

SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM S-3
 REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933

LABORATORY CORPORATION OF AMERICA HOLDINGS
 (Exact Name of Registrant as Specified in Its Charter)

Delaware
 (State or other jurisdiction of
 incorporation or organization)

13-3757370
 (I.R.S. Employer
 Identification Number)

358 South Main Street
 Burlington, NC 27215
 (336) 229-1127
 (Address, including zip code, and telephone number, including area code,
 of Registrant's principal executive offices)

Bradford T. Smith
 Executive Vice President,
 Chief Legal Counsel and Secretary
 Laboratory Corporation of America Holdings
 358 South Main Street
 Burlington, NC 27215
 (336) 229-1127
 (Name, address, including zip code, and telephone number, including area code,
 of agent for service)

Copy to:
 Deanna Kirkpatrick
 Davis Polk & Wardwell
 450 Lexington Avenue
 New York, NY 10017
 (212) 450-4000

Approximate date of commencement of proposed sale to the public: From time
 to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered
 pursuant to dividend or interest reinvestment plans, please check the following
 box.

If any of the securities being registered on this Form are to be offered
 on a delayed or continuous basis pursuant to Rule 415 under the Securities Act
 of 1933, other than securities offered only in connection with dividend or
 interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering
 pursuant to Rule 462(b) under the Securities Act, please check the following
 box and list the Securities Act registration statement number of the earlier
 effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
 under the Securities Act, check the following box and list the Securities Act
 registration statement number of the earlier effective registration statement
 for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,
 please check the following box.

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered(1) | Proposed Maximum Offering Price Per Unit(2) | Proposed Maximum Aggregate Offering Price(2) | Amount of Registration Fee |
|-----------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------------|----------------------------------------------------|-------------------------------|
| Liquid Yield Option(TM)Notes due 2021 ("LYONs") (Zero Coupon - Subordinated)..... | \$744,000,000 | \$731.88 | \$544,518,720 | \$136,130 |
| Common Stock, par value \$0.10 per share | (3) | (3) | (3) | (4) |

(TM) Trademark of Merrill Lynch & Co., Inc.

(1) The LYONs were issued at an original price of \$671.65 per \$1,000
 principal amount at maturity, representing an aggregate initial issue
 price of \$436,572,500 and an aggregate principal amount at maturity of
 \$650,000,000. An additional \$94,000,000 aggregate principal amount at
 maturity of the LYONs was issued pursuant to the exercise in full by
 Merrill Lynch, Pierce, Fenner & Smith Incorporated of its over-allotment

- option.
- (2) This estimate is made pursuant to Rule 457(c) of the Securities Act solely for the purpose of calculating the registration fee. The above calculation is based on the average of the bid and asked prices for the LYONs in the PORTAL System on October 17, 2001.
 - (3) This includes 4,988,817 shares of common stock issuable upon conversion of the LYONs at the conversion rate of 6.7054 shares per \$1,000 principal amount at maturity. Pursuant to Rule 416 of the Securities Act, such number of shares of common stock registered hereby shall include an indeterminate number of shares of common stock that may be issued in connection with a stock split, stock dividend, recapitalization or similar event.
 - (4) Pursuant to Rule 457(i) of the Securities Act, there is no additional filing fee with respect to the shares of common stock issuable upon conversion of the LYONs because no additional consideration will be received in connection with the exercise of the conversion privilege.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. The selling securityholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 19, 2001

PROSPECTUS

LABORATORY CORPORATION OF AMERICA HOLDINGS

\$744,000,000
 Aggregate Principal Amount at Maturity of
 Liquid Yield Option(TM) Notes due 2021
 (Zero Coupon - Subordinated) and
 Common Stock issuable upon
 Conversion or Purchase of the LYONs

The Offering:

We issued \$650,000,000 aggregate principal amount at maturity of the LYONs in a private placement in September 2001 at an issue price of \$671.65 per LYON (67.165% of the principal amount at maturity). An additional \$94,000,000 aggregate principal amount at maturity of the LYONs was issued in October 2001 pursuant to the exercise in full by the initial purchaser of its over-allotment option. Selling securityholders will use this prospectus to resell their LYONs and the shares of common stock issuable upon conversion or purchase by us of their LYONs. We will not pay interest on the LYONs prior to maturity unless contingent cash interest becomes payable as described below. Instead, on September 11, 2021, the maturity date of the LYONs, for each LYON, a holder will receive \$1,000 plus contingent additional principal (and accrued original issue discount thereon), if any, as described below. The issue price of the LYONs represents a yield to maturity of 2.0% per year, calculated from September 11, 2001, assuming contingent cash interest is not paid and contingent additional principal does not accrue. The LYONs are subordinated in right of payment to all of our existing and future senior indebtedness and will be effectively subordinated to all existing and future liabilities of our subsidiaries.

Convertibility of LYONs:

Holder may convert each LYON into 6.7054 shares of our common stock, subject to adjustment, which we refer to as the conversion rate, only (1) if the sale price of our common stock reaches specified thresholds, (2) during any period in which the credit rating assigned to the LYONs by Standard & Poor's Ratings Services is at or below a specified level, (3) if the LYONs are called for redemption, or (4) if specified corporate transactions have occurred. Our common stock is listed on the New York Stock Exchange under the symbol "LH." On October 17, 2001, the last reported sale price of our common stock on the NYSE was \$83.75 per share.

Contingent Cash Interest:

We will pay contingent cash interest on the LYONs for the six-month period commencing after September 11, 2006 and for any six-month period thereafter if the average market price of a LYON for a five trading day measurement period preceding the applicable six-month period equals 120% or more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for such LYON. The contingent cash interest payable per LYON in respect of any quarterly period will equal the greater of 0.0625% of the average market price of a LYON for the five trading day measurement period or any regular cash dividends paid by us per share on our common stock during that quarterly period multiplied by the then applicable conversion rate, provided that if we do not pay cash dividends during a semi-annual period, we will pay contingent cash interest semi-annually at a rate of 0.125% of the average market price of a LYON for the five trading day measurement period. For U.S.

federal income tax purposes, we intend to treat the LYONS as contingent payment debt instruments. You should read the discussion of selected U.S. federal income tax considerations relevant to the LYONS beginning on page 30.

Contingent Additional Principal:

On September 11, 2004, if our stock price factor is at or below specified thresholds based on a measurement period prior to that date, then contingent additional principal and original issue discount will accrue at an aggregate adjusted rate of accrual determined as set forth in this prospectus. No contingent additional principal will accrue after September 11, 2006, but thereafter original issue discount will continue to accrue at a rate of 2.0% per year.

Purchase of LYONS by LabCorp at the Option of the Holder:

Holder may require us to purchase all or a portion of their LYONS on September 11, 2004, 2006 and 2011 at the prices set forth in "Description of LYONS--Purchase of LYONS by LabCorp at the Option of the Holder." These prices would be increased by accrued contingent additional principal (and accrued original issue discount thereon), if any. We may choose to pay the purchase price in cash or common stock or a combination of cash and common stock. In addition, if a change in control occurs on or before September 11, 2006, holders may require us to purchase for cash all or a portion of their LYONS.

Redemption of LYONS at the Option of LabCorp:

We may redeem for cash all or a portion of the LYONS at any time on or after September 11, 2006, at the prices set forth in "Description of LYONS--Redemption of LYONS at the Option of LabCorp." These prices would be increased by accrued contingent additional principal (and accrued original issue discount thereon), if any.

Investing in the LYONS involves risks that are described in "Risk Factors Relating to the LYONS" beginning on page 8 of this prospectus.

We will not receive any of the proceeds from the sale of the LYONS or the underlying shares of common stock by any of the selling securityholders. The LYONS and shares of common stock may be offered in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. In addition, shares of common stock may be offered from time to time through ordinary brokerage transactions on the New York Stock Exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2001

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References in this prospectus to "LabCorp," "we," "us" and "our" refer to Laboratory Corporation of America Holdings and its consolidated subsidiaries, except in "Summary--The Offering" and "Description of LYONS," where such terms refer only to Laboratory Corporation of America Holdings, unless otherwise specified.

SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference in this prospectus. Because this is a summary, it may not contain all the information that may be important to you. You should read the entire prospectus, as well as the information incorporated by reference, before making an investment decision.

LabCorp

We are the second largest independent clinical laboratory company in the United States, based on 2000 net revenues. Through a national network of laboratories, we offer more than 4,000 different clinical laboratory tests which are used by the medical profession in routine testing, patient diagnosis, and in the monitoring and treatment of disease. We have developed specialty and niche businesses based on certain types of specialized testing capabilities and client requirements, such as HIV genotyping and phenotyping, diagnostic genetics, clinical research trials and oncology testing.

Since our founding in 1971, we have grown into a network of 24 primary testing facilities and approximately 1,200 service sites, consisting of branches, patient service centers and STAT laboratories, which are laboratories that have the ability to perform certain routine tests quickly and report the results to the physician immediately. With over 18,000 employees, we processed tests on more than 260,000 patient specimens daily in 2000 and provided clinical laboratory testing services to clients in 50 states. Our clients include physicians, hospitals, HMOs and other managed care organizations, governmental agencies, large employers and other independent clinical laboratories that do not have the breadth of our testing capabilities. Several hundred of our 4,000 tests are frequently used in general patient care by physicians to establish or support a diagnosis, to monitor treatment, or to search for an otherwise undiagnosed condition. The most frequently requested of these routine tests include blood chemistry analyses, urinalyses, blood cell counts, pap smears and HIV tests. We perform this core group of routine tests, which constitutes a majority of the testing conducted, in each of our major laboratories using sophisticated and computerized instruments, with most results reported within 24 hours.

We continually seek new and improved technologies for early diagnosis. For example, our Center for Molecular Biology and Pathology is a leader in molecular diagnostics and polymerase chain reaction, or PCR, technologies which are often able to provide earlier and more reliable information regarding HIV, genetic diseases, cancer and many other viral and bacterial diseases. We believe these technologies may represent a significant savings to managed care organizations by increasing the detection of early stage (treatable) diseases. In June 2001, we acquired Viro-Med Inc., a national leader in high-end virologic infectious disease testing, based in Minneapolis, Minnesota. With its centralized location, proprietary molecular technologies and state-of-the-art facility, Viro-Med provides significant, additional capacity to support the continued expansion of our esoteric and genomic testing business. In April 2001, we acquired Path Lab Holdings, a regional esoteric lab company serving the New England area. We believe this acquisition will leverage our expertise in the area of esoteric testing and will enable us to expand our presence in New England. In August 2000, we acquired Los Angeles-based National Genetics Institute, Inc., a leader in the development of PCR assays for Hepatitis C. As part of our strategic approach, we plan to continue to evaluate appropriate acquisition candidates.

One of our primary growth strategies is the continued expansion of our specialty and niche businesses. In general, the specialty and niche businesses are designed to serve two market segments: (i) markets which are not served by the routine clinical testing laboratory and therefore are often subject to less stringent regulatory and reimbursement constraints; and (ii) markets which are served by the routine testing laboratory and offer the possibility of adding related services from the same supplier.

Another of our primary growth strategies is to develop an increasing number of hospital and other provider alliances. These alliances can take several different forms, including laboratory technical support (management) contracts, reference agreements and cooperative testing arrangements. We have and will continue to focus on developing cooperative testing relationships that capitalize on hospitals' ability to perform rapid response testing and our ability to provide high quality routine and esoteric testing.

Our principal executive office is located at 358 South Main Street, Burlington, North Carolina 27215 and our telephone number at that location is (336) 229-1127. Our website is located at www.labcorp.com. The information contained on our website is not part of this prospectus.

The Offering

| | |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LYONs..... | \$744,000,000 aggregate principal amount at maturity of LYONs due September 11, 2021. We will not pay any interest on the LYONs prior to maturity unless contingent cash interest becomes payable. Each \$1,000 principal amount at maturity of LYONs (which we refer to in this prospectus as a "LYON"), will pay the principal amount at maturity of \$1,000 plus any accrued contingent additional principal (and accrued original issue discount thereon) at maturity. |
| Maturity of LYONs..... | September 11, 2021. |
| Yield to Maturity of LYONs..... | 2.0% per year, computed on a semi-annual bond equivalent basis and calculated from September 11, 2001, assuming no contingent cash interest is paid and contingent additional principal does not accrue. |
| Subordination..... | The LYONs are subordinated in right of payment to all of our existing and future senior indebtedness. As of June 30, 2001, we had approximately \$474.1 million of senior indebtedness outstanding. The LYONs are also effectively subordinated to all of our subsidiaries' liabilities, including trade payables. The term "senior indebtedness" is defined in the "Description of LYONs--Subordination" section of this prospectus. |
| Original Issue Discount..... | <p>We issued the LYONs at an issue price significantly below the principal amount at maturity of the LYONs. This original issue discount accrues daily at a rate of 2.0% per year beginning on September 11, 2001, calculated on a semi-annual bond equivalent basis, using a 360-day year comprised of twelve 30-day months. Original issue discount also accrues at that rate on any accrued contingent additional principal.</p> <p>The accrual of imputed interest income, also referred to as tax original issue discount, as calculated for U.S. federal income tax purposes, will exceed the initial yield to maturity of 2.0% and any adjusted yield resulting from the accrual of contingent additional principal. See "Certain U.S. Federal Income Tax Considerations."</p> |
| Conversion Rights..... | <p>For each LYON surrendered for conversion, if the conditions for conversion are satisfied, a holder will receive 6.7054 shares of our common stock. This conversion rate will be adjusted for the reasons specified in the indenture but will not be adjusted for accrued original issue discount or contingent additional principal, if any.</p> <p> Holders may surrender LYONs for conversion in any calendar quarter commencing after December 31, 2001, if the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is more than a specified percentage, beginning at</p> |

120% and declining 0.1282% per calendar quarter thereafter until it reaches 110% for the calendar quarter beginning July 1, 2021, of the accreted conversion price per share of common stock on the last trading day of such preceding calendar quarter. The accreted conversion price per share as of any day will equal the issue price of a LYON plus accrued original discount and any accrued contingent additional principal as of such day, divided by the conversion rate on that day. Upon conversion, the holder will not receive any cash payment representing accrued original issue discount or contingent additional principal, if any; accrued original issue discount and contingent additional principal, if any, will be deemed paid by the shares of common stock received by the holder of LYONs on conversion.

Holders may also surrender a LYON for conversion during any period in which the rating assigned to the LYONs by Standard & Poor's Ratings Services is BB- or lower.

LYONs or portions of LYONs in integral multiples of \$1,000 principal amount at maturity called for redemption may also be surrendered for conversion until the close of business on the second business day prior to the redemption date. In addition, if we make certain distributions to our stockholders or if we are a party to certain consolidations, mergers, transfers of all or substantially all of our assets or binding share exchanges, LYONs may be surrendered for conversion, as provided in "Description of LYONs--Conversion Rights." The ability to surrender LYONs for conversion expires at the close of business on September 11, 2021.

Contingent Cash Interest..... We will pay contingent cash interest to the holders of LYONs during any six-month period from September 12 to March 11, and from March 12 to September 11, with the initial six-month period commencing after September 11, 2006, if the average market price of a LYON for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for a LYON as of the day immediately preceding the relevant six-month period.

The contingent cash interest payable per LYON in respect of any quarterly period will equal the greater of 0.0625% of the average market price of a LYON for the five trading day measurement period or any regular cash dividends paid by us per share on our common stock during that quarterly period multiplied by the then applicable conversion rate, provided that if we do not pay cash dividends during a semi-annual period, we will pay contingent cash interest semi-annually at a rate of 0.125% of the average market price of a LYON for the five trading day measurement period. Notwithstanding the above, if we declare a dividend for which the record date falls prior to the first day of a six-

month period but the payment date falls within that six-month period, then the five trading day period for determining the average market price of a LYON will be the five trading days ending on the third trading day immediately preceding such record date.

Contingent cash interest, if any, will accrue and be payable to holders of LYONs as of the 15th day preceding the last day of the relevant six-month period, or, if we pay a regular cash dividend on our common stock during a quarter within the relevant six-month period, to holders of LYONs as of the record date for the related common stock dividend. If we only pay a regular cash dividend on our common stock during one quarter within the relevant six-month period, the remaining contingent cash interest, if any, will accrue and be payable as of the 15th day preceding the last day of the relevant six-month period. We will make contingent cash interest payments on the last day of the relevant six-month period or, if we pay a regular cash dividend on our common stock during the relevant six-month period, on the payment date for the related common stock dividend. The payment of contingent cash interest will not affect the accrual of original issue discount.

Contingent Additional Principal.....

On September 11, 2004, the rate of accrual on the LYONs will be reset for two years if our stock price factor is at or below the thresholds set forth in the table below. We refer to the amount that accrues as a result of the adjusted rate of accrual on the LYONs, other than original issue discount, as contingent additional principal. If contingent additional principal accrues, the adjusted rate of accrual will be calculated by deducting from our two year unsecured subordinated debt rate at that time an amount set forth in the table below, except that the adjusted rate of accrual may not be greater than 9.0% or less than the initial yield to maturity of 2.0%. Contingent additional principal will accrue on a semi-annual bond equivalent basis for a period of two years. No contingent additional principal will accrue after September 11, 2006, but thereafter original issue discount will continue to accrue at a rate of 2.0% per year.

Our stock price factor is the average of the closing prices of our common stock for the 20 consecutive trading days ending on the third trading day prior to September 11, 2004, expressed as a percentage of the accreted conversion price of the LYONs as of September 11, 2004.

The table below shows the amount to be deducted from our applicable two year unsecured subordinated debt rate, as determined by our bid solicitation agent prior to September 11, 2004. The resulting percentage is the aggregate adjusted rate of accrual at which original issue discount and contingent additional principal will accrue on the LYONs during the two years commencing September 11, 2004.

Stock Price Factor Threshold
If Two Year Unsecured Subordinated Debt Rate at September 11, 2004 is:

| Amount to be Deducted from Two Year Unsecured Subordinated Debt Rate to Determine the Adjusted Rate: | <=4.50% | 4.50% to 5.00% | >5.00% to 5.50% | >5.50% to 6.00% | >6.00% to 6.50% | >6.50% to 7.00% | >7.00% to 7.50% | 7.50% to 8.00% | >8.00% to 8.50% | >8.50% |
|---------------------------------------------------------------------------------------------------------------|---------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|--------|
| -6.00% | | | | | | | | | | <=74% |
| -5.50% | | | | | | | | | <=73% | <=71% |
| -5.00% | | | | | | | | <=72% | <=70% | <=69% |
| -4.50% | | | | | | | <=69% | <=68% | <=68% | <=66% |
| -4.00% | | | | | | <=67% | <=67% | <=67% | <=65% | <=64% |
| -3.50% | | | | | <=66% | <=65% | <=64% | <=64% | <=63% | <=62% |
| -3.00% | | | | <=64% | <=64% | <=63% | <=61% | <=61% | <=61% | <=59% |
| -2.50% | | | <=62% | <=61% | <=60% | <=60% | <=59% | <=58% | <=58% | <=57% |
| -2.00% | | <=59% | <=58% | <=58% | <=57% | <=56% | <=55% | <=55% | <=54% | <=53% |
| -1.50% | <=56% | <=55% | <=54% | <=54% | <=53% | <=53% | <=53% | <=52% | <=51% | <=51% |
| -1.00% | <=52% | <=51% | <=51% | <=51% | <=50% | <=49% | <=49% | <=48% | <=48% | <=48% |
| -0.50% | <=47% | <=46% | <=45% | <=45% | <=44% | <=44% | <=44% | <=43% | <=43% | <=43% |
| 0.00% | <=40% | <=40% | <=39% | <=38% | <=38% | <=38% | <=37% | <=37% | <=37% | <=36% |

U.S. Federal Income Taxation..... Under the indenture, we and every holder are required to agree (in the absence of an administrative pronouncement or judicial ruling to the contrary), for U.S. federal income tax purposes, to treat the LYONS as contingent payment debt instruments that are subject to the special regulations that govern such instruments. Under these regulations, even if we do not pay any contingent cash interest on the LYONS, you are required to include interest at the rate described below in your gross income for U.S. federal income tax purposes. This imputed interest, also referred to as tax original issue discount, accrues at a rate equal to 8.68% per year, computed on a semi-annual bond equivalent basis, which represents the yield on our non-contingent, non-convertible, fixed-rate debt with terms otherwise similar to the LYONS. The rate at which the tax original issue discount accrues for U.S. federal income tax purposes exceeds the initial yield to maturity of 2.0% and any adjusted yield to maturity resulting from the accrual of contingent additional principal.

You will also recognize gain or loss on the sale, exchange, conversion or retirement of a LYON in an amount equal to the difference between the amount realized on the sale, exchange, conversion or retirement, including the fair market value of any common stock received upon conversion or otherwise, and your adjusted tax basis in the LYON. Any gain recognized by you on the sale, exchange, conversion or retirement of a LYON generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See "Certain U.S. Federal Income Tax Considerations."

Sinking Fund..... None.

Redemption of LYONs at the Option of LabCorp..... We may redeem for cash all or a portion of the LYONs at any time on or after September 11, 2006, at specified redemption prices. These prices would be increased by accrued contingent additional principal (and accrued original issue discount thereon), if any. See "Description of LYONs--Redemption of LYONs at the Option of LabCorp."

Purchase of LYONs by LabCorp at the Option of the Holder..... Holders may require us to purchase all or a portion of their LYONs on each of the following dates at the following prices (these prices would be increased by accrued contingent additional principal (and accrued original issue discount thereon), if any):

- o on September 11, 2004 at a price of \$712.97 per LYON;
- o on September 11, 2006 at a price of \$741.92 per LYON; and
- o on September 11, 2011 at a price of \$819.54 per LYON.

We may pay the purchase price in cash or shares of our common stock (based on the prevailing market price thereof) or in a combination of cash and shares of our common stock. See "Description of LYONs--Purchase of LYONs by LabCorp at the Option of the Holder."

Change in Control..... Upon a change in control of LabCorp occurring on or before September 11, 2006, each holder may require us to purchase for cash all or a portion of such holder's LYONs at a price equal to the sum of the issue price plus accrued original issue discount and contingent additional principal, if any, for the LYONs to the date of purchase.

Use of Proceeds..... We will not receive any of the proceeds from the sale by the selling securityholders of the LYONs or the underlying common stock. See "Use of Proceeds."

DTC Eligibility..... The LYONs have been issued in fully registered book-entry form and are represented by permanent global LYONs without coupons deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company in New York, New York. Beneficial interests in global LYONs are shown on, and transfers thereof are effected only through, records maintained by DTC and its direct and indirect participants, and your interest in any global LYON may not be exchanged for certificated LYONs, except in limited circumstances described herein.

Trading..... The LYONs issued in the initial private placement are eligible for trading in the PORTAL system. LYONs resold using this prospectus, however, will no longer be eligible for trading in the PORTAL system. We do not intend to list the LYONs on any national securities exchange. Our common stock is traded on the NYSE under the symbol "LH."

Ratio of Earnings to Fixed Charges... The ratios of earnings to fixed charges for fiscal 1998, 1999, 2000 and the six months ended June 30, 2001 were 2.14, 2.65, 4.33 and 7.01, respectively.

RISK FACTORS RELATING TO THE LYONS

Prospective investors should carefully consider the following information with the other information contained, or incorporated by reference in this prospectus, before purchasing the LYONS.

An active trading market for LYONS may not develop.

Despite the fact that resales of the LYONS will be registered transactions under the Securities Act, we cannot assure you that an active trading market for the LYONS will develop or as to the liquidity or sustainability of any such market, your ability to sell your LYONS or the price at which you will be able to sell your LYONS. Future trading prices of the LYONS will depend on many factors, including, among other things, prevailing interest rates, our operating results, the market price of our common stock and the market for similar securities in general. In addition, a holder's right to convert LYONS into shares of our common stock is subject to conditions which, if not satisfied, could result in a holder receiving less than the value of the common stock into which a LYON is otherwise convertible. These features could adversely affect the value and the trading prices for the LYONS.

We may not have the ability to raise the funds necessary to finance the purchase of LYONS at the option of the holders.

On September 11, 2004, 2006 and 2011 and upon the occurrence of specific kinds of change in control events occurring on or before September 11, 2006, holders of LYONS may require us to purchase their LYONS. However, it is possible that we would not have sufficient funds at that time to make the required purchase of LYONS. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change in control under the indenture. See "Description of LYONS--Purchase of LYONS by LabCorp at the Option of the Holder" and "--Change in Control Permits Purchase of LYONS at the Option of the Holder."

You should consider the U.S. federal income tax consequences of owning LYONS.

Under the indenture, every holder is required to agree with us to treat its LYONS as contingent payment debt instruments for U.S. federal income tax purposes. As a result, despite some uncertainty as to the proper application of the applicable Treasury regulations, you are required to include in your gross income each year amounts of interest in excess of the initial yield to maturity of the LYONS and any adjusted yield to maturity resulting from accrued contingent additional principal. You will recognize gain or loss upon the sale, exchange, conversion or retirement of a LYON in an amount equal to the difference between the amount realized on the sale, exchange, conversion or retirement, including the fair market value of any of our common stock received, and your adjusted tax basis in the LYON. Any gain recognized by you on the sale, exchange, conversion or retirement of a LYON generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and capital loss thereafter. See "Certain U.S. Federal Income Tax Considerations."

The LYONS are subordinated in right of payment to other indebtedness.

The LYONS are unsecured obligations subordinated in right of payment to all of our existing and future senior indebtedness. As a result, our assets are available to pay obligations on the LYONS only after all senior indebtedness has been paid in full, and we may not have sufficient assets remaining to repay in full all of the LYONS then outstanding if we become insolvent or are forced to liquidate our assets, we default on our senior indebtedness, or the LYONS are accelerated due to any other event of default. The LYONS are also effectively subordinated in right of payment to all of our subsidiaries' indebtedness and other liabilities, including trade payables. The LYONS are exclusively obligations of LabCorp. Our subsidiaries have no obligation to pay any amounts due on the LYONS. Our subsidiaries are not required to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries are also contingent upon our subsidiaries' earnings and business considerations. The incurrence of additional indebtedness and other liabilities could materially and adversely affect our ability to pay our obligations on the LYONS. The terms of the LYONS do not limit our ability to incur senior indebtedness, and do not limit our ability or the ability of our subsidiaries to incur other indebtedness or other liabilities. As of June 30, 2001, we had senior indebtedness outstanding (including a \$412.5 million term loan under our credit agreement) of approximately \$474.1 million. See "Description of LYONS--Subordination."

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

We have made or incorporated by reference in this prospectus forward looking statements concerning our operations, performance and financial condition, as well as our strategic objectives. Some of these forward looking statements can be identified by the use of forward looking words such as "believe", "expect", "may", "will", "should", "seek", "approximately", "intend", "plan", "estimate" or "anticipate" or the negative of those words or other comparable terminology. Such forward looking statements are subject to various risks and uncertainties and we claim 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 or incorporated by reference in this prospectus, including:

- o future 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.
- o 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.
- o 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.
- o failure to comply with the Federal Occupational Safety and Health Administration requirements and the recently passed Needlestick Safety and Prevention Act which may result in penalties and loss of licensure.
- o increased competition, including price competition.
- o changes in payor mix, including an increase in capitated managed-cost health care.
- o our failure to obtain and retain new customers and alliance partners, or a reduction in tests ordered or specimens submitted by existing customers.
- o our failure to integrate newly acquired businesses and the cost related to such integration.
- o adverse results in litigation matters.
- o our ability to attract and retain experienced and qualified personnel.
- o failure to maintain our days sales outstanding levels.

USE OF PROCEEDS

We will not receive any of the proceeds from the resale of the LYONs by the selling securityholders or from the common stock issuable upon conversion or purchase of the LYONs.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for each of the calendar periods indicated:

| | Fiscal Years Ended December 31, | | | | | Six-Months-Ended June 30, 2001 |
|---------------------------------------|---------------------------------|------|------|------|------|-----------------------------------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | |
| Ratio of earnings to fixed charges... | N/A | N/A | 2.14 | 2.65 | 4.33 | 7.01 |

These computations include us and our consolidated subsidiaries. For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income before provision for income taxes, plus fixed charges. Fixed charges include interest expense on debt and one-third of rental expense which is deemed representative of the interest factor. After giving effect to the offering of the LYONs and the application of the net proceeds from the offering, the pro forma ratios of earnings to fixed charges for the year ended December 31, 2000 and the six months ended June 30, 2001 would have been 6.11 and 10.56.

For the years ended December 31, 1997 and 1996, earnings were insufficient to cover fixed charges by \$161.3 million and \$188.3 million, respectively.

PRICE RANGE OF COMMON STOCK AND DIVIDEND HISTORY

Our common stock trades on the New York Stock Exchange under the symbol "LH."

The following table sets forth for the calendar periods indicated the high and low intraday sales prices for our common stock reported on the NYSE Composite Tape:

| | High | Low |
|---------------------------------------------|---------|--------|
| | ---- | --- |
| 1999 | | |
| 1st Quarter..... | \$11.56 | \$6.25 |
| 2nd Quarter..... | 14.69 | 8.44 |
| 3rd Quarter..... | 16.25 | 11.25 |
| 4th Quarter..... | 19.38 | 12.19 |
| 2000 | | |
| 1st Quarter..... | 23.44 | 15.63 |
| 2nd Quarter..... | 40.50 | 19.69 |
| 3rd Quarter..... | 66.25 | 38.13 |
| 4th Quarter..... | 91.50 | 54.13 |
| 2001 | | |
| 1st Quarter..... | 87.50 | 49.75 |
| 2nd Quarter..... | 82.50 | 56.45 |
| 3rd Quarter..... | 91.35 | 66.84 |
| 4th Quarter (through October 17, 2001)..... | 84.41 | 78.30 |

The last reported sale price on the New York Stock Exchange for our common stock was \$83.75 per share on October 17, 2001.

During May 2000, our stockholders approved a 1-for-10 reverse stock split. Our stockholders subsequently approved a 2-for-1 stock split in May 2001 which was paid in the form of a stock dividend on June 11, 2001. The reported sales prices reflect such reverse stock split and 2-for-1 stock split. On July 31, 2001 there were 663 holders of record of our common stock.

It is currently our policy not to pay dividends on our common stock in order to increase our flexibility with respect to our acquisition strategy. In addition, our revolving credit facility places certain restrictions on the payment of dividends.

DESCRIPTION OF CREDIT AGREEMENT

The following summary of the material provisions of our credit agreement is subject to, and is qualified in its entirety by reference to, the terms of our credit agreement.

We are a party to an Amended and Restated Credit Agreement dated as of March 31, 1997, as amended, with the banks named therein and Credit Suisse First Boston, as Administrative Agent. The terms of the credit agreement provided for a term loan of \$693.8 million and a revolving credit facility commitment of up to \$450 million. As of June 30, 2001 there was \$412.5 million outstanding under the term loan and \$50.0 million drawn under the revolving credit facility. We used the net proceeds from the private placement of the LYONs to repay the then outstanding term loan in full.

Amounts under the revolving credit facility may be borrowed, prepaid and reborrowed from time to time. The weighted average interest rate on our revolving credit facility as of June 30, 2001 was approximately 5.0%. The revolving credit facility expires on March 31, 2002. While there can be no assurance that we will be successful, we plan to renegotiate the credit agreement later this year to, among other things, reduce our cost of borrowing.

The credit agreement contains negative covenants limiting our ability to, among other things:

- o create liens;
- o engage in sale leaseback transactions;
- o engage in mergers or acquisitions;
- o sell assets;
- o declare or pay dividends, or make distributions on, or repurchase or redeem capital stock or options, warrants or rights to receive capital stock;
- o issue capital stock or options, warrants or rights to receive capital stock;
- o make investments;
- o change the nature of our business;
- o incur debt;
- o prepay, redeem or repurchase debt;
- o limit our subsidiaries ability to pay dividends or create liens on their assets; and
- o make capital expenditures.

We amended our credit agreement to amend the limitation on our ability to incur debt and the limitation on our ability to issue capital stock, options, warrants or rights to receive capital stock to expressly permit us to issue the LYONs and the shares of common stock issuable upon conversion or repurchase of the LYONs.

The credit agreement requires us to comply with certain financial ratios and tests relating to leverage, interest coverage, minimum stockholders' equity and certain other affirmative covenants relating to, among other things, reporting requirements and transactions with affiliates.

The credit agreement also requires all of our material subsidiaries to guarantee amounts outstanding thereunder. Laboratory Corporation of America is currently the only guarantor under the credit agreement.

DESCRIPTION OF LYONS

We issued the LYONS under an indenture, dated as of September 11, 2001, between us and The Bank of New York, as trustee. The following summary does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the indenture, which we urge you to read because they define your rights as a LYONS holder. As used in this description of LYONS, the words "we," "us," "our" or "LabCorp" refer only to LabCorp and do not include any current or future subsidiary of LabCorp.

General

We issued \$650,000,000 aggregate principal amount at maturity of the LYONS in a private placement in September 2001, and an additional \$94,000,000 aggregate principal amount at maturity of the LYONS pursuant to the exercise in full by the initial purchaser of its over-allotment option in October 2001. The LYONS will mature on September 11, 2021. Each \$1,000 principal amount at maturity of LYONS (a "LYON") will pay the principal amount at maturity of \$1,000 plus contingent additional principal (and accrued original issue discount thereon), if any, at maturity. When used herein, principal amount at maturity means the amount payable on the LYONS at maturity as determined on September 11, 2001 and consequently does not include any contingent additional principal (and accrued original issue discount thereon) that may become payable at maturity as described below under "--Contingent Additional Principal." The LYONS will be payable at the principal corporate trust office of the paying agent, which initially will be an office or agency of the trustee, or an office or agency maintained by us for such purpose, in the Borough of Manhattan, The City of New York.

Each LYON was issued at a substantial discount from its principal amount at maturity. Except as described below under "Contingent Cash Interest," we will not make periodic payments of interest on the LYONS. The LYONS accrue original issue discount while they remain outstanding. Original issue discount accrues on a semi-annual bond equivalent basis at the initial yield to maturity of the LYONS of 2.0% using a 360-day year composed of twelve 30-day months. Original issue discount also accrues at that rate on any accrued contingent additional principal. The commencement date for the accrual of original issue discount is September 11, 2001.

We are treating the LYONS as debt instruments subject to the Treasury regulations that provide special rules for contingent payment debt instruments. The LYONS are issued with original issue discount for U.S. federal income tax purposes. You agree in the indenture to treat your LYONS as contingent payment debt instruments for U.S. federal income tax purposes and to be bound by our application of the Treasury regulations that govern contingent payment debt instruments, including our determination of the rate at which interest, also referred to herein as tax original issue discount, is considered to accrue for U.S. federal income tax purposes. Under the contingent payment debt regulations, even if we do not pay any contingent cash interest on the LYONS, holders are required to include accrued tax original issue discount in their gross income for U.S. federal income tax purposes. The rate at which the tax original issue discount accrues exceeds the initial yield to maturity and any adjusted yield to maturity resulting from the accrual of contingent additional principal. See "Certain U.S. Federal Income Tax Considerations."

Original issue discount, contingent cash interest, if any, and contingent additional principal, if any, ceases to accrue on a LYON upon its maturity, conversion, purchase by us at the option of a holder or redemption. We may not reissue a LYON that has matured or been converted, purchased by us at your option, redeemed or otherwise cancelled, except for registration of transfer, exchange or replacement of such LYON.

LYONS may be presented for conversion at the office of the conversion agent and for exchange or registration of transfer at the office of the registrar. The conversion agent and the registrar shall initially be the trustee. No service charge will be made for any registration of transfer or exchange of LYONS. However, we may require the holder to pay any tax, assessment or other governmental charge payable as a result of such transfer or exchange.

Subordination

Payment on the LYONS is, to the extent provided in the indenture, subordinated in right of payment to the prior payment in full of all of our existing and future senior indebtedness. Payment on the LYONS is also effectively subordinated to all of our subsidiaries' existing and future indebtedness and other liabilities, including trade payables.

Upon any payment or distribution of assets of LabCorp to its creditors upon any dissolution, winding up, liquidation or reorganization, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other similar proceedings, the holders of all senior indebtedness shall first be entitled to receive payment in full of all amounts due or to become due thereon, or payment of such amounts shall have been provided for, before the holders of the LYONS shall be entitled to receive any payment or distribution with respect to any LYONS.

By reason of this subordination, in the event of our bankruptcy, dissolution or reorganization, holders of senior indebtedness may receive more, ratably, and holders of the LYONS may receive less, ratably, than our other creditors.

In addition, no payment of the principal amount at the maturity of the LYONS, issue price, accrued original issue discount, redemption price, change in control purchase price, contingent cash interest, if any, and contingent additional principal, if any, with respect to any LYONS may be made by us, nor may we pay cash with respect to the purchase price of any LYONS (other than for fractional shares) or acquire any LYONS for cash or property (except as set forth in the indenture) if:

(1) any payment default on any senior indebtedness has occurred and is continuing beyond any applicable grace period; or

(2) any default, other than a payment default with respect to senior indebtedness, occurs and is continuing that permits the acceleration of the maturity thereof and such default is either the subject of judicial proceedings or we receive a written notice of such default from the holders of such senior indebtedness.

