between February 13 and October 3, 2002. The plaintiffs seek certification of a class of substantially all persons who purchased shares of the Company's stock during that time period and unspecified monetary damages. The Company anticipates that these six cases, as well as any subsequently filed cases making substantially similar allegations, will be consolidated and proceed as a single case. The defendants deny any liability and intend to defend the case vigorously. At this time, it is premature to make any assessment of the potential outcome of the cases or whether they could have a material adverse effect on the Company's financial condition.

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The Company is the appellant in a patent case originally filed in the United States District Court for the District of Colorado. The Company has disputed liability and contested the case vigorously. After a jury trial, the district court entered judgment against the Company for patent infringement. The Company appealed the case to the United States Court of Appeals for the Federal Circuit. The Company has received a letter from its counsel dated February 7, 2003 stating "it remains our opinion that the amended judgment and order will be reversed on appeal."

The Company is a party to two lawsuits involving Chiron Inc. relating to Hepatitis C and HIV testing. Chiron asserts that the Company has infringed on Chiron's patents in each of these areas. The Company denies liability and intends to contest the suits vigorously. It is premature at this juncture to assess the likely outcome of these matters, or to determine whether they will have a material effect on the Company.

The Company is also involved in various claims and legal actions arising in the ordinary course of business. These matters include, but are not limited to, intellectual property disputes, professional liability, employee related matters, and inquiries from governmental agencies and Medicare or Medicaid payors and managed care payors requesting comment on allegations of billing irregularities that are brought to their attention through billing audits or third parties. In the opinion of management, based upon the advice of counsel and consideration of all facts available at this time, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial position, results of operations or liquidity of the Company.

The Company believes that it is in compliance in all material respects with all statutes, regulations and other requirements applicable to its clinical laboratory operations. The clinical laboratory testing industry is, however, subject to extensive regulation, and many of these statutes and regulations have not been interpreted by the courts. There can be no assurance therefore that applicable statutes and regulations might not be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that would adversely affect the Company. Potential sanctions for violation of these statutes and regulations include significant fines and the loss of various licenses, certificates and authorizations.

Under the Company's present insurance programs, coverage is obtained for catastrophic exposures as well as those risks required to be insured by law or contract. The Company is responsible for the uninsured portion of losses related primarily to general, professional and vehicle liability, certain medical costs and workers' compensation. The self-insured retentions are on a per occurrence basis without any aggregate annual limit. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregated liability of claims incurred. At June 30, 2003 and 2002, the Company had provided letters of credit aggregating approximately \$46.1 and \$29.3 respectively, primarily in connection with certain insurance programs.

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

FORWARD-LOOKING STATEMENTS

The Company has made in this report, and from time to time may otherwise make in its public filings, press releases and discussions with Company management, forward-looking statements concerning the Company's operations, performance and financial condition, as well as its strategic objectives. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates", or "anticipates" or the negative of those words or other comparable terminology. Such forward-looking statements are subject to various risks and uncertainties and the Company claims the protection afforded by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those currently anticipated due to a number of factors in addition to those discussed elsewhere herein and in the Company's other public filings, press releases and discussions with Company management, including:

1. changes in federal, state, local and third party payor regulations or policies (or in the interpretation of current regulations) affecting governmental and third-party reimbursement for clinical laboratory testing;
2. adverse results from investigations of clinical laboratories by the government, which may include significant monetary damages and/or exclusion from the Medicare and Medicaid programs;
3. loss or suspension of a license or imposition of a fine or penalties under, or future changes in, the law or regulations of the Clinical Laboratory Improvement Act of 1967, and the Clinical Laboratory Improvement Amendments of 1988, or those of Medicare, Medicaid or other federal, state or local agencies;
4. failure to comply with applicable Federal Occupational Safety and Health Administration requirements and the Needlestick Safety and Prevention Act which may result in penalties and loss of licensure;
5. failure to comply with HIPAA, which could result in significant fines;