Notwithstanding the foregoing, the payment blockage period shall end and we may resume payments with respect to the LYONS and may acquire LYONS:

- o when the default with respect to the senior indebtedness is cured or waived; or
- o in the case of a default described in (2) above, 179 or more days pass after we receive notice of the default, provided that the terms of the indenture otherwise permit the payment or acquisition of the LYONS at that time.

No new period of payment blockage may be commenced pursuant to a similar notice relating to the same default on the same issue of senior indebtedness unless nine months have elapsed since we received the notice of default as provided above.

In addition, no payment may be made on the LYONS if any LYONS are declared due and payable prior to their stated maturity by reason of the occurrence of an event of default until the earlier of 120 days after the date of such acceleration or the payment in full of all senior indebtedness, but only if such payment is then otherwise permitted under the terms of the indenture. Notwithstanding the foregoing, upon the expiration of any payment blockage period described above, holders of the LYONS are required to pay over any amounts collected by such holders to the holders of senior indebtedness to the extent necessary to pay all holders of senior indebtedness in full.

The term "senior indebtedness" of LabCorp means the principal, premium (if any) and unpaid interest on all present and future:

- (1) indebtedness of LabCorp for borrowed money;
- (2) obligations of LabCorp evidenced by bonds, debentures, notes or similar instruments;
- (3) obligations of LabCorp under (a) interest rate swaps, caps, collars, options, and similar arrangements, (b) any foreign exchange contract, currency swap contract, futures contract, currency option contract, or other foreign currency hedge, and (c) credit swaps, caps, floors, collars and similar arrangements;
- (4) indebtedness incurred, assumed or guaranteed by LabCorp in connection with the acquisition by it or a subsidiary of LabCorp of any business, properties or assets (except purchase money indebtedness classified as accounts payable under generally accepted accounting principles);

- (5) all obligations and liabilities, contingent or otherwise, in respect of leases of LabCorp required, in conformity with generally accepted accounting principles, to be accounted for as capitalized lease obligations on the balance sheet of LabCorp and all obligations and liabilities, contingent or otherwise, under any lease or related document, including a purchase agreement, in connection with the lease of real property which provides that LabCorp is contractually obligated to purchase or cause a third party to purchase the leased property and thereby guarantee a minimum residual value of the leased property to the lessor and the obligations of LabCorp under such lease or related document to purchase or to cause a third party to purchase such leased property;
- (6) reimbursement obligations of LabCorp in respect of letters of credit relating to indebtedness or other obligations of LabCorp that qualify as indebtedness or obligations of the kind referred to in clauses (1) through (5) above; and
- (7) obligations of LabCorp under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (1) through (6) above,

in each case unless in the instrument creating or evidencing the indebtedness or obligation or pursuant to which the same is outstanding it is provided that such indebtedness or obligation is not senior in right of payment to the LYONS or that such indebtedness or obligation is subordinated to any other indebtedness or obligation of LabCorp, unless such indebtedness or obligation expressly provides that such indebtedness or obligations are to be senior in right of payment to the LYONS. At June 30, 2001, LabCorp had approximately \$474.1 million of senior indebtedness outstanding.

The LYONS are effectively subordinated to all existing and future liabilities of LabCorp's subsidiaries. Any right of LabCorp to participate in any distribution of the assets of any of its subsidiaries upon the liquidation, reorganization or insolvency of such subsidiary (and the consequent right of the holders of the LYONS to participate in those assets) will be subject to the claims of the creditors (including trade creditors) of such subsidiary, except to the extent that claims of LabCorp itself as a creditor of such subsidiary may be recognized, in which case the claims of LabCorp would still be subordinate to any security interest in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by LabCorp. The indenture does not restrict LabCorp from incurring additional indebtedness, including senior indebtedness.

Conversion Rights

Holders may surrender LYONS for conversion into shares of our common stock only if at least one of the conditions described below is satisfied. In addition, a LYON for which a holder has delivered a purchase notice or a change in control purchase notice requiring us to purchase the LYONS may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

The initial conversion rate is 6.7054 shares of common stock per LYON, subject to adjustment upon the occurrence of certain events described below. A holder of a LYON otherwise entitled to a fractional share will receive cash equal to the applicable portion of the then current sale price of our common stock on the trading day immediately preceding the conversion date.

The ability to surrender LYONS for conversion will expire at the close of business on September 11, 2021.

The conversion agent will, on our behalf, determine if the LYONS are convertible and notify the trustee and us accordingly. If one or more of the conditions to the conversion of the LYONS has been satisfied, we will promptly notify the holders of the LYONS thereof and use our reasonable best efforts to post this information on our website or otherwise publicly disclose this information.

Conversion Based on Common Stock Price. Holders may surrender LYONS for conversion in any calendar quarter commencing after December 31, 2001, if the sale price (as defined below) of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is more than a specified percentage, beginning at 120% and declining 0.1282% per calendar quarter thereafter until it reaches approximately 110% for the calendar quarter beginning July 1, 2021, of the accreted conversion price per share of common stock on the last day of such preceding calendar quarter. The accreted conversion price per share as of any day

will equal the issue price of a LYON plus the accrued original issue discount and any accrued contingent additional principal as of such day, divided by the number of shares of common stock issuable upon conversion of a LYON on that day.

The table below shows the conversion trigger price per share of our common stock in respect of each of the first 20 calendar quarters following September 11, 2001. These conversion trigger prices reflect the accreted conversion price per share of common stock multiplied by the applicable percentage for the respective calendar quarter. Thereafter, the accreted conversion price per share of common stock increases each calendar quarter by the accreted original issue discount and any contingent additional principal for the calendar quarter and the applicable percentage declines by 0.1282% per calendar quarter. The conversion trigger price for the calendar quarter beginning July 1, 2021 is \$163.42 assuming no contingent additional principal accrues.

| Quarter* | (1) Accreted Conversion Price | (2) Applicable Percentage | (3) Conversion Trigger-Price (1) x (2) |
|------------------|----------------------------------------|---------------------------------|-------------------------------------------------|
| 2002 | | | |
| 1st Quarter..... | 100.78 | 120.0000% | 120.93 |
| 2nd Quarter..... | 101.28 | 119.8718% | 121.41 |
| 3rd Quarter..... | 101.79 | 119.7436% | 121.88 |
| 4th Quarter..... | 102.29 | 119.6154% | 122.36 |
| 2003 | | | |
| 1st Quarter..... | 102.80 | 119.4872% | 122.84 |
| 2nd Quarter..... | 103.32 | 119.3590% | 123.32 |
| 3rd Quarter..... | 103.83 | 119.2308% | 123.80 |
| 4th Quarter..... | 104.35 | 119.1026% | 124.28 |
| 2004 | | | |
| 1st Quarter..... | 104.87 | 118.9744% | 124.77 |
| 2nd Quarter..... | 105.39 | 118.8462% | 125.25 |
| 3rd Quarter..... | 105.92 | 118.7180% | 125.74 |
| 4th Quarter..... | 106.45 | 118.5898% | 126.23 |
| 2005 | | | |
| 1st Quarter..... | 106.98 | 118.4616% | 126.73 |
| 2nd Quarter..... | 107.51 | 118.3334% | 127.22 |
| 3rd Quarter..... | 108.05 | 118.2052% | 127.72 |
| 4th Quarter..... | 108.59 | 118.0770% | 128.21 |
| 2006 | | | |
| 1st Quarter..... | 109.13 | 117.9488% | 128.72 |
| 2nd Quarter..... | 109.67 | 117.8206% | 129.22 |
| 3rd Quarter..... | 110.22 | 117.6924% | 129.72 |
| 4th Quarter..... | 110.77 | 117.5642% | 130.22 |

* This table assumes no events have occurred that would require an adjustment to the conversion rate. This table also assumes that no contingent additional principal has accrued.

Conversion Based on Credit Rating Downgrade. Holders may also surrender a LYON for conversion during any period that the rating assigned to the LYONS by Standard & Poor's Ratings Services is BB- or lower.

Conversion Based upon Notice of Redemption. A holder may surrender for conversion a LYON called for redemption at any time prior to the close of business on the second business day immediately preceding the redemption date, even if it is not otherwise convertible at such time. A LYON for which a holder has delivered a purchase notice or a change in control purchase notice, as described below, requiring us to purchase such LYON, may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

A "business day" is any weekday that is not a day on which banking institutions in The City of New York are authorized or obligated to close. A "trading day" is any day on which the NYSE is open for trading or, if the applicable

security is quoted on the Nasdaq National Market, a day on which trades may be made on such market or, if the applicable security is not so listed, admitted for trading or quoted, any business day.

Conversion Upon Occurrence of Certain Corporate Transactions. If we are party to a consolidation, merger or binding share exchange or a transfer of all or substantially all of our assets, a LYON may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual effective date of such transaction, and at the effective date, the right to convert a LYON into common stock will be changed into a right to convert it into the kind and amount of securities, cash or other assets of LabCorp or another person which the holder would have received if the holder had converted the holder's LYONs immediately prior to the transaction. If such transaction also constitutes a change in control of LabCorp, as defined in the indenture, the holder will be able to require us to purchase all or a portion of such holder's LYONs as described under "--Change in Control Permits Purchase of LYONs at the Option of the Holder."

Conversion Adjustments and Delivery of Common Stock. On conversion of a LYON, a holder will not receive any cash payment representing accrued original issue discount, contingent additional principal, if any, or, except as described below, contingent cash interest. Delivery to the holder of the full number of shares of common stock into which the LYON is convertible, together with any cash payment of such holder's fractional shares, will be deemed:

- o to satisfy our obligation to pay the principal amount at maturity of the LYON; and
- o to satisfy our obligation to pay accrued original issue discount and contingent additional principal, if any, attributable to the period from September 11, 2001 through the conversion date.

As a result, accrued original issue discount and contingent additional principal, if any, are deemed paid in full rather than cancelled, extinguished or forfeited.

We and each holder of a LYON also agree that delivery to the holder of the full number of shares of common stock into which the LYON is convertible, together with any cash payment of such holder's fractional shares will be treated as a payment (in an amount equal to the sum of the then fair market value of such shares and such cash payment, if any) on the LYON for purposes of the Treasury regulations applicable to debt instruments with contingent payments. See "Certain U.S. Federal Income Tax Considerations."

If contingent cash interest is payable to holders of LYONs during any particular six-month period, and such LYONs are converted after the applicable record date therefor and prior to the next succeeding interest payment date, holders of such LYONs at the close of business on the record date will receive the contingent cash interest payable on such LYONs on the corresponding interest payment date notwithstanding the conversion. Such LYONs, upon surrender for conversion, must be accompanied by funds equal to the amount of contingent cash interest payable on the LYONs so converted, unless such LYONs have been called for redemption, in which case no such payment shall be required.

The conversion rate will not be adjusted for accrued original issue discount, or contingent additional principal, if any, or any contingent cash interest. A certificate for the number of full shares of common stock into which any LYON is converted, together with any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable following the conversion date. For a discussion of the tax treatment of a holder receiving shares of our common stock upon surrendering LYONs for conversion, see "Certain U.S. Federal Income Tax Considerations--Tax Consequences to United States Holders--Sale, Exchange, Conversion or Retirement of LYONs."

We will adjust the conversion rate for:

- o dividends or distributions on our common stock payable in our common stock or our other capital stock;
- o subdivisions, combinations or certain reclassifications of our common stock;
- o distributions to all holders of our common stock of certain rights to purchase our common stock for a period expiring within 60 days at less than the then current sale price; and
- o distributions to the holders of our common stock of our assets (including shares of capital stock of a subsidiary) or debt securities or certain rights to purchase our securities (excluding cash dividends or other

cash distributions from current or retained earnings, unless the amount thereof, together with all other cash dividends paid in the preceding 12 month period, per share exceeds the sum of (i) 5% of the sale price of our common stock on the day preceding the date of declaration of such dividend or other distribution and (ii) the quotient of the amount of any contingent interest paid during such period divided by the number of shares of common stock issuable upon conversion of a LYON at the conversion rate in effect on the contingent interest payment date).

In the event that we pay a dividend or make a distribution on shares of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average closing prices of those securities for the 10 trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such dividend or distribution on the NYSE or such other national or regional securities exchange or market on which the securities are then listed or quoted.

In the event we elect to make a distribution described in the third or fourth bullet of the preceding paragraph which, in the case of the fourth bullet, has a per share value equal to more than 15% of the sale price of our shares of common stock on the day preceding the declaration date for such distribution, we will be required to give notice to the holders of LYONS at least 20 days prior to the ex-dividend date for such distribution and, upon the giving of such notice, the LYONS may be surrendered for conversion at any time until the close of business on the business day prior to the ex-dividend date or until we announce that such distribution will not take place.

No adjustment to the conversion rate need be made if holders of the LYONS may participate in the transaction or in certain other cases.

If we were to implement a stockholders' rights plan providing that, upon conversion of the LYONS, the holders of such LYONS will receive, in addition to the shares of common stock issuable upon such conversion, the rights related to such common stock, there shall not be any adjustment to the conversion privilege or conversion rate as a result of:

- o the issuance of the rights;
- o the distribution of separate certificates representing the rights;
- o the exercise or redemption of such rights in accordance with any rights agreement; or
- o the termination or invalidation of the rights.

The indenture permits us to increase the conversion rate from time to time. We are not required to adjust the conversion rate until adjustments greater than 1% have occurred.

Holders of the LYONS may, in certain circumstances, be deemed to have received a distribution subject to federal income tax as a dividend upon:

- o a taxable distribution to holders of common stock which results in an adjustment of the conversion rate;
- o an increase in the conversion rate at our discretion; or
- o failure to adjust the conversion rate in some instances.

See "Certain U.S. Federal Income Tax Considerations--Tax Consequences to United States Holders--Constructive Dividends."

Contingent Cash Interest

Subject to the record date provisions described below, we will pay contingent cash interest to the holders of LYONS during any six-month period from September 12 to March 11 and from March 12 to September 11, with the initial six-month period commencing after September 11, 2006, if the average market price of a LYON for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or

more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for such LYON as of the day immediately preceding the first day of the applicable six-month period. See "--Redemption of LYONS at the Option of LabCorp" for some of these values. Notwithstanding the above, if we declare a dividend for which the record date falls prior to the first day of a six-month period but the payment date falls within such six-month period, then the five trading day period for determining the average market price of a LYON will be the five trading days ending on the third trading day immediately preceding such record date.

During any period when contingent cash interest shall be payable, the contingent cash interest payable per LYON in respect of any quarterly period will equal the greater of 0.0625% of the average market price of a LYON for the five trading day measurement period or any regular cash dividends paid by us per share on our common stock during that quarterly period multiplied by the then applicable conversion rate, provided that if we do not pay cash dividends during a semi-annual period, we will pay contingent cash interest semi-annually at a rate of 0.125% of the average market price of a LYON for the measurement period.

Contingent cash interest, if any, will accrue and be payable to holders of LYONS as of the record date, which shall be the 15th day preceding the last day of the relevant six-month period, or, if we pay a regular cash dividend on our common stock during a quarter within the relevant six-month period, to holders of LYONS as of the record date for the related common stock dividend. If we only pay a regular cash dividend on our common stock during one quarter within the relevant six-month period, the remaining contingent cash interest, if any, will accrue and be payable as of the 15th day preceding the last day of the relevant six-month period. We will make contingent cash interest payments on the last day of the relevant six-month period or, if we pay a regular cash dividend on our common stock during the relevant six-month period, on the payment date for the related common stock dividend. The payment of contingent cash interest will not affect the accrual of original issue discount.

Regular cash dividends mean quarterly or other periodic cash dividends on our common stock as declared by our Board of Directors as part of its cash dividend payment practices and that are not designated by it as extraordinary or special or other nonrecurring dividends.

The market price of a LYON on any date of determination means the average of the secondary market bid quotations per LYON obtained by the bid solicitation agent for \$10 million principal amount at maturity of LYONS at approximately 4:00 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select, provided that if:

- o At least three such bids are not obtained by the bid solicitation agent; or
- o In our reasonable judgment, the bid quotations are not indicative of the secondary market value of the LYONS.

then the market price of a LYON will equal (a) the then applicable conversion rate of the LYONS multiplied by (b) the average sale price of our common stock on the five trading days ending on such determination date, appropriately adjusted.

The bid solicitation agent will initially be The Bank of New York. We may change the bid solicitation agent, but the bid solicitation agent will not be our affiliate. The bid solicitation agent will solicit bids from securities dealers that are believed by us to be willing to bid for the LYONS.

Upon determination that LYON holders will be entitled to receive contingent cash interest during a relevant six-month period, we will issue a press release and publish such information on our website or through such other public medium as we may use at that time as soon as practicable.

Contingent Additional Principal

On September 11, 2004, the rate of accrual on the LYONS will be reset for two years if our stock price factor is at or below the thresholds set forth in the table below. We refer to the amount that accrues as a result of the adjusted rate of accrual on the LYONS, other than original issue discount, as contingent additional principal. If contingent additional principal accrues, the adjusted rate of accrual will be calculated by deducting from our two year unsecured subordinated debt rate at that time an amount set forth in the table below, except that the adjusted rate of accrual may not be greater than 9.0% or less than the initial yield to maturity of 2.0%. Contingent additional principal will accrue

on a semi-annual bond equivalent basis for a period of two years. No contingent additional principal will accrue after September 11, 2006, but thereafter original issue discount will continue to accrue at a rate of 2.0% per year. If our stock price factor is above the highest stock price factor threshold in the applicable column set forth in the table below, then no contingent additional principal will accrue on the LYONS and only original issue discount will continue to accrue. Where we refer to "subordinated debt" in this prospectus, we mean our current or future indebtedness with subordination provisions substantially similar to those contained in the LYONS.

Our stock price factor is the average of the closing prices of our common stock for the 20 consecutive trading days ending on the third trading day prior to September 11, 2004 expressed as a percentage of the accreted conversion price as of September 11, 2004.

Our "subordinated debt rate" means the average of the interest rate quotations for a new issuance of our two year semi-annual cash-pay unsecured subordinated debt obtained by the rate solicitation agent for an issuance in an amount equal to the issue price of the LYONS plus any accrued original issue discount through September 11, 2004 at approximately 4:00 p.m., New York City time, on the day three trading days prior to September 11, 2004 from three independent nationally recognized securities dealers we select. If three such quotations are not obtained by the rate solicitation agent, then we will use the average of two quotations obtained. If only one such quotation is obtained, we will use such quotation. In the event that no quotations are obtained, our subordinated debt rate will be determined by the good faith determination of our board of directors. The rate solicitation agent will initially be The Bank of New York. We may change the rate solicitation agent, but the rate solicitation agent will not be our affiliate. The rate solicitation agent will solicit rate quotations from securities dealers that are believed by us to be willing to provide a quote for our subordinated debt.

The table below shows the amount to be deducted from our applicable subordinated debt rate to determine the aggregate adjusted rate of accrual at which original issue discount and contingent additional principal will accrue on the LYONS during the two years commencing September 11, 2004.

| Amount to be Deducted from Two Year Unsecured Subordinated Debt Rate to Determine the Adjusted Rate: | Stock Price Factor Threshold If Two Year Unsecured Subordinated Debt Rate at September 11, 2004 is: | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|--------|
| | <=4.50% | 4.50% to 5.00% | >5.00% to 5.50% | >5.50% to 6.00% | >6.00% to 6.50% | >6.50% to 7.00% | >7.00% to 7.50% | 7.50% to 8.00% | >8.00% to 8.50% | >8.50% |
| -6.00% | | | | | | | | | | <=74% |
| -5.50% | | | | | | | | | | <=71% |
| -5.00% | | | | | | | | <=72% | <=70% | <=69% |
| -4.50% | | | | | | | <=69% | <=69% | <=68% | <=66% |
| -4.00% | | | | | | <=67% | <=67% | <=67% | <=65% | <=64% |
| -3.50% | | | | | <=66% | <=65% | <=64% | <=64% | <=63% | <=62% |
| -3.00% | | | | <=64% | <=64% | <=63% | <=61% | <=61% | <=61% | <=59% |
| -2.50% | | | <=62% | <=61% | <=60% | <=60% | <=59% | <=58% | <=58% | <=57% |
| -2.00% | | <=59% | <=58% | <=58% | <=57% | <=56% | <=55% | <=55% | <=54% | <=53% |
| -1.50% | <=56% | <=55% | <=54% | <=54% | <=53% | <=53% | <=53% | <=52% | <=51% | <=51% |
| -1.00% | <=52% | <=51% | <=51% | <=51% | <=50% | <=49% | <=49% | <=48% | <=48% | <=48% |
| -0.50% | <=47% | <=46% | <=45% | <=45% | <=44% | <=44% | <=44% | <=43% | <=43% | <=43% |
| 0.00% | <=40% | <=40% | <=39% | <=38% | <=38% | <=38% | <=37% | <=37% | <=37% | <=36% |

To determine the adjusted rate of accrual on the LYONS, once our two year subordinated debt rate and stock price factor have been determined, identify the column in the table above that corresponds to our two year subordinated debt rate. Then, identify the row in that column of the table that corresponds to our stock price factor. Locate the percentage in the left most column of the table in that row. Our two year subordinated debt rate minus that percentage equals the adjusted rate of accrual.

For example, if, according to the procedures described above, our subordinated debt rate is determined to be 6.25% and the average of the closing prices of our common stock for the 20 consecutive trading days ending on the third trading day prior to September 11, 2004 is \$66.99, which is 63% of \$106.33, the accreted conversion price (assuming no adjustments) of the LYONS, then we will deduct 3.00% from 6.25% to determine the adjusted rate of accrual for the two year period ending September 11, 2006 of 3.25%. In the event that any contingent additional principal accrues on

the LYONs, the amount we will pay at maturity of the LYONs will equal the principal amount at maturity of \$1,000 per LYON plus contingent additional principal (and accrued original issue discount thereon). Contingent additional principal will accrue on a semi-annual bond equivalent basis, using a 360-day year composed of twelve 30-day months. The prices and percentages in the example above are for illustration only. There can be no assurance that the actual prices and percentages will correspond to the range of prices and percentages shown.

In the event that any contingent additional principal accrues on the LYONs, we will disseminate a press release containing this information, including the aggregate adjusted rate of accrual at which original issue discount and contingent additional principal will accrue, revised redemption prices, revised prices at which we will purchase the LYONs at the option of the holders and the amount payable upon maturity of the LYONs. In addition, we will publish this information on our website or through such other public medium as we may use at that time. We will also notify the trustee under the indenture of any accrual of contingent additional principal (and accrued original issue discount thereon) on a periodic basis. Following receipt of such notice, the trustee will provide such information to The Depository Trust Company for dissemination to its participants.

Redemption of LYONs at the Option of LabCorp

No sinking fund is provided for the LYONs. Prior to September 11, 2006, we cannot redeem the LYONs at our option. Beginning on September 11, 2006, we may redeem the LYONs for cash, as a whole at any time or from time to time in part. We will give not less than 30 days' or more than 60 days' notice of redemption by mail to holders of LYONs.

If redeemed at our option, the LYONs will be redeemed at a price equal to the sum of the issue price plus accrued original issue discount and contingent additional principal, if any, on such LYONs as of the applicable redemption date. The table below shows the redemption prices (assuming no contingent additional principal accrues) of a LYON on September 11, 2006, on each September 11 thereafter prior to maturity and at maturity on September 11, 2021. In addition, the redemption price of a LYON that is redeemed between the dates listed below would include an amount reflecting the additional accrued original issue discount that has accrued on such LYON since the immediately preceding date in the table below. In addition, if contingent additional principal accrues, these prices will be increased to include such contingent additional principal (and any original issue discount accrued thereon).

| Redemption Date | (1) LYON Issue Price | (2) Accrued Original Issue Price | (3) Redemption Price (1)+(2) |
|----------------------------|-------------------------------|----------------------------------------------|---------------------------------------|
| ----- | ----- | ----- | ----- |
| September 11, 2006..... | 671.65 | 70.27 | 741.92 |
| 2007..... | 671.65 | 85.18 | 756.83 |
| 2008..... | 671.65 | 100.40 | 772.05 |
| 2009..... | 671.65 | 115.91 | 787.56 |
| 2010..... | 671.65 | 131.74 | 803.39 |
| 2011..... | 671.65 | 147.89 | 819.54 |
| 2012..... | 671.65 | 164.37 | 836.02 |
| 2013..... | 671.65 | 181.17 | 852.82 |
| 2014..... | 671.65 | 198.31 | 869.96 |
| 2015..... | 671.65 | 215.80 | 887.45 |
| 2016..... | 671.65 | 233.64 | 905.29 |
| 2017..... | 671.65 | 251.83 | 923.48 |
| 2018..... | 671.65 | 270.39 | 942.04 |
| 2019..... | 671.65 | 289.33 | 960.98 |
| 2020..... | 671.65 | 308.65 | 980.30 |
| At stated maturity..... | 671.65 | 328.35 | 1,000.00 |

If less than all of the outstanding LYONs are to be redeemed, the trustee will select the LYONs to be redeemed in principal amounts at maturity of \$1,000 or integral multiples of \$1,000. In this case, the trustee may select the LYONs by lot, pro rata or by any other method the trustee considers fair and appropriate. If a portion of a holder's LYONs is

selected for partial redemption and the holder converts a portion of the LYONS, the converted portion will be deemed to be the portion selected for redemption.

Purchase of LYONS by LabCorp at the Option of the Holder

On September 11, 2004, September 11, 2006 and September 11, 2011, we may, at the option of the holder, be required to purchase any outstanding LYON for which a written purchase notice has been properly delivered by the holder and not withdrawn, subject to certain additional conditions. Holders may submit their LYONS for purchase to the paying agent at any time from the opening of business on the date that is 20 business days prior to such purchase date until the close of business on the first business day immediately preceding the purchase date.

The purchase price of a LYON will be as set forth below, plus, if applicable, accrued contingent additional principal (and any accrued original discount thereon):

- o \$712.97 per LYON on September 11, 2004;
- o \$741.92 per LYON on September 11, 2006; and
- o \$819.54 per LYON on September 11, 2011.

The above purchase prices reflect a price equal to the sum of the issue price and accrued original issue discount on such LYONS as of the applicable purchase date.

We may, at our option, elect to pay the purchase price in cash or shares of common stock, or any combination thereof. For a discussion of the tax treatment of a holder receiving cash, common stock or any combination thereof, see "Certain U.S. Federal Income Tax Considerations--Tax Consequences to United States Holders--Sale, Exchange, Conversion or Retirement of the LYONS."

We are required to give notice on a date not less than 20 business days prior to each purchase date to all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things:

- o the amount of the purchase price;
- o whether we will pay the purchase price of LYONS in cash or common stock or any combination thereof, specifying the percentages of each;
- o if we elect to pay in common stock, the method of calculating the market price of the common stock; and
- o the procedures that holders must follow to require us to purchase their LYONS.

The purchase notice given by each holder electing to require us to purchase LYONS shall state:

- o the certificate numbers of the holder's LYONS to be delivered for purchase;
- o the portion of the principal amount at maturity of LYONS to be purchased, which must be \$1,000 or an integral multiple of \$1,000;
- o that the LYONS are to be purchased by us pursuant to the applicable provisions of the LYONS; and
- o in the event we elect, pursuant to the notice that we are required to give, to pay the purchase price in common stock, in whole or in part, but the purchase price is ultimately to be paid to the holder entirely in cash because any of the conditions to payment of the purchase price or a portion of the purchase price in common stock is not satisfied prior to the close of business on the purchase date, as described below, whether the holder elects:

- (1) to withdraw the purchase notice as to some or all of the LYONS to which it relates, or

- (2) to receive cash in respect of the entire purchase price for all LYONs or portions of LYONs subject to such purchase notice.

If the purchase price for the LYONs subject to the purchase notice is ultimately to be paid to a holder entirely in cash because we have not satisfied one or more of the conditions to payment of the purchase price in common stock prior to the close of business on the purchase date, a holder shall be deemed to have elected to receive cash in respect of the entire purchase price for all such LYONs unless such holder has properly notified us of its election to withdraw the purchase notice. For a discussion of the tax treatment of a holder receiving cash instead of common stock, see "Certain U.S. Federal Income Tax Considerations--Tax Consequences to United States Holders--Sale, Exchange, Conversion or Retirement of the LYONs."

Any purchase notice may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent prior to the close of business on the first business day immediately preceding the purchase date.

- o The notice of withdrawal shall state:
- o the principal amount at maturity being withdrawn;
- o if certificated LYONs have been issued, the certificate numbers of the LYONs being withdrawn, or if not certificated, such notice must comply with appropriate DTC procedures; and
- o the principal amount at maturity, if any, of the LYONs that remains subject to the purchase notice.

If we elect to pay the purchase price, in whole or in part, in shares of our common stock, the number of such shares we deliver shall be equal to the portion of the purchase price to be paid in common stock divided by the market price of a share of common stock.

We will pay cash based on the market price for all fractional shares of common stock in the event we elect to deliver common stock in payment, in whole or in part, of the purchase price. See "Certain U.S. Federal Income Tax Considerations--Tax Consequences to United States Holders--Sale, Exchange, Conversion or Retirement of LYONs."

The market price of our common stock shall be an amount equal to the average of the sale prices of our common stock for the five-trading-day period ending on the third business day prior to the applicable purchase date, or, if such business day is not a trading day, then on the last trading day prior to such business day, appropriately adjusted to take into account the occurrence, during the period commencing on the first of the trading days during the five day trading period and ending on the purchase date, of events that would result in an adjustment of the conversion rate with respect to the common stock. See "--Conversion Rights" for a description of the manner in which the sales price of our common stock is determined.

The sale price of our common stock on any date means the closing per share sale price (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the common stock is traded or, if the common stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, we will determine the sale price on the basis of such quotations as we consider appropriate.

Because the market price of our common stock is determined prior to the applicable purchase date, holders of LYONs bear the market risk with respect to the value of the common stock to be received from the date such market price is determined to such purchase date. We may pay the purchase price or any portion of the purchase price in common stock only if the information necessary to calculate the market price is published in a daily newspaper of national circulation.

Upon determination of the actual number of shares of common stock in accordance with the foregoing provisions, we will promptly issue a press release and publish such information on our website or through such other public medium as we may use at that time.

Our right to purchase LYONs, in whole or in part, with common stock is subject to our satisfying various conditions, including:

- o listing the common stock on the principal United States securities exchange on which our common stock is then listed or, if not so listed, on Nasdaq;
- o the registration of the common stock under the Securities Act and the Exchange Act, if required; and
- o any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If such conditions are not satisfied with respect to a holder prior to the close of business on the purchase date, we will pay the purchase price of the LYONs of the holder entirely in cash. See "Certain U.S. Federal Income Tax Considerations--Tax Consequences to United States Holders--Sale, Exchange, Conversion or Retirement of the LYONs." We may not change the form or components or percentages of components of consideration to be paid for the LYONs once we have given the notice that we are required to give to holders of LYONs, except as described in the first sentence of this paragraph.

In connection with any purchase offer, we will:

- o comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and
- o file Schedule TO or any other required schedule under the Exchange Act.

Payment of the purchase price for a LYON for which a purchase notice has been delivered and not validly withdrawn is conditioned upon delivery of the LYON, together with necessary endorsements, to the paying agent at any time after delivery of the purchase notice. Payment of the purchase price for the LYON will be made as soon as practicable following the later of the purchase date or the time of delivery of the LYON.

If the paying agent holds money or securities sufficient to pay the purchase price of the LYON on the business day following the purchase date in accordance with the terms of the indenture, then, immediately after the purchase date, the LYON will cease to be outstanding and accrued original issue discount on such LYON will cease to accrue, whether or not the LYON is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the purchase price upon delivery of the LYON.

No LYONs may be purchased for cash at the option of holders if there has occurred and is continuing an event of default with respect to the LYONs, other than a default in the payment of the purchase price with respect to such LYONs.

Change in Control Permits Purchase of LYONs at the Option of the Holder

In the event of a change in control (as defined below) occurring on or prior to September 11, 2006 with respect to LabCorp, each holder will have the right, at the holder's option, subject to the terms and conditions of the indenture, to require us to purchase for cash all or any portion of the holder's LYONs in integral multiples of \$1,000 principal amount at maturity, at a price for each \$1,000 principal amount at maturity of such LYONs equal to the issue price plus accrued original issue discount and contingent additional principal, if any, to the purchase date. We are required to purchase the LYONs as of a date no later than 35 business days after the occurrence of such change in control, but in no event prior to the date on which such change in control occurs. We refer to this date in this prospectus as the "change in control purchase date."

Within 15 days after the occurrence of a change in control, we are obligated to mail to the trustee and to all holders of LYONs at their addresses shown in the register of the registrar and to beneficial owners as required by applicable law a notice regarding the change in control, which notice shall state, among other things:

- o the events causing a change in control;

- o the date of such change in control;
- o the last date on which the purchase right may be exercised;
- o the change in control purchase price;
- o the change in control purchase date;
- o the name and address of the paying agent and the conversion agent;
- o the conversion rate and any adjustments to the conversion rate resulting from such change in control;
- o that LYONs with respect to which a change in control purchase notice is given by the holder may be converted only if the change in control purchase notice has been withdrawn in accordance with the terms of the indenture; and
- o the procedures that holders must follow to exercise these rights.

To exercise this right, the holder must deliver a written notice to the paying agent prior to the close of business on the business day prior to the change in control purchase date. The required purchase notice upon a change in control shall state:

- o the certificate numbers of the LYONs to be delivered by the holder;
- o the portion of the principal amount at maturity of LYONs to be purchased, which portion must be \$1,000 or an integral multiple of \$1,000; and
- o that we are to purchase such LYONs pursuant to the applicable provisions of the LYONs.

Any such change in control purchase notice may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the change in control purchase date.

The notice of withdrawal shall state:

- o the principal amount at maturity of the LYONs being withdrawn;
- o the certificate numbers of the LYONs being withdrawn; and
- o the principal amount at maturity, if any, of the LYONs that remains subject to a change in control purchase notice.

Payment of the change in control purchase price for a LYON for which a change in control purchase notice has been delivered and not validly withdrawn is conditioned upon delivery of the LYON, together with necessary endorsements, to the paying agent at any time after the delivery of such change in control purchase notice. Payment of the change in control purchase price for such LYON will be made promptly following the later of the change in control purchase date or the time of delivery of such LYON.

If the paying agent holds money sufficient to pay the change in control purchase price of the LYON on the business day following the change in control purchase date in accordance with the terms of the indenture, then, immediately after the change in control purchase date, accrued original issue discount, contingent additional principal and contingent cash interest, if any, on the LYON will cease to accrue, whether or not the LYON is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the change in control purchase price upon delivery of the LYON.

Under the indenture, a "change in control" of LabCorp is deemed to have occurred at such time as:

- o any person, including its affiliates and associates, other than LabCorp or its subsidiaries, files a Schedule 13D or Schedule TO (or any successor schedule, form or report under the Exchange Act) disclosing that such person has become the beneficial owner of 50% or more of the aggregate voting power of our common stock and other capital stock with equivalent voting rights, or other capital stock into which the common stock is reclassified or changed, with certain exceptions; or
- o there shall be consummated any share exchange, consolidation or merger of LabCorp pursuant to which the common stock would be converted into cash, securities or other property, in each case other than a share exchange, consolidation or merger of LabCorp in which the holders of the common stock and other capital stock with equivalent voting rights, immediately prior to the share exchange, consolidation or merger have, directly or indirectly, at least a majority of the total voting power in the aggregate of all classes of capital stock of the continuing or surviving corporation immediately after the share exchange, consolidation or merger.

The indenture does not permit our board of directors to waive our obligation to purchase LYONS at the option of holders in the event of a change in control.

In connection with any purchase offer in the event of a change in control, we will:

- o comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and
- o file Schedule TO or any other required schedule under the Exchange Act.

The change in control purchase feature of the LYONS may, in certain circumstances, make more difficult or discourage a takeover of LabCorp. The change in control purchase feature, however, is not the result of our knowledge of any specific effort:

- o to accumulate shares of common stock;
- o to obtain control of us by means of a merger, tender offer, solicitation or otherwise; or
- o part of a plan by management to adopt a series of anti-takeover provisions.

Instead, the change in control purchase feature is a standard term contained in other LYONS offerings that have been marketed by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"). The terms of the change in control purchase feature resulted from negotiations between Merrill Lynch and us.

We could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a change in control with respect to the change in control purchase feature of the LYONS but that would increase the amount of our or our subsidiaries' outstanding indebtedness.

No LYONS may be purchased at the option of holders upon a change in control if there has occurred and is continuing an event of default with respect to the LYONS, other than a default in the payment of the change in control purchase price with respect to the LYONS.