6. failure of third party payors to complete testing with the Company, or to accept or remit transactions in HIPAA-required standard transaction and code set format on and after October 16, 2003, could result in an interruption in the Company's cash flow unless regulatory relief from the requirements is obtained;
7. increased competition, including price competition;
8. changes in payor mix, including an increase in capitated managed-cost health care;
9. failure to obtain and retain new customers and alliance partners, or a reduction in tests ordered or specimens submitted by existing customers;
10. failure to integrate newly acquired businesses and the cost related to such integration;
11. adverse results in litigation matters;
12. inability to attract and retain experienced and qualified personnel;
13. failure to maintain the Company's days sales outstanding levels;
14. decrease in credit ratings by Standard & Poor's and/or Moody's;
15. failure to develop or acquire licenses for new or improved technologies, or if customers use new technologies to perform their own tests; and
16. failure in the Company's information technology systems resulting in an increase in testing turnaround time or billing processes.

RESULTS OF OPERATIONS

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As discussed in the Company's Annual Report for the year ended December 31, 2002, the Company acquired Dynacare Inc. on July 25, 2002 and DIANON Systems, Inc. on January 17, 2003. All dollar amounts are in millions.

Three Months ended June 30, 2003 compared with Three Months ended June 30, 2002.

Net sales for the three months ended June 30, 2003 were \$743.7, an increase of \$131.3, or approximately 21.4%, from \$612.4 for the comparable 2002 period. The sales increase is a result of an increase of approximately 16.0% in volume (primarily volume growth in genomic testing and resulting from the acquisitions of Dynacare and DIANON) and 5.5% in price (increased price per accession in core and esoteric testing, a continued mix shift to higher-priced esoteric tests and acquisitions of Dynacare and DIANON). These improvements were partially offset

by the slowing economy and physician strikes to protest rising malpractice rates.

Cost of sales, which includes primarily laboratory and distribution costs, was \$427.2 for the three months ended June 30, 2003 compared to \$336.1 in the corresponding 2002 period, an increase of \$91.1. The increase in cost of sales is primarily the result of increases in volume due to recent acquisitions, growth in the base business and growth in genomic and esoteric testing. Cost of sales as a percentage of net sales was 57.4% for the three months ended June 30, 2003 and 54.9% in the corresponding 2002 period, reflecting cost of additional lab infrastructure along with the shift in test mix.

Selling, general and administrative expenses increased to \$164.1 for the three months ended June 30, 2003 from \$137.0 in the same period in 2002. This increase resulted primarily from personnel and other costs as a result of the Dynacare and DIANON acquisitions. As a percentage of net sales, selling, general and administrative expenses were 22.1% and 22.4% for the three months ended June 30, 2003 and 2002, respectively, reflecting the realization of synergies from the Dynacare and DIANON acquisitions, as well as the Company's reduction of its bad debt expense rate by 50 basis points during the quarter.

The amortization of intangibles and other assets was \$9.5 and \$5.2 for the three months ended June 30, 2003 and 2002. The increase in the amortization expense for the three months ended June 30, 2003 is a direct result of the acquisitions of Dynacare and DIANON.

Interest expense was \$10.0 for the three months ended June 30, 2003 compared with \$4.0 for the same period in 2002. This increase was a direct result of the Company's financing of the DIANON acquisition.

Income from equity investments was \$11.3 for the three months ended June 30, 2003. This income represents the Company's ownership share in equity affiliates acquired as part of the Dynacare acquisition on July 25, 2002. A significant portion of this income is derived from investments in Ontario and Alberta, Canada, and is earned in Canadian dollars. The strengthening of the Canadian dollar versus the U.S. dollar during the second quarter of 2003 has had a positive impact on this income as well as the cash generated from the Canadian investments.

The provision for income taxes as a percentage of earnings before taxes was 41.0% for the three months ended June 30, 2003 compared to 40.2% for the three months ended June 30, 2002.

Six Months ended June 30, 2003 compared with Six Months ended June 30, 2002.