Events of Default and Acceleration

The following are events of default under the indenture:

- o default in the payment of any principal amount at maturity, accrued original issue discount, any contingent additional principal, redemption price, purchase price and change in control purchase price, if any, with respect to the LYONS, whether or not such payment is prohibited by the provisions of the indenture;
- o default in payment of any contingent cash interest, which default continues for 30 days;

- o default in the performance or breach of any covenant or warranty of LabCorp in the indenture, which default continues uncured for a period of 60 days after written notice to LabCorp by the trustee or to LabCorp and the trustee by the holders of at least 25% in principal amount at maturity of the outstanding LYONS;
- o (A) our failure to make any payment by the end of any applicable grace period after maturity of indebtedness, which term as used in the indenture means obligations (other than nonrecourse obligations) of LabCorp for borrowed money or evidenced by bonds, debentures, notes or similar instruments in an aggregate principal amount in excess of \$25 million ("Indebtedness") and continuance of such failure, or (B) the acceleration of Indebtedness because of a default with respect to such Indebtedness without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled in case of (A) above, for a period of 30 days after written notice to us by the trustee or to us and the trustee by the holders of not less than 25% in aggregate principal amount at maturity of the LYONS then outstanding. However, if such failure or acceleration referred to in (A) or (B) above shall cease or be cured, waived, rescinded or annulled, then the event of default by reason thereof shall be deemed not to have occurred; or
- o our failure to comply with any of our other agreements in the LYONS or the indenture upon our receipt of notice of such default from the trustee or from holders of not less than 25% in aggregate principal amount at maturity of the LYONS, and our failure to cure (or obtain a waiver of) such default within 60 days after we receive such notice; or
- o certain events of bankruptcy, insolvency or reorganization affecting LabCorp or our significant subsidiaries.

If an event of default shall have occurred and be continuing, either the trustee or the holders of not less than 25% in aggregate principal amount at maturity of the LYONS then outstanding may declare the issue price of the LYONS plus the original issue discount on the LYONS accrued through the date of such declaration, and any accrued and unpaid contingent cash interest through the date of such declaration and any accrued contingent additional principal through the date of such declaration, to be immediately due and payable. In the case of certain events of bankruptcy or insolvency of LabCorp, the issue price of the LYONS plus the original issue discount, any contingent cash interest and any accrued contingent additional principal through the occurrence of such event shall automatically become and be immediately due and payable.

Mergers and Sales of Assets

The indenture provides that we may not consolidate with or merge into any person or convey, transfer or lease our properties and assets substantially as an entirety to another person, unless, among other items:

- o the resulting, surviving or transferee person is a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia and such corporation (if other than us) assumes all our obligations under the LYONS and the indenture; and
- o we or such successor corporation shall not immediately thereafter be in default under the indenture.

Upon the assumption of our obligations by such corporation in such circumstances, subject to certain exceptions, we shall be discharged from all obligations under the LYONS and the indenture. Although such transactions are permitted under the indenture, certain of the foregoing transactions occurring on or prior to September 11, 2006 could constitute a change in control in LabCorp, permitting each holder to require us to purchase the LYONS of such holder as described above.

Modification

We and the trustee may modify or amend the indenture or the LYONS with the consent of the holders of not less than a majority in aggregate principal amount at maturity of the LYONS then outstanding. However, the consent of the holders of each outstanding LYON would be required to:

- o alter the manner of calculation or rate of accrual of original issue discount, contingent cash interest or contingent additional principal on any LYON or extend the time of payment;

- o make any LYON payable in money or securities other than that stated in the LYON;
- o change the stated maturity of any LYON;
- o reduce the amount of principal payable upon acceleration of maturity of the LYONS following a default;
- o make any change that adversely affects the rights of a holder to convert any LYON;
- o make any change that adversely affects the right to require us to purchase a LYON;
- o impair the right to institute suit for the enforcement of any payment with respect to, or conversion of, the LYONS; and
- o change the provisions in the indenture that relate to modifying or amending the indenture.

Without the consent of any holder of LYONS, we and the trustee may enter into supplemental indentures for any of the following purposes:

- o to evidence a successor to us and the assumption by that successor of our obligations under the indenture and the LYONS;
- o to add to our covenants for the benefit of the holders of the LYONS or to surrender any right or power conferred upon us;
- o to secure our obligations in respect of the LYONS;
- o to make any changes or modifications to the indenture necessary in connection with the registration of the LYONS under the Securities Act and the qualifications of the LYONS under the Trust Indenture Act as contemplated by the indenture;
- o to cure any ambiguity or inconsistency in the indenture; provided, however, that such amendment does not materially adversely affect the rights of any holder of the LYONS; or
- o to make any change that does not adversely affect the rights of any holder of the LYONS.

The holders of a majority in principal amount at maturity of the outstanding LYONS may, on behalf of all the holders of all LYONS:

- o waive compliance by us with restrictive provisions of the indenture, as detailed in the indenture; and
- o waive any past default under the indenture and its consequences, except a default in the payment of the principal amount at maturity, issue price, accrued and unpaid interest, accrued original issue discount, redemption price, purchase price or change in control purchase price or obligation to deliver common stock upon conversion with respect to any LYON or in respect of any provision which under the indenture cannot be modified or amended without the consent of the holder of each outstanding LYON affected.

Discharge of the Indenture

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding LYONS or by depositing with the trustee, the paying agent or the conversion agent, if applicable, after the LYONS have become due and payable, whether at stated maturity or any redemption date, or any purchase date, or a change in control purchase date, or upon conversion or otherwise, cash or shares of common stock (as applicable under the terms of the indenture) sufficient to pay all of the outstanding LYONS and paying all other sums payable under the indenture.

Calculations in Respect of LYONs

We are responsible for making all calculations called for under the LYONs. These calculations include, but are not limited to, determination of the market prices of our common stock. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on holders of LYONs. We will provide a schedule of our calculations to the trustee, and the trustee is entitled to rely upon the accuracy of our calculations without independent verification.

Limitations of Claims in Bankruptcy

If a bankruptcy proceeding is commenced in respect of LabCorp, the claim of the holder of a LYON is, under Title 11 of the United States Code, limited to the issue price of the LYON plus the portion of the accrued original issue discount, any contingent cash interest and any contingent additional principal that has accrued from September 11, 2001 to the commencement of the proceeding. In addition, the holders of the LYONs will be subordinated in right of payment to senior indebtedness and effectively subordinated to the indebtedness and other liabilities of our subsidiaries.

Governing Law

The indenture and the LYONs are governed by, and construed in accordance with, the laws of the State of New York.

Information Concerning the Trustee

The Bank of New York is the trustee, registrar, paying agent and conversion agent under the indenture for the LYONs.

Book-Entry System

The LYONs have been issued only in the form of global securities held in book-entry form. DTC or its nominee is the sole registered holder of the LYONs for all purposes under the indenture. Owners of beneficial interests in the LYONs represented by the global securities hold their interests pursuant to the procedures and practices of DTC. As a result, beneficial interests in any such securities are shown on, and may only be transferred through, records maintained by DTC and its direct and indirect participants and any such interest may not be exchanged for certificated securities, except in limited circumstances. Owners of beneficial interests must exercise any rights in respect of their interests, including any right to convert or require purchase of their interests in the LYONs, in accordance with the procedures and practices of DTC. Beneficial owners are not holders and are not entitled to any rights under the global securities or the indenture. LabCorp and the trustee, and any of their respective agents, may treat DTC as the sole holder and registered owner of the global securities.

Exchange of Global Securities

LYONs represented by a global security are exchangeable for certificated securities with the same terms only if:

- o DTC is unwilling or unable to continue as depositary or if DTC ceases to be a clearing agency registered under the Exchange Act and a successor depositary is not appointed by us within 90 days;
- o we decide to discontinue use of the system of book-entry transfer through DTC (or any successor depositary); or
- o a default under the indenture occurs and is continuing.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC facilitates the settlement of transactions among its participants through electronic computerized book-entry changes in participants' accounts, eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, including Merrill Lynch, banks, trust companies, clearing corporations and other organizations, some of whom and/or whose representatives, own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock is not complete and is qualified in its entirety by reference to our amended and restated certificate of incorporation.

Our authorized capital stock consists of 265,000,000 shares of common stock, par value \$0.10 per share, and 30,000,000 shares of preferred stock, par value \$0.10 per share. As of October 16, 2001, 70,242,018 shares of common stock and no shares of preferred stock were issued and outstanding.

Common Stock

Each holder of common stock is entitled to one vote for each share held on all matters to be voted upon by the stockholders. The holders of outstanding shares of common stock, subject to any preferences that may be applicable to any outstanding series of preferred stock, are entitled to receive ratably such dividends out of assets legally available therefor at such times and in such amounts as our board of directors may from time to time determine. Upon our liquidation or dissolution, the holders of our common stock will be entitled to share ratably in our assets legally available for distribution to shareholders after payment of liabilities and subject to the prior rights of any holders of preferred stock then outstanding. Holders of common stock generally have no conversion, sinking funds, redemption, preemptive or subscription rights. In addition, the common stock does not have cumulative voting rights. Shares of common stock are not liable to further calls or assessments by us and holders of common stock are not liable for any of our liabilities.

The transfer agent and registrar for the common stock is American Stock Transfer & Trust Company.

Preferred Stock

On June 6, 2000, we called for redemption all of our outstanding Series A Convertible Exchangeable Preferred Stock and Series B Convertible Pay-in-Kind Preferred Stock. Conversion of these shares into common stock following such announcement resulted in the issuance of approximately 21.2 million additional shares of common stock.

By resolution of our board of directors and without any further vote or action by our shareholders, we have the authority to issue preferred stock in one or more series and to fix from time to time the number of shares to be included in each such series and the designations, preferences, qualifications, limitations, restrictions and special or relative rights of the shares of each such series. Our ability to issue preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could adversely affect the voting power of the holders of the common stock and could have the effect of making it more difficult for a person to acquire, or of discouraging a person from attempting to acquire, control of us.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material U.S. federal income tax consequences of the ownership and disposition of the LYONs and, to the extent described below, our common stock received upon conversion or repurchase of the LYONs. This discussion applies only to LYONs or shares of our common stock that are held as capital assets within the meaning of Section 1221 of the Code.

This discussion does not address the U.S. federal income tax consequences of the ownership or disposition of our common stock, nor does it describe all of the tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as:

- o certain financial institutions;
- o insurance companies;
- o dealers in securities or foreign currencies;
- o persons holding LYONs as part of a "straddle," "hedge," "conversion" or other integrated transaction;
- o United States Holders (as defined below) whose functional currency is not the U.S. dollar;
- o certain former citizens or residents of the United States;
- o partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- o persons subject to the alternative minimum tax.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and existing and proposed Treasury regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein, possibly with retroactive effect.

Prospective purchasers of LYONs should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as the tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Classification of the LYONs

We are treating the LYONs as indebtedness of LabCorp that is subject to the Treasury regulations governing contingent payment debt instruments (the "contingent debt regulations"). Pursuant to the terms of the indenture, we and every holder agree (in the absence of an administrative pronouncement or judicial ruling to the contrary) to treat the LYONs as debt instruments that are subject to the contingent debt regulations and to be bound by our application of the contingent debt regulations to the LYONs, including generally our determination of the rate at which interest will be deemed to accrue on the LYONs (and the related "projected payment schedule" determined by us as described below) for U.S. federal income tax purposes.

However, the proper application of the contingent debt regulations to the LYONs is uncertain in a number of respects, and no assurance can be given that the Internal Revenue Service ("IRS") will not assert that the LYONs should be treated differently. A different treatment from that described below could affect the amount, timing, source and character of income, gain or loss with respect to an investment in the LYONs. In particular, it might be determined that a holder should not accrue interest income in excess of the initial yield to maturity, should not recognize income or gain upon the conversion of a LYON and should recognize capital gain or loss upon a taxable disposition of a LYON. Accordingly, holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the LYONs (including alternative characterizations of the LYONs) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

The remainder of this discussion assumes that the LYONs are treated as indebtedness subject to the contingent debt regulations.

Tax Consequences to United States Holders

As used herein, the term "United States Holder" means a beneficial owner of a LYON that is for U.S. federal income tax purposes:

- o a citizen or resident of the United States;
- o a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- o an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Interest Accruals on the LYONS

Under the contingent debt regulations, a United States Holder, regardless of its method of accounting for U.S. federal income tax purposes, is required to accrue interest income on the LYONS on a constant yield basis at an assumed yield (the "comparable yield") determined on September 11, 2001, subject to certain adjustments as described below. The comparable yield is based on the yield at which we could issue a non-convertible, fixed-rate debt instrument with no contingent payments, but with terms similar to those of the LYONS. We have determined the comparable yield to be 8.68% compounded semi-annually, which is higher than the initial yield to maturity of the LYONS. Accordingly, in each year, United States Holders are required to include in income an amount of interest in excess of accruals based on the initial yield to maturity of the LYONS and in excess of any contingent cash interest payments actually received in that year.

Solely for purposes of determining the amount of interest income that a United States Holder is required to accrue, we are required to construct a "projected payment schedule" in respect of the LYONS representing a series of payments the amount and timing of which would produce a yield to maturity on the LYONS equal to the comparable yield. The projected payment schedule for the LYONS includes estimates for payments of contingent interest and an estimate for a payment at maturity taking into account the conversion feature. United States Holders may obtain the projected payment schedule by submitting a request for it to us at: 358 South Main Street, Burlington, North Carolina 27215. Attention: Bradford T. Smith, Executive Vice President, Chief Legal Counsel and Secretary.

Neither the comparable yield nor the projected payment schedule constitutes a representation by us regarding the actual amounts that the LYONS will pay, or the value at any time of the common stock into which the LYONS may be converted.

Based on the comparable yield and the issue price of the LYONS, a United States Holder of a LYON (regardless of its accounting method) is required to accrue as interest the sum of the daily portions of interest on the LYON for each day in the taxable year on which the holder holds the LYON, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the LYON (as described below).

The daily portions of interest in respect of a LYON are determined by allocating to each day in an accrual period the ratable portion of interest on the LYON that accrues in the accrual period. The amount of interest on a LYON that accrues in an accrual period is the product of the comparable yield on the LYON (adjusted to reflect the length of the accrual period) and the adjusted issue price of the LYON. The adjusted issue price of a LYON at the beginning of the first accrual period equals its issue price. For any accrual periods thereafter, the adjusted issue price will equal (x) the sum of the issue price of such LYON and any interest previously accrued thereon by a holder (disregarding any positive or negative adjustments, both as defined below) minus (y) the amount of any projected payments on the LYONS for previous accrual periods.

In addition to the interest accrual discussed above, a United States Holder is required to recognize interest income equal to the amount of the excess of actual payments over projected payments (a "positive adjustment") in respect of a LYON for a taxable year. For this purpose, the payments in a taxable year include the fair market value of property received (including, as discussed below, common stock received upon conversion or repurchase of a LYON) in that year. If a United States Holder receives actual payments that are less than the projected payments in respect of a LYON for a taxable year, the United States Holder will incur a "negative adjustment" equal to the amount of the difference. This negative adjustment will (i) first reduce the amount of interest in respect of the LYON that a United States Holder would otherwise be required to include in the taxable year and (ii) to the extent of any excess, will give rise to an ordinary loss equal to that portion of such excess as does not exceed the excess of (x) the amount of all previous inclusions under the

LYON over (y) the total amount of the United States Holder's negative adjustments treated as ordinary loss on the LYON in prior taxable years. A negative adjustment is not subject to the two percent floor limitation imposed on miscellaneous deductions under Section 67 of the Code. Any negative adjustment in excess of the amounts described in (i) and (ii) will be carried forward to offset future interest income in respect of the LYONS or to reduce the amount realized on a sale, exchange, conversion or retirement of the LYONS.

A United States Holder that purchases LYONS for more or less than the adjusted issue price of the LYONS on the acquisition date must, upon acquiring the debt instrument, reasonably allocate the difference between the Holder's tax basis and the adjusted issue price to daily portions of interest or projected payments over the remaining term of the LYONS. United States Holders should consult their tax advisors regarding these allocations.

If a United States Holder's basis is greater than the adjusted issue price, the amount of the difference allocated to a daily portion of interest or to a projected payment is treated as a negative adjustment on the date the daily portion accrues or the payment is made. On the date of the adjustment, the Holder's adjusted basis in the debt instrument is reduced by the amount the Holder treats as a negative adjustment.

If a United States Holder's basis is less than the adjusted issue price, the amount of the difference allocated to a daily portion of interest or to a projected payment is treated as a positive adjustment on the date the daily portion accrues or the payment is made. On the date of the adjustment, the Holder's adjusted basis in the debt instrument is increased by the amount the Holder treats as a positive adjustment.

Sale, Exchange, Conversion or Retirement of the LYONS

Upon a sale, exchange or retirement of a LYON for cash, a United States Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and such holder's adjusted tax basis in the LYON. A holder's adjusted tax basis in a LYON will generally be equal to the holder's original purchase price for the LYON, increased by any interest income previously accrued by the United States Holder (determined without regard to any adjustments to interest accruals described above) and decreased by the amount of any projected payments on the LYON for previous accrual periods. A United States Holder generally will treat any gain as interest income and any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total negative adjustments previously taken into account as ordinary loss, and the balance as capital loss. The deductibility of capital losses is subject to limitations.

In addition, as described above, our calculation of the comparable yield and the projected payment schedule for the LYONS includes the receipt of stock upon conversion of a LYON as a contingent payment in respect of the LYON. Accordingly, we intend to treat the receipt of common stock upon conversion of a LYON as a contingent payment. As described above, holder's are generally bound by our determination of the comparable yield and the projected payment schedule. Under this treatment, a conversion of a LYON into common stock, or a repurchase where we elect to pay in common stock, will also result in taxable gain or loss to the United States Holder under the rules described in the previous paragraph. For this purpose, the amount realized by a United States Holder will equal the fair market value of the common stock received upon conversion or repurchase, plus any cash received.

A United States Holder's tax basis in common stock received upon a conversion of a LYON or upon the holder's exercise of a repurchase option that we elect to satisfy in common stock will equal the then current fair market value of such common stock. The United States Holder's holding period for the common stock received will commence on the day immediately following the date of conversion or repurchase.

Constructive Dividends

If at any time we make a distribution of property to our stockholders that would be taxable to stockholders as a dividend for U.S. federal income tax purposes and, in accordance with the anti-dilution provisions of the LYONS, the conversion rate of the LYONS is increased, such increase may be deemed to be the payment of a taxable dividend to the United States Holders of the LYONS to the extent of our current or accumulated earnings and profits. For example, an increase in the conversion rate in the event of distributions of our evidences of indebtedness or our assets will generally result in deemed dividend treatment to United States Holders of the LYONS. In general, an increase in the conversion rate in the event of stock dividends or distributions of rights to subscribe for common stock will not be a taxable dividend.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the LYONS and the proceeds from a sale or other disposition of the LYONS. A United States Holder may be subject to U.S. backup withholding tax at the rates specified in the Code on these payments if it fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the IRS.

Tax Consequences to Non-United States Holders

As used herein, the term "Non-United States Holder" means a beneficial owner of a LYON that is, for U.S. federal income tax purposes:

- o an individual who is classified as a nonresident for U.S. federal income tax purposes;
- o a foreign corporation; or
- o a nonresident alien fiduciary of a foreign estate or trust.

LYONS

We are treating payments of contingent interest made to a Non-United States Holder (other than (i) the receipt of common stock upon conversion or repurchase of a LYON and (ii) any payment of contingent cash interest made in any period where such payment is based on the average market price of the LYON) as subject to U.S. federal withholding tax. Therefore, Non-United States Holders are subject to withholding on such payments of contingent interest at a rate of 30%, subject to reduction by an applicable treaty or upon the receipt of a Form W-8ECI from a Non-United States Holder claiming that the payments are effectively connected with the conduct of a U.S. trade or business. A Non-United States Holder that is subject to withholding tax should consult its own tax advisors as to whether it can obtain a refund for all or a portion of the withholding tax.

Assuming that the common stock and the LYONS continue to be actively traded, all other payments on the LYONS made to a Non-United States Holder, including a payment in our common stock pursuant to a conversion or repurchase, and any gain realized on a sale or exchange of the LYONS (other than gain attributable to accrued contingent interest payments), will be exempt from U.S. federal income or withholding tax, provided that: (i) the Non-United States Holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of our stock entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership and is not a bank receiving certain types of interest, (ii) the certification requirement described below has been fulfilled with respect to the Non-United States Holder and (iii) such payments and gain are not effectively connected with the conduct by such Non-United States Holder of a trade or business in the United States. However, if a Non-United States Holder were deemed to have received a constructive dividend (see "Tax Consequences to United States Holders--Constructive Dividends" above), the Non-United States holder will generally be subject to U.S. withholding tax at a 30% rate, subject to a reduction by an applicable treaty, on the taxable amount of such dividend.

The certification requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of a LYON certifies on IRS Form W-8BEN, under penalties of perjury, that it is not a U.S. person and provides its name and address.

If a Non-United States Holder of a LYON is engaged in a trade or business in the United States, and if payments on the LYON are effectively connected with the conduct of this trade or business, the Non-United States Holder, although exempt from the withholding tax discussed above, will generally be taxed in the same manner as a United States Holder (see "Tax Consequences to United States Holders" above), except that the Non-United States Holder will be required to provide to us or our paying agent a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax. These holders should consult their own tax advisors with respect to other U.S. tax consequences of the ownership and disposition of LYONS including the possible imposition of a 30% branch profits tax.

Common Stock

Dividends paid to a Non-United States Holder of our common stock generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding, a Non-United States Holder will be required to provide an IRS Form W-8BEN certifying its entitlement to benefits under a treaty. In addition, where dividends are paid to a Non-United States Holder that is a partnership or other pass-through entity, persons holding an interest in the entity may need to provide the certification.

The withholding tax does not apply to dividends paid to a Non-United States Holder who provides a Form W-8ECI, certifying that the dividends are effectively connected with the Non-United States Holder's conduct of a trade or business within the United States. Instead, the effectively connected dividends will be subject to regular U.S. income tax as if the Non-United States Holder were a U.S. resident. A non-U.S. corporation receiving effectively connected dividends may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) on an earnings amount that is net of the regular tax.

A Non-United States Holder generally will not be subject to U.S. federal income tax on gain realized on a sale or other disposition of our common stock unless:

- o the gain is effectively connected with a trade or business of the Non-United States Holder in the United States,
- o in the case of a Non-United States Holder who is a non-resident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or
- o we are or have been a U.S. real property holding corporation at any time within the five-year period preceding the disposition or the Non-United States Holder's holding period, whichever period is shorter.

We believe that we are not, and do not anticipate becoming, a U.S. real property holding corporation for United States federal income tax purposes.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the LYONS or our common stock and the proceeds from their sale or other disposition. A Non-United States Holder may be subject to U.S. backup withholding tax on these payments unless the Non-United States Holder complies with certification procedures to establish that it is not a U.S. person. The amount of any backup withholding from a payment to the Non-United States Holder will be allowed as a credit against the Non-United States Holder's U.S. federal income tax liability and may entitle the Non-United States Holder to a refund, provided that the required information is furnished to the IRS.

SELLING SECURITYHOLDERS

The LYONs were originally issued to, and resold by, Merrill Lynch in transactions exempt from the registration requirements of the Securities Act to persons reasonably believed by Merrill Lynch to be "qualified institutional buyers" as defined in Rule 144A of the Securities Act. The selling securityholders may from time to time offer and sell pursuant to this prospectus any or all of the LYONs listed below and shares of common stock issued upon conversion or purchase of such LYONs. When we refer to the "selling securityholders" in this prospectus, we mean those persons listed in the table below, as well as the pledgees, donees, assignees, transferees, successors and others who later hold any of the selling securityholders' interests.

We are filing this registration statement pursuant to a registration rights agreement that we entered into with Merrill Lynch whereby we agreed, at our expense, and for the benefit of the holders of the LYONs, to file a shelf registration statement covering resale of the LYONs and the shares of common stock issuable upon conversion or purchase of the LYONs within 90 days after September 11, 2001 and to cause the registration statement to become effective within 180 days after September 11, 2001. We are also generally required to keep the registration statement effective until September 11, 2003, subject to certain black-out periods upon certain corporate events.

The table below sets forth the name of each selling securityholder, the aggregate principal amount at maturity of LYONs held by each selling securityholder and the number of shares of common stock into which such LYONs are convertible, each of which may be offered pursuant to this prospectus. Unless set forth below, none of the selling securityholders has, or within the past three years has had, any material relationship with us or any of our predecessors or affiliates.

We have prepared the table below based on information given to us by the selling securityholders on or prior to October 18, 2001. However, any or all of the LYONs or shares of common stock listed below may be offered for sale pursuant to this prospectus by the selling securityholders from time to time. Accordingly, no estimate can be given as to the amounts of LYONs or shares of common stock that will be held by the selling securityholders upon consummation of any such sales. In addition, the selling securityholders listed in the table below may have acquired, sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of their LYONs since the date as of which the information in the table is presented.

Information about the selling securityholders may change over time. Any changed information will be set forth in prospectus supplements.

| Name | Aggregate Principal Amount at Maturity of LYONs Owned and that May be Sold | Percentage of LYONs Outstanding Prior to the Offering | Number of Shares of Common Stock Owned and that May be Sold(1) | Percentage of Common Stock Outstanding Prior to the Offering(2) |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------|
| Black Diamond Capital I, Ltd. | \$ 524,000 | * | 3,513 | * |
| Black Diamond Offshore Ltd. | 1,873,000 | * | 12,559 | * |
| Double Black Diamond Offshore LDC | 9,647,000 | 1.30% | 64,686 | * |
| First Union Securities Inc. | 19,850,000 | 2.67% | 133,102 | * |
| Lincoln National Convertible Securities Fund | 2,500,000 | * | 16,763 | * |
| MLQA Convertible Securities Arbitrage Ltd. | 25,000,000 | 3.36% | 167,635 | * |
| Susquehanna Capital Group | 21,000,000 | 2.82% | 140,813 | * |
| UBS AG London Branch | 30,500,000 | 4.10% | 204,514 | * |
| Worldwide Transactions Ltd. | 456,000 | * | 3,057 | * |
| All Other Holders of LYONs or Future Transferees, Pledgees, Donees, Assignees or Successors of any such Holders(3)(4) | \$ 632,650,000 | 85.03% | 4,242,171 | 6.04% |

| Name | Aggregate Principal Amount at Maturity of LYONs Owned and that May be Sold | Percentage of LYONs Outstanding Prior to the Offering | Number of Shares of Common Stock Owned and that May be Sold(1) | Percentage of Common Stock Outstanding Prior to the Offering(2) |
|-----------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Total (5) | \$ 744,000,000 | 100% | 4,988,817 | 7.10% |

* Less than 1%.

- (1) Assumes conversion of all of the holder's LYONs at a conversion rate of 6.7054 shares of common stock per \$1,000 principal amount at maturity of the LYONs. This conversion rate is subject to adjustment, however, as described under "Description of LYONs--Conversion Rights--Conversion Adjustments and Delivery of Common Stock." As a result, the number of shares of common stock issuable upon conversion of the LYONs may increase or decrease in the future.
- (2) Calculated based on Rule 13d-3(d)(1)(i) of the Exchange Act using 70,242,018 shares of common stock outstanding as of October 16, 2001. In calculating this amount for each holder, we treated as outstanding the number of shares of common stock issuable upon conversion of all of that holder's LYONs, but we did not assume conversion of any other holder's LYONs.
- (3) Information about other selling securityholders will be set forth in prospectus supplements, as required.
- (4) Assumes that any other holders of LYONs, or any future pledgees, donees, assignees, transferees or successors of or from any such other holders of LYONs, do not beneficially own any shares of common stock other than the shares of common stock issuable upon conversion of the LYONs at the initial conversion rate.
- (5) Total number of shares of common stock that may be sold and the related percentage of common stock outstanding assumes the conversion in full of all LYONs outstanding. However, as described under "Description of LYONs--Conversion Rights", a holder of a LYON otherwise entitled to a fractional share of our common stock will receive cash equal to the then current sale price of the fractional share.

PLAN OF DISTRIBUTION

We are registering the LYONs and the underlying shares of common stock covered by this prospectus to permit holders to conduct public secondary trading of these securities from time to time after the date of this prospectus. We have agreed, among other things, to bear all expenses, other than underwriting discounts and selling commissions, in connection with the registration and sale of the LYONs and shares of common stock covered by this prospectus.

We will not receive any of the proceeds from the resale of the LYONs by the selling securityholders or any common stock issuable upon conversion or purchase of the LYONs. We have been advised by the selling securityholders that the selling securityholders may sell all or a portion of the LYONs and the underlying shares of common stock beneficially owned by them and offered hereby from time to time:

- o directly; or
- o through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or concessions from the selling securityholders or from the purchasers of the LYONs and shares of common stock for whom they may act as agent.

The LYONs and the underlying shares of common stock may be sold from time to time in one or more transactions at:

- o fixed prices, which may be changed;
- o prevailing market prices at the time of sale;
- o varying prices determined at the time of sale; or
- o negotiated prices.

These prices will be determined by the holders of the securities or by agreement between these holders and underwriters or dealers who may receive fees or commissions in connection with the sale. The aggregate proceeds to the selling securityholders from the sale of the LYONs or the underlying shares of common stock offered by them hereby will be the purchase price of the LYONs or the underlying shares of common stock less discounts and commissions, if any.

The sales described in the preceding paragraph may be effected in transactions:

- o on any national securities exchange or quotation service on which the LYONs and shares of common stock may be listed or quoted at the time of sale, including the New York Stock Exchange in the case of shares of common stock;
- o in the over-the-counter market;
- o in transactions otherwise than on such exchanges or services or in the over-the-counter market; or
- o through the writing of options.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade.

In connection with sales of the LYONs and the underlying shares of common stock, the selling securityholders may enter into hedging transactions with broker-dealers. These broker-dealers may in turn engage in short sales of the LYONs and the underlying shares of common stock in the course of hedging their positions. The selling securityholders may also sell the LYONs and the underlying shares of common stock short and deliver such LYONs and shares of common stock to close out short positions, or loan or pledge the LYONs and shares of common stock to broker-dealers that in turn may sell the LYONs and shares of common stock.

To our knowledge, there are currently no plans, arrangements or understandings between any selling securityholders and any underwriter, broker-dealer or agent regarding the sale of the LYONs and the underlying shares of common stock by the selling securityholders. Selling securityholders may not sell any, or may not sell all, of the LYONs and the underlying shares of common stock offered by them pursuant to this prospectus. In addition, we cannot assure you that the selling securityholder will not transfer, devise or gift the LYONs and the underlying shares of common stock by other means not described in this prospectus. In addition, any securities covered by this prospectus that qualify for sale pursuant to Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus.

Our outstanding shares of common stock are listed for trading on the New York Stock Exchange under the symbol "LH".

The selling securityholders and any broker-dealers, agents or underwriters that participate with the selling securityholders in the distribution of the LYONs or the underlying shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act. In this case, any commissions received by these broker-dealers, agents or underwriters and any profit on the resale of the LYONs or the underlying shares of common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. In addition, any profits realized by the selling securityholders may be deemed to be underwriting commissions.

The LYONs were issued and sold in transactions exempt from the registration requirements of the Securities Act to persons reasonably believed by Merrill Lynch to be "qualified institutional buyers", as defined in Rule 144A of the Securities Act. We have agreed to indemnify Merrill Lynch and each selling securityholder, and each selling securityholder has agreed to indemnify us, Merrill Lynch and each other selling securityholder against specified liabilities arising under the Securities Act.

The selling securityholders and any other person participating in such distribution will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of the purchases and sales of any of the LYONs and the underlying shares of common stock by the selling securityholders and any such other person. In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the LYONs and the underlying shares of common stock to engage in market-making activities with respect to the particular LYONs and the underlying shares of common stock being distributed for a period of up to five business days prior to the commencement of the distribution. This may affect the marketability of the LYONs and the underlying shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the LYONs and the underlying shares of common stock.

We will use our reasonable efforts to keep the registration statement to which this prospectus relates effective until the earlier of:

- o the sale, pursuant to the registration statement to which this prospectus relates, of all the securities registered thereunder; and
- o the expiration of the holding period applicable to such securities held by persons that are not our affiliates under Rule 144(k) of the Securities Act or any successor provision.

Our obligation to keep the registration statement to which this prospectus relates effective is subject to specified, permitted exceptions. In these cases, we may prohibit offers and sales of the LYONs and the underlying shares of common stock pursuant to the registration statement to which this prospectus relates.

LEGAL MATTERS

Certain legal matters regarding the LYONs and the shares of common stock issuable upon conversion or purchase of the LYONs are being passed upon for us by Davis Polk & Wardwell, New York, New York.

EXPERTS

The consolidated financial statements and financial statement schedule incorporated in this registration statement on Form S-3 by reference to the Annual Report on Form 10-K of Laboratory Corporation of America Holdings as of December 31, 2000 and December 31, 1999 and for each of the three years in the period ended December 31, 2000 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy this information at the following locations of the SEC:

| | | |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Public Reference Room 450 Fifth Street, N.W. Room 1024 Washington, D.C. 20549 | Northeast Regional Office 233 Broadway New York, NY 10279 | Midwest Regional Office 500 West Madison Street Suite 1400 Chicago, IL 60661 |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------|

You may obtain information on the operation of the Public Reference Room and the above regional offices by calling the SEC at 1-800-SEC-0330. You may also obtain copies of the information by mail from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, DC 20549, at prescribed rates.

The SEC also maintains a website that contains reports, proxy statements and other information about issuers, like LabCorp, who file electronically with the SEC. The address of the site is www.sec.gov.

You can also inspect reports, proxy statements and other information about LabCorp at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

We are "incorporating by reference" into this prospectus certain information we file with the SEC, which means that we are disclosing important information to you by referring you to those documents. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus or in subsequently filed documents incorporated by reference in this prospectus. This prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us.

| LabCorp SEC Filings (File No. 1-11353) | Period |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Annual Report on Form 10-K..... | Fiscal year ended December 31, 2000 |
| Quarterly Report on Form 10-Q..... | Quarter ended March 31, 2001 |
| Quarterly Report on Form 10-Q..... | Quarter ended June 30, 2001 |
| Current Report on Form 8-K..... | Filed February 14, 2001 containing the press release regarding results for the quarter and year ended December 31, 2000 |
| Current Report on Form 8-K..... | Filed March 26, 2001 |
| Current Report on Form 8-K..... | Filed April 23, 2001 containing the press release regarding results for the quarter ended March 31, 2001 |
| Current Report on Form 8-K..... | Filed May 1, 2001 |
| Current Report on Form 8-K..... | Filed May 11, 2001 |
| Current Report on Form 8-K..... | Filed June 4, 2001 |
| Current Report on Form 8-K..... | Filed June 12, 2001 containing the amended and restated certificate of incorporation |
| Current Report on Form 8-K..... | Filed July 11, 2001 |

Current Report on Form 8-K..... Filed July 23, 2001 containing the
press release regarding results for
the quarter ended June 30, 2001
Current Report on Form 8-K..... Filed September 4, 2001
Current Report on Form 8-K..... Filed September 5, 2001
Current Reports on Form 8-K..... Filed September 6, 2001 and each
containing the press release
regarding the private placement of
the LYONs
Current Report on Form 8-K..... Filed September 19, 2001
Current Report on Form 8-K..... Filed September 21, 2001
Registration Statement on Form 8-B, as
amended on April 27, 1995..... Filed July 1, 1994
The information required by Part III,
Items 10 through 13, of Form 10-K is
incorporated by reference to our
definitive proxy statement for our
2000 annual meeting of stockholders.... Filed May 24, 2001

All documents we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus to the end of the offering of the LYONs and common stock under this prospectus shall also be deemed to be incorporated herein by reference and will automatically update information in this prospectus.

You may request a copy of these filings at no cost by writing or calling LabCorp at the following address or telephone number:

Laboratory Corporation of America Holdings
358 South Main Street
Burlington, NC 27215
Tel. (336) 229-1127
Attn: Bradford T. Smith

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this document.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

We are paying all of the selling securityholders' expenses related to this offering, except that the selling securityholders will pay any applicable broker's commissions and expenses. The following table sets forth the approximate amount of fees and expenses payable by us in connection with this registration statement and the distribution of the LYONs and the underlying shares of common stock registered hereby. Except for the SEC registration fee, all of these fees and expenses have been estimated.

| | Amount to be Paid |
|-----------------------------------|----------------------|
| SEC registration fee..... | \$136,130 |
| Legal fees and expenses..... | 150,000 |
| Accounting fees and expenses..... | 10,000 |
| Miscellaneous..... | 3,870 |
| | ----- |
| TOTAL..... | \$300,000 |
| | ===== |

Item 15. Indemnification of Directors and Officers

As authorized by Section 145 of the General Corporation Law of the State of Delaware ("Delaware Corporation Law"), each of our directors and officers may be indemnified by us against expenses (including attorney's fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred in connection with the defense or settlement of any threatened, pending or completed legal proceedings in which he or she is involved by reason of the fact that he or she is or was our director or officer; provided that he or she acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interest of LabCorp; and, with respect to any criminal action or proceeding, that he or she had no reasonable cause to believe that his/her conduct was unlawful. If the legal proceeding, however, is by or in the right of LabCorp, the director or officer may not be indemnified in respect of any claim, issue, or matter as to which he or she shall have been adjudged to be liable for negligence or misconduct in the performance of his/her duty to us unless a court determines otherwise.

Article FIFTH (4) of our Amended and Restated Certificate of Incorporation provides that no director shall be personally liable to us or our stockholders for monetary damages for any breach of his or her fiduciary duty as director; provided, however, that such clause shall not apply to any liability of a director (i) for any breach of such director's duty of loyalty to LabCorp or our stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. In addition, the provisions of Article VII of our By-laws provide that it shall indemnify persons entitled to be indemnified to the fullest extent permitted by the Delaware Corporation Law.

We maintain policies of officers' and directors' liability insurance in respect of acts or omissions of (i) our current and former officers and directors, (ii) our subsidiaries and (iii) "constituent" companies that have been merged with LabCorp.