Net sales for the six months ended June 30, 2003 were \$1,455.9, an increase of \$253.5, or 21.1%, from \$1,202.4 for the same period in 2002. The sales increase is a result of an increase in volume of approximately 15.0% (primarily volume growth in genomic testing and resulting from the acquisitions of Dynacare and DIANON) and an increase in price of approximately 6.0% (increased price per accession in core and esoteric testing,

a continued mix shift to higher-priced esoteric tests and acquisitions of Dynacare and DIANON). These improvements were partially offset by the impact of severe winter weather during the first quarter of 2003 and more recently, the slowing economy and physician strikes to protest rising malpractice rates.

Cost of sales, which includes primarily laboratory and distribution costs, was \$842.9 for the six months ended June 30, 2003 compared to \$667.7 for the same period of 2002, an increase of \$175.2. The increase in cost of sales is primarily the result of increases in volume and supplies due to recent acquisitions, growth in the base business and growth in esoteric and genomic testing (with significant increases in Cystic Fibrosis and Human Papillomavirus testing). Cost of sales as a percentage of net sales was 57.9% for the six months ended June 30, 2003 and 55.5% for the same period in 2002, reflecting cost of additional lab infrastructure along with the shift in test mix.

Selling, general and administrative expenses increased to \$327.4 for the six months ended June 30, 2003 from \$273.9 for the same period in 2002. This increase resulted primarily from personnel and other costs as a result of the recent acquisitions. As a percentage of net sales, selling, general and administrative expenses were 22.5% and 22.8% for the six months ended June 30, 2003 and 2002, respectively, reflecting the realization of synergies from the Dynacare and DIANON acquisitions, as well as the Company's reduction of its bad debt expense rate by approximately 100 basis points during the first six months of 2003 compared to 2002.

The amortization of intangibles and other assets was \$18.0 and \$10.3 for the six months ended June 30, 2003 and 2002. The increase in the amortization expense for the six months ended June 30, 2003 is a result of the acquisitions of Dynacare and DIANON.

Interest expense was \$21.4 for the six months ended June 30, 2003 compared with \$8.4 for the same period in 2002. This increase was a direct result of the Company's financing of the DIANON acquisition.

The provision for income taxes as a percentage of earnings before taxes was 41.0% for the six months ended June 30, 2003 compared to 40.8% for the six months ended June 30, 2002.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$258.2 and \$205.3 for the six months ended June 30, 2003 and June 30, 2002, respectively. The increase in cash flows from operations primarily resulted from improved earnings and the improvement of the Company's DSO to 54 days at June 30, 2003 from 58 days at June 30, 2002.

Capital expenditures were \$37.4 and \$37.9 at June 30, 2003 and 2002, respectively. The Company expects capital expenditures of approximately \$90.0 in 2003. These expenditures are intended to continue to improve information systems and further automate laboratory processes. Such expenditures are expected to be funded by cash flow from operations as well as borrowings under the Company's revolving credit facilities.

During the three months ended June 30, 2003, the Company repaid a total of \$50.0 on its revolving credit facilities.

During the three months ended June 30, 2003, the Company purchased approximately 1.9 million shares of its common stock totaling approximately \$52.8 with cash flow from operations for a total repurchase of approximately 3.1 million shares totaling approximately \$86.4 for the six month period. In addition, certain employees of the Company surrendered 174,794 shares of restricted stock in April 2003 for the payment of payroll taxes totaling approximately \$4.8, in accordance with the terms of the Company's stock incentive plan. It is the Company's intention to fund future purchases of its common stock with cash flow from operations.

In connection with the DIANON integration plan, the Company expects to achieve synergy savings of approximately \$7.5 in 2003, \$25.0 in 2004, and a total savings of \$35.0 by 2005. The integration of Dynacare remains on schedule with \$4.0 in synergy savings at the end of 2002, \$36.0 in 2003, and a total savings of \$45.0 by 2004.

During the first quarter of 2003, the Company entered into an interest rate swap agreement with a major financial institution, solely to manage its interest rate exposure on \$175.0 of its 5 1/2% senior notes. This swap agreement was terminated during June 2003 and resulted in net proceeds to the Company of \$5.5.

Based on current and projected levels of operations, coupled with availability under its revolving credit facilities, the Company believes it has sufficient liquidity to meet both its short-term and long-term cash needs.

CONTRACTUAL CASH OBLIGATIONS

	Payments Due by Period			
	1 Yr	2-3 Yrs	4-5 Yrs	> 5 Yrs
Capital lease obligations	\$ 1.8	\$ 5.4	\$ 4.1	\$ --
Operating leases	26.4	70.0	35.3	32.2
Contingent future acquisition payments	5.7	--	--	--
Restructuring obligations	3.5	3.4	3.4	13.2
Contingent future licensing payments	42.5	7.0	15.0	--
Revolving credit facilities	--	85.0	--	--
5 1/2% Senior Notes	--	--	--	350.0
Zero Coupon-Subordinated Notes	--	530.5(a)	--	--
	-----	-----	-----	-----
Total contractual cash obligations	\$ 79.9	\$701.3	\$ 57.8	\$395.4
	=====	=====	=====	=====

(a) Holders of the zero coupon-subordinated notes may require the Company to purchase all or a portion of their notes on September 11, 2004, 2006 and 2011 at prices ranging from \$712.97 to \$819.54 per note. The Company may choose to pay the purchase price in cash or common stock or a combination of cash and common stock. If the holders elect to require the Company to purchase their notes, it is the Company's current intention to retire the notes by a cash payment. However, future market conditions are subject to change. Should the holders put the notes to the Company on any of the dates above, the Company believes that it will be able to obtain alternate financing to satisfy this contingent obligation.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

The Company addresses its exposure to market risks, principally the market risk associated with changes in interest rates, through a controlled program of risk management that has included in the past, the use of derivative financial instruments such as interest rate swap agreements. As more fully discussed in Note 6 to the Unaudited Condensed Consolidated Financial Statements, the Company had an interest rate swap agreement with a major financial institution, solely to manage its interest rate exposure on \$175.0 of its 5 1/2% senior notes. This swap agreement was terminated during June 2003 and the Company received net proceeds of \$5.5. Although, as set forth below, the Company's zero coupon-subordinated notes contain features that are considered to be embedded derivative instruments, the Company does not hold or issue derivative financial instruments for trading purposes. The Company does not believe that its exposure to market risk is material to the Company's financial position or results of operations.

The Company's zero coupon-subordinated notes contain the following three features that are considered to be embedded derivative instruments under FAS No. 133:

- 1) The Company will pay contingent cash interest on the zero coupon-subordinated notes after September 11, 2006, if the average market price of the notes equals 120% or more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for a specified measurement period.
- 2) Contingent additional principal will accrue on the zero coupon-subordinated notes during the two-year period from September 11, 2004 to September 11, 2006, if the Company's stock price is at or below specified thresholds.
- 3) Holders may surrender zero coupon-subordinated notes for conversion during any period in which the rating assigned to the zero coupon-subordinated notes by Standard & Poor's Ratings Services is BB- or lower.

Based upon independent appraisals, these embedded derivatives had no fair value at June 30, 2003.

ITEM 4. Controls and Procedures

Within 90 days prior to the date of this report, the Company carried out, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information which is required to be included in the periodic reports that the Company must file with the Securities and Exchange Commission.

There were no significant changes in the Company's internal controls or in other factors that could adversely affect the internal controls subsequent to the date the Company completed its evaluation.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See "Note 11 to the Company's Unaudited Condensed Consolidated Financial Statements" for the six-months ended June 30, 2003, which is incorporated by reference.