Item 16. Exhibits and Financial Statement Schedules

(a) The following exhibits are filed as part of this registration statement:

| Exhibit No. | Document |
|-------------|--------------------------------------------------------------------------------------------------------------------------------|
| 3.1 | Amended and Restated Certificate of Incorporation of LabCorp dated as of May 24, 2001. |
| 3.2 | By-Laws of LabCorp dated as of April 28, 1995 (incorporated by reference to Form 8-K filed on May 12, 1995). |
| 4.1 | Indenture dated as of September 11, 2001 between us and The Bank of New York, as trustee. |
| 4.2 | Registration Rights Agreement dated as of September 11, 2001 between us and Merrill Lynch, Pierce Fenner & Smith Incorporated. |
| 4.3 | Form of Liquid Yield Option(TM)Notes due 2021 (included in Exhibit 4.1). |
| 5.1 | Opinion of Davis Polk & Wardwell. |
| 8.1 | Opinion regarding tax matters (included in Exhibit 5.1). |
| 12.1 | Statement regarding computation of Ratio of Earnings to Fixed Charges. |
| 23.1 | Consent of PricewaterhouseCoopers LLP. |
| 23.2 | Consent of Davis Polk & Wardwell (included in Exhibit 5.1). |
| 24.1 | Power of Attorney (included on the signature page of this registration statement). |
| 25.1 | Form T-1 Statement of Eligibility of The Bank of New York pursuant to the Trust Indenture Act of 1939 relating to Exhibit 4.1. |

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of securities registered hereby, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

provided, however, that paragraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby understands that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Burlington, State of North Carolina, on October 19, 2001.

LABORATORY CORPORATION OF AMERICA HOLDINGS

By: /s/ Bradford T. Smith

Name: Bradford T. Smith
Title: Executive Vice President, Chief
Legal Counsel and Secretary

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Bradford T. Smith and Wesley R. Elingburg, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on October 19, 2001.

Signature

Title

/s/ Thomas P. MacMahon

Chairman of the Board, President,
Chief Executive Officer and Director

Thomas P. Mac Mahon

/s/ Bradford T. Smith

Executive Vice President,
Chief Legal Counsel and Secretary

Bradford T. Smith

/s/ Wesley R. Elingburg

Executive Vice President,
Chief Financial Officer and Treasurer

Wesley R. Elingburg

/s/ Jean-Luc Belingard

Director

Jean-Luc Belingard

/s/ Wendy E. Lane

Director

Wendy E. Lane

Signature

Title

/s/ Robert E. Mittelstaedt, Jr.

Director

Robert E. Mittelstaedt, Jr.

/s/ James B. Powell

Director

James B. Powell

/s/ David B. Skinner

Director

David B. Skinner

/s/ Andrew G. Wallace

Director

Andrew G. Wallace

EXHIBIT INDEX

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AMENDED AND RESTATED CERTIFICATE
OF INCORPORATION
LABORATORY CORPORATION OF AMERICA HOLDINGS
Pursuant to Sections 242 and 245 of the General
Corporation Law of the State of Delaware

* * * * *

The undersigned Thomas P. Mac Mahon and Bradford T. Smith, of Laboratory Corporation of America Holdings (the "Corporation"), do hereby certify as follows:

1. (a) The present name of the Corporation is Laboratory Corporation of America Holdings.

(b) The name under which the Corporation was originally incorporated is National Health Laboratories Holdings Inc.; and the date of filing the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is March 8, 1994.

2. The Certificate of Incorporation of the Corporation is hereby amended by striking out Article FOURTH thereof and by substituting in lieu thereof new Article FOURTH which is set forth in the Restated Certificate of Incorporation hereinafter provided for.

3. The provisions of the Certificate of Incorporation of the Corporation as heretofore amended and/or supplemented, are hereby restated and integrated into the single instrument which is hereinafter set forth, and which is entitled Restated Certificate of Incorporation of Laboratory Corporation of America Holdings, without further amendment other than the amendment herein certified and without any discrepancy between the provisions of the Certificate of Incorporation as heretofore amended and supplemented and the provisions of the said single instrument hereinafter set forth.

4. The amendment and the restatement of the Restated Certificate of Incorporation herein certified have been duly adopted by the stockholders in accordance with the provisions of Section 242 and Section 245 of the General Corporation Law of the State of Delaware in the form set forth as follows:

RESTATED CERTIFICATE OF INCORPORATION
OF
LABORATORY CORPORATION OF AMERICA HOLDINGS

FIRST: The name of the Corporation is Laboratory Corporation of America Holdings (hereinafter the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "GCL").

FOURTH: The total number of shares of stock which the Corporation has authority to issue is two hundred and ninety-five million shares (295,000,000) shares of which two hundred and sixty-five million (265,000,000) will be shares of Common Stock, each having a par value of \$0.10, and thirty million (30,000,000) will be shares of Preferred Stock, each having a par value of \$0.10.

The Board of Directors is expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series and as may be permitted by the GCL, including without limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative at such rates, on such conditions, and at such times, and payable in preference to or in such relation to, the dividends payable on any other class or classes or to any other series); (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates

of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(1) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors,

(2) The directors shall have concurrent power with the stockholders to make, alter, amend, change, add to or repeal the By-Laws of the Corporation.

(3) The number of directors of the corporation shall be as from time to time fixed by, or in the manner provided in, the By-Laws of the Corporation. Election of directors need not be by written ballot unless the By-Laws so provide.

(4) No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article SIXTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

(5) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

SIXTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

SEVENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by Thomas P. Mac Mahon, President, Chief Executive Officer and Director, and Bradford T. Smith, Secretary and Executive Vice President, on this 24th day of May, 2001.

LABORATORY CORPORATION OF AMERICA HOLDINGS

By: /s/Thomas P. MacMahon

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

By:/s/Bradford T. Smith

Bradford T. Smith
Secretary and Executive Vice
President

LABORATORY CORPORATION OF AMERICA HOLDINGS

Liquid Yield Option(TM) Notes
 due 2021
 (Zero Coupon - Subordinated)

 INDENTURE

Dated as of September 11, 2001

THE BANK OF NEW YORK
 TRUSTEE

(TM)Merrill Lynch & Co., Inc.

CROSS REFERENCE TABLE*

| TIA Section..... | Indenture Section |
|-------------------|-------------------|
| 310(a)(1)..... | 7.10 |
| (a)(2)..... | N.A. |
| (a)(3)..... | N.A. |
| (a)(4)..... | N.A. |
| (b)..... | 7.10 |
| (c)..... | N.A. |
| 311(a)..... | 7.11 |
| (b)..... | 7.11 |
| (c)..... | N.A. |
| 312(a)..... | N.A. |
| (b)..... | 15.03 |
| (c)..... | 15.03 |
| 313(a)..... | 7.06 |
| (b)..... | 7.06 |
| (c)..... | N.A. |
| (d)..... | 7.06 |
| 314(a)..... | 4.02 |
| (b)..... | N.A. |
| (c)..... | N.A. |
| (d)..... | N.A. |
| (e)..... | N.A. |
| (f)..... | N.A. |
| 315(a)..... | 7.01 |
| (b)..... | 7.05 |
| (c)..... | N.A. |
| (d)..... | 7.01 |
| (e)..... | 6.11 |
| 316(a)(1)(A)..... | 6.05 |
| (a)(1)(B)..... | 6.04 |
| (a)(2)..... | N.A. |
| (b)..... | N.A. |

N.A. means Not Applicable.

 * Note: This Cross Reference Table shall not, for any purpose, be deemed to be part of the Indenture.

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INDENTURE dated as of September 11, 2001 between LABORATORY CORPORATION OF AMERICA HOLDINGS, a Delaware corporation ("Company"), and THE BANK OF NEW YORK, a New York banking corporation ("Trustee").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company's Liquid Yield Option(TM) Notes due 2021 (Zero Coupon - Subordinated) (each a "Security" and, collectively, the "Securities"):

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

"144A Global Security" means a permanent Global Security in the form of the Security attached hereto as Exhibit A-1, and that is deposited with and registered in the name of the Depositary, representing Securities sold in reliance on Rule 144A under the Securities Act.

"Accrued Original Issue Discount" of any Security represents the accrued portion of Original Issue Discount, including the accrued portion of CAP-OID.

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Security or beneficial interest therein, the rules and procedures of the Depositary for such Security, in each case to the extent applicable to such transaction and as in effect from time to time.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Business Day" means each day of the year other than a Saturday or a Sunday or other day on which banking institutions in The City of New York are required or authorized to close.

"Capital Stock" for any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"CAP-OID" means Original Issue Discount in respect of Contingent Additional Principal.

"Cash" or "cash" means such coin or currency of The United States of America as at any time of payment is legal tender for the payment of public and private debts.

"Common Stock" means the shares of Common Stock, \$0.10 par value, as it exists on the date of this Indenture of the Company or any other shares of Capital Stock of the Company into which the Common Stock shall be reclassified or changed.

"Company" means the party named as the "Company" in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any two Officers.

"Contingent Additional Principal" means such additional principal payable on the Securities, if any, as described in Section 14.01.

"Contingent Cash Interest" means such cash interest payable as described in Section 13.01.

"Corporate Trust Office" means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 101 Barclay Street, Floor 21 West, New York, New York 10286, Attention: Corporate Trust Administration, or such other address as the Trustee may designate from time to time by notice to the Company, or the principal corporate trust office of any successor Trustee (or such other address as a successor Trustee may designate from time to time by notice to the Company).

"Debt" means with respect to the Company at any date, without duplication, obligations (other than nonrecourse obligations) for borrowed money or evidenced by bonds, debentures, notes or similar instruments.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Exchange Act" means the Exchange Act of 1934, as amended from time to time.

"Global Securities" means Securities that are in the form of the Securities attached hereto as Exhibit A-1, and to the extent that such Securities are required to bear the Legend required by Section 2.06, such Securities will be in the form of a 144A Global Security.

"Holder" or "Securityholder" means a person in whose name a Security is registered on the Registrar's books.

"Indenture" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof, including the provisions of the TIA that are deemed to be a part hereof.

"Issue Date" of any Security means the date on which the Security was originally issued or deemed issued as set forth on the face of the Security.

"Issue Price" of any Security means, in connection with the original issuance of such Security, the initial issue price at which the Security is sold as set forth on the face of the Security.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate containing the information specified in Sections 15.04 and 15.05, signed in the name of the Company by any two Officers, and delivered to the Trustee. An Officers' Certificate given pursuant to Section 3.08 shall be signed by the principal executive financial or accounting Officer of the Company but need not contain the information specified in Sections 15.04 and 15.05.

"Opinion of Counsel" means a written opinion containing the information specified in Sections 15.04 and 15.05, from legal counsel who is acceptable to the Trustee. The counsel may be an employee of, or counsel to, the Company or the Trustee.

"Original Issue Discount" of any Security means the amount that accrues in respect of such Security daily at a rate of 2.0% per year on the Issue Price plus any previously accrued amounts beginning on the Issue Date, together with the amount that accrues on any accrued Contingent Additional Principal daily at such rate. Original Issue Discount will be calculated on a semi-annual bond equivalent basis, using a 360-day year comprised of twelve 30-day months.

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Principal Amount at Maturity" of a Security means the principal amount at maturity as set forth on the face of the Security.

"Redemption Date" or "redemption date" means the date specified for redemption of the Securities in accordance with the terms of the Securities and this Indenture.

"Redemption Price" or "redemption price" has the meaning set forth in paragraph 6 of the Securities.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who, in each case, shall have direct responsibility for the administration of this Indenture.

"Restricted Security" means a Security required to bear the restrictive Legend set forth in the form of Securities set forth in Exhibit A-1 of this Indenture.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" of Capital Stock on any date means the closing per share sale price (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the Capital Stock is traded or, if the Capital Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of such quotation, the Company shall be entitled to determine the Sale Price on the basis of such quotations as it considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities" means any of the Company's Liquid Yield Option(TM) Notes due 2021 (Zero Coupon-Subordinated), as amended or supplemented from time to time, issued under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Securityholder" or "Holder" means a person in whose name a Security is registered on the Registrar's books.

"Senior Indebtedness" means the principal, premium (if any) and unpaid interest on all present and future (i) indebtedness of the Company for borrowed money; (ii) obligations of the Company evidenced by bonds, debentures, notes or similar instruments; (iii) obligations of the Company under (a) interest rate swaps, caps, collars, options and similar arrangements, (b) any foreign exchange contract, currency swap contract, futures contract, currency option contract, or other foreign currency hedge and (c) credit swaps, caps, floors, collars and similar arrangements; (iv) indebtedness incurred, assumed or guaranteed by the Company in connection with the acquisition by it or a subsidiary of the Company of any business, properties or assets (except purchase-money indebtedness classified as accounts payable under U.S. generally accepted accounting principles); (v) all obligations and liabilities (contingent or otherwise) in respect of leases of the Company required, in conformity with U.S. generally accepted accounting principles, to be accounted for as capitalized lease obligations on the balance sheet of the Company and all obligations and liabilities (contingent or otherwise) under any lease or related document (including a purchase agreement) in connection with the lease or real property which provides that the Company is contractually obligated to purchase or cause a third party to purchase the leased property and thereby guarantee a minimum residual value of the leased property to the lessor and the obligations of the Company under such lease or related document to purchase or to cause a third party to purchase such leased property; (vi) reimbursement obligations of the Company in respect of letters of credit relating to indebtedness or other obligations of the Company that qualify as indebtedness or obligations of the kind referred to in clauses (i) through (v) above; and (vii) obligations of the Company under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of

others of the kinds referred to in clauses (i) through (vi) above, in each case unless in the instrument creating or evidencing the indebtedness or obligation or pursuant to which the same is outstanding it is provided that (x) such indebtedness or obligation is not senior in right of payment to the Securities or (y) such indebtedness or obligation is subordinated to any other indebtedness or obligation of the Company, unless such indebtedness or obligation expressly provides that such indebtedness or obligations be senior in right of payment to the Securities.

"Significant Subsidiary", has the meaning set forth in Rule 1-02 of Regulation S-X under the Securities Act.

"Special Record Date" means for the payment of any Defaulted Interest, the date fixed by the Trustee pursuant to Section 12.02.

"Stated Maturity", when used with respect to any Security, means the date specified in such Security as the fixed date on which an amount equal to the Principal Amount at Maturity and any Contingent Additional Principal (and CAP-01D) thereon, if any, of such Security is due and payable.

"Subsidiary" means (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by the Company, by one or more Subsidiaries of the Company or by the Company and one or more Subsidiaries of the Company, (ii) a partnership in which the Company or a Subsidiary of the Company holds a majority interest in the equity capital or profits of such partnership, or (iii) any other person (other than a corporation or a partnership) in which the Company, a Subsidiary of the Company or the Company and one or more Subsidiaries of the Company, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such person.

"TIA" means the Trust Indenture Act of 1939 as in effect on the date of this Indenture, provided, however, that in the event the TIA is amended after such date, TIA means, to the extent required by any such amendment, the TIA as so amended.

"trading day" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"Trustee" means the party named as the "Trustee" in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

Section 1.02 Other Definitions.

| Term | Defined in Section |
|----------------------------------------------|--------------------|
| ---- | ----- |
| "Adjusted Rate"..... | 14.01 |
| "Act"..... | 1.05(a) |
| "Agent Members"..... | 2.12(e) |
| "Associate"..... | 3.09(a) |
| "Average Sale Price"..... | 10.01 |
| "Bankruptcy Law"..... | 6.01 |
| "beneficial owner"..... | 3.09(a) |
| "Bid Solicitation Agent"..... | 2.03 |
| "Change in Control"..... | 3.09(a) |
| "Change in Control Purchase Date"..... | 3.09(a) |
| "Change in Control Purchase Notice"..... | 3.09(c) |
| "Change in Control Purchase Price"..... | 3.09(a) |
| "Common Stock Record Date"..... | 13.01 |
| "Company Notice"..... | 3.08(e) |
| "Company Notice Date"..... | 3.08(c) |
| "Contingent Cash Interest Payment Date"..... | 13.02 |
| "Contingent Cash Interest Record Date"..... | 13.02 |
| "Conversion Agent"..... | 2.03 |
| "Conversion Date"..... | 10.02 |
| "Conversion Rate"..... | 10.01 |
| "Custodian"..... | 6.01 |
| "Defaulted Interest"..... | 12.02 |
| "Depository"..... | 2.01(a) |
| "DTC"..... | 2.01(a) |
| "Event of Default"..... | 6.01 |
| "Ex-Dividend Date"..... | 10.08(b) |
| "Ex-Dividend Time"..... | 10.01 |
| "Extraordinary Cash Dividend"..... | 10.08(a) |
| "Five-Trading-Day Measurement Period"..... | 13.01 |
| "Institutional Accredited Investors"..... | 2.01(b) |
| "Legal Holiday"..... | 15.09 |
| "Legend"..... | 2.06(f) |
| "LYONs Market Price"..... | 13.01 |
| "Market Price"..... | 3.08(d) |
| "Measurement Period"..... | 10.08(a) |
| "Notice of Default"..... | 6.01 |
| "Paying Agent"..... | 2.03 |
| "Post-Distribution Price"..... | 10.08(b) |
| "Purchase Date"..... | 3.08(a) |
| "Purchase Notice"..... | 3.08(a) |
| "Purchase Price"..... | 3.08(a) |
| "QIBs"..... | 2.01(a) |
| "Rate Solicitation Agent"..... | 2.03 |
| "Registrar"..... | 2.03 |
| "Relevant Cash Dividends"..... | 10.08(a) |

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| "Relevant Value"..... | 13.01 |
| "Rights"..... | 10.19 |
| "Rights Agreement"..... | 10.19 |
| "Rule 144A Information"..... | 4.06 |
| "Subordinated Debt Rate"..... | 14.01 |
| "Stock Price Factor"..... | 14.01 |
| "Time of Determination"..... | 10.01 |

Section 1.03 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC.

"Indenture securities" means the Securities.

"Indenture security holder" means a Securityholder.

"Indenture to be qualified" means this Indenture.

"Indenture trustee" or "institutional trustee" means the Trustee.

"Obligor" on the indenture securities means the Company.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

Section 1.04 Rules of Construction. Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with United States generally accepted accounting principles as in effect from time to time;

(3) "or" is not exclusive;

(4) "including" means including, without limitation; and

(5) words in the singular include the plural, and words in the plural include the singular.

Section 1.05 Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein

otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to such officer the execution thereof. Where such execution is by a signer acting in a capacity other than such signer's individual capacity, such certificate or affidavit shall also constitute sufficient proof of such signer's authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner, which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the register maintained by the Registrar.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a resolution of the Board of Directors, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

ARTICLE 2
THE SECURITIES

Section 2.01 Form and Dating. The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibits A-1, which is a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage (provided that any such notation, legend or endorsement required by usage is in a form acceptable to the Company). The Company shall provide any such notations, legends or endorsements to the Trustee in writing. Each Security shall be dated the date of its authentication.

(a) 144A Global Securities. Securities offered and sold within the United States to "qualified institutional buyers" as defined in Rule 144A ("QIBs") in reliance on Rule 144A shall be issued, initially in the form of a 144A Global Security, which shall be deposited with the Trustee at its Corporate Trust Office, as custodian for the Depository and registered in the name of The Depository Trust Company ("DTC") or the nominee thereof (such depository, or any successor thereto, and any such nominee being hereinafter referred to as the "Depository"), duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate Principal Amount at Maturity of the 144A Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository as hereinafter provided.

(b) Certificated Securities. Except as provided in Section 2.12, owners of beneficial interests in Global Securities will not be entitled to receive physical delivery of Securities in definitive form.

(c) Global Securities in General. Each Global Security shall represent such of the outstanding Securities as shall be specified therein and each shall provide that it shall represent the aggregate Principal Amount at Maturity of outstanding Securities from time to time endorsed thereon and that the aggregate Principal Amount at Maturity of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, redemptions and conversions.

Any adjustment of the aggregate Principal Amount at Maturity of a Global Security to reflect the amount of any increase or decrease in the Principal Amount at Maturity of outstanding Securities represented thereby shall be made by the Trustee in accordance with instructions given by the Holder thereof as required by Section 2.12 hereof and shall be made on the records of the Trustee and the Depository.

(d) Book-Entry Provisions. This Section 2.01(d) shall apply only to Global Securities deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.01(d), authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository, (b) shall be delivered by the Trustee to the Depository or pursuant to the Depository's instructions and (c) shall bear legends substantially to the following effect:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS, IN WHOLE BUT NOT IN PART, TO NOMINEES OF THE DEPOSITORY TRUST COMPANY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ARTICLE TWO OF THE INDENTURE REFERRED TO ON THE REVERSE HEREOF."

Section 2.02 Execution and Authentication. The Securities shall be executed on behalf of the Company by any Officer. The signature of the Officer on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of an individual who was at the time of the execution of the Securities the proper Officer of the Company shall bind the Company, notwithstanding that such individual has ceased to hold such office prior to the authentication and delivery of such Securities or did not hold such office at the date of authentication of such Securities.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized Officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

The Trustee shall authenticate and deliver Securities for original issue in an aggregate Principal Amount at Maturity of up to \$650,000,000 (744,000,000 aggregate Principal Amount at Maturity, if the over-allotment option granted to the initial purchaser of the Securities is exercised in full) upon a Company Order without any further action by the Company. The aggregate Principal Amount at Maturity of Securities outstanding at any time may not exceed the amount set forth in the foregoing sentence, except as provided in Section 2.07.

The Securities shall be issued only in registered form without coupons and only in denominations of \$1,000 of Principal Amount at Maturity and any integral multiple thereof.

Section 2.03 Registrar, Paying Agent, Conversion Agent, Bid Solicitation Agent and Rate Solicitation Agent. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange ("Registrar"), an office or agency where Securities may be presented for purchase or payment ("Paying Agent") and an office or agency where Securities may be presented for conversion ("Conversion Agent"). The Company shall also appoint a bid solicitation agent (the "Bid Solicitation Agent") to act pursuant to Section 13.03 hereof and paragraph 3 of the Securities and a rate solicitation agent ("Rate Solicitation Agent") to act pursuant to Section 14.04 and paragraph 5.B of the Securities. The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars, one or more additional paying agents and one or more additional conversion agents. The term Paying Agent includes any additional paying agent, including any named pursuant to Section 4.05. The term Conversion Agent includes any additional conversion agent, including any named pursuant to Section 4.05.

The Company shall enter into an appropriate agency agreement with any Registrar or co-registrar, Paying Agent, Conversion Agent, Bid Solicitation Agent or Rate Solicitation Agent (other than the Trustee). The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent, Conversion Agent, Rate Solicitation Agent, or Bid Solicitation Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Company or any Subsidiary or an Affiliate of either of them may act as Paying Agent, Registrar, Conversion Agent or co-registrar. None of the Company or any Subsidiary or any Affiliate of any of them may act as Bid Solicitation Agent or Rate Solicitation Agent.

The Company initially appoints the Trustee as Registrar, Conversion Agent, Paying Agent, Rate Solicitation Agent and Bid Solicitation Agent in connection with the Securities.

Section 2.04 Paying Agent to Hold Money and Securities in Trust. Except as otherwise provided herein, not later than 10:00 a.m., New York City time, on each due date of payments in respect of any Security, the Company shall deposit with the Paying Agent a sum of money (in immediately available funds if deposited on the due date) or Common Stock sufficient to make such payments when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money and Common Stock held by the Paying Agent for the making of payments in respect of the Securities and shall notify the Trustee of any default by the Company in making any such payment. At any time during the continuance of any such default, the Paying Agent shall, upon the written request of the Trustee, forthwith pay to the Trustee all money and Common Stock so held in trust. If the Company, a Subsidiary or an Affiliate of either of them acts as Paying Agent, it shall segregate the money and Common Stock held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money and Common Stock held by it to the Trustee and to account for any funds and Common Stock disbursed by it. Upon doing so, the Paying Agent shall have no further liability for the money or Common Stock.

Section 2.05 Securityholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of

Securityholders. If the Trustee is not the Registrar, the Company shall cause to be furnished to the Trustee at least semi-annually on September 1 and March 1 a listing of Securityholders dated within 15 days of the date on which the list is furnished and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

Section 2.06 Transfer and Exchange. Subject to Section 2.12 hereof,

(a) Upon surrender for registration of transfer of any Security, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Securityholder or such Securityholder's attorney duly authorized in writing, at the office or agency of the Company designated as Registrar or co-registrar pursuant to Section 2.03, the Company shall execute, and the Trustee upon receipt of a Company Order shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denomination or denominations, of a like aggregate Principal Amount at Maturity. The Company shall not charge a service charge for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the registration of transfer or exchange of the Securities from the Securityholder requesting such registration of transfer or exchange.

At the option of the Holder, Certificated Securities may be exchanged for other Securities of any authorized denomination or denominations, of a like aggregate Principal Amount at Maturity, upon surrender of the Securities to be exchanged, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Securityholder or such Securityholder's attorney duly authorized in writing, at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee upon receipt of a Company Order shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities in respect of which a Purchase Notice or Change in Control Purchase Notice has been given and not withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Securities to be purchased in part, the portion thereof not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Security remains outstanding and is held by or on behalf of the Depository, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.12 and this Section 2.06(b). Transfers of a Global Security shall be limited to transfers of such Global Security in whole, or in part, to nominees of the Depository or to a successor of the Depository or such successor's nominee.

(c) Successive registrations and registrations of transfers and exchanges as aforesaid may be made from time to time as desired, and each such registration shall be noted on the register for the Securities.

(d) Any Registrar appointed pursuant to Section 2.03 hereof shall provide to the Trustee such information as the Trustee may reasonably require in connection with the delivery by such Registrar of Securities upon registration of transfer or exchange of Securities.

(e) No Registrar shall be required to make registrations of transfer or exchange of Securities during any periods designated in the text of the Securities or in this Indenture as periods during which such registration of transfers and exchanges need not be made.

(f) If Securities are issued upon the registration of transfer, exchange or replacement of Securities subject to restrictions on transfer and bearing the legends set forth on the form of Security attached hereto as Exhibits A-1 setting forth such restrictions (collectively, the "Legend"), or if a request is made to remove the Legend on a Security, the Securities so issued shall bear the Legend, or the Legend shall not be removed, as the case may be, unless there is delivered to the Company and the Registrar such satisfactory evidence, which shall include an Opinion of Counsel, as may be reasonably required by the Company and the Registrar, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the Securities Act or that such Securities are not "restricted" within the meaning of Rule 144 under the Securities Act. Upon (i) provision of such satisfactory evidence, or (ii) notification by the Company to the Trustee and Registrar of the sale of such Security pursuant to a registration statement that is effective at the time of such sale, the Trustee, at the written direction of the Company, shall authenticate and deliver a Security that does not bear the Legend.

The Trustee and the Registrar shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depository participants or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.07 Replacement Securities. If (a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its written request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and Principal Amount at Maturity, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, or is about to be purchased by the Company pursuant to Article 3 hereof, the Company in its discretion may, instead of issuing a new Security, pay or purchase such Security, as the case may be.

Upon the issuance of any new Securities under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.08 Outstanding Securities; Determinations of Holders' Action. Securities outstanding at any time are all the Securities authenticated by the Trustee, except for those cancelled by it, those paid pursuant to Section 2.07 delivered to it for cancellation and those described in this Section 2.08 as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate thereof holds the Security; provided, however, that in determining whether the Holders of the requisite Principal Amount at Maturity of Securities have given or concurred in any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Subject to the foregoing, only Securities outstanding at the time of such determination shall be considered in any such determination (including, without limitation, determinations pursuant to Articles 6 and 9).

If a Security is replaced pursuant to Section 2.07, the replaced Security ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If the Paying Agent holds, in accordance with this Indenture, on a Redemption Date, or on the Business Day following the Purchase Date or a Change in Control Purchase Date, or on Stated Maturity, money or securities, if permitted hereunder, sufficient to pay Securities payable on that date, then immediately after such Redemption Date, Purchase Date, Change in Control Purchase Date or Stated Maturity, as the case may be, such Securities shall cease to be outstanding and Original Issue Discount, Contingent Cash Interest and Contingent Additional Principal, if applicable, on such Securities shall cease to accrue; provided, that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been given pursuant to this Indenture.

If a Security is converted in accordance with Article 10, then from and after the time of conversion on the Conversion Date, such Security shall cease to be outstanding and Original

Issue Discount, Contingent Cash Interest, if any, and Contingent Additional Principal, if any, shall cease to accrue on such Security.

Section 2.09 Temporary Securities. Subject to Article 12 hereof, pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.03, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities the Company shall execute and upon Company Order the Trustee shall authenticate and deliver in exchange therefor a like Principal Amount at Maturity of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 2.10 Cancellation. All Securities surrendered for payment, purchase by the Company pursuant to Article 3, conversion, redemption or registration of transfer or exchange shall, if surrendered to any person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. The Company may not issue new Securities to replace Securities it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article 10. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with the Trustee's customary procedure.

Section 2.11 Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of the Security or the payment of any Redemption Price, Purchase Price or Change in Control Purchase Price, Contingent Cash Interest, if any, and Contingent Additional Principal and CAP-OID thereon, if any, for the purpose of conversion and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 2.12 Global Securities.

(a) Transfer of Global Security. Notwithstanding any other provisions of this Indenture or the Securities, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.06 and Section 2.12(a)(i). A Global Security may not be transferred, in whole or in part, to any Person other than the Depository or a nominee or any successor thereof, and no such transfer to any such other Person may be registered; provided that this clause (a) shall not prohibit any transfer of a Security that is issued in exchange for a Global Security but is not itself a Global Security. No transfer of a Security to any Person shall be effective under this Indenture or the Securities unless and until such Security has been registered in the name of such Person.

(b) Subject to the succeeding paragraph, every Security shall be subject to the restrictions on transfer provided in the Legend including the delivery of an Opinion of Counsel, if so provided.

(c) The restrictions imposed by the Legend upon the transferability of any Security shall cease and terminate when such Security has been sold pursuant to an effective registration statement under the Securities Act or transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or, if earlier, upon the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision). Any Security as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon a surrender of such Security for exchange to the Registrar in accordance with the provisions of this Section 2.12 (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer in compliance with Rule 144 or any successor provision, by an Opinion of Counsel from legal counsel having substantial experience in practice under the Securities Act and otherwise reasonably acceptable to the Company, addressed to the Company, the Trustee and the Registrar and in form acceptable to the Company, to the effect that the transfer of such Security has been made in compliance with Rule 144 or such successor provision), be exchanged for a new Security, of like tenor and aggregate Principal Amount at Maturity, which shall not bear the restrictive Legend. The Company shall inform the Trustee of the effective date of any registration statement registering the transfer or sale of the Securities under the Securities Act. The Trustee and the Registrar shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned Opinion of Counsel or registration statement.

(d) As used in the preceding two paragraphs of this Section 2.12, the term "transfer" encompasses any sale, pledge, transfer, hypothecation or other disposition of any Security.

(e) The provisions of clauses (1), (2), (3) and (4) below shall apply only to Global Securities:

(1) Notwithstanding any other provisions of this Indenture or the Securities, except as provided in Section 2.12(a)(ii), a Global Security shall not be exchanged in whole or in part for a Security registered in the name of any Person other than the

Depository or one or more nominees thereof, provided that a Global Security may be exchanged for Securities registered in the names of any person designated by the Depository in the event that (i) the Depository has notified the Company that it is unwilling or unable to continue as Depository for such Global Security or such Depository has ceased to be a "clearing agency" registered under the Exchange Act, and a successor Depository is not appointed by the Company within 90 days, (ii) an Event of Default has occurred and is continuing with respect to the Securities or (iii) the Company discontinues the use of a book entry transfer through DTC (or a successor thereof). Any Global Security exchanged pursuant to clause (i) above shall be so exchanged in whole and not in part, and any Global Security exchanged pursuant to clause (ii) above may be exchanged in whole or from time to time in part as directed by the Depository. Any Security issued in exchange for a Global Security or any portion thereof shall be a Global Security; provided that any such Security so issued that is registered in the name of a Person other than the Depository or a Nominee thereof shall not be a Global Security.

(2) Securities issued in exchange for a Global Security or any portion thereof shall be issued in definitive, fully registered form, without interest coupons, shall have an aggregate Principal Amount at Maturity equal to that of such Global Security or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depository shall designate and shall bear the applicable legends provided for herein. Any Global Security to be exchanged in whole shall be surrendered by the Depository to the Trustee, as Registrar. With regard to any Global Security to be exchanged in part, either such Global Security shall be so surrendered for exchange or, if the Trustee is acting as custodian for the Depository or its nominee with respect to such Global Security, the Principal Amount at Maturity thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the Depository or an authorized representative thereof.

(3) Subject to the provisions of clause (5) below, the registered Holder may grant proxies and otherwise authorize any Person, including Agent Members (as defined below) and persons that may hold interests through Agent Members, to take any action which a holder is entitled to take under this Indenture or the Securities.

(4) In the event of the occurrence of any of the events specified in clause (1) above, the Company will promptly make available to the Trustee a reasonable supply of Certificated Securities in definitive, fully registered form, without interest coupons.

(5) Neither any members of, or participants in, the Depository (collectively, the "Agent Members") nor any other Persons on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Security registered in the name of the Depository or any nominee thereof, or under any such Global Security, and the Depository or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the

Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or such nominee, as the case may be, or impair, as between the Depositary, its Agent Members and any other person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a holder of any Security.

Section 2.13 CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

ARTICLE 3 REDEMPTION AND PURCHASES

Section 3.01 Right to Redeem; Notices to Trustee. The Company, at its option, may at any time on or after September 11, 2006 redeem the Securities in accordance with the provisions of paragraphs 6 and 8 of the Securities. If the Company elects to redeem Securities pursuant to paragraph 6 of the Securities, it shall notify the Trustee in writing of the Redemption Date, the Principal Amount at Maturity of Securities to be redeemed and the Redemption Price.

The Company shall give the notice to the Trustee provided for in this Section 3.01 by a Company Order, at least 35 days before the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee).

Section 3.02 Selection of Securities to Be Redeemed. If less than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed pro rata or by lot or by any other method the Trustee considers fair and appropriate (so long as such method is not prohibited by the rules of any stock exchange or quotation system on which the Securities are then listed or quoted). The Trustee shall make the selection at least 30 days but not more than 60 days before the Redemption Date from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the Principal Amount at Maturity of Securities that have denominations larger than \$1,000.

Securities and portions of them the Trustee selects shall be in Principal Amounts at Maturity of \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

If any Security selected for partial redemption is converted in part before termination of the conversion right with respect to the portion of the Security so selected, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption.

Securities which have been converted during a selection of Securities to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection.

Section 3.03 Notice of Redemption. At least 30 days but not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption by first-class mail, postage prepaid, to each Holder of Securities to be redeemed.

The notice shall identify the Securities to be redeemed and shall state:

- (1) the Redemption Date;
- (2) the Redemption Price;
- (3) the Conversion Rate;
- (4) the name and address of the Paying Agent and Conversion Agent;

(5) that Securities called for redemption may be converted at any time before the close of business on the second Business Day immediately preceding the Redemption Date;

(6) that Holders who want to convert Securities must satisfy the requirements set forth in paragraph 9 of the Securities;

(7) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(8) if fewer than all the outstanding Securities are to be redeemed, the certificate number and Principal Amounts at Maturity of the particular Securities to be redeemed;

(9) that, unless the Company defaults in making payment of such Redemption Price or Securities called for redemption, Original Issue Discount, Contingent Cash Interest, if any, and Contingent Additional Principal, if any, on Securities called for redemption will cease to accrue on and after the Redemption Date;

(10) the CUSIP number of the Securities; and

(11) any other information the Company wants to present.

At the Company's request, the Trustee shall give the notice of redemption to Holders in the Company's name and at the Company's expense, provided that the Company makes such request at least five Business Days (unless a shorter period shall be satisfactory to the Trustee) prior to the date such notice of redemption must be mailed.

Section 3.04 Effect of Notice of Redemption. Once notice of redemption is given, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice except for Securities which are converted in accordance

with the terms of this Indenture. Upon surrender to the Paying Agent, such Securities shall be paid at the Redemption Price stated in the notice.

Section 3.05 Deposit of Redemption Price. Prior to 10:00 a.m. (New York City time), on the Redemption Date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary or an Affiliate of either of them is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the Redemption Price for all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted. The Paying Agent shall as promptly as practicable return to the Company any money not required for that purpose because of conversion of Securities pursuant to Article 10. If such money is then held by the Company in trust and is not required for such purpose it shall be discharged from such trust.

Section 3.06 Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder a new Security in an authorized denomination equal in Principal Amount at Maturity to the unredeemed portion of the Security surrendered.