Item 4 Submission of Matters to a Vote of Security Holders

The following votes were provided by American Stock Transfer & Trust Company in their proxy tabulation reports dated May 23, 2003:

Total outstanding shares of Laboratory Corporation of America (NEW):	146,501,837
Total shares voted	132,731,308

	Votes For	Votes Withheld
	-----	-----
Election of the members of the Board of Directors:		
Thomas P. Mac Mahon	127,685,060	5,046,247
Jean-Luc Belingard	127,942,427	4,788,881
Wendy E. Lane	124,431,273	8,299,035
Robert E. Mittelstaedt, Jr.	127,945,207	4,786,101
James B. Powell, MD	106,447,776	26,283,532
Andrew G. Wallace, MD	128,788,039	3,943,269

	Votes For	Votes Against	Votes Abstained
	-----	-----	-----
Approval of the Amendment to the Laboratory Corporation of America Holdings 2000 Stock Incentive Plan	114,872,801	12,696,603	5,161,904
Approval of the Amendment to the Laboratory Corporation of America Holdings Management Incentive Bonus Plan	115,897,078	11,660,785	5,173,445
Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending December 31, 2003	129,377,315	1,721,596	1,632,397

Item 4. Submission of Matters to a Vote of Security Holders- Continued

Total outstanding shares of Laboratory Corporation of America Holdings (OLD): 48,554
 Total shares voted 5,030

	Votes For	Votes Withheld
	-----	-----
Election of the members of the Board of Directors:		
Thomas P. Mac Mahon	5,030	0
Jean-Luc Belingard	5,030	0
Wendy E. Lane	5,030	0
Robert E. Mittelstaedt, Jr.	5,030	0
James B. Powell, MD	5,030	0
Andrew G. Wallace, MD	5,030	0

	Votes For	Votes Against	Votes Abstained
	-----	-----	-----
Approval of the Amendment to the Laboratory Corporation of America Holdings 2000 Stock Incentive Plan	4,858	172	0
Approval of the Amendment to the Laboratory Corporation of America Holdings Management Incentive Bonus Plan	4,804	226	0
Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending December 31, 2003:	4,958	72	0

In addition, certain shares of National Health Laboratories Holdings Inc. (NHL) which have not been converted to Company shares were eligible to vote at the annual meeting and were voted as follows:

Total outstanding NHL shares: 116
 Total shares voted: 5

Item 4. Submission of Matters to a Vote of Security Holders- Continued

	Votes For	Votes Withheld	
	-----	-----	
Election of the members of the Board of Directors:			
Thomas P. Mac Mahon	5	0	
Jean-Luc Belingard	5	0	
Wendy E. Lane	5	0	
Robert E. Mittelstaedt, Jr.	5	0	
James B. Powell, MD	5	0	
Andrew G. Wallace, MD	5	0	
	Votes For	Votes Against	Votes Abstained
	-----	-----	-----
Approval of the Amendment to the Laboratory Corporation of America Holdings 2000 Stock Incentive Plan	5	0	0
Approval of the Amendment to the Laboratory Corporation of America Holdings Management Incentive Bonus Plan	5	0	0
Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending December 31, 2003:	5	0	0

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer
- 31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer
- 32 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer and the Chief Financial Officer

(b) Reports on Form 8-K

N/A

S I G N A T U R E S

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

LABORATORY CORPORATION OF AMERICA HOLDINGS
Registrant

By: /s/ THOMAS P. MAC MAHON

Thomas P. Mac Mahon
Chairman, President and
Chief Executive Officer

By: /S/ WESLEY R. ELINGBURG

Wesley R. Elingburg
Executive Vice President,
Chief Financial Officer and
Treasurer

August 14, 2003

CERTIFICATION

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I, Thomas P. Mac Mahon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Laboratory Corporation of America Holdings;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

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/s/THOMAS P. MAC MAHON

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Thomas P. Mac Mahon
Chief Executive Officer

CERTIFICATION

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I, Wesley R. Elingburg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Laboratory Corporation of America Holdings;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

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/s/WESLEY R. ELINGBURG

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Wesley R. Elingburg
Chief Financial Officer

Written Statement of
Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.
Section 1350)

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Laboratory Corporation of America Holdings (the "Company"), each hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the Period Ended June 30, 2003 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ THOMAS P. MAC MAHON

Thomas P. Mac Mahon
Chief Executive Officer
August 14, 2003

By: /S/ WESLEY R. ELINGBURG

Wesley R. Elingburg
Chief Financial Officer
August 14, 2003