Section 3.07 Conversion Arrangement on Call for Redemption. In connection with any redemption of Securities, the Company may arrange for the purchase and conversion of any Securities called for redemption by an agreement with one or more investment banks or other purchasers to purchase such Securities by paying to the Trustee in trust for the Securityholders, on or prior to 10:00 a.m. New York City time on the Redemption Date, an amount that, together with any amounts deposited with the Trustee by the Company for the redemption of such Securities, is not less than the Redemption Price of such Securities. Notwithstanding anything to the contrary contained in this Article 3, the obligation of the Company to pay the Redemption Price of such Securities shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers. If such an agreement is entered into, any Securities not duly surrendered for conversion by the Holders thereof may, at the option of the Company, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such Holders and (notwithstanding anything to the contrary contained in Article 11) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the Business Day prior to the Redemption Date, subject to payment of the above amount as aforesaid. The Trustee shall hold and pay to the Holders whose Securities are selected for redemption any such amount paid to it for purchase and conversion in the same manner as it would moneys deposited with it by the Company for the redemption of Securities. Without the Trustee's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any Securities shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee as set forth in this Indenture, and the Company agrees to indemnify the Trustee from, and hold it harmless against, any loss, liability or expense arising out of or in connection with any such arrangement for the purchase and conversion of any Securities between the Company and such purchasers, including the costs and expenses incurred by the Trustee in the defense of any claim or liability arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture.

Section 3.08 Purchase of Securities at Option of the Holder. (a) General. Securities shall be purchased by the Company, at the option of the Holder thereof, pursuant to paragraph 7 of the Securities on September 11, 2004, September 11, 2006 and September 11, 2011 (each, a "Purchase Date"), at the purchase prices of \$712.97, \$741.92 and \$819.54, respectively, per \$1,000 of Principal Amount at Maturity plus, in each case, if applicable, Contingent Additional Principal accrued thereon (and any accrued CAP-OID thereon) (each in the aggregate, a "Purchase Price"), upon:

(1) delivery to the Paying Agent, by the Holder of a written notice of purchase (a "Purchase Notice") at any time from the opening of business on the date that is 20 Business Days prior to a Purchase Date until the close of business on the first business day immediately preceding such Purchase Date stating:

(A) the certificate numbers of the Security which the Holder will deliver to be purchased,

(B) the portion of the Principal Amount at Maturity of the Security which the Holder will deliver to be purchased, which portion must be a Principal Amount at Maturity of \$1,000 or an integral multiple thereof,

(C) that such Security shall be purchased as of the Purchase Date pursuant to the terms and conditions specified in paragraph 7 of the Securities and in this Indenture, and

(D) in the event the Company elects, pursuant to Section 3.08(b), to pay the Purchase Price to be paid as of such Purchase Date, in whole or in part, in shares of Common Stock but such portion of the Purchase Price shall ultimately be payable to such Holder entirely in cash because any of the conditions to payment of the Purchase Price in Common Stock is not satisfied prior to the close of business on such Purchase Date, as set forth in Section 3.08(d), whether such Holder elects (i) to withdraw such Purchase Notice as to some or all of the Securities to which such Purchase Notice relates (stating the Principal Amount at Maturity and certificate numbers of the Securities as to which such withdrawal shall relate), or (ii) to receive cash in respect of the entire Purchase Price for all Securities (or portions thereof) to which such Purchase Notice relates; and

(2) delivery of such Security to the Paying Agent prior to, on or after the Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Purchase Price therefor; provided, however, that such Purchase Price shall be so paid pursuant to this Section 3.08 only if the Security so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Purchase Notice, as determined by the Company.

If a Holder, in such Holder's Purchase Notice and in any written notice of withdrawal delivered by such Holder pursuant to the terms of Section 3.10, fails to indicate such Holder's choice with respect to the election set forth in clause (D) of Section 3.08(a)(1), such Holder shall

be deemed to have elected to receive cash in respect of the Purchase Price for all Securities subject to such Purchase Notice in the circumstances set forth in such clause (D).

The Company shall purchase from the Holder thereof, pursuant to this Section 3.08, a portion of a Security if the Principal Amount at Maturity of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the purchase of all of a Security also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Section 3.08 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Purchase Date and the time of delivery of the Security.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Purchase Notice contemplated by this Section 3.08(a) shall have the right to withdraw such Purchase Notice at any time prior to the close of business on the first business day immediately preceding the Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.10.

The Paying Agent shall promptly notify the Company of the receipt by it of any Purchase Notice or written notice of withdrawal thereof.

(b) Company's Right to Elect Manner of Payment of Purchase Price. The Securities to be purchased pursuant to Section 3.08(a) may be paid for, at the election of the Company, in cash or Common Stock, or in any combination of cash and Common Stock, subject to the conditions set forth in Sections 3.08(c) and (d). The Company shall designate, in the Company Notice delivered pursuant to Section 3.08(e), whether the Company will purchase the Securities for cash or Common Stock, or, if a combination thereof, the percentages or amounts of the Purchase Price of Securities in respect of which it will pay in cash or Common Stock; provided that the Company will pay cash for fractional interests in Common Stock. For purposes of determining the existence of potential fractional interests, all Securities subject to purchase by the Company held by a Holder shall be considered together (no matter how many separate certificates are to be presented). Each Holder whose Securities are purchased pursuant to this Section 3.08 shall receive the same percentage of cash or Common Stock in payment of the Purchase Price for such Securities, except (i) as provided in Section 3.08(d) with regard to the payment of cash in lieu of fractional shares of Common Stock and (ii) in the event that the Company is unable to purchase the Securities of a Holder or Holders for Common Stock because any necessary qualifications or registrations of the Common Stock under applicable state securities laws cannot be obtained, the Company may purchase the Securities of such Holder or Holders for cash. The Company may not change its election with respect to the consideration (or components or percentages of components thereof) to be paid once the Company has given its Company Notice to Securityholders except pursuant to this Section 3.08(b) or pursuant to Section 3.08(d) in the event of a failure to satisfy, prior to the close of business on the Purchase Date, any condition to the payment of the Purchase Price, in whole or in part, in Common Stock.

At least one Business Day before the Company Notice Date, the Company shall deliver an Officers' Certificate to the Trustee specifying:

(i) the manner of payment selected by the Company,

(ii) the information required by Section 3.08(e),

(iii) if the Company elects to pay the Purchase Price, or a specified percentage thereof, in Common Stock, that the conditions to such manner of payment set forth in Section 3.08(d) have been or will be complied with, and

(iv) whether the Company desires the Trustee to give the Company Notice required by Section 3.08(e).

(c) Purchase with Cash. On each Purchase Date, at the option of the Company, the Purchase Price of Securities in respect of which a Purchase Notice pursuant to Section 3.08(a) has been given, or a specified percentage thereof, may be paid by the Company with cash equal to the aggregate Purchase Price of such Securities. If the Company elects to purchase Securities with cash, the Company Notice, as provided in Section 3.08(e), shall be sent to Holders (and to beneficial owners as required by applicable law) not less than 20 Business Days prior to such Purchase Date (the "Company Notice Date").

(d) Payment by Issuance of Common Stock. On each Purchase Date, at the option of the Company, the Purchase Price of Securities in respect of which a Purchase Notice pursuant to Section 3.08(a) has been given, or a specified percentage thereof, may be paid by the Company by the issuance of a number of shares of Common Stock equal to the quotient obtained by dividing (i) the amount of cash to which the Securityholders would have been entitled had the Company elected to pay all or such specified percentage, as the case may be, of the Purchase Price of such Securities in cash by (ii) the Market Price of a share of Common Stock, subject to the next succeeding paragraph.

The Company will not issue a fractional share of Common Stock in payment of the Purchase Price. Instead the Company will pay cash for the current market value of the fractional share. The current market value of a fraction of a share shall be determined by multiplying the Market Price by such fraction and rounding the product to the nearest whole cent. It is understood that if a Holder elects to have more than one Security purchased, the number of shares of Common Stock shall be based on the aggregate amount of Securities to be purchased.

Upon a payment by Common Stock pursuant to the terms hereof, that portion of Accrued Original Issue Discount, accrued Contingent Additional Principal, if any, and accrued unpaid Contingent Cash Interest, if any, attributable to the period from the Issue Date to the Purchase Date with respect to the purchased Security shall not be cancelled, extinguished or forfeited but rather shall be deemed paid in full to the Holder through the delivery of the Common Stock in exchange for the Security being purchased pursuant to the terms hereof, and the fair market value of such Common Stock (together with any cash payments in lieu of fractional shares of Common Stock) shall be treated as issued, to the extent thereof, first in exchange for the Accrued Original Issue Discount, Contingent Cash Interest, if any, and accrued Contingent Additional Principal, through, but not including, the Purchase Date, and the balance, if any, of the fair market value of

such shares of Common Stock shall be treated as issued in exchange for the Issue Price of the Security being purchased pursuant to the provisions hereof.

If the Company elects to purchase the Securities by the issuance of shares of Common Stock, the Company Notice, as provided in Section 3.08(e), shall be sent to the Holders (and to beneficial owners as required by applicable law) not later than the Company Notice Date.

The Company's right to exercise its election to purchase the Securities pursuant to Section 3.08 through the issuance of shares of Common Stock shall be conditioned upon:

(i) the Company's not having given its Company Notice of an election to pay entirely in cash and its giving of timely Company Notice of election to purchase all or a specified percentage of the Securities with Common Stock as provided herein;

(ii) the shares of Common Stock having been admitted for listing or admitted for listing subject to notice of issuance on the principal United States securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a national or regional securities exchange, as quoted on the National Association of Securities Dealers Automated Quotation System;

(iii) the registration of the shares of Common Stock to be issued in respect of the payment of the Purchase Price under the Securities Act or the Exchange Act, in each case, if required;

(iv) any necessary qualification or registration under applicable state securities laws or the availability of an exemption from such qualification and registration; and

(v) the receipt by the Trustee of an Officers' Certificate and an Opinion of Counsel each stating that (A) the terms of the issuance of the Common Stock are in conformity with this Indenture and (B) the shares of Common Stock to be issued by the Company in payment of the Purchase Price in respect of Securities have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Purchase Price in respect of the Securities, will be validly issued, fully paid and non-assessable and, to the such counsel's knowledge after due inquiry, free from preemptive rights under law or material contracts, and, in the case of such Officers' Certificate, stating that conditions (i), (ii), (iii) and (iv) above and the condition set forth in the second sentence following this sentence have been satisfied and, in the case of such Opinion of Counsel, stating that conditions (ii) and (iii) above have been satisfied.

Such Officers' Certificate shall also set forth the number of shares of Common Stock to be issued for each \$1,000 Principal Amount at Maturity of Securities and the Sale Price of a share of Common Stock on each trading day during the period for which the Market Price is calculated. The Company may pay the Purchase Price (or any portion thereof) in Common Stock only if the information necessary to calculate the Market Price is published in a daily newspaper of national circulation. If the foregoing conditions are not satisfied with respect to a Holder or Holders prior to the close of business on the Purchase Date and the Company has elected to purchase the Securities pursuant to this Section 3.08 through the issuance of shares of Common Stock, the

Company shall pay the entire Purchase Price of the Securities of such Holder or Holders to be purchased in cash.

The "Market Price" of the Common Stock means the average of the Sale Prices of the Common Stock for the five trading day period ending on the third Business Day (if the third Business Day prior to the applicable Purchase Date is a trading day or, if not, then on the last trading day) prior to the applicable Purchase Date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such five trading day period and ending on such Purchase Date, of any events described in Section 10.06, 10.07 or 10.08; subject, however, to the conditions set forth in Sections 10.09 and 10.10.

(e) Notice of Election. The Company's notice of election to purchase with cash or Common Stock or any combination thereof shall be sent to the Holders (and to beneficial owners as required by applicable law) in the manner provided in Section 15.02 at the time specified in Section 3.08(c) or (d), as applicable (the "Company Notice"). Such Company Notice shall state the manner of payment elected and shall contain the following information:

In the event the Company has elected to pay the Purchase Price (or a specified percentage thereof) with Common Stock, the Company Notice shall:

(1) state that each Holder will receive Common Stock with a Market Price determined as of a specified date prior to the Purchase Date equal to such specified percentage of the Purchase Price of the Securities held by such Holder (except any cash amount to be paid in lieu of fractional shares);

(2) set forth the method of calculating the Market Price of the Common Stock; and

(3) state that because the Market Price of Common Stock will be determined prior to the Purchase Date, Holders will bear the market risk with respect to the value of the Common Stock to be received from the date such Market Price is determined to the Purchase Date.

In any case, each Company Notice shall include a form of Purchase Notice to be completed by a Securityholder and shall state:

(i) the Purchase Price and the Conversion Rate as of the Purchase Date;

(ii) the name and address of the Paying Agent and the Conversion Agent;

(iii) that Securities as to which a Purchase Notice has been given may be converted pursuant to Article 10 hereof only if the applicable Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(iv) that Securities must be surrendered to the Paying Agent to collect payment of the Purchase Price and accrued and unpaid Contingent Interest, if any;

(v) that the Purchase Price for any Security as to which a Purchase Notice has been given and not withdrawn will be paid promptly following the later of the Purchase Date and the time of surrender of such Security as described in (iv);

(vi) the procedures the Holder must follow to exercise rights under Section 3.08 and a brief description of those rights;

(vii) briefly, the conversion rights of the Securities;

(viii) the procedures for withdrawing a Purchase Notice (including, without limitation, for a conditional withdrawal pursuant to the terms of Section 3.08(a)(1)(D) or Section 3.10);

(ix) that, unless the Company defaults in making payment of such Purchase Price, Original Issue Discount, Contingent Cash Interest, if applicable, and Contingent Additional Principal, if applicable, on Securities surrendered for purchase will cease to accrue on and after the Purchase Date; and

(x) the CUSIP number of the Securities.

At the Company's request, the Trustee shall give such Company Notice in the Company's name and at the Company's expense; provided, however, that, in all cases, the text of such Company Notice shall be prepared by the Company.

Upon determination of the actual number of shares of Common Stock to be issued for each \$1,000 Principal Amount at Maturity of Securities, the Company will issue a press release and publish such determination on the Company's Web site or otherwise through such other public medium as the Company may use at that time.

(f) Covenants of the Company. All shares of Common Stock delivered upon purchase of the Securities shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim created by the Company.

As a condition to the Company's right to purchase LYONs, it shall list or cause to have quoted any shares of Common Stock to be issued to purchase Securities on each national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

(g) Procedure upon Purchase. The Company shall deposit cash (in respect of a cash purchase under Section 3.08(c) or for fractional interests, as applicable) or shares of Common Stock, or a combination thereof, as applicable, at the time and in the manner as provided in Section 3.11, sufficient to pay the aggregate Purchase Price of, all Securities to be purchased pursuant to this Section 3.08. As soon as practicable after the Purchase Date, the Company shall deliver to each Holder entitled to receive Common Stock through the Paying Agent, a certificate for the number of full shares of Common Stock issuable in payment of the Purchase Price and cash in lieu of any fractional interests. The person in whose name the certificate for Common Stock is registered shall be treated as a holder of record of shares of

Common Stock on the Business Day following the Purchase Date. Subject to Section 3.08(d), no payment or adjustment will be made for dividends on the Common Stock the record date for which occurred on or prior to the Purchase Date.

(h) Taxes. If a Holder of a Security is paid in Common Stock, the Company shall pay any documentary, stamp or similar issue or transfer tax due on such issue of shares of Common Stock. However, the Holder shall pay any such tax which is due because the Holder requests the shares of Common Stock to be issued in a name other than the Holder's name. The Paying Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Paying Agent receives a sum sufficient to pay any tax which will be due because the shares of Common Stock are to be issued in a name other than the Holder's name. Nothing herein shall preclude any income tax withholding required by law or regulations.

Section 3.09 Purchase of Securities at Option of the Holder upon Change in Control. (a) If on or prior to September 11, 2006 there shall have occurred a Change in Control, Securities shall be purchased by the Company, at the option of the Holder thereof, at a purchase price specified in paragraph 7 of the Securities (the "Change in Control Purchase Price"), as of the date that is no later than 35 Business Days after the occurrence of the Change in Control but in no event prior to the date on which such Change in Control occurs (the "Change in Control Purchase Date"), subject to satisfaction by or on behalf of the Holder of the requirements set forth in Section 3.09(c).

A "Change in Control" shall be deemed to have occurred at such time as either of the following events shall occur:

(i) Any person, including its Affiliates and Associates, other than the Company or its subsidiaries, files on Schedule 13D or Schedule TO (or any successor schedule, form or report) pursuant to the Exchange Act, disclosing that such person (for the purposes of this Section 3.09 only, as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of 50% or more of the aggregate voting power of the Common Stock and other Capital Stock of the Company with equivalent voting rights then outstanding; provided, however, that a person shall not be deemed beneficial owner of, or to own beneficially, (A) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange thereunder, or (B) any securities if such beneficial ownership (1) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act, and (2) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act; or

(ii) There shall be consummated any share exchange, consolidation or merger of the Company pursuant to which the Common Stock would be converted into cash, securities or other property, in each case other than a share exchange, consolidation or merger of the Company in which the holders of the Common Stock and other capital

stock with equivalent voting rights, immediately prior to the share exchange, consolidation or merger have, directly or indirectly, at least a majority of the total voting power in the aggregate of all classes of Capital Stock of the continuing or surviving corporation immediately after the share exchange, consolidation or merger.

Notwithstanding the foregoing provisions of this Section 3.09, a Change in Control shall not be deemed to have occurred by virtue of the Company or any Subsidiary, any employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary, or any person holding Common Stock for or pursuant to the terms of any such employee benefit plan, filing or becoming obligated to file a report under or in response to Schedule 13D or Schedule T0 (or any successor schedule, form or report) under the Exchange Act disclosing beneficial ownership by it of shares of Common Stock, whether in excess of 50% or otherwise.

"Associate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date hereof.

(b) Within 15 days after a Change in Control, the Company shall mail a written notice, which notice may be delivered in anticipation of a Change of Control, of Change in Control by first-class mail to the Trustee and to each Holder (and to beneficial owners as required by applicable law). The notice shall include a form of Change in Control Purchase Notice to be completed by the Securityholder and shall state:

(1) briefly, the events causing a Change in Control and the date of such Change in Control;

(2) the date by which the Change in Control Purchase Notice pursuant to this Section 3.09 must be given;

(3) the Change in Control Purchase Date;

(4) the Change in Control Purchase Price;

(5) the name and address of the Paying Agent and the Conversion Agent;

(6) the Conversion Rate and any adjustments thereto;

(7) that Securities as to which a Change in Control Purchase Notice has been given may be converted pursuant to Article 10 hereof only if the Change in Control Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(8) that Securities must be surrendered to the Paying Agent to collect payment of the Change in Control Purchase Price;

(9) that the Change in Control Purchase Price for any Security as to which a Change in Control Purchase Notice has been duly given and not withdrawn, will be paid promptly following the later of the Change in Control Purchase Date and the time of surrender of such Security as described in (8);

(10) briefly, the procedures the Holder must follow to exercise rights under this Section 3.09;

(11) briefly, the conversion rights of the Securities;

(12) the procedures for withdrawing a Change in Control Purchase Notice;

(13) that, unless the Company defaults in making payment of such Change in Control Purchase Price, on Securities surrendered for purchase will cease to accrue Original Issue Discount and Contingent Additional Principal on and after the Change in Control Purchase Date; and

(14) the CUSIP number of the Securities.

(c) A Holder may exercise its rights specified in Section 3.09(a) upon delivery of a written notice of purchase (a "Change in Control Purchase Notice") to the Paying Agent at any time prior to the close of business on the Business Day prior to the Change in Control Purchase Date, stating:

(1) the certificate numbers of the Securities which the Holder will deliver to be purchased;

(2) the portion of the Principal Amount at Maturity of the Securities which the Holder will deliver to be purchased, which portion must be \$1,000 or an integral multiple thereof; and

(3) that such Securities shall be purchased pursuant to the terms and conditions specified in paragraph 7 of the Securities.

The delivery of such Securities to the Paying Agent prior to, on or after the Change in Control Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent shall be a condition to the receipt by the Holder of the Change in Control Purchase Price therefor; provided, however, that such Change in Control Purchase Price shall be so paid pursuant to this Section 3.09 only if the Securities so delivered to the Paying Agent shall conform in all respects to the description thereof set forth in the related Change in Control Purchase Notice.

The Company shall purchase from the Holder thereof, pursuant to this Section 3.09, a portion of a Security if the Principal Amount at Maturity of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the purchase of all of a Security also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Section 3.09 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Change in Control Purchase Date and the time of delivery of the Security to the Paying Agent in accordance with this Section 3.09.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Change in Control Purchase Notice contemplated by this Section 3.09(c) shall have the right to withdraw such Change in Control Purchase Notice at any time prior to the close of business on the Business Day prior to the Change in Control Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.10.

The Paying Agent shall promptly notify the Company of the receipt by it of any Change in Control Purchase Notice or written withdrawal thereof.

The Company shall not be required to comply with this Section 3.09 if a third party mails a written notice of Change in Control in the manner, at the times and otherwise in compliance with this Section 3.09 and repurchases all Securities for which a Change in Control Purchase Notice shall be delivered and not withdrawn.

Section 3.10 Effect of Purchase Notice or Change in Control Purchase Notice. Upon receipt by the Paying Agent of the Purchase Notice or Change in Control Purchase Notice specified in Section 3.08(a) or Section 3.09(c), as applicable, the Holder of the Security in respect of which such Purchase Notice or Change in Control Purchase Notice, as the case may be, was given shall (unless such Purchase Notice or Change in Control Purchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Purchase Price or Change in Control Purchase Price, as the case may be, together with accrued and unpaid contingent interest, if any. Such amounts shall be paid to such Holder, subject to receipts of funds and/or securities by the Paying Agent, promptly following the later of (x) the Purchase Date or the Change in Control Purchase Date, as the case may be, with respect to such Security (provided the conditions in Section 3.08(a) or Section 3.09(c), as applicable, have been satisfied) and (y) the time of delivery of such Security to the Paying Agent by the Holder thereof in the manner required by Section 3.08(a) or Section 3.09(c), as applicable. Securities in respect of which a Purchase Notice or Change in Control Purchase Notice, as the case may be, has been given by the Holder thereof may not be converted pursuant to Article 10 hereof on or after the date of the delivery of such Purchase Notice or Change in Control Purchase Notice, as the case may be, unless such Purchase Notice or Change in Control Purchase Notice, as the case may be, has first been validly withdrawn as specified in the following two paragraphs.

A Purchase Notice or Change in Control Purchase Notice, as the case may be, may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Purchase Notice or Change in Control Purchase Notice, as the case may be, at any time prior to the close of business on the Business Day prior to the Purchase Date or the Change in Control Purchase Date, as the case may be, specifying:

- (1) the certificate number of the Securities in respect of which such notice of withdrawal is being submitted,
- (2) the Principal Amount at Maturity of the Securities with respect to which such notice of withdrawal is being submitted, and

(3) the Principal Amount at Maturity, if any, of such Securities which remains subject to the original Purchase Notice or Change in Control Purchase Notice, as the case may be, and which has been or will be delivered for purchase by the Company.

A written notice of withdrawal of a Purchase Notice may be in the form set forth in the preceding paragraph or may be in the form of (i) a conditional withdrawal contained in a Purchase Notice pursuant to the terms of Section 3.08(a)(1)(D) or (ii) a conditional withdrawal containing the information set forth in Section 3.08(a)(1)(D) and the preceding paragraph and contained in a written notice of withdrawal delivered to the Paying Agent as set forth in the preceding paragraph.

There shall be no purchase of any Securities pursuant to Section 3.08 (other than through the issuance of Common Stock in payment of the Purchase Price, including cash in lieu of fractional shares) or 3.09 if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Purchase Notice or Change in Control Purchase Notice, as the case may be) and is continuing an Event of Default (other than a default in the payment of the Purchase Price or Change in Control Purchase Price, as the case may be). The Paying Agent will promptly return to the respective Holders thereof any Securities (x) with respect to which a Purchase Notice or Change in Control Purchase Notice, as the case may be, has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Purchase Price or Change in Control Purchase Price, as the case may be, with respect to the Securities in which case), upon such return, the Purchase Notice or Change in Control Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 3.11 Deposit of Purchase Price or Change in Control Purchase Price. Prior to 10:00 a.m., New York City time, on the Business Day following the Purchase Date or the Change in Control Purchase Date, as the case may be, the Company shall deposit with the Trustee or with the Paying Agent (or, if the Company or a Subsidiary or an Affiliate of either of them is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 2.04) an amount of money (in immediately available funds if deposited on such Business Day) or Common Stock, if permitted hereunder, sufficient to pay the aggregate Purchase Price or Change in Control Purchase Price, as the case may be, of all the Securities or portions thereof which are to be purchased as of the Purchase Date or Change in Control Purchase Date, as the case may be.

Section 3.12 Securities Purchased in Part. Any Security which is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Principal Amount at Maturity equal to, and in exchange for, the portion of the Principal Amount at Maturity of the Security so surrendered which is not purchased.

Section 3.13 Covenant to Comply with Securities Laws upon Purchase of Securities. In connection with any offer to purchase or purchase of Securities under Section 3.08 or 3.09 hereof

(provided that such offer or purchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase or is otherwise subject to tender offer or other rules under the Federal or state securities laws), the Company shall (i) comply with Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable, (ii) file the related Schedule TO (or any successor schedule, form or report) or any other schedule required under the Exchange Act, and (iii) otherwise comply with all Federal and state securities laws so as to permit the rights and obligations under Sections 3.08 and 3.09 to be exercised in the time and in the manner specified in Sections 3.08 and 3.09.

Section 3.14 Repayment to the Company. The Trustee and the Paying Agent shall promptly return to the Company any cash or shares of Common Stock that remain unclaimed as provided in paragraph 17 of the Securities, together with interest or dividends, if any, thereon (subject to the provisions of Section 7.01(f)), held by them for the payment of the Purchase Price or Change in Control Purchase Price, as the case may be; provided, however, that to the extent that the aggregate amount of cash or shares of Common Stock deposited by the Company pursuant to Section 3.11 exceeds the aggregate Purchase Price or Change in Control Purchase Price, as the case may be, of the Securities or portions thereof which the Company is obligated to purchase as of the Purchase Date or Change in Control Purchase Date, as the case may be, whether as a result of withdrawal or otherwise, then promptly after the Business Day following the Purchase Date or Change in Control Purchase Date, as the case may be, the Trustee shall return any such excess to the Company together with interest or dividends, if any, thereon (subject to the provisions of Section 7.01(f)).

ARTICLE 4 COVENANTS

Section 4.01 Payment of Securities. The Company shall promptly make all payments in respect of the Securities on the dates and in the manner provided in the Securities or pursuant to this Indenture. Any amounts to be given to the Trustee or Paying Agent, shall be deposited with the Trustee or Paying Agent by 10:00 a.m., New York City time, by the Company. Principal Amount at Maturity, Issue Price plus Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash Interest, if any, and Contingent Additional Principal, if any, shall be considered paid on the applicable date due if on such date (or, in the case of a Purchase Price or Change in Control Purchase Price, on the Business Day following the applicable Purchase Date or Change in Control Purchase Date, as the case may be) the Trustee or the Paying Agent holds, in accordance with this Indenture, money or securities, if permitted hereunder, sufficient to pay all such amounts then due.

The Company shall, to the extent permitted by law, pay interest on overdue amounts at the rate per annum set forth in paragraph 1 of the Securities, compounded Semi-annually, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable on demand. The accrual of such interest on overdue amounts shall be in lieu of, and not in addition to, the continued accrual of Original Issue Discount, Contingent Cash Interest, if any, and Contingent Additional Principal, if any.

Section 4.02 SEC and Other Reports. If requested by the Trustee, the Company shall deliver to the Trustee, within 15 days after it files such annual and quarterly reports, information, documents and other reports with the SEC, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. The Company shall send to the Trustee all reports required pursuant to the provisions of TIA Section 314(a). Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of the same shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 4.03 Compliance Certificate. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending on December 31, 2001) an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

Section 4.04 Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

Section 4.05 Maintenance of Office or Agency. The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency of the Trustee, Registrar, Paying Agent and Conversion Agent where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer, exchange, purchase, redemption or conversion and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The office of The Bank of New York, located at 101 Barclay Street, Floor 21 West, New York, New York 10286 (Attention: Corporate Trust Administration-Trustee Administration), shall initially be such office or agency for all of the aforesaid purposes. The Company shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such office or agency (other than a change in the location of the office of the Trustee). If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 15.02.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes.

Section 4.06 Delivery of Certain Information. At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a Holder or any beneficial holder of Securities or shares of Common Stock which are restricted securities issued upon conversion thereof, the Company will promptly furnish or cause to be furnished Rule 144A Information (as defined below) to such Holder or any beneficial holder of Securities or holder of shares of Common Stock issued upon conversion of Securities, or to a prospective purchaser of any such security designated by any such holder, as the case may be, to the extent required to permit compliance by such Holder or holder with Rule 144A under the Securities Act in connection with the resale of any such security. "Rule 144A Information" shall be such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act.

Section 4.07 Tax Matters. The parties hereto hereby agree, and each Holder (or other person that acquires a beneficial interest in a Security) by its purchase of a Security (or a beneficial interest therein) hereby agrees:

- (1) to treat the Securities as indebtedness of the Company for all tax purposes;
- (2) to treat the Securities as indebtedness that is subject to the special regulations governing contingent payment debt instruments that are contained in U.S. Treasury Regulation Section 1.1275-4;
- (3) to treat any payment to and receipt by a holder of shares of Common Stock (or of any cash in lieu of fractional shares) upon the conversion of a Security as a contingent payment under U.S. Treasury Regulation Section 1.1275-4(b) that will result in an adjustment under U.S. Treasury Regulation Section 1.1275-4(b)(3)(iv) and U.S. Treasury Regulation Section 1.1275-4(b)(6);
- (4) solely for U.S. federal income tax purposes, the Company shall accrue interest with respect to outstanding Securities as original issue discount according to the "noncontingent bond method," as set forth in U.S. Treasury Regulation Section 1.1275-4(b);
- (5) the Company has determined that the comparable yield, as defined in U.S. Treasury Regulation Section 1.1275-4(b)(4)(i), for the Securities is 8.68%, compounded semiannually;
- (6) (i) the comparable yield and the projected payment schedule are not determined for any purpose other than for the purpose of applying U.S. Treasury Regulation Section 1.1275-4(b)(4) to the Securities and (ii) the comparable yield and the projected payment schedule do not constitute a projection or representation regarding the actual amounts payable on the Securities; and
- (7) the projected payment schedule, as defined in U.S. Treasury Regulation Section 1.1275-4(b)(4)(ii) for the Securities is as set forth in Annex C hereto.

ARTICLE 5
SUCCESSOR CORPORATION

Section 5.01 When Company May Merge or Transfer Assets. The Company shall not consolidate with or merge with or into any other person or convey, transfer or lease all or substantially all of its properties and assets as an entirety to any person, unless:

(a) either (1) the Company shall be the continuing corporation or (2) the person (if other than the Company) formed by such consolidation or into which the Company is merged or the person which acquires by conveyance, transfer or lease the properties and assets of the Company substantially as an entirety (i) shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and (ii) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and this Indenture;

(b) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(c) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this Article 5 and that all conditions precedent herein provided for relating to such transaction have been satisfied.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise) of the properties and assets of one or more Subsidiaries (other than to the Company or another Subsidiary), which, if such assets were owned by the Company, would constitute all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The successor person formed by such consolidation or into which the Company is merged or the successor person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein; and thereafter, except in the case of a lease and any obligations the Company may have under a supplemental indenture pursuant to Section 10.14, the Company shall be discharged from all obligations and covenants under this Indenture and the Securities. Subject to Section 9.06, the Company, the Trustee and the successor person shall enter into a supplemental indenture to evidence the succession and substitution of such successor person and such discharge and release of the Company.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 Events of Default. An "Event of Default" means the occurrence of any one of the following events:

(1) the Company defaults in the payment of the Principal Amount at Maturity, Issue Price plus Accrued Original Issue Discount, Contingent Additional Principal, Redemption Price, Purchase Price, or Change in Control Purchase Price on any Security when the same becomes due and payable at its Stated Maturity, upon redemption, upon declaration, when due for purchase by the Company or otherwise, whether or not such payment is prohibited by the provisions of this Indenture;

(2) failure by the Company to pay any Contingent Cash Interest on any Security when the same becomes due and payable, and such failure continues unremedied for a period of 30 or more days, whether or not such payment is prohibited by the provisions of this Indenture;

(3) the failure of the Company to comply with any of its agreements in the Notes or this Indenture (other than those referred to in clauses (1) or (2) above) upon the receipt of notice of such default from the Trustee or from Holders of not less than 25% in aggregate Principal Amount at Maturity of the Securities then outstanding (a "Notice of Default") and such failure (or the failure to obtain a waiver thereof) continues uncured for 60 days after receipt by the Company of a Notice of Default;

(4) (a) failure of the Company to make any payment by the end of any applicable grace period after maturity of Debt in an amount (taken together with amounts in (b) below) in excess of \$25,000,000 and continuance of such failure, or (b) the acceleration of Debt in an amount in excess of \$25,000,000 because of a default with respect to such Debt without such Debt having been discharged or such acceleration having been cured, waived, rescinded or annulled, in the case of (a) above, for a period of 30 days after receipt by the Company of a Notice of Default from the Trustee or to the Company and Trustee from the holders of not less than 25% in Aggregate Principal Amount at Maturity of the Securities then outstanding; provided, however, that if any such failure or acceleration referred to in (a) or (b) above shall cease or be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed not to have occurred;

(5) the Company or any Significant Subsidiary pursuant to or under or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case or proceeding;

(B) consents to the entry of an order for relief against it in an involuntary case or proceeding or the commencement of any case against it;

(C) consents to the appointment of a Custodian of it or for any substantial part of its property;

(D) makes a general assignment for the benefit of its creditors;

(E) files a petition in bankruptcy or answer or consent seeking reorganization or relief; or

(F) consents to the filing of such petition or the appointment of or taking possession by a Custodian; or

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any Significant Subsidiary in an involuntary case or proceeding, or adjudicates the Company or any Significant Subsidiary insolvent or bankrupt;

(B) appoints a Custodian of the Company or any Significant Subsidiary or for any substantial part of its property; or

(C) orders the winding-up or liquidation of the Company or any Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 days.

"Bankruptcy Law" means Title 11, United States Code, or any similar federal or state law for the relief of debtors.

"Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clause (3) or clause (4) above is not an Event of Default until the Trustee notifies the Company, or the Holders of at least 25% in aggregate Principal Amount at Maturity of the Securities at the time outstanding notify the Company and the Trustee, of the Default and the Company does not cure such Default (and such Default is not waived) within the time specified in clause (3) or clause (4) above after actual receipt of such notice. Any such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

The Company shall deliver to the Trustee, within 30 days after it becomes aware of the occurrence thereof, written notice of any event which with the giving of notice or the lapse of time, or both, would become an Event of Default under clause (3) or clause (4) above, its status and what action the Company is taking or proposes to take with respect thereto.

Section 6.02 Acceleration . If an Event of Default (other than an Event of Default specified in Section 6.01(5) or (6) in respect of the Company) occurs and is continuing, the Trustee by Notice to the Company, or the Holders of at least 25% in aggregate Principal Amount at Maturity of the Securities at the time outstanding by notice to the Company and the Trustee, may declare the Issue Price plus Accrued Original Issue Discount, accrued and unpaid Contingent Cash Interest, if any, and Contingent Additional Principal, if any, through the date of

such declaration, on all the Securities to be immediately due and payable. Upon such a declaration, such Issue Price plus Accrued Original Issue Discount, accrued and unpaid Contingent Cash Interest, if any, and accrued Contingent Additional Principal, if any, shall be due and payable immediately. If an Event of Default specified in Section 6.01(4) or (5) occurs in respect of the Company and is continuing, the Issue Price plus Accrued Original Issue Discount, accrued and unpaid Contingent Cash Interest, if any, and accrued Contingent Additional Principal, if any, on all the Securities shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholders. The Holders of a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding, by notice to the Trustee (and without notice to any other Securityholder) may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of the Issue Price plus Accrued Original Issue Discount and accrued Contingent Additional Principal, if any, plus accrued and unpaid Contingent Cash Interest that have become due solely as a result of acceleration and if all amounts due to the Trustee under Section 7.07 have been paid. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

Section 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of the Issue Price plus Accrued Original Issue Discount, accrued and unpaid Contingent Cash Interest and Contingent Additional Principal, if any, on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if the Trustee does not possess any of the Securities or does not produce any of the Securities in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04 Waiver of Past Defaults. Subject to Section 6.02, the Holders of a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding, by notice to the Trustee (and without notice to any other Securityholder), may waive an existing Default and its consequences except (a) an Event of Default described in Section 6.01(1) or Section 6.01(2), a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Securityholder affected or (b) a Default which constitutes a failure to convert any Security in accordance with the terms of Article 10. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right. This Section 6.04 shall be in lieu of Section 316(a)1(B) of the TIA and such Section 316(a)1(B) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.05 Control by Majority. The Holders of a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines in good faith is unduly prejudicial to the rights of other Securityholders or would involve the Trustee in personal

liability unless the Trustee is offered indemnity satisfactory to it. This Section 6.05 shall be in lieu of Section 316(a)1(A) of the TIA and such Section 316(a)1(A) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.06 Limitation on Suits. A Securityholder may not pursue any remedy with respect to this Indenture or the Securities unless:

- (1) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;
- (2) the Holders of at least 25% in aggregate Principal Amount at Maturity of the Securities at the time outstanding make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee does not comply with the request within 60 days after receipt of such notice, request and offer of security or indemnity; and
- (5) the Holders of a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Securityholder may not use this Indenture to prejudice the rights of any other Securityholder or to obtain a preference or priority over any other Securityholder.

Section 6.07 Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash Interest, if any, and accrued Contingent Additional Principal, if any, in respect of the Securities held by such Holder, on or after the respective due dates expressed in the Securities or any Redemption Date, and to convert the Securities in accordance with Article 10, or to bring suit for the enforcement of any such payment on or after such respective dates or the right to convert, shall not be impaired or affected adversely without the consent of such Holder.

Section 6.08 Collection Suit by Trustee. If an Event of Default described in Section 6.01(1) or Section 6.01(2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount owing with respect to the Securities and the amounts provided for in Section 7.07.

Section 6.09 Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash

Interest, if any, or Contingent Additional Principal, if any, in respect of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any such amount) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash Interest, if any, or accrued Contingent Additional Principal, if any, as the case may be, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel or any other amounts due the Trustee under Section 7.07) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities. If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Securityholders for amounts due and unpaid on the Securities for the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash Interest, if any, and accrued Contingent Additional Principal, if any, as the case may be, ratably, without preference or priority of any kind, according to such amounts due and payable on the Securities; and

THIRD: the balance, if any, to the Company.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section 6.10. At least 15 days before such record date, the Trustee shall mail to each Securityholder and the Company a notice that states the record date, the payment date and the amount to be paid.

Section 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant (other than the Trustee) in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 25% in aggregate Principal Amount at Maturity of the Securities at the time outstanding. This Section 6.11 shall be in lieu of Section 315(e) of the TIA and such Section 315(e) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 6.12 Waiver of Stay, Extension or Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company from paying all or any portion of the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash Interest, if any, and accrued Contingent Additional Principal, if any, in respect of Securities, or any interest on such amounts, as contemplated herein, or which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7 TRUSTEE

Section 7.01 Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, but in case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture, but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein.

This Section 7.01(b) shall be in lieu of Section 315(a) of the TIA and such Section 315(a) is hereby expressly excluded from this Indenture, as permitted by the TIA.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph (c) does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

Subparagraphs (c)(1), (2) and (3) shall be in lieu of Sections 315(d)(1), 315(d)(2) and 315(d)(3) of the TIA and such Sections 315(d)(1), 315(d)(2) and 315(d)(3) are hereby expressly excluded from this Indenture, as permitted by the TIA.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (e) of this Section 7.01.

(e) The Trustee may refuse to perform any duty or exercise any right or power or extend or risk its own funds or otherwise incur any financial liability unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee (acting in any capacity hereunder) shall be under no liability for interest on any money received by it hereunder unless otherwise agreed in writing with the Company.

Section 7.02 Rights of Trustee. Subject to its duties and responsibilities under the provisions of Section 7.01, and, except as expressly excluded from this Indenture pursuant to said Section 7.01, under the TIA:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate;

(c) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(d) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith which it believes to be authorized or within its rights or powers conferred under this Indenture;

(e) the Trustee may consult with counsel selected by it and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(f) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders, pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby;

(g) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a resolution of the Board of Directors;

(h) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(i) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture;

(j) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder; and

(k) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to

take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

Section 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, Conversion Agent or co-registrar may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

Section 7.04 Trustee's Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use or application of the proceeds from the Securities, it shall not be responsible for any statement in the registration statement for the Securities under the Securities Act or in the Indenture or the Securities (other than its certificate of authentication), or the determination as to which beneficial owners are entitled to receive any notices hereunder.

Section 7.05 Notice of Defaults. If a Default occurs and if it is known to the Trustee, the Trustee shall give to each Securityholder notice of the Default within 90 days after it occurs unless such Default shall have been cured or waived before the giving of such notice. Except in the case of a Default described in Section 6.01(1) or 6.01(2), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Securityholders. The second sentence of this Section 7.05 shall be in lieu of the proviso to Section 315(b) of the TIA and such proviso is hereby expressly excluded from this Indenture, as permitted by the TIA. The Trustee shall not be deemed to have knowledge of a Default unless a Responsible Officer of the Trustee has received written notice of such Default.

Section 7.06 Reports by Trustee to Holders. Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, the Trustee shall mail to each Securityholder a brief report dated as of such May 15 that complies with TIA Section 313(a), if required by such Section 313(a). The Trustee also shall comply with TIA Section 313(b).

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and each securities exchange, if any, on which the Securities are listed. The Company agrees to promptly notify the Trustee whenever the Securities become listed on any securities exchange and of any delisting thereof.

Section 7.07 Compensation and Indemnity. The Company agrees:

(a) to pay to the Trustee from time to time such compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited (to the extent permitted by law) by any provision of law in regard to the compensation of a trustee of an express trust);

(b) to reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the compensation and the expenses, advances and disbursements of its agents and

counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(c) to indemnify the Trustee or any predecessor, Trustee and their agents for, and to hold them harmless against, any loss, damage, claim, liability, cost or expense (including attorney's fees and taxes (other than taxes based upon, measured by or determined by the income of the Trustee)) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim (whether asserted by the Company or any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

To secure the Company's payment obligations in this Section 7.07, the Holders shall have been deemed to have granted to the Trustee a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash Interest, if any, and Contingent Additional Principal, if any, as the case may be, on particular Securities.

The Company's payment obligations pursuant to this Section 7.07 shall survive the discharge of this Indenture and the resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(4) or (5), the expenses including the reasonable charges and expenses of its counsel, are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 Replacement of Trustee. The Trustee may resign by so notifying the Company; provided, however, no such resignation shall be effective until a successor Trustee has accepted its appointment pursuant to this Section 7.08. The Holders of a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding may remove the Trustee by so notifying the Trustee and the Company. The Company shall remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10;
- (2) the Trustee is adjudged bankrupt or insolvent;
- (3) a receiver or public officer takes charge of the Trustee or its property; or
- (4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint, by resolution of its Board of Directors, a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company satisfactory in form and substance to the retiring Trustee and the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Securityholders. The

retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding may petition any court of competent jurisdiction at the expense of the Company for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Section 7.09 Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

Section 7.10 Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of TIA Sections 310(a)(1) and 310(b). The Trustee (or its parent holding company) shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition. Nothing herein contained shall prevent the Trustee from filing with the Commission the application referred to in the penultimate paragraph of TIA Section 310(b).

Section 7.11 Preferential Collection of Claims Against Company. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8 DISCHARGE OF INDENTURE

Section 8.01 Discharge of Liability on Securities. When (i) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced pursuant to Section 2.07) for cancellation or (ii) all outstanding Securities have become due and payable and the Company deposits with the Trustee cash or, if expressly permitted by the terms of the Securities or the Indenture, Common Stock (as applicable in accordance with the terms hereof) sufficient to pay all amounts due and owing on all outstanding Securities (other than Securities replaced pursuant to Section 2.07), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 7.07, cease to be of further effect. The Trustee shall join in the execution of a document prepared by the Company acknowledging satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and Opinion of Counsel and at the cost and expense of the Company.

Section 8.02 Repayment to the Company. The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years,

subject to applicable unclaimed property law. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person and the Trustee and the Paying Agent shall have no further liability to the Securityholders with respect to such money or securities for that period commencing after the return thereof.

ARTICLE 9
AMENDMENTS

Section 9.01 Without Consent of Holders. The Company and the Trustee may amend this Indenture or the Securities without the consent of any Securityholder:

(1) to cure any ambiguity, omission, defect or inconsistency; provided, however, that such amendment does not materially adversely affect the rights of any Securityholder;

(2) to comply with Article 5 or Section 10.14;

(3) to secure the Company's obligations under the Securities and this Indenture;

(4) to add to the Company's covenants for the benefit of the Securityholders or to surrender any right or power conferred upon the Company;

(5) to make any change to comply with the TIA, or any amendment thereto, or to comply with any requirement of the SEC in connection with the qualification of the Indenture under the TIA, or as necessary in connection with the registration of the Securities under the Securities Act; or

(6) to make any change that does not adversely affect the rights of any Holders.

Section 9.02 With Consent of Holders. With the written consent of the Holders of at least a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding, the Company and the Trustee may amend this Indenture or the Securities. However, without the consent of each Securityholder affected, an amendment to this Indenture or the Securities may not:

(1) change the provisions of this Indenture that relate to modifying or amending this Indenture;

(2) make any change in the manner of calculation or rate of accrual of Original Issue Discount and Contingent Additional Principal, make any change in the manner of calculation or rate of accrual of, or that adversely affects the right to receive, Contingent Cash Interest, reduce the rate of interest referred to in paragraph 1 of the Securities, or extend the time for payment of Original Issue Discount, Contingent Cash Interest, Contingent Additional Principal (including CAP-OID thereon) or interest, if any, on any Security;

(3) reduce the Principal Amount at Maturity, the Issue Price, Accrued Original Issue Discount, Contingent Cash Interest, if any, or accrued Contingent Additional Principal or CAP-OID, if any, on, or change the Stated Maturity of, any Security;

(4) reduce the Redemption Price, Purchase Price or Change in Control Purchase Price of any Security;

(5) make any Security payable in money or securities other than that stated in the Security;

(6) make any change in Section 6.04, Section 6.07 or this Section 9.02, except to increase any percentage set forth therein;

(7) make any change that adversely affects the right to convert any Security;

(8) make any change that adversely affects the right to require the Company to purchase the Securities in accordance with the terms thereof and this Indenture;

(9) impair the right to institute suit for the enforcement of any payment with respect to, or conversion of, the Securities;

(10) reduce the amount of principal payable upon acceleration of maturity of the Securities following a Default.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section 9.02 becomes effective, the Company shall mail to each Holder a notice briefly describing the amendment.

Section 9.03 Compliance with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall comply with the TIA.

Section 9.04 Revocation and Effect of Consents, Waivers and Actions. Until an amendment, waiver or other action by Holders becomes effective, a consent thereto by a Holder of a Security hereunder is a continuing consent by the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same obligation as the consenting Holder's Security, even if notation of the amendment, waiver or other action is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date as of which the amendment, waiver or action is made effective. After an amendment, waiver or action becomes effective, it shall bind every Securityholder.

Section 9.05 Notation on or Exchange of Securities. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter

provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Securities.

Section 9.06 Trustee to Sign Supplemental Indentures. The Trustee shall sign any supplemental indenture authorized pursuant to this Article 9 if the amendment contained therein does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign such supplemental indenture. In signing such supplemental indenture the Trustee shall receive, and (subject to the provisions of Section 7.01) shall be fully protected in relying upon, in addition to the documents required by Section 15.04, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture.

Section 9.07 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

ARTICLE 10 CONVERSION

Section 10.01 Conversion Privilege. A Holder of a Security may convert such Security into shares of Common Stock at any time during the period stated in paragraph 9 of the Securities, subject to the provisions of this Article 10. The number of shares of Common Stock issuable upon conversion of a Security per \$1,000 of Principal Amount at Maturity thereof (the "Conversion Rate") shall be that set forth in paragraph 9 in the Securities, subject to adjustment as herein set forth.

A Holder may convert a portion of the Principal Amount at Maturity of a Security if the portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to conversion of all of a Security also apply to conversion of a portion of a Security.

"Average Sale Price" means the average of the Sale Prices of the Common Stock for the shorter of

(i) 30 consecutive trading days ending on the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Sale Price is being calculated, or

(ii) the period (x) commencing on the date next succeeding the first public announcement of (a) the issuance of rights, warrants or options or (b) the distribution, in each case, in respect of which the Average Sale Price is being calculated and (y) proceeding through the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Sale Price is being calculated (excluding days within such period, if any, which are not trading days), or

(iii) the period, if any, (x) commencing on the date next succeeding the Ex-Dividend Time with respect to the next preceding (a) issuance of rights, warrants or options or (b) distribution, in each case, for which an adjustment is required by the provisions of Section 10.05(4), 10.06 or 10.07 and (y) proceeding through the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Sale Price is being calculated (excluding days within such period, if any, which are not trading days).

In the event that the Ex-Dividend Time (or in the case of a subdivision, combination or reclassification, the effective date with respect thereto) with respect to a dividend, subdivision, combination or reclassification to which Section 10.05(1), (2), (3) or (5) applies occurs during the period applicable for calculating Average Sale Price pursuant to the definition in the preceding sentence, Average Sale Price shall be calculated for such period in a manner determined by the Board of Directors to reflect the impact of such dividend, subdivision, combination or reclassification on the Sale Price of the Common Stock during such period.

"Time of Determination" means the time and date of the earlier of (i) the determination of stockholders entitled to receive rights, warrants or options or a distribution, in each case, to which Section 10.07 or 10.08 applies and (ii) the time ("Ex-Dividend Time") immediately prior to the commencement of "ex-dividend" trading for such rights, warrants or options or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the Common Stock is then listed or quoted.

Section 10.02 Conversion Procedure. To convert a Security, a Holder must satisfy the requirements in paragraph 9 of the Securities. The date on which the Holder satisfies all those requirements is the conversion date (the "Conversion Date"). The Conversion Agent shall notify the Company of the Conversion Date within one Business Day of the Conversion Date. The Company shall deliver to the Holder, through the Conversion Agent, no later than the fifth Business Day following the Conversion Date, a certificate for the number of full shares of Common Stock issuable upon the conversion and cash in lieu of any fractional share determined pursuant to Section 10.03. The Person in whose name the certificate representing such shares is registered shall be treated as a stockholder of record on and after the Conversion Date; provided, however, that no surrender of a Security on any date when the stock transfer books of the Company shall be closed shall be effective to constitute the person or persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the person or persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; such conversion shall be at the Conversion Rate in effect on the date that such Security shall have been surrendered for conversion, as if the stock transfer books of the Company had not been closed. Upon conversion of a Security, such person shall no longer be a Holder of such Security.

No payment or adjustment will be made for accrued interest or dividends on, or other distributions with respect to, any Common Stock except as provided in this Article 10. On conversion of a Security, that portion of Accrued Original Issue Discount and original issue discount, as imputed for United States federal income tax purposes pursuant to

Section 1.275-4(b) of the Treasury Regulations and Contingent Additional Principal, if any, attributable to the period from the Issue Date to, but excluding, the Conversion Date and (except as provided below) that portion of accrued Contingent Cash Interest attributable to the period from the last Contingent Cash Interest Payment Date (or Issue Date, if such date has not occurred) ("Contingent Cash Interest Payment Date") to but excluding the Conversion Date with respect to the converted Security shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares) in exchange for the Security being converted pursuant to the provisions hereof; and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares) shall be treated as delivered pro rata, to the extent thereof, first in exchange for Accrued Original Issue Discount and original issue discount, as imputed for United States federal income tax purposes pursuant to Section 1.275-4(b) of the Treasury Regulations and accrued Contingent Additional Principal, if any, to, but excluding the Conversion Date and accrued Contingent Cash Interest to, but excluding, the Conversion Date, and the balance, if any, of such cash and/or the fair market value of such Common Stock (together with any such cash payment in lieu of fractional shares) shall be treated as delivered in exchange for the Issue Price of the Security being converted pursuant to the provisions hereof. Notwithstanding the foregoing, accrued but unpaid Contingent Cash interest will be payable upon conversion of Securities made concurrently with or after acceleration of Securities following an Event of Default.

If the Holder converts more than one Security at the same time, the number of shares of Common Stock issuable upon the conversion shall be based on the total Principal Amount at Maturity of the Securities converted.

A Security surrendered for conversion by a Holder during the period from the close of business on any Common Stock Record Date to the opening of business on the next Contingent Cash Interest Payment Date must be accompanied by payment of an amount equal to the Contingent Cash Interest that the Holder is to receive on the Securities surrendered for conversion, unless the Company has provided such Holder with a notice of redemption with respect to such Securities pursuant to Section 3.03 herein, in which case no such payment shall be made.

If the last day on which a Security may be converted is a Legal Holiday, the Security may be surrendered on the next succeeding day that is not a Legal Holiday.

Upon surrender of a Security that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Security in an authorized denomination equal in Principal Amount at Maturity to the unconverted portion of the Security surrendered.

Section 10.03 Fractional Shares. The Company will not issue a fractional share of Common Stock upon conversion of a Security. Instead, the Company will deliver cash for the current market value of the fractional share. The current market value of a fractional share shall be determined, to the nearest 1/1,000th of a share, by multiplying the Sale Price of the Common Stock, on the last trading day prior to the Conversion Date, of a full share by the fractional amount and rounding the product to the nearest whole cent.

Section 10.04 Taxes on Conversion. If a Holder converts a Security, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon the conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulations.

Section 10.05 Company to Provide Stock. The Company shall, prior to issuance of any Securities under this Article 10, and from time to time as may be necessary, reserve out of its authorized but unissued Common Stock a sufficient number of shares of Common Stock to permit the conversion of the Securities.

All shares of Common Stock delivered upon conversion of the Securities shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company will endeavor promptly to comply with all federal and state securities laws regulating the offer and delivery of shares of Common Stock upon conversion of Securities, if any, and will list or cause to have quoted such shares of Common Stock on each national securities exchange or in the over-the-counter market or such other market on which the Common Stock is then listed or quoted.

Section 10.06 Adjustment for Change in Capital Stock. If, after the Issue Date of the Securities, the Company:

- (1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock;
- (2) subdivides its outstanding shares of Common Stock into a greater number of shares;
- (3) combines its outstanding shares of Common Stock into a smaller number of shares;
- (4) pays a dividend or makes a distribution on its Common Stock in shares of its Capital Stock (other than Common Stock or rights, warrants or options for its Capital Stock); or
- (5) issues by reclassification of its Common Stock any shares of its Capital Stock (other than rights, warrants or options for its Capital Stock),

then the conversion privilege and the Conversion Rate in effect immediately prior to such action shall be adjusted so that the Holder of a Security thereafter converted may receive the number of shares of Capital Stock of the Company which such Holder would have owned immediately

following such action if such Holder had converted the Security immediately prior to such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a Holder of a Security upon conversion of such Security may receive shares of two or more classes of Capital Stock of the Company, the Conversion Rate shall thereafter be subject to adjustment upon the occurrence of an action taken with respect to any such class of Capital Stock as is contemplated by this Article 10 with respect to the Common Stock, on terms comparable to those applicable to Common Stock in this Article 10.

Section 10.07 Adjustment for Rights Issue. If after the Issue Date of the Securities, the Company distributes any rights, warrants or options to all holders of its Common Stock entitling them, for a period expiring within 60 days after the record date for such distribution, to purchase shares of Common Stock at a price per share less than the Sale Price of the Common Stock as of the Time of Determination, the Conversion Rate shall be adjusted in accordance with the formula:

$$R' = R \times \frac{(O + N)}{O + (N \times P)/M}$$

where:

R' = the adjusted Conversion Rate.

R = the current Conversion Rate.

O = the number of shares of Common Stock outstanding on the record date for the distribution to which this Section 10.07 is being applied.

N = the number of additional shares of Common Stock offered pursuant to the distribution.

P = the offering price per share of the additional shares.

M = the Average Sale Price, minus, in the case of (i) a distribution to which Section 10.06(4) applies or (ii) a distribution to which Section 10.08 applies, for which, in each case, (x) the record date shall occur on or before the record date for the distribution to which this Section 10.07 applies and (y) the Ex-Dividend Time shall occur on or after the date of the Time of Determination for the distribution to which this Section 10.07 applies, the fair market value (on the record date for the distribution to which this Section 10.07 applies) of the:

(1) Capital Stock of the Company distributed in respect of each share of Common Stock in such Section 10.06(4) distribution; and

(2) assets of the Company or Debt securities or any rights, warrants or options to purchase securities of the Company distributed in respect of each share of Common Stock in such Section 10.08 distribution.

The Board of Directors shall determine fair market values for the purposes of this Section 10.07.

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the rights, warrants or options to which this Section 10.07 applies. If all of the shares of Common Stock subject to such rights, warrants or options have not been issued when such rights, warrants or options expire, then the Conversion Rate shall promptly be readjusted to the Conversion Rate which would then be in effect had the adjustment upon the issuance of such rights, warrants or options been made on the basis of the actual number of shares of Common Stock issued upon the exercise of such rights, warrants or options.

No adjustment shall be made under this Section 10.07 if the application of the formula stated above in this Section 10.07 would result in a value of R' that is equal to or less than the value of R.

Section 10.08 Adjustment for Other Distributions. (a) If, after the Issue Date of the Securities, the Company distributes to all holders of its Common Stock any of its assets excluding distributions of Capital Stock or equity interests referred to in Section 10.08(b), or evidences of indebtedness of the Company or any rights, warrants or options to purchase securities of the Company (including securities or cash, but excluding (x) distributions of Capital Stock referred to in Section 10.06 and distributions of rights, warrants or options referred to in Section 10.07 and (y) cash dividends or other cash distributions that are paid out of consolidated current net earnings or earnings retained in the business as shown on the books of the Company, unless such cash dividends or other cash distributions are Extraordinary Cash Dividends (as defined below)) (except for the above restrictions, "Regular Cash Dividends") the Conversion Rate shall be adjusted, subject to the provisions of Section 10.08(c), in accordance with the formula:

$$R' = \frac{R \times M}{M - F}$$

where:

R' = the adjusted Conversion Rate.

R = the current Conversion Rate.

M = the Average Sale Price, minus, in the case of a distribution to which Section 10.06(4) applies, for which (i) the record date shall occur on or before the record date for the distribution to which this Section 10.08(a) applies and (ii) the Ex-Dividend Time shall occur on or after the date of the Time of Determination for the distribution to which this Section 10.08(a) applies, the fair market value (on the record date for the distribution to which this Section 10.08(a) applies) of any

Capital Stock of the Company distributed in respect of each share of Common Stock in such Section 10.06(4) distribution.

F = the fair market value (on the record date for the distribution to which this Section 10.08(a) applies) of the assets, securities, rights, warrants or options to be distributed in respect of each share of Common Stock in the distribution to which this Section 10.08(a) is being applied (including, in the case of cash dividends or other cash distributions giving rise to an adjustment, all such cash distributed concurrently).

The Board of Directors shall determine fair market values for the purposes of this Section 10.08(a).

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the distribution to which this Section 10.09(a) applies.

For purposes of this Section 10.08(a), the term "Extraordinary Cash Dividend" shall mean any cash dividend with respect to the Common Stock the amount of which, together with the aggregate amount of cash dividends on the Common Stock to be aggregated with such cash dividend in accordance with the provisions of this paragraph, equals or exceeds the threshold percentage set forth in item (i) below. For purposes of item (i) below, the "Measurement Period" with respect to a cash dividend on the Common Stock shall mean the 365 consecutive day period ending on the date prior to the Ex-Dividend Time with respect to such cash dividend, and the "Relevant Cash Dividends" with respect to a cash dividend on the Common Stock shall mean the cash dividends on the Common Stock with Ex-Dividend Times occurring in the Measurement Period.

(i) If, upon the date prior to the Ex-Dividend Time with respect to a cash dividend on the Common Stock, the aggregate amount of such cash dividend together with the amounts of all Relevant Cash Dividends equals or exceeds on a per share basis the sum of (a) 5% of the Sale Price of the Common Stock on the last Trading Day preceding the date of declaration by the Board of Directors of the cash dividend or distribution with respect to which this provision is being applied, and (b) the quotient of the amount of any contingent interest paid on a Security during the Ex-Dividend Measurement Period and divided by the conversion rate in effect on the payment date of such relevant Contingent Interest Payment Date, then such cash dividend together with all Relevant Cash Dividends, shall be deemed to be an Extraordinary Cash Dividend and for purposes of applying the formula set forth above in this Section 10.08(a), the value of "F" shall be equal to (y) the aggregate amount of such cash dividend together with the amount of all Relevant Cash Dividends, minus (z) the aggregate amount of all Relevant Cash Dividends for which a prior adjustment in the Conversion Rate was previously made under this Section 10.08(a).

In making the determinations required by item (i) above, the amount of cash dividends paid on a per share basis and the amount of any Relevant Cash Dividends specified in

item (i) above, shall be appropriately adjusted to reflect the occurrence during such period of any event described in Section 10.06.

(b) If, after the Issue Date of the Securities, the Company pays a dividend or makes a distribution to all holders of its Common Stock consisting of Capital Stock of any class or series, or similar equity interests, of or relating to a Subsidiary or other business unit of the Company, the Conversion Rate shall be adjusted in accordance with the formula:

$$R' = R \times (1 + F/M)$$

where:

R' = the adjusted Conversion Rate.

R = the current Conversion Rate.

M = the average of the Post-Distribution Prices of the Common Stock for the 10 trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such dividend or distribution on the principal United States exchange or market which such securities are then listed or quoted (the "Ex-Dividend Date").

F = the fair market value of the securities distributed in respect of each share of Common Stock for which this Section 10.08(b) shall mean the number of securities distributed in respect of each share of Common Stock multiplied by the average of the Post-Distribution Prices of those securities distributed for the 10 trading days commencing on and including the fifth trading day after the Ex-Dividend Date.

(c) "Post-Distribution Price" of Capital Stock or any similar equity interest on any date means the closing per unit sale price (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date for trading of such units on a "when issued" basis without due bills (or similar concept) as reported in the composite transactions for the principal United States securities exchange on which such Capital Stock or equity interest is traded or, if the Capital Stock or equity interest, as the case may be, is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated; provided that if on any date such units have not traded on a "when issued" basis, the Post-Distribution Price shall be the closing per unit sale price (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date for trading of such units on a "regular way" basis without due bills (or similar concept) as reported in the composite transactions for the principal United States securities exchange on which such Capital Stock or equity interest is traded or, if the Capital Stock or equity interest, as the case may be, is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of such quotation, the Company shall be entitled to determine the Post-Distribution Price on the basis of such quotations, which reflect the post-distribution value of the Capital Stock or equity interests, as it considers appropriate.

Section 10.09 When Adjustment May Be Deferred. No adjustment in the Conversion Rate need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Rate. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

All calculations under this Article 10 shall be made to the nearest cent or to the nearest 1/1,000th of a share, as the case may be (with one-half of a cent and 5/10,000ths of a share being rounded upward).

Section 10.10 When No Adjustment Required. No adjustment need be made for a transaction referred to in Section 10.06, 10.07, 10.08, 10.14 or 10.19 if Securityholders are to participate in the transaction on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction. Such participation by Securityholders may include participation upon conversion provided that an adjustment shall be made at such time as the Securityholders are no longer entitled to participate.

No adjustment need be made for rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest.

No adjustment need be made for a change in the par value or no par value of the Common Stock.

The Company is not required to make an adjustment until adjustments greater 1% have occurred.

To the extent the Securities become convertible pursuant to this Article 10 into cash, no adjustment need be made thereafter as to the cash. Interest will not accrue on the cash. The Conversion Rate shall not be adjusted for any Accrued Original Issue Discount, Contingent Additional Principal, if any, or Contingent Cash Interest.

Section 10.11 Notice of Adjustment. Whenever the Conversion Rate is adjusted, the Company shall promptly mail to Securityholders a notice of the adjustment. The Company shall file with the Trustee and the Conversion Agent such notice and a certificate from the Company's independent public accountants briefly stating the facts requiring the adjustment and the manner of computing it. The certificate shall be conclusive evidence that the adjustment is correct. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any Holder desiring inspection thereof.

Section 10.12 Voluntary Increase. The Company from time to time may increase the Conversion Rate by any amount for any period of time. Whenever the Conversion Rate is increased, the Company shall mail to Securityholders and file with the Trustee and the Conversion Agent a notice of the increase. The Company shall mail the notice at least 15 days before the date the increased Conversion Rate takes effect. The notice shall state the increased Conversion Rate and the period it will be in effect.

A voluntary increase of the Conversion Rate does not change or adjust the Conversion Rate otherwise in effect for purposes of Section 10.06, 10.07 or 10.08.

Section 10.13 Notice of Certain Transactions. If:

(1) the Company takes any action that would require an adjustment in the Conversion Rate pursuant to Section 10.06, 10.07 or 10.08 (unless no adjustment is to occur pursuant to Section 10.10); or

(2) the Company takes any action that would require a supplemental indenture pursuant to Section 10.14; or

(3) there is a liquidation or dissolution of the Company;

then the Company shall mail to Securityholders and file with the Trustee and the Conversion Agent a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, binding share exchange, transfer, liquidation or dissolution. The Company shall file and mail the notice at least 20 days before such date. Failure to file or mail the notice or any defect in it shall not affect the validity of the transaction.

Section 10.14 Reorganization of Company; Special Distributions. If the Company is a party to a transaction subject to Section 5.01 (other than a sale of all or substantially all of the assets of the Company in a transaction in which the holders of Common Stock immediately prior to such transaction do not receive securities, cash or other assets of the Company or any other person) or a merger or binding share exchange which reclassifies or changes the outstanding Common Stock, the person obligated to deliver securities, cash or other assets upon conversion of Securities shall enter into a supplemental indenture. If the issuer of securities deliverable upon conversion of Securities is an Affiliate of the successor Company, that issuer shall join in the supplemental indenture.

The supplemental indenture shall provide that the Holder of a Security may convert it into the kind and amount of securities, cash or other assets which such Holder would have received immediately after the consolidation, merger, binding share exchange or transfer if such Holder had converted the Security immediately before the effective date of the transaction, assuming (to the extent applicable) that such Holder (i) was not a constituent person or an Affiliate of a constituent person to such transaction; (ii) made no election with respect thereto; and (iii) was treated alike with the plurality of non-electing Holders. The supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practical to the adjustments provided for in this Article 10. The successor Company shall mail to Securityholders a notice briefly describing the supplemental indenture.

If this Section applies, neither Section 10.06 nor 10.07 applies.

If the Company makes a distribution to all holders of its Common Stock of any of its assets, or Debt securities or any rights, warrants or options to purchase securities of the Company that, but for the provisions of Section 10.08(c), would otherwise result in an adjustment in the Conversion Rate pursuant to the provisions of Section 10.08, then, from and after the record date

for determining the holders of Common Stock entitled to receive the distribution, a Holder of a Security that converts such Security in accordance with the provisions of this Indenture shall upon such conversion be entitled to receive, in addition to the shares of Common Stock into which the Security is convertible, the kind and amount of securities, cash or other assets comprising the distribution that such Holder would have received if such Holder had converted the Security immediately prior to the record date for determining the holders of Common Stock entitled to receive the distribution.

Section 10.15 Company Determination Final. Any determination that the Company or the Board of Directors must make pursuant to Section 10.03, 10.06, 10.07, 10.08, 10.09, 10.10, 10.14 or 10.17 is conclusive.

Section 10.16 Trustee's Adjustment Disclaimer. The Trustee has no duty to determine when an adjustment under this Article 10 should be made, how it should be made or what it should be. The Trustee has no duty to determine whether a supplemental indenture under Section 10.14 need be entered into or whether any provisions of any supplemental indenture are correct. The Trustee shall not be accountable for and makes no representation as to the validity or value of any securities or assets issued upon conversion of Securities. The Trustee shall not be responsible for the Company's failure to comply with this Article 10. Each Conversion Agent shall have the same protection under this Section 10.16 as the Trustee.

Section 10.17 Simultaneous Adjustments. In the event that this Article 10 requires adjustments to the Conversion Rate under more than one of Sections 10.06(4), 10.07 or 10.08, and the record dates for the distributions giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying, first, the provisions of Section 10.06, second, the provisions of Section 10.08 and, third, the provisions of Section 10.07.

Section 10.18 Successive Adjustments. After an adjustment to the Conversion Rate under this Article 10, any subsequent event requiring an adjustment under this Article 10 shall cause an adjustment to the Conversion Rate as so adjusted.

Section 10.19 Rights Issued in Respect of Common Stock Issued Upon Conversion. Each share of Common Stock issued upon conversion of Securities pursuant to this Article 10 shall be entitled to receive the appropriate number of rights ("Rights"), if any, and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any shareholder rights agreement adopted by the Company, as the same may be amended from time to time (in each case, a "Rights Agreement"). Provided that such Rights Agreement requires that each share of Common Stock issued upon conversion of Securities at any time prior to the distribution of separate certificates representing the Rights be entitled to receive such Rights, then, notwithstanding anything else to the contrary in this Article 10, there shall not be any adjustment to the conversion privilege or Conversion Rate as a result of the issuance of Rights, the distribution of separate certificates representing the Rights, the exercise or redemption of such Rights in accordance with any such Rights Agreement, or the termination or invalidation of such Rights.

ARTICLE 11
SUBORDINATION

Section 11.01 Securities Subordinate to Senior Indebtedness. The Company covenants and agrees, and each Holder of a Security, by his acceptance thereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article 11, the indebtedness represented by the Securities and the payment of the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash Interest and Contingent Additional Principal, if any, in respect of each and all of the Securities are hereby expressly made subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness of the Company, as the case may be.

Section 11.02 Payment over of Proceeds upon Dissolution, Etc. Upon any distribution of assets of the Company in the event of:

(a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its respective creditors, as such, or to its respective assets, or

(b) any liquidation, dissolution or other winding-up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or

(c) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company, or

(d) any other event that would constitute an Event of Default specified in Section 6.01(5) or 6.01(6),

then, and in any such event, the holders of Senior Indebtedness shall be entitled to receive:

(1) payment in full in cash of all amounts due or to become due on or in respect of all Senior Indebtedness in cash or cash equivalents, or provision shall be made for such payment, before the Holders of the Securities are entitled to receive any payment on account of the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change of Control Purchase Price Contingent Cash Interest and Contingent Additional Principal, if any, in respect of the Securities, and

(2) any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in respect of the Securities in any such case, proceeding, dissolution, liquidation or other winding-up or event, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Securities.

In the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security shall have received any payment or distribution of assets of the

Company of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Securities, before all Senior Indebtedness is paid in full in cash or payment thereof provided for, and if such fact shall, at or prior to the time of such payment or distribution, have been made known to the Trustee or, as the case may be, such Holder, then, in such event, such payment or distribution shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, Custodian, assignee, agent or other Person making payment or distribution of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full in cash or as payment thereof is otherwise provided for (as such phrase is defined below), after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

For purposes of this Article 11 only, the words "cash, property or securities" shall not be deemed to include shares of Capital Stock of the Company, as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan or reorganization or readjustment the payment of which is subordinated, at least to the extent provided in this Article 11 with respect to the Securities, to the payment of all Senior Indebtedness which may at the time be outstanding; provided, however, that (i) Senior Indebtedness is assumed by the new corporation, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of the Senior Indebtedness are not, without the consent of such holders, altered by such reorganization or readjustment.

The consolidation or share exchange of the Company with, or the merger of the Company into, another person or the liquidation or dissolution of the Company following the conveyance or transfer of its properties and assets substantially as an entirety to another person upon the terms and conditions set forth in Article 5 shall not be deemed a dissolution, winding-up, liquidation, reorganization, assignment for the benefit of creditors or marshalling of assets and liabilities of the Company for the purposes of this Section if the person formed by such consolidation or share exchange or into which the Company is merged or the person which acquires by conveyance or transfer such properties and assets of the Company, as the case may be, substantially as an entirety, as the case may be, shall; as part of such consolidation, share exchange, merger, conveyance or transfer, comply with the conditions set forth in Article 5.

Section 11.03 Acceleration of Securities. In the event that any Securities are declared due and payable before their Stated Maturity pursuant to Section 6.02, then and in such event the Company shall promptly notify holders of Senior Indebtedness of such acceleration. The Company may not pay the Securities until the earlier of (i) 120 days after the date of such acceleration or (ii) the payment in full of all Senior Indebtedness or as payment thereof is otherwise provided for (as such phrase is defined below), and may thereafter pay the Securities if this Indenture permits the payment at that time.

In the event that, notwithstanding the foregoing, (a) the Company shall make any payment to the Trustee or the Holder of any Securities prohibited by the foregoing provisions of this Section 11.03, and (b) with respect to any payment made before 120 days after the date of such acceleration, if such facts shall, at or prior to the time of such payment, have been made known to the Trustee or, as the case may be, such Holder, then and in such event such payment

shall be paid over and delivered forthwith to the Company by or on behalf of the person holding such payment for the benefit of the holders of Senior Indebtedness.

The provisions of this Section 11.03 shall not apply to any payment with respect to which Section 11.04 would be applicable.

Section 11.04 Default on Senior Indebtedness. The Company may not make any payment of the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Change of Control Purchase Price, Contingent Cash Interest or Contingent Additional Principal, if any, in respect of the Securities and may not pay cash with respect to the Purchase Price of any Security (other than for fractional shares) or otherwise acquire any Securities for cash or property (except as set forth in this Indenture) if:

(1) any payment default on any Senior Indebtedness has occurred and is continuing beyond any applicable grace period with respect thereto; or

(2) a default (other than a default referred to in the preceding clause (1)) on any Senior Indebtedness occurs and is continuing that permits holders of such Senior Indebtedness to accelerate the maturity thereof and the default is the subject of judicial proceedings or the Company receives a notice of default thereof from any person who may give such notice pursuant to the instrument evidencing or document governing such Senior Indebtedness.

If the Company receives any such notice, then a similar notice received within nine months thereafter relating to the same default on the same issue of Senior Indebtedness shall not be effective for purposes of this Section 11.04.

Notwithstanding the foregoing, the Company may resume payment on the Securities and may acquire Securities if and when:

(a) the default referred to above is cured or waived as provided or permitted in accordance with the terms of the applicable Senior Indebtedness; or

(b) in the case of a default referred to in clause (2) of the preceding paragraph, 179 or more days pass after the receipt by the Company of the notice described in clause (2) above; and

this Indenture otherwise permits the payment or acquisition at that time; provided, however, that with respect to payments made after the 179-day period referred to in clause (b) of this Section 11.04, the Trustee or the Holder of any Securities shall pay over and deliver forthwith to the Company for the benefit of the holders of Senior Indebtedness any amounts received by the Trustee or any such Holder to the extent necessary to pay all holders of Senior Indebtedness in full in cash or otherwise provide for such payment thereof (as such phrase is defined above).

In the event that, notwithstanding the foregoing, (a) the Company shall make any payment to the Trustee or the Holder of any Security prohibited by the foregoing provisions of this Section, and (b) with respect to any payment made after the expiration of the 179-day period if such fact shall then have been made known to the Trustee or, as the case may be, such Holder,

then and in such event such payment shall (to the extent permitted by law) be paid over and delivered forthwith to the Company by or on behalf of the person holding such payment for the benefit of the holders of the Senior Indebtedness.

The provisions of this Section shall not apply to any payment with respect to which Section 11.02 would be applicable.

Section 11.05 Payment Permitted if No Default. Nothing contained in this Article 11 or elsewhere in this Indenture or in any of the Securities shall prevent (a) the Company at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding-up, assignment for the benefit of creditors or other marshalling of assets and liabilities of the Company referred to in Section 11.02 or under the conditions described in Section 11.03 or 11.04, from making payments at any time of Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change of Control Purchase Price, Contingent Cash Interest or Contingent Additional Principal, if any, as the case may be, in respect of the Securities if the Trustee did not, at the time of such application, have actual knowledge that such payment would have been prohibited by the provisions of this Article 11 or (b) the application by the Trustee of any money deposited with it hereunder to payment of or on account of the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price, Contingent Cash Interest or Contingent Additional Principal, if any, as the case may be, in respect of the Securities, or the retention of such payment by the Holders of the Securities, if, at the time of such application by the Trustee, the Trustee did not have actual knowledge that such payment would have been prohibited by the provisions of this Article 11.

Section 11.06 Subrogation to Rights of Holders of Senior Indebtedness. Subject to payment in full of all Senior Indebtedness to the extent and in the manner set forth in this Article 11, the Holders of the Securities shall be subrogated to the extent of the payments or distributions made to the holders of such Senior Indebtedness pursuant to the provisions of this Article 11 (equally and ratably with the holders of all indebtedness of the Company which by its express terms is subordinated to indebtedness of the Company to substantially the same extent as the Securities are subordinated and is entitled to like rights of subrogation) to the rights of the holders of such Senior Indebtedness to receive payments or distributions of cash, property and securities applicable to the Senior Indebtedness until the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change of Control Purchase Price, Contingent Cash Interest or Contingent Additional Principal, if any, as the case may be, in respect of the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article 11, and no payments over pursuant to the provisions of this Article 11 to the holders of Senior Indebtedness by Holders of the Securities or the Trustee, shall, as among the Company, the creditors of the Company, other than holders of Senior Indebtedness and the Holders of the Securities, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

Section 11.07 Provisions Solely to Define Relative Rights. The provisions of this Article 11 are intended solely for the purpose of defining the relative rights of the Holders of the

Securities, on the one hand, and the holders of Senior Indebtedness, on the other hand. Nothing contained in this Article 11 or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as among the Company, the creditors of the Company other than holders of Senior Indebtedness and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the Principal Amount at Maturity, Issue Price, Accrued Original Issue Discount, Redemption Price, Purchase Price, Change of Control Purchase Price, Contingent Cash Interest or Contingent Additional Principal (or CAP-0ID thereon), if any, as the case may be, in respect of the Securities as and when the same shall become due and payable in accordance with the terms of the Securities and this Indenture; or (b) affect the relative rights against the Company of the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness; or (c) prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 11 of the holders of Senior Indebtedness to receive cash, property and securities otherwise payable or deliverable to the Trustee or such Holder.

Section 11.08 Trustee to Effectuate Subordination. Each Holder of a Security by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article 11 and appoints the Trustee his attorney-in-fact for any and all such purposes.

Section 11.09 No Waiver of Subordination Provisions. No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article 11 or the obligations hereunder of the Holders of the Securities to the holders of Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew, increase or alter, Senior Indebtedness, or otherwise amend or supplement in any manner Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (iii) release any person liable in any manner for the collection of Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

Section 11.10 Notice to Trustee. The Company shall give prompt written notice to a Responsible Officer of the Trustee of any facts known to the Company, which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Notwithstanding the provisions of this Article 11 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have

received written notice thereof from the Company, or a holder of Senior Indebtedness or from any trustee therefor; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts exist.

The Trustee shall be entitled to conclusively rely on the delivery to it of a written notice by a person representing himself to be a holder of Senior Indebtedness (or a trustee therefor) to establish that such notice has been given by a holder of Senior Indebtedness (or a trustee therefor). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article 11, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article 11, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 11.11 Reliance on Judicial Order or Certificate of Liquidating Agent. Upon any payment or distribution of assets of the Company referred to in this Article 11, the Trustee and the Holders of the Securities shall be entitled to rely upon any final, nonappealable order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding-up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, Custodian, receiver, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 11.

Section 11.12 Trustee Not Fiduciary for Holders of Senior Indebtedness. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and shall not be liable to any such holders if it shall in good faith mistakenly pay over or distribute to Holders of Securities or to the Company or to any other person cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article 11 or otherwise. The Trustee shall not be charged with knowledge of the existence of Senior Indebtedness or of any facts that would prohibit any payment hereunder or that would permit the resumption of any such payment unless a Responsible Officer of the Trustee shall have received notice to that effect at the address of the Trustee set forth in Section 15.02. With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in this Article 11 and no implied covenants or obligations with respect to holders of Senior Indebtedness shall be read into this Indenture against the Trustee.

Section 11.13 Rights of Trustee as Holder of Senior Indebtedness; Preservation of Trustee's Rights. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article 11 with respect to any Senior Indebtedness which may at any time be held by it, to

the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07.

Section 11.14 Article 11 Applicable to Paying Agents. In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article 11 shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article 11 in addition to or in place of the Trustee; provided, however, that Sections 11.10 and 11.12 shall not apply to the Company or an Affiliate of the Company if the Company or any such Affiliate acts as Paying Agent.

ARTICLE 12 PAYMENT OF INTEREST

Section 12.01 Interest Payments. If applicable Contingent Cash Interest, if any, on any Security that is payable in cash, and is punctually paid or duly provided for, on the Contingent Cash Interest Payment Date shall be paid to the person in whose name that Security is registered at the close of business on the Common Stock Record Date or Contingent Cash Interest Payment Date, as the case may be, for such interest at the office or agency of the Company maintained for such purpose. Contingent Cash Interest, if any, on any Security shall be paid in same-day funds by transfer to an account maintained by the payee located inside the United States, if the Trustee shall have received proper wire transfer instructions from such payee not later than the related Common Stock Record Date or Contingent Cash Interest Record Date accrual date, as the case may be, or, if no such instructions have been received, by check drawn on a bank in New York City mailed to the payee at its address set forth on the Registrar's books. In the case of a permanent Global Security, Contingent Cash Interest, if any, payable on any applicable payment date will be paid to the Depositary, with respect to that portion of such permanent Global Security held for its account by Cede & Co. for the purpose of permitting such party to credit the interest received by it in respect of such permanent Global Security to the accounts of the beneficial owners thereof

Section 12.02 Defaulted Interest. Except as otherwise specified with respect to the Securities, any Contingent Cash Interest on any Security that is payable, but is not punctually paid or duly provided for, within 30 days following any applicable Contingent Cash Interest Payment Date (herein called "Defaulted Interest", which term shall include any accrued and unpaid interest that has accrued on such defaulted amount in accordance with paragraph 1 of the Securities), shall forthwith cease to be payable to the registered Holder thereof on the relevant Common Stock Record Date or Contingent Cash Interest Record Date, as the case may be, by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the persons in whose names the Securities are registered at the close of business on a special

record date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment (which shall not be less than 20 days after such notice is received by the Trustee), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a special record date (the "Special Record Date") for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities at his address as it appears on the list of Securityholders maintained pursuant to Section 2.05 not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Securities are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Section 12.03 Interest Rights Preserved. Subject to the foregoing provisions of this Article 12 and Section 2.06, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to Contingent Cash Interest accrued and unpaid and Contingent Additional Principal which were carried by such other Security.

ARTICLE 13 CONTINGENT CASH INTEREST

Section 13.01 Contingent Cash Interest. Commencing after September 11, 2006, the Company shall make payments of additional interest to the Holders of Securities ("Contingent Cash Interest"), as set forth in Section 13.02 below, during any six month period from September 12 to March 11 and from March 12 to September 11 (each a "Semi-annual Period") if, but only if, the average LYONS Market Price of a Security with \$1,000 Principal Amount at Maturity for the five trading days in the relevant Five-Trading-Day Measurement Period (as defined below) equals 120% or more of the Relevant Value of such Security. During any Semi-annual Period when Contingent Cash Interest is payable pursuant to this section, each Contingent

Cash Interest payment due and payable on each \$1,000 Principal Amount at Maturity of Security shall be calculated for any quarterly period of the applicable Semi-annual Period, and in each instance shall equal the greater of (i) 0.0625% of the average LYONs Market Price for the relevant Five-Trading-Day Measurement Period or (ii) the sum of all Regular Cash Dividends paid by the Company per share on the Common Stock during the applicable quarter of such Semi-annual Period multiplied by the then applicable Conversion Rate, provided, however, that if Regular Cash Dividends are not paid in such Semi-annual Period, the Contingent Cash Interest shall be paid semi-annually at a rate of 0.125% of the average LYONs Market Price for the Semi-annual Period. Contingent Cash Interest shall accrue and be payable as of the record date, which shall be the 15th day preceding the last day of the relevant Semi-annual Period or if the Company pays a regular cash dividend on its Common Stock during a quarter within the relevant Semi-annual Period, to holders of Securities as of the record date for such Common Stock dividend.

As used in this Article 13, "Five-Trading-Day Measurement Period" means the five trading days ending on the third trading day immediately preceding the first day of the applicable Semi-annual Period; provided, however, that if the Company declares a dividend on its Common Stock for which the record date for such dividend (the "Common Stock Record Date") falls prior to the first day of the next Semi-annual Period, but the payment date for such dividend falls within such Semi-annual Period, then, the "Five-Trading-Day Measurement Period" shall mean the five trading days ending on the third trading day immediately preceding such Common Stock Record Date. "Relevant Value" means the sum of the Issue Price, the Accrued Original Issue Discount and accrued Contingent Additional Principal, if any, on such Security as of the day immediately preceding the first day of the applicable Semi-annual Period. "LYONs Market Price" means, as of any date of determination, the average of the secondary market bid quotations per \$1,000 Principal Amount at Maturity of Securities obtained by the Bid Solicitation Agent for \$10 million Principal Amount at Maturity of Securities at approximately 4:00 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers (none of which shall be an Affiliate of the Company) selected by the Company; provided, however, that if (a) at least three such bids are not obtained by the Bid Solicitation Agent or (b) in the Company's reasonable judgment, the bid quotations are not indicative of the secondary market value of the Securities as of such determination date, then the LYONs Market Price for such determination date shall equal the product of (i) the Conversion Rate in effect as of such determination date multiplied by (ii) the average Sale Price of the Common Stock for the five trading days ending on such determination date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such five trading day period and ending on such determination date, of any event described in Section 10.06, 10.07 or 10.08 (subject to the conditions set forth in Sections 10.09 and 10.10).

The Original Issue Discount of the Securities will continue to accrue whether or not Contingent Cash Interest payments are made or are payable.

Section 13.02 Payment of Contingent Cash Interest; Contingent Cash Interest Rights Preserved. If payable, Contingent Cash Interest shall be payable as of the record date, which shall be the 15th day preceding the last day of the relevant Semi-annual Period (in each case, a "Contingent Cash Interest Payment Date") or, if the Company pays a Regular Cash Dividend on

the Common Stock during a quarter within a Semi-annual Period, on the record date for the related Common Stock dividend. Contingent Cash Interest payments on any Security that are payable, and are punctually paid or duly provided for, on any Contingent Cash Interest Payment Date shall be paid to the Person who is the Holder of that Security on the 15th day preceding the last day of such Semi-annual Period (the "Contingent Cash Interest Record Date") or, if the Company pays regular cash dividends on the Common Stock during one quarter within such Semi-annual Period, the Common Stock Record Date. Each payment of Contingent Cash Interest on any Security shall be paid (A) if such Security is held in the form of a Global Security, in same-day funds by transfer to an account maintained by the payee located inside the United States, or (B) if such Security is held in the form of a Certificated Note, by check, mailed to the address of such Holder as set forth in the Security Register. In the case of a Global Security, interest payable on any Contingent Cash Interest Payment Date will be paid to the Depository for the purpose of permitting DTC to credit the interest received by it in respect of such Global Security to the accounts of the beneficial owners thereof. If the Company only pays a Regular Cash Dividend on the Common Stock during one quarter within such Semi-annual Period, the remaining Contingent Cash Interest payments, if any, will accrue and be payable as of the 15th day preceding the last day of such Semi-annual Period.

Upon determination that Holders of Securities will be entitled to receive Contingent Cash Interest during a Semi-annual Period, prior to the start of such Semi-annual Period, the Company will issue a press release and publish such information on its Web site or through such other public medium as the Company may use at that time.

Section 13.03 Bid Solicitation Agent. The Bid Solicitation Agent shall solicit bids from securities dealers, which the Company indicates that it believes are willing to bid for the Securities. The Company initially appoints the Trustee to act as the Bid Solicitation Agent. The Company may change the Bid Solicitation Agent at its discretion; provided, however, that the Bid Solicitation Agent may not be an Affiliate of the Company.

ARTICLE 14 CONTINGENT ADDITIONAL PRINCIPAL

Section 14.01 Contingent Additional Principal. On September 11, 2004, the rate of accrual on the LYONs will be reset for a period of two years (the "Adjusted Rate"), if the Company's Stock Price Factor (as defined below) is at or below the Stock Price Factor thresholds set forth in the table below. The amount that accrues as a result of the Adjusted Rate of accrual on the LYONs, other than Original Issue Discount, is referred to herein as "Contingent Additional Principal". If Contingent Additional Principal accrues, the Adjusted Rate on the Securities shall accrue commencing on September 11, 2004. If the Stock Price Factor is greater than the highest Stock Price Factor threshold in the applicable column set forth in the table below, no Contingent Additional Principal shall accrue and Original Issue Discount only shall accrue as provided herein.

If Contingent Additional Principal accrues, the Adjusted Rate of accrual per Security will be the rate which results from deducting an amount in accordance with the left hand column of the table below, from the Company's Subordinated Debt Rate (as defined below), provided that in no event shall the Adjusted Rate be greater than 9.0% or less than the initial yield to maturity

of 2.0%. In determining the appropriate row in the column in the table below containing the amount to be deducted from the Company's Subordinated Debt Rate, reference shall be made only to that corresponding row containing the highest Stock Price Factor threshold (within the appropriate Subordinated Debt Rate column), that the actual Stock Price Factor at September 11, 2001 is closest to, but not greater than, and to no other row.

"Stock Price Factor" is the average of the Sale Prices of the Company's Common Stock for the 20 consecutive trading days ending on the third trading day prior to September 11, 2004, expressed as a percentage of \$106.33, subject to adjustment in accordance with Article 10 hereof.

"Subordinated Debt Rate" means the average of the interest rate quotations for a new issuance of the Company's two-year semi-annual cash-pay unsecured subordinated debt obtained by the Rate Solicitation Agent for an issuance in an amount equal to the aggregate Issue Price of the Securities plus any Accrued Original Issue Discount through September 11, 2004 at approximately 4:00 p.m., New York City time, on the day three Trading Days prior to September 11, 2004 from three independent nationally recognized securities dealers, (each of which shall be an Affiliate of the Company) selected by the Company; provided, however, that (a) if the three such quotations cannot be obtained, then the average of two quotations shall be used in lieu thereof, and (b) if only one such quotation can be obtained, such quotation shall be used. In the event that no quotations can be obtained, the Company's Subordinated Debt Rate will be determined by the good faith determination of the Board of Directors.

The table below shows the amount to be deducted from the applicable Subordinated Debt Rate to determine the aggregate Adjusted Rate of accrual at which Original Issue Discount and Contingent Additional Principal will accrue on the LYONs during the two years commencing September 11:

| Amount to be Deducted from Two Year Unsecured Subordinated Debt Rate to Determine the Adjusted Rate: | Stock Price Factor Threshold | | | | | | | | |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| | If Two Year Unsecured Subordinated Debt Rate at September 11, 2004 is: | | | | | | | | |
| | >4.50% | >5.00% | >5.50% | >6.00% | >6.50% | >7.00% | >7.50% | >8.00% | >8.50% |
| - 6.00%..... | - | - | - | - | - | - | - | - | < 74% |
| - 5.50%..... | - | - | - | - | - | - | - | < 73% | < 71% |
| - 5.00%..... | - | - | - | - | - | - | < 72% | < 70% | < 69% |
| - 4.50%..... | - | - | - | - | - | < 69% | < 69% | < 68% | < 66% |
| - 4.00%..... | - | - | - | - | < 67% | < 67% | < 67% | < 65% | < 64% |
| - 3.50%..... | - | - | - | < 66% | < 65% | < 64% | < 64% | < 63% | < 62% |
| - 3.00%..... | - | - | < 64% | < 64% | < 63% | < 61% | < 61% | < 61% | < 59% |
| - 2.50%..... | - | 62% | < 61% | < 60% | < 60% | < 59% | < 58% | < 58% | < 57% |
| - 2.00%..... | < 59% | < 58% | < 58% | < 57% | < 56% | < 55% | < 55% | < 54% | < 53% |
| - 1.50%..... | < 56% | < 55% | < 54% | < 54% | < 53% | < 53% | < 53% | < 52% | < 51% |
| - 1.00%..... | < 52% | < 51% | < 51% | < 51% | < 50% | < 49% | < 49% | < 48% | < 48% |
| - 0.50%..... | < 47% | < 46% | < 45% | < 45% | < 44% | < 44% | < 44% | < 43% | < 43% |
| 0.00%..... | < 40% | < 40% | < 39% | < 38% | < 38% | < 38% | < 37% | < 37% | < 36% |

No Contingent Additional Principal will accrue after September 11, 2006, but thereafter Original Issue Discount, including CAP-OID, shall continue to accrue.

Section 14.02 Payment of Contingent Additional Principal. Contingent Additional Principal shall be paid on the Stated Maturity of the Securities, or earlier, as provided herein. Contingent Additional Principal shall accrue on a Semi-annual bond equivalent basis, using a 360-day year consisting of twelve 30-day months.

Section 14.03 Notice. In the event that any Contingent Additional Principal accrues on the Securities, the Company shall issue a press release to that effect which shall include with respect to a Security, the Adjusted Rate, the amount of Contingent Additional Principal, the revised Redemption Price, the revised Purchase Price, the revised change in control Purchase Price and the amount payable at the Stated Maturity. In addition, the Company shall publish such information on its Web site or through such other public medium as it may use at that time. The Company shall also notify the Trustee annually in writing, at such time that the Company files with the Trustee its annual reports or other information or documents, of any accrual of Contingent Additional Principal (and CAP-OID thereon). Following its receipt of such notice, the Trustee shall provide such information to DTC for dissemination to the participants of DTC.

Section 14.04 Rate Solicitation Agent. The Rate Solicitation Agent shall solicit quotes from securities dealers, which the Company indicates that it believes are able to provide quotes for the Company's subordinated debt. The Company initially appoints the Trustee to act as the Rate Solicitation Agent. The Company may change the Rate Solicitation Agent at its discretion; provided, however, that the Rate Solicitation Agent may not be an Affiliate of the Company.

ARTICLE 15
MISCELLANEOUS

Section 15.01 Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

Section 15.02 Notices. Any request, demand, authorization, notice, waiver, consent or communication shall be in writing and delivered in person or delivery by courier guaranteeing overnight delivery or mailed by first-class mail, postage prepaid, addressed as follows or transmitted by facsimile transmission (confirmed by guaranteed overnight courier) to the following facsimile numbers:

if to the Company:

Laboratory Corporation of America Holdings
358 South Main Street
Burlington, NC 27215
Telephone No.: (336) (584-5171)
Facsimile No.: (336) 229-1127
Attention: Bradford T. Smith

if to the Trustee:

The Bank of New York
101 Barclay Street,
Floor 21 West
New York, New York 10286
Telephone No.: (212) 815-2745
Facsimile No.: (212) 815-5915
Attention: Corporate Trust Administration

with a copy of any notice given pursuant to Article 6 to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017
Telephone No.: (212) 450-4000
Facsimile No.: (212) 450-4800
Attention: Deanna L. Kirkpatrick, Esq.

The Company or the Trustee by notice given to the other in the manner provided above may designate additional or different addresses for subsequent notices or communications.

Any notice or communication given to a Securityholder shall be mailed to the Securityholder, by first-class mail, postage prepaid, at the Securityholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not received by the addressee.

If the Company mails a notice or communication to the Securityholders, it shall mail a copy to the Trustee and each Registrar, Paying Agent, Conversion Agent or co-registrar.

Section 15.03 Communication by Holders with Other Holders. Securityholders may communicate pursuant to TIA Section 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar, the Paying Agent, the Conversion Agent and anyone else shall have the protection of TIA Section 312(c).

Section 15.04 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 15.05 Statements Required in Certificate or Opinion. Each Officers' Certificate or Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that each person making such Officers' Certificate or Opinion of Counsel has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Officers' Certificate or Opinion of Counsel are based;

(3) a statement that, in the opinion of each such person, he has made such examination or investigation as is necessary to enable such person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement that, in the opinion of such person, such covenant or condition has been complied with.

Section 15.06 Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 15.07 Rules by Trustee, Paying Agent, Conversion Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar,

Conversion Agent and the Paying Agent may also make reasonable rules for their respective functions.

Section 15.08 Calculations. The calculation of the Purchase Price, Change in Control Purchase Price, Conversion Rate, Market Price, Sale Price of the Common Stock and each other calculation to be made hereunder (other than the LYONS Market Price) shall be the obligation of the Company. All calculations made by the Company as contemplated pursuant to this Section 15.08 shall be final and binding on the Company and the Holders absent manifest error. The Trustee, Paying Agent, Conversion Agent, Bid Solicitation Agent and Rate Solicitation Agent shall not be obligated to recalculate, recompute or confirm any such calculations.

Section 15.09 Legal Holidays. A "Legal Holiday" is any day other than a Business Day. If any specified date (including a date for giving notice) is a Legal Holiday, the action shall be taken on the next succeeding day that is not a Legal Holiday, and, if the action to be taken on such date is a payment in respect of the Securities, no Original Issue Discount, Contingent Cash Interest, or Contingent Additional Principal, if any, shall accrue for the intervening period.

Section 15.10 GOVERNING LAW. THIS INDENTURE AND THE SECURITIES WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 15.11 No Recourse Against Others. A director, officer, employee, agent, representative, stockholder or equity holder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

Section 15.12 Successors. All agreements of the Company in this Indenture and the Securities shall bind its successor. All agreements of the Trustee in this Indenture shall bind its successor.

Section 15.13 Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

LABORATORY CORPORATION OF
AMERICA HOLDINGS

By: /s/ Bradford T. Smith

Name: Bradford T. Smith
Title: Executive Vice President,
General Counsel, Corporate
Compliance Officer and Secretary

THE BANK OF NEW YORK, as Trustee

By: /s/ Ming J. Shiang

Name: Ming J. Shiang
Title: Vice President

EXHIBIT A-1

[FORM OF FACE OF GLOBAL SECURITY]

THIS SECURITY WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR U.S. FEDERAL INCOME TAX PURPOSES. THE HOLDER OF THIS SECURITY MAY CONTACT BRADFORD T. SMITH, LABORATORY CORPORATION OF AMERICA HOLDINGS, 358 SOUTH MAIN STREET, BURLINGTON, NC 27215 FOR INFORMATION REGARDING THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE, YIELD TO MATURITY, COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE OF THIS SECURITY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE DEPOSITORY TRUST COMPANY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ARTICLE TWO OF THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY, THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL, OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE"), WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH LABORATORY CORPORATION OF AMERICA HOLDINGS (THE "COMPANY" OR THE "ISSUER") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF

THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS SECURITY ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE.

LABORATORY CORPORATION OF AMERICA HOLDINGS
Liquid Yield Option(TM) Note due 2021
(Zero Coupon - Subordinated)

| | |
|--------------------------------|-----------------------------------|
| No. R- | CUSIP: 50550R AB 8 |
| Issue Date: September 11, 2001 | Original Issue Discount |
| Issue Price: \$671.65 | (excluding any CAP-OID): \$328.35 |
| (for each \$1,000 Principal | (for each \$1,000 Principal |
| Amount at Maturity) | Amount at Maturity) |

LABORATORY CORPORATION OF AMERICA HOLDINGS, a Delaware corporation, promises to pay to Cede & Co. or registered assigns, the Principal Amount at Maturity of _____ DOLLARS (\$_____) on September 11, 2021.

This Security shall not bear interest except as specified on the other side of this Security. Original Issue Discount will accrue as specified on the other side of this Security. This Security is convertible as specified on the other side of this Security.

Additional provisions of this Security are set forth on the other side of this Security.

Dated: _____ LABORATORY CORPORATION OF AMERICA HOLDINGS

By: _____
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

THE BANK OF NEW YORK, as Trustee, certifies that this is one of the Securities referred to in the within-mentioned Indenture.

By: _____
Authorized Officer

Dated:

[FORM OF REVERSE SIDE OF LYON]
Liquid Yield Option(TM) Note due 2021
(Zero Coupon - Subordinated)

1. Interest.

This Security shall not bear interest, except as specified in this paragraph or in paragraph 5. If the Principal Amount at Maturity hereof or any portion of such Principal Amount at Maturity is not paid when due, or if Contingent Additional Principal together with CAP-OID thereon, if any, is not paid when due or any portion of such Contingent Additional Principal, together with CAP-OID thereon is not paid when due in accordance with paragraph 5.B hereof, (whether upon acceleration pursuant to Section 6.02 of the Indenture, upon the date set for payment of the Redemption Price pursuant to paragraph 6 hereof, upon the date set for payment of the Purchase Price or Change in Control Purchase Price pursuant to paragraph 7 hereof or upon the Stated Maturity of this Security) or if Contingent Cash Interest, if any, due hereon or any portion of such interest is not paid when due in accordance with paragraph 5.A hereof, then in each such case the overdue amount shall, to the extent permitted by law, bear interest at the rate of 2.0% per annum, compounded semiannually, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable on demand. The accrual of such interest on overdue amounts shall be in lieu of, and not in addition to, the continued accrual of Original Issue Discount and Contingent Additional Principal.

Original Issue Discount of any Security means the amount that accrues in respect of such Security daily at a rate of 2.0% per year on the Issue Price plus any previously accrued amounts beginning on the Issue Date, together with the amount that accrues on any accrued Contingent Additional Principal daily at such rate. Original Issue Discount will be calculated on a semi-annual bond equivalent basis, using a 360-day year comprised of twelve 30-day months. Original Issue Discount will be calculated on a semi-annual bond equivalent basis, using a 360-day year comprised of twelve 30-day months.

2. Method of Payment.

Subject to the terms and conditions of the Indenture, the Company will make payments in respect of Redemption Prices, Purchase Prices, Change in Control Purchase Prices and at Stated Maturity to Holders who surrender Securities to a Paying Agent to collect such payments in respect of the Securities. In addition, the Company will pay Contingent Cash Interest and Contingent Additional Principal (and CAP-OID thereon), if any to the extent not already included in the calculation of such other amounts. The Company will pay any cash amounts in Cash. However, the Company may make such cash payments by check payable in such money.

3. Paying Agent, Conversion Agent, Registrar, Bid Solicitation Agent and Rate Solicitation Agent.

Initially, The Bank of New York, a New York banking corporation (the "Trustee"), will act as Paying Agent, Conversion Agent, Registrar, Bid Solicitation Agent and Rate Solicitation Agent. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar or Bid Solicitation Agent or Rate Solicitation Agent without notice, other than notice to the Trustee except that the Company will maintain at least one Paying Agent in the State of New York, Borough of Manhattan, which shall initially be an office or agency of the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar. None of the Company, any of its Subsidiaries or any of their Affiliates shall act as Bid Solicitation Agent or Rate Solicitation Agent.

4. Indenture.

The Company issued the Securities under an Indenture dated as of September 11, 2001 (the "Indenture"), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as in effect from time to time (the "TIA"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the TIA for a statement of those terms.

The Securities are general unsecured and subordinated obligations of the Company limited to \$650,000,000 aggregate Principal Amount at Maturity (\$744,000,000 aggregate Principal Amount at Maturity, if the over-allotment option granted to the initial purchaser of the Securities is exercised in full) (not including Contingent Additional Principal, if any, or CAP-OID thereon and subject to Section 2.07 of the Indenture). The Indenture does not limit other indebtedness of the Company, secured or unsecured.

5. Contingent Payments.

A. Contingent Cash Interest. Subject to the conditions of the Indenture and the record date provisions specified in this paragraph 5.A, the Company shall pay Contingent Cash Interest to the Holders during any six-month period (a "Contingent Cash Interest Period") from September 12 to March 11 and from March 12 to September 11, with the initial six-month period commencing after September 11, 2006, if the average LYONs Market Price for the Five-Trading-Day Measurement Period preceding the first day of the Contingent Cash Interest Period equals 120% or more of the sum of the Issue Price of a Security, Original Issue Discount accrued thereon and Contingent Additional Principal, if any, for such Security as of the day immediately preceding the first day of the applicable six-month period; provided, however, that if the Company declares a Common Stock dividend for which the record date for such dividend (the "Common Stock Record Date") falls prior to the first day of a Semiannual Period, but the payment date for such dividend falls within such Semiannual Period, then the "Five-Trading Day Measurement Period" shall mean the five Trading Days ending on the third Trading Day immediately preceding such Common Stock Record Date.

Contingent Cash Interest, if any, will accrue and be payable to holders of this Security as of the record date, which shall be the 15th day preceding the last day of the applicable six-month period. Original Issue Discount will continue to accrue whether or not Contingent Cash Interest is paid.

During any period when Contingent Cash Interest shall be payable, the amount of Contingent Cash Interest payable per \$1,000 Principal Amount at Maturity hereof in respect of any quarterly period of the applicable Contingent Cash Interest Period shall equal the greater of (x) 0.0625% of the average LYONs Market Price for the relevant Five-Trading-Day Measurement Period and (y) the sum of all Regular Cash Dividends paid by the Company per share on its Common Stock during that quarterly period of the applicable Contingent Cash Interest Period multiplied by the number of shares of Common Stock into which \$1,000 Principal Amount at Maturity hereof is convertible pursuant to paragraph 9 hereof as of the accrual date for such Contingent Cash Interest; provided that if the Company does not pay cash dividends during a Semiannual Period, the Company will pay contingent cash interest semi-annually at a rate of 0.125% of the LYONs Market Price for the Five-Trading-Day Measurement Period.

Upon determination that Holders will be entitled to receive Contingent Cash Interest during a Contingent Cash Interest Period the Company shall issue a press release and publish such information on its Web site or through such other public medium as the Company may use at that time.

B. Contingent Additional Principal. Subject to the conditions set forth in the Indenture, on September 11, 2004 the rate of accrual on the LYONs will be reset for a period of two years to the Adjusted Rate if the Company's Stock Price Factor is at or below the Stock Price Factor threshold (as set forth in Article 14 of the Indenture) on that date. Contingent Additional Principal shall be the amount that accrues as a result of the Adjusted Rate, other than Original Issue Discount. If the Stock Price Factor exceeds the highest Stock Price Factor threshold in the applicable column (as set forth in Article 14 of the Indenture), no Contingent Additional Principal (and CAP-OID thereon) shall accrue and Original Issue Discount shall accrue as provided in the Indenture.

The rate of accrual of Contingent Additional Principal per Security will be the rate which results from deducting an amount in accordance with the table set forth in Section 14.01 of the Indenture, from the Company's Subordinated Debt Rate, provided that in no event will such rate be greater than 9.0% or less than 2.0%.

Contingent Additional Principal, if any, shall be payable on the Stated Maturity date of the Securities. Contingent Additional Principal shall be calculated on a Semi-annual bond equivalent basis, using a 360-day year consisting of twelve 30-day months. No Contingent Additional Principal will accrue after September 11, 2006.

In the event that any Contingent Additional Principal accrues on the Securities, the Company shall issue a press release to that effect which shall include with respect to a Security the aggregate adjusted rate at which Original Issue Discount and Contingent Additional Principal will accrue, the revised Redemption Prices, the revised Purchase Prices, the revised Change in

Control Purchase Price and the amount payable at the Stated Maturity. In addition, the Company shall publish such information on its Web site or through such other public medium it may use at that time. The Company shall also notify the Trustee on a periodic basis in writing of any accrual of Contingent Additional Principal. Following its receipt of such notice, the Trustee shall provide such information to DTC for dissemination to the participants of DTC.

6. Redemption at the Option of the Company.

No sinking fund is provided for the Securities. The Securities are redeemable as a whole, or from time to time in part, at any time at the option of the Company in accordance with Article 3 of the Indenture at the Redemption Prices set forth below, provided that the Securities are not redeemable prior to September 11, 2006.

The table below shows Redemption Prices of a Security per \$1,000 Principal Amount at Maturity on the dates shown below and at Stated Maturity, which prices reflect the Issue Price plus Accrued Original Issue Discount calculated to each such date and assumes that no Contingent Additional Principal has accrued. In addition to the Redemption Price payable with respect to all Securities or portions thereof to be redeemed as of a Redemption Date, the Holders of such Securities (or portions thereof) shall be entitled to receive, and the Redemption Price shall include, any Contingent Additional Principal accrued on the Securities and any CAP-OID thereon and any Accrued Original Issue Discount in respect thereof, to the Redemption Date.

| Redemption Date ----- | (1) LYON Issue Price ----- | (2) Accrued Original Issue Discount ----- | (3) Redemption Price (1) + (2) ----- |
|----------------------------|-------------------------------------|----------------------------------------------------|-----------------------------------------------|
| September 11, 2006..... | \$671.65 | \$ 70.27 | \$741.92 |
| 2007..... | 671.65 | 85.18 | 756.83 |
| 2008..... | 671.65 | 100.40 | 772.05 |
| 2009..... | 671.65 | 115.91 | 787.56 |
| 2010..... | 671.65 | 131.74 | 803.39 |
| 2011..... | 671.65 | 147.89 | 819.54 |
| 2012..... | 671.65 | 164.37 | 836.02 |
| 2013..... | 671.65 | 181.17 | 852.82 |
| 2014..... | 671.65 | 198.31 | 869.96 |
| 2015..... | 671.65 | 215.80 | 887.45 |
| 2016..... | 671.65 | 233.64 | 905.29 |
| 2017..... | 671.65 | 251.83 | 923.48 |
| 2018..... | 671.65 | 270.39 | 942.04 |
| 2019..... | 671.65 | 289.33 | 960.98 |
| 2020..... | 671.65 | 308.65 | 980.30 |
| At Stated Maturity..... | \$671.65 | \$328.35 | \$1000.00 |

7. Purchase by the Company at the Option of the Holder.

Subject to the terms and conditions of the Indenture, the Company shall become obligated to purchase, at the option of the Holder, the Securities held by such Holder on the following Purchase Dates and at the following Purchase Prices per \$1,000 Principal Amount at Maturity, upon delivery of a Purchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 20 Business Days prior to such Purchase Date until the close of business on the first business day immediately preceding such Purchase Date and upon delivery of the Securities to the Paying Agent by the Holder as set forth in the Indenture:

| Purchase Date | Purchase Price |
|--------------------|----------------|
| September 11, 2004 | \$712.97 |
| September 11, 2006 | \$741.92 |
| September 11, 2011 | \$819.54 |

The Purchase Price (equal to the Issue Price plus Accrued Original Issue Discount for the Purchase Date noted in the above table plus Contingent Additional Principal, if any, and accrued CAP-OID thereon to the Purchase Date) may be paid, at the option of the Company, in cash or by the issuance and delivery of shares of Common Stock of the Company, or in any combination thereof in accordance with the Indenture.

At the option of the Holder and subject to the terms and conditions of the Indenture, the Company shall become obligated to purchase the Securities held by such Holder no later than 35 Business Days after the occurrence of a Change in Control of the Company on or prior to September 11, 2006, but in no event prior to the date on which such Change in Control occurs, for a Change in Control Purchase Price equal to the Issue Price, plus Accrued Original Issue Discount and, if applicable, Contingent Additional Principal (and accrued CAP-OID thereon) to but not including the Change in Control Purchase Date, which Change in Control Purchase Price shall be paid in cash.

A third party may make the offer and purchase of the Securities in lieu of the Company in accordance with the Indenture.

In addition to the Purchase Price or Change in Control Purchase Price, as the case may be, payable with respect to all Securities or portions thereof to be purchased as of the Purchase Date or the Change in Control Purchase Date, as the case may be, the Holders of such Securities (or portions thereof) shall be entitled to receive accrued and unpaid Contingent Cash Interest, if any, with respect thereto, which Contingent Cash Interest shall be paid in cash promptly following the later of the Purchase Date or the Change in Control Purchase Date, as the case may be, and the time of delivery of such Securities to the Paying Agent pursuant to the Indenture.

Holders have the right to withdraw any Purchase Notice or Change in Control Purchase Notice, as the case may be, by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If cash (and/or securities if permitted under the Indenture) sufficient to pay the Purchase Price or Change in Control Purchase Price, as the case may be, of, together with any accrued and unpaid Contingent Cash Interest with respect to, all Securities or portions thereof to be purchased as of the Purchase Date or the Change in Control Purchase Date, as the case may be, is deposited with the Paying Agent on the Business Day following the Purchase Date or the Change in Control Purchase Date, as the case may be, Original Issue Discount, Contingent Cash Interest, if any, and Contingent Additional Principal (and CAP-OID thereon), if any, shall cease to accrue on such Securities (or portions thereof) on such Purchase Date or Change in Control Purchase Date, as the case may be, and the Holder thereof shall have no other rights as such (other than the right to receive the Purchase Price or Change in Control Purchase Price, as the case may be, and accrued and unpaid Contingent Cash Interest, if any, upon surrender of such Security).

8. Notice of Redemption.

Notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Securities to be redeemed at the Holder's registered address. If money sufficient to pay the Redemption Price of, and accrued and unpaid Contingent Cash Interest, if any, with respect to, all Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to or on the Redemption Date, on such Redemption Date, Original Issue Discount, Contingent Cash Interest, if any, and Contingent Additional Principal (and CAP-OID thereon) shall cease to accrue on such Securities or portions thereof. Securities in denominations larger than \$1,000 of Principal Amount at Maturity may be redeemed in part but only in integral multiples of \$1,000 of Principal Amount at Maturity.

9. Conversion.

(a) Conversion Based on Common Stock Price. Subject to the provisions of this paragraph 9, Holders may convert the Securities into Common Stock on a Conversion Date in any calendar quarter commencing after December 31, 2001, if, as of the last day of the preceding calendar quarter, the Sale Price of the Common Stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such preceding calendar quarter is greater than the conversion trigger price. The "conversion trigger price" for any calendar quarter shall be a reference percentage, beginning at 120%, and declining 0.1282% per calendar quarter thereafter until it reaches 110.000% for the calendar quarter beginning July 1, 2021, of the accreted conversion price per share of Common Stock on the last day of such preceding calendar quarter.

The "accreted conversion price" per share of Common Stock as of any day equals the quotient of:

- o the Issue Price and Accrued Original Issue Discount and any accrued Contingent Additional Principal (and CAP-OID thereon) to that day, divided by
- o the number of shares of Common Stock issuable upon conversion of \$1,000 Principal Amount at Maturity of Securities on that day.

(b) Conversion Based on Credit Rating. Subject to the provisions of this paragraph 9, Holders may convert the Securities into Common Stock on a Conversion Date during any period in which the credit rating assigned to the Securities by a Rating Agency is at or below the Applicable Rating. "Rating Agency" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., and its successors ("Standard & Poor's") or if Standard & Poor's is not making ratings of the Securities publicly available, a nationally recognized U.S. rating agency or agencies, as the case may be, selected by the Company, which will be substituted for Standard & Poor's, as the case may be. "Applicable Rating" means, in the case of Standard & Poor's, BB- (or its equivalent, under any successor ratings categories of Standard & Poor's) or the equivalent in respect of ratings categories of any Rating Agencies substituted for Standard & Poor's.

(c) Conversion Based on Redemption. Subject to the provisions of this paragraph 9, a Holder may convert into Common Stock a Security or portion of a Security which has been called for redemption pursuant to paragraph 6 hereof, even if the LYONs are not otherwise convertible at such time, but such Securities may be surrendered for conversion until the close of business on the second Business Day immediately preceding the Redemption Date.

(d) Conversion Upon Occurrence of Certain Corporate Transactions. Subject to the provisions of this paragraph 9, in the event that the Company declares a dividend or distribution described in Section 10.07 of the Indenture, or a dividend or a distribution described in Section 10.08 of the Indenture where the fair market value of such dividend or distribution per share of Common Stock, as determined in the Indenture, exceeds 15% of the Sale Price of the Common Stock on the day immediately preceding the date of declaration for such dividend or distribution, the Securities may be surrendered for conversion beginning on the date the Company gives notice to the Holders of such right, which shall not be less than 20 days prior to the Ex-Dividend Time for such dividend or distribution, and Securities may be surrendered for conversion at any time thereafter until the close of business on the Business Day prior to the Ex-Dividend Time or until the Company announces that such dividend or distribution will not take place.

Subject to the provisions of this paragraph 9, in the event the Company is a party to a consolidation, merger or binding share exchange or a transfer of all or substantially all assets of the Company pursuant to which the Common Stock would be converted into cash, securities or other property as set forth in Section 10.14 of the Indenture, the Securities may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date until 15 days after the actual effective date of such transaction, and at the effective date of such transaction the right to convert a Security into Common Stock will be deemed to have changed into a right to convert it into the kind and amount of cash, securities or other assets of the Company or another person which the holder would have received if the holder had converted its Security immediately prior to the transaction.

(e) Conversion Formula and Procedures. Subject to the next two succeeding sentences, a Holder of a Security may convert it into Common Stock of the Company at any time before the close of business on September 11, 2021. If the Security is called for redemption, the Holder may convert it only until the close of business on the second business day immediately preceding the Redemption Date. A Security in respect of which a Holder has delivered a Purchase Notice or Change in Control Purchase Notice exercising the option of such Holder to

require the Company to purchase such Security may be converted only if such notice of exercise is withdrawn in accordance with the terms of the Indenture.

The initial Conversion Rate is 6.7054 shares of Common Stock per \$1,000 Principal Amount at Maturity, subject to adjustment upon occurrence of certain events described in the Indenture. The Company will deliver cash in lieu of any fractional share of Common Stock.

A Security surrendered for conversion by a Holder during the period from the close of business on any Common Stock Record Date to the opening of business on the next Contingent Cash Interest Payment Date must be accompanied by payment of an amount equal to the Contingent Cash Interest, if any, that the Holder is to receive on the Securities surrendered for conversion, unless the Company has provided such Holder with a notice of redemption with respect to such Securities pursuant to Section 3.03 of the Indenture, in which case no such payment shall be made.

To convert a Security, a Holder must (1) complete and manually sign the conversion notice below (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Security to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Trustee and (4) pay any transfer or similar tax, if required.

A Holder may convert a portion of a Security if the Principal Amount at Maturity of such portion is \$1,000 or an integral multiple of \$1,000. No payment or adjustment will be made for dividends on the Common Stock except as provided in the Indenture.

The Conversion Rate will be adjusted for dividends or distributions on Common Stock payable in Common Stock or other Capital Stock; subdivisions, combinations or certain reclassifications of Common Stock; distributions to all holders of Common Stock of certain rights to purchase Common Stock for a period expiring within 60 days at less than the Sale Price at the Time of Determination; and distributions to such holders of assets or Debt securities of the Company or certain rights to purchase securities of the Company (excluding certain cash dividends or distributions). However, no adjustment need be made if Securityholders may participate in the transaction or in certain other cases. The Company from time to time may voluntarily increase the Conversion Rate.

In the event that the Company declares a dividend or distribution described in Section 10.07 of the Indenture, or a dividend or a distribution described in Section 10.08 of the Indenture where the fair market value of such dividend or distribution per share of Common Stock, as determined in the Indenture, exceeds 15% of the Sale Price of the Common Stock on the day preceding the date of declaration for such dividend or distribution, the Company shall give notice to the Holders, which shall not be less than 20 days prior to the Ex-Dividend Date for such dividend or distribution.

If the Company is a party to a consolidation, merger or binding share exchange or a transfer of all or substantially all of its assets, or upon certain distributions described in the Indenture, the right to convert a Security into Common Stock may be changed into a right to convert it into the kind and amount of securities, cash or other assets of the Company or another

person which the Holder would have received if the Holder had converted its Securities immediately prior to the transaction.

The Conversion Rate will not be adjusted for any accrued Contingent Cash Interest, if any, or Contingent Additional Principal (and CAP-OID thereon), if any.

10. Conversion Arrangement on Call for Redemption.

Any Securities called for redemption, unless surrendered for conversion before the close of business on the Redemption Date, may be deemed to be purchased from the Holders of such Securities at an amount not less than the Redemption Price, by one or more investment banks or other purchasers who may agree with the Company to purchase such Securities from the Holders, to convert them into Common Stock and to make payment for such Securities to the Trustee in trust for such Holders.

11. Subordination.

The Securities are subordinated to the Senior Indebtedness of the Company. To the extent provided in the Indenture, Senior Indebtedness of the Company must be paid before the Securities may be paid. The Company and each Holder of Securities, by accepting a Security, agrees to the subordination provisions contained in the Indenture and authorizes the Trustee to give it effect and appoints the Trustee as attorney-in-fact for such purpose.

12. Defaulted Interest.

Except as otherwise specified with respect to the Securities, any Defaulted Interest on any Security shall forthwith cease to be payable to the registered Holder thereof on the relevant record date therefor by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company as provided for in Section 10.01 of the Indenture.

13. Denominations; Transfer; Exchange.

The Securities are in fully registered form, without coupons, in denominations of \$1,000 of Principal Amount at Maturity and integral multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities in respect of which a Purchase Notice or Change in Control Purchase Notice has been given and not withdrawn (except, in the case of a Security to be purchased in part, the portion of the Security not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

14. Persons Deemed Owners.

The registered Holder of this Security may be treated as the owner of this Security for all purposes.

15. Unclaimed Money or Securities.

The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years, subject to applicable unclaimed property laws. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

16. Amendment; Waiver.

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company and the Trustee may amend the Indenture or the Securities to cure any ambiguity, omission, defect or inconsistency, to comply with Article 5 or Section 10.14 of the Indenture, to secure the Company's obligations under this Security, to add to the Company's covenants for the benefit of the Securityholders or to surrender any right or power conferred, to comply with any requirement of the SEC in connection with the qualification of the Indenture under the TIA, or as necessary in connection with the registration of the Securities under the Securities Act or to make any change that does not adversely affect the rights of any Holders.

17. Defaults and Remedies.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives indemnity or security reasonably satisfactory to it. Subject to certain limitations, Holders of a majority in aggregate Principal Amount at Maturity of the Securities at the time outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default (except a Default in payment of amounts specified in Sections 6.01(1) and (2) of the Indenture if it determines that withholding notice is in their interests.

18. Trustee Dealings with the Company.

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

19. No Recourse Against Others.

A director, officer, employee, agent, representative, stockholder or equity holder, as such, of the Company shall not have any liability for any obligations of the Company under the

Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

20. Authentication.

This Security shall not be valid until an authorized signatory of the Trustee manually signs the Trustee's Certificate of Authentication on the other side of this Security.

21. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

22. GOVERNING LAW.

THIS INDENTURE AND THE SECURITIES WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture which has in it the text of this Security in larger type. Requests may be made to:

LABORATORY CORPORATION OF AMERICA HOLDINGS
358 South Main Street
Burlington, NC 27215
Attention: General Counsel

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Insert assignee's soc. sec. or tax ID no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

_____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

CONVERSION NOTICE

To convert this Security into Common Stock of the Company, check the box:

[]

To convert only part of this Security, state the Principal Amount at Maturity to be converted (which must be \$1,000 or an integral multiple of \$1,000):

\$ _____

If you want the stock certificate made out in another person's name, fill in the form below:

(Insert other person's soc. sec. or tax ID no.)

(Print or type other person's name, address and zip code)

Date: _____ Your Signature: _____

(Sign exactly as your name appears on the other side of this Security)

EXHIBIT B-1

Transfer Certificate

In connection with any transfer of any of the Securities within the period prior to the expiration of the holding period applicable to the sales thereof under Rule 144(k) under the Securities Act of 1933, as amended (the "Securities Act") (or any successor provision), the undersigned registered owner of this Security hereby certifies with respect to \$_____ Principal Amount at Maturity of the above-captioned securities presented or surrendered on the date hereof (the "Surrendered Securities") for registration of transfer, or for exchange or conversion where the securities issuable upon such exchange or conversion are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Securities for the reason checked below:

- A transfer of the Surrendered Securities is made to the Company or any of its subsidiaries; or
- The transfer of the Surrendered Securities complies with Rule 144A under the Securities Act; or
- The transfer of the Surrendered Securities is pursuant to an effective registration statement under the Securities Act; or
- The transfer of the Surrendered Securities is pursuant to another available exemption from the registration requirement of the Securities Act.

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Securities are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- The transferee is an Affiliate of the Company.

DATE: _____
Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

ANNEX C

Projected Payment Schedule*

| Semi-annual Period Ending ----- | Projected Payment per LYON ----- |
|------------------------------------|-------------------------------------|
| March 11, 2002 | -- |
| September 11, 2002 | -- |
| March 11, 2003 | -- |
| September 11, 2003 | -- |
| March 11, 2004 | -- |
| September 11, 2004 | -- |
| March 11, 2005 | -- |
| September 11, 2005 | -- |
| March 11, 2006 | -- |
| September 11, 2006 | -- |
| March 11, 2007 | -- |
| September 11, 2007 | -- |
| March 11, 2008 | -- |
| September 11, 2008 | \$1.24 |
| March 11, 2009 | 1.31 |
| September 11, 2009 | 1.37 |
| March 11, 2010 | 1.44 |
| September 11, 2010 | 1.51 |
| March 11, 2011 | 1.59 |
| September 11, 2011 | 1.67 |
| March 11, 2012 | 1.75 |
| September 11, 2012 | 1.84 |
| March 11, 2013 | 1.94 |
| September 11, 2013 | 2.03 |
| March 11, 2014 | 2.13 |
| September 11, 2014 | 2.24 |
| March 11, 2015 | 2.35 |
| September 11, 2015 | 2.47 |
| March 11, 2016 | 2.60 |
| September 11, 2016 | 2.73 |
| March 11, 2017 | 2.86 |
| September 11, 2017 | 3.01 |
| March 11, 2018 | 3.16 |
| September 11, 2018 | 3.32 |

 * The comparable yield and the schedule of projected payments are determined on the basis of an assumption of linear growth of the stock price and a constant dividend yield and are not determined for any purpose other than for the determination of interest accruals and adjustments thereof in respect of the Securities for United States federal income tax purposes. The comparable yield and the schedule of projected payments do not constitute a projected or representation regarding the amounts payable on Securities.

| Semi-annual Period Ending ----- | Projected Payment per LYON ----- |
|------------------------------------|-------------------------------------|
| March 11, 2019 | 3.49 |
| September 11, 2019 | 3.66 |
| March 11, 2020 | 3.84 |
| September 11, 2020 | 4.04 |
| March 11, 2021 | 4.24 |
| September 11, 2021 | \$3,567.85 |

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is made and entered into as of September 11, 2001 by and between Laboratory Corporation of America Holdings, a Delaware corporation (the "Company"), and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, (the "Initial Purchaser") pursuant to the Purchase Agreement, dated September 5, 2001 (the "Purchase Agreement"), between the Company and the Initial Purchaser. In order to induce the Initial Purchaser to enter into the Purchase Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

The Company agrees with the Initial Purchaser, (i) for its benefit as Initial Purchaser and (ii) for the benefit of the beneficial owners (including the Initial Purchaser) from time to time of the LYONs (as defined herein) and the beneficial owners from time to time of the Underlying Common Stock (as defined herein) issued upon conversion of the LYONs (each of the foregoing a "Holder" and together the "Holders"), as follows:

Section 1. Definitions. Capitalized terms used herein without definition shall have their respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" means, with respect to any specified person, an "affiliate," as defined in Rule 144, of such person.

"Amendment Effectiveness Deadline Date" has the meaning specified in Section 2(d) hereof.

"Applicable Conversion Price" means, as of any date, the Applicable Principal Amount per \$1,000 principal amount at maturity of LYONs as of such date of determination divided by the Conversion Rate in effect as of such date of determination or, if no LYONs are then outstanding, the Conversion Rate that would be in effect were LYONs then outstanding.

"Applicable Principal Amount" with respect to each \$1,000 principal amount at maturity of LYONs means, as of any date, the sum of the initial issue price of such LYONs (\$671.65) plus accrued original issue discount, and contingent additional principal (and accrued original issued discount thereon), if any, with respect to such LYON through such date of determination or, if no LYONs are then outstanding, such sum calculated as if such LYONs were then outstanding.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

"Common Stock" means the shares of Common Stock, \$0.10 par value, of the Company and any other shares of common stock as may constitute "Common Stock" for purposes of the Indenture, including the Underlying Common Stock.

"Conversion Rate" has the meaning assigned to that term in the Indenture.

"Damages Accrual Period" has the meaning specified in Section 2(e) hereof.

"Damages Payment Date" means each September 11 and March 11 in the case of LYONs and the Underlying Common Stock.

"Deferral Notice" has the meaning specified in Section 3(i) hereof.

"Deferral Period" has the meaning specified in Section 3(i) hereof.

"Effectiveness Deadline Date" has the meaning specified in Section 2(a) hereof.

"Effectiveness Period" means the period of two years from (1) the later of (a) the Issue Date or (b) the last date of original issuance of the LYONs or (2) such shorter period ending on the date that all Registrable Securities have ceased to be Registrable Securities.

"Event" has the meaning specified in Section 2(e) hereof.

"Event Termination Date" has the meaning specified in Section 2(e) hereof.

"Event Date" has the meaning specified in Section 2(e) hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Filing Deadline Date" has the meaning specified in Section 2(a) hereof.

"Holder" has the meaning specified in the second paragraph of this Agreement.

"Indenture" means the Indenture dated as of the date hereof between the Company and The Bank of New York, as trustee, pursuant to which the LYONs are being issued.

"Initial Purchaser" means Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated.

"Initial Shelf Registration Statement" has the meaning specified in Section 2(a) hereof.

"Issue Date" means September 11, 2001.

"Liquidated Damages Amount" has the meaning specified in Section 2(e) hereof.

"Losses" has the meaning specified in Section 6 hereof.

"LYONs" means the Liquid Yield Option(TM) Notes due 2021 of the Company to be purchased pursuant to the Purchase Agreement.

"Material Event" has the meaning specified in Section 3(i) hereof.

"Notice and Questionnaire" means a written notice delivered to the Company containing substantially the information called for by the Selling Securityholder Notice and Questionnaire attached as Annex A to the Offering Memorandum of the Company dated September 5, 2001 relating to the LYONs.

"Notice Holder" means, on any date, any Holder that has delivered a Notice and Questionnaire to the Company on or prior to such date.

"Prospectus" means the prospectus included in any Registration Statement, as amended or supplemented by any amendment or prospectus supplement, including post-effective amendments, and all materials incorporated by reference or explicitly deemed to be incorporated by reference in such Prospectus.

"Purchase Agreement" has the meaning specified in the first paragraph of this Agreement.

"Record Holder" means, with respect to any Damages Payment Date relating to any LYON or any share of Underlying Common Stock as to which any Liquidated Damages Amount has accrued, the registered holder of such LYON or any share of Underlying Common Stock, as the case may be, 15 days prior to such Damages Payment Date.

"Registrable Securities" means the LYONs and the Underlying Common Stock until such securities have been converted or exchanged, and, at all times subsequent to any such conversion or exchange, any securities into or for which such securities have been converted or exchanged, and any security issued with respect thereto upon any stock dividend, split or similar event until, in the case of any such security, the earliest of (i) its effective registration under the Securities Act and resale in accordance with the Registration Statement covering it, (ii) expiration of the holding period that would be applicable thereto under Rule 144(k) were it not held by an Affiliate of the Company or (iii) its sale to the public pursuant to Rule 144.

"Registration Expenses" has the meaning specified in Section 5 hereof.

"Registration Statement" means any registration statement of the Company that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all materials incorporated by reference or explicitly deemed to be incorporated by reference in such registration statement.

"Restricted Securities" has the meaning assigned to that term in Rule 144.

"Rule 144" means Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

"Rule 144A" means Rule 144A under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

"SEC" means the U.S. Securities and Exchange Commission and any successor agency.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

"Shelf Registration Statement" has the meaning specified in Section 2(a) hereof.

"Subsequent Shelf Registration Statement" has the meaning specified in Section 2(b) hereof.

"TIA" means the Trust Indenture Act of 1939, as amended.

"Trustee" means The Bank of New York (or any successor entity), the Trustee under the Indenture.

"Underlying Common Stock" The Common Stock into which the LYONS are convertible or issued upon any such conversion.

Section 2. Shelf Registration. (a) The Company shall prepare and file or cause to be prepared and filed with the SEC, as soon as practicable but in any event by the date (the "Filing Deadline Date") ninety (90) days after the Issue Date, a Registration Statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act (a "Shelf Registration Statement") registering the resale from time to time by Holders thereof of all of the Registrable Securities (the "Initial Shelf Registration Statement"). The Initial Shelf Registration Statement shall be on Form S-3 or another appropriate form permitting registration of such Registrable Securities for resale by such Holders in accordance with the methods of distribution reasonably elected by the Holders and set forth in the Initial Shelf Registration Statement, provided that in no event will such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior agreement of the Company. The Company shall use reasonable efforts to cause the Initial Shelf Registration Statement to be declared effective under the Securities Act as promptly as is practicable but in any event by the date (the "Effectiveness Deadline Date") that is one hundred and eighty (180) days after the Issue Date, and to keep the Initial Shelf Registration Statement (or any Subsequent Shelf Registration Statement) continuously effective under the Securities Act until the expiration of the Effectiveness Period; provided, however, that no Holder shall be entitled to have the Registrable Securities held by it covered by such Shelf Registration Statement unless such Holder shall have provided a Notice and Questionnaire in accordance with Section 2(d) and is in compliance with Section 4. None of the Company's security holders (other than the Holders of Registrable Securities) shall have the right to include any of the Company's securities in the Shelf Registration Statement.

(b) If the Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement ceases to be effective for any reason at any time during the Effectiveness Period (other than as permitted in Section 3(i) hereof or because all Registrable Securities registered thereunder shall have been resold pursuant thereto or shall have otherwise ceased to be Registrable Securities), the Company shall use all reasonable efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within thirty (30) days of such cessation of effectiveness amend the Shelf Registration Statement in a manner reasonably expected to obtain the withdrawal of the order suspending the effectiveness thereof,

or file an additional Shelf Registration Statement covering all of the securities that as of the date of such filing are Registrable Securities (a "Subsequent Shelf Registration Statement"). If a Subsequent Shelf Registration Statement is filed, the Company shall use all reasonable efforts to cause the Subsequent Shelf Registration Statement to become effective as promptly as is practicable after such filing and to keep such Subsequent Shelf Registration Statement continuously effective (subject to Section 3(i) hereof) until the end of the Effectiveness Period.

(c) The Company shall supplement and amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement, if required by the Securities Act or, to the extent to which the Company does not reasonably object, as reasonably requested by the Initial Purchaser or by the Trustee on behalf of the registered Holders.

(d) Each Holder of Registrable Securities agrees that if such Holder wishes to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus (whether or not such Holder was a Notice Holder at the time the Registration Statement was declared effective), it will do so only in accordance with this Section 2(d) and Section 3(i). Each Holder of Registrable Securities wishing to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus agrees to deliver a Notice and Questionnaire to the Company at least three (3) Business Days prior to any intended distribution of Registrable Securities under the Shelf Registration Statement. From and after the date the Initial Shelf Registration Statement is declared effective, the Company shall, as promptly as is reasonably practicable after the date a Notice and Questionnaire is delivered, and in any event within five (5) Business Days after such date, (i) if required by applicable law, file with the SEC a post-effective amendment to the Shelf Registration Statement or prepare and, if required by applicable law, file a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by reference or file any other required document so that the Holder delivering such Notice and Questionnaire is named as a selling security holder in the Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of the Registrable Securities in accordance with applicable law and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use reasonable efforts to cause such post-effective amendment to be declared effective under the Securities Act as promptly as is practicable, but in any event by the date (the "Amendment Effectiveness Deadline Date") that is forty-five (45) days after the date such post-effective amendment is required by this clause to be filed; (ii) provide such Holder copies of any documents filed pursuant to Section 2(d)(i); and (iii) notify such Holder as promptly as reasonably practicable after the effectiveness under the Securities Act of any post-effective amendment filed pursuant to Section 2(d)(i); provided that if such Notice and Questionnaire is delivered during a Deferral Period, the Company shall so inform the Holder delivering such Notice and Questionnaire and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of the Deferral Period in accordance with Section 3(i). Notwithstanding anything contained herein to the contrary, the Company shall be under no obligation to name any Holder that is not a Notice Holder as a selling security holder in any Registration Statement or related Prospectus.

(e) The parties hereto agree that the Holders of Registrable Securities will suffer damages, and that it would not be feasible to ascertain the extent of such damages with

precision, if (i) the Initial Shelf Registration Statement has not been filed on or prior to the Filing Deadline Date, (ii) the Initial Shelf Registration Statement has not been declared effective under the Securities Act on or prior to the Effectiveness Deadline Date, (iii) the Company has failed to perform its obligations set forth in Section 2(d) hereof within the time period required therein, (iv) the aggregate duration of Deferral Periods in any period exceeds the number of days permitted in respect of such period pursuant to Section 3(i) hereof or (v) the number of Deferral Periods in any period exceeds the number permitted in respect of such period pursuant to Section 3(i) (each of the events of a type described in any of the foregoing clauses (i) through (v) are individually referred to herein as an "Event," and the Filing Deadline Date in the case of clause (i), the Effectiveness Deadline Date in the case of clause (ii), the date by which the Company is required to perform its obligations set forth in Section 2(d) in the case of clause (iii) (including the filing of any post-effective amendment prior to the Amendment Effectiveness Deadline Date), the date on which the aggregate duration of Deferral Periods in any period exceeds the number of days permitted by Section 3(i) hereof in the case of clause (iv), and the date of the commencement of a Deferral Period that causes the limit on the number of Deferral Periods in any period under Section 3(i) hereof to be exceeded in the case of clause (v), being referred to herein as an "Event Date"). Events shall be deemed to continue until the "Event Termination Date," which shall be the following dates with respect to the respective types of Events: the date the Initial Shelf Registration Statement is filed in the case of an Event of the type described in clause (i), the date the Initial Shelf Registration Statement is declared effective under the Securities Act in the case of an Event of the type described in clause (ii), the date the Company performs its obligations set forth in Section 2(d) in the case of an Event of the type described in clause (iii) (including, without limitation, the date the relevant post-effective amendment to the Shelf Registration Statement is declared effective under the Securities Act), termination of the Deferral Period that caused the limit on the aggregate duration of Deferral Periods in a period set forth in Section 3(i) to be exceeded in the case of the commencement of an Event of the type described in clause (iv), and termination of the Deferral Period the commencement of which caused the number of Deferral Periods in a period permitted by Section 3(i) to be exceeded in the case of an Event of the type described in clause (v).

Accordingly, commencing on (and including) any Event Date and ending on (but excluding) the next date on which there are no Events that have occurred and are continuing (a "Damages Accrual Period"), the Company agrees to pay, as liquidated damages and not as a penalty, an amount (the "Liquidated Damages Amount"), payable on the Damages Payment Dates to Record Holders of then outstanding LYONs that are Registrable Securities and of then outstanding shares of Underlying Common Stock issued upon conversion of LYONs that are Registrable Securities, as the case may be, accruing, for each portion of such Damages Accrual Period beginning on and including a Damages Payment Date (or, in respect of the first time that the Liquidation Damages Amount is to be paid to Holders on a Damages Payment Date as a result of the occurrence of any particular Event, from the Event Date) and ending on but excluding the first to occur of (A) the date of the end of the Damages Accrual Period or (B) the Next Damages Payment Date, at a rate per annum equal to one-quarter of one percent (0.25%) for the first 90-day period from the Event Date, and thereafter at a rate per annum equal to one-half of one percent (0.5%) of the aggregate Applicable Principal Amount of such LYONs, or, in the case of LYONs that have been converted into or exchanged for Underlying Common Stock, the Applicable Conversion Price of such shares of Underlying Common Stock, as the case may be, in each case determined as of the Business Day immediately preceding the next Damages

Payment Date; provided, that any Liquidated Damages Amount accrued with respect to any LYON or portion thereof called for redemption on a redemption date or converted into Underlying Common Stock on a conversion date prior to the Damages Payment Date, shall, in any such event, be paid instead to the Holder who submitted such LYON or portion thereof for redemption or conversion on the applicable redemption date or conversion date, as the case may be, on such date (or promptly following the conversion date, in the case of conversion). Notwithstanding the foregoing, no Liquidated Damages Amounts shall accrue as to any Registrable Security from and after the earlier of (x) the date such security is no longer a Registrable Security and (y) expiration of the Effectiveness Period. The rate of accrual of the Liquidated Damages Amount with respect to any period shall not exceed the rate provided for in this paragraph notwithstanding the occurrence of multiple concurrent Events. Following the cure of all Events requiring the payment by the Company of Liquidated Damages Amounts to the Holders of Registrable Securities pursuant to this Section, the accrual of Liquidated Damages Amounts will cease (without in any way limiting the effect of any subsequent Event requiring the payment of Liquidated Damages Amount by the Company).

The Trustee shall be entitled, on behalf of Holders of LYONs or Underlying Common Stock, to seek any available remedy for the enforcement of this Agreement, including for the payment of any Liquidated Damages Amount. Notwithstanding the foregoing, the parties agree that the sole monetary damages payable for a violation of the terms of this Agreement with respect to which Liquidated Damages are expressly provided shall be such Liquidated Damages. Nothing shall preclude a Notice Holder or Holder of Registrable Securities from pursuing or obtaining specific performance or other equitable relief with respect to this Agreement.

All of the Company's obligations set forth in this Section 2(e) that are outstanding with respect to any Registrable Security at the time such security ceases to be a Registrable Security shall survive until such time as all such obligations with respect to such security have been satisfied in full (notwithstanding termination of this Agreement pursuant to Section 8(k)).

The parties hereto agree that the liquidated damages provided for in this Section 2(e) constitute a reasonable estimate of the damages that may be incurred by Holders of Registrable Securities by reason of the failure of the Shelf Registration Statement to be filed or declared effective or available for effecting resales of Registrable Securities in accordance with the provisions hereof.

Section 3. Registration Procedures. In connection with the registration obligations of the Company under Section 2 hereof, the Company shall:

(a) Before filing any Registration Statement or Prospectus or any amendments or supplements thereto with the SEC, furnish to the Initial Purchaser copies of all such documents proposed to be filed and use reasonable efforts to reflect in each such document when so filed with the SEC such comments as the Initial Purchaser reasonably shall propose within three (3) Business Days of the delivery of such copies to the Initial Purchaser.

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such

Registration Statement continuously effective for the applicable period specified in Section 2(a); cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act; and use all reasonable efforts to comply with the provisions of the Securities Act applicable to it with respect to the disposition of all securities covered by such Registration Statement during the Effectiveness Period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement as so amended or such Prospectus as so supplemented.

(c) As promptly as practicable give notice to the Notice Holders and the Initial Purchaser (i) when any Prospectus, Prospectus supplement, Registration Statement or post-effective amendment to a Registration Statement has been filed with the SEC and, with respect to a Registration Statement or any post-effective amendment, when the same has been declared effective, (ii) of any request, following the effectiveness of the Initial Shelf Registration Statement under the Securities Act, by the SEC or any other federal or state governmental authority for amendments or supplements to any Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of any Registration Statement or the initiation or threatening of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (v) of the occurrence of (but not the nature of or details concerning) a Material Event (provided, however, that no notice by the Company shall be required pursuant to this clause (v) in the event that the Company either promptly files a Prospectus supplement to update the Prospectus or a Form 8-K or other appropriate Exchange Act report that is incorporated by reference into the Registration Statement, which, in either case, contains the requisite information with respect to such Material Event that results in such Registration Statement no longer containing any untrue statement of material fact or omitting to state a material fact necessary to make the statements contained therein not misleading) and (vi) of the determination by the Company that a post-effective amendment to a Registration Statement will be filed with the SEC, which notice may, at the discretion of the Company (or as required pursuant to Section 3(i)), state that it constitutes a Deferral Notice, in which event the provisions of Section 3(i) shall apply.

(d) Use all reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction in which they have been qualified for sale, in either case at the earliest possible moment.

(e) If reasonably requested by the Initial Purchaser or any Notice Holder, promptly as reasonably practicable incorporate in a Prospectus supplement or post-effective amendment to a Registration Statement such information as the Initial Purchaser or such Notice Holder shall, on the basis of an opinion of nationally-recognized counsel

experienced in such matters, determine to be required to be included therein by applicable law and make any required filings of such Prospectus supplement or such post-effective amendment; provided, that the Company shall not be required to take any actions under this Section 3(e) that are not, in the reasonable opinion of counsel for the Company, in compliance with applicable law.

(f) As promptly as reasonably practicable furnish to each Notice Holder and the Initial Purchaser, upon their request and without charge, at least one (1) conformed copy of the Registration Statement and any amendment thereto, including financial statements but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference and all exhibits (unless requested in writing to the Company by such Notice Holder or the Initial Purchaser, as the case may be).

(g) During the Effectiveness Period, deliver to each Notice Holder in connection with any sale of Registrable Securities pursuant to a Registration Statement, without charge, as many copies of the Prospectus or Prospectuses relating to such Registrable Securities (including each preliminary prospectus) and any amendment or supplement thereto as such Notice Holder may reasonably request; and the Company hereby consents (except during such periods that a Deferral Notice is outstanding and has not been revoked) to the use of such Prospectus or each amendment or supplement thereto by each Notice Holder in connection with any offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto in the manner set forth therein.

(h) Prior to any public offering of the Registrable Securities pursuant to the Shelf Registration Statement, use all reasonable efforts to register or qualify or cooperate with the Notice Holders in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any Notice Holder reasonably requests in writing (which request may be included in the Notice and Questionnaire), it being agreed that no such registration or qualification will be required unless so requested; prior to any public offering of the Registrable Securities pursuant to the Shelf Registration Statement, use all reasonable efforts to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period in connection with such Notice Holder's offer and sale of Registrable Securities pursuant to such registration or qualification (or exemption therefrom) and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of such Registrable Securities in the manner set forth in the relevant Registration Statement and the related Prospectus; provided, that the Company will not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Agreement or (ii) take any action that would subject it to general service of process in suits or to taxation in any such jurisdiction where it is not then so subject.

(i) Upon (A) the issuance by the SEC of a stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of proceedings with respect to the Shelf Registration Statement under Section 8(d) or 8(e) of the Securities

Act, (B) the occurrence of any event or the existence of any fact (a "Material Event") as a result of which any Registration Statement shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or any Prospectus shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (C) the occurrence or existence of any pending corporate development that, in the discretion of the Company, makes it appropriate to suspend the availability of the Shelf Registration Statement and the related Prospectus, (i) in the case of clause (B) above, subject to the next sentence, as promptly as practicable prepare and file a post-effective amendment to such Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required document that would be incorporated by reference into such Registration Statement and Prospectus so that such Registration Statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and such Prospectus does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, and, in the case of a post-effective amendment to a Registration Statement, subject to the next sentence, use all reasonable efforts to cause it to be declared effective as promptly as is reasonably practicable, and (ii) give notice to the Notice Holders that the availability of the Shelf Registration Statement is suspended (a "Deferral Notice") and, upon receipt of any Deferral Notice, each Notice Holder agrees not to sell any Registrable Securities pursuant to the Registration Statement until such Notice Holder's receipt of copies of the supplemented or amended Prospectus provided for in clause (i) above, or until it is advised in writing by the Company that the Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. The Company will use all reasonable efforts to ensure that the use of the Prospectus may be resumed (x) in the case of clause (A) above, as promptly as is practicable, (y) in the case of clause (B) above, as soon as, in the sole judgment of the Company, public disclosure of such Material Event would not be prejudicial to or contrary to the interests of the Company or, if necessary to avoid unreasonable burden or expense, as soon as reasonably practicable thereafter and (z) in the case of clause (C) above, as soon as, in the discretion of the Company, such suspension is no longer appropriate. The period during which the availability of the Registration Statement and any Prospectus is suspended (the "Deferral Period") shall, without the Company incurring any obligation to pay liquidated damages pursuant to Section 2(e), not exceed forty-five (45) days in any three (3) month period or ninety (90) days in any twelve (12) month period.

(j) If reasonably requested in writing in connection with a disposition of Registrable Securities pursuant to a Registration Statement, make reasonably available for inspection during normal business hours by a representative for the Notice Holders of such Registrable Securities and any broker-dealers, attorneys and accountants retained by such Notice Holders, all relevant financial and other records, pertinent corporate

documents and properties of the Company and its subsidiaries, and cause the appropriate executive officers, directors and designated employees of the Company and its subsidiaries to make reasonably available for inspection during normal business hours all relevant information reasonably requested by such representative for the Notice Holders or any such broker-dealers, attorneys or accountants in connection with such disposition, in each case as is customary for similar "due diligence" examinations; provided, however, that such persons shall first agree in writing with the Company that any information that is reasonably and in good faith designated by the Company in writing as confidential at the time of delivery of such information shall be kept confidential by such persons and shall be used solely for the purposes of exercising rights under this Agreement, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities, (ii) disclosure of such information is required by law (including any disclosure requirements pursuant to federal securities laws in connection with the filing of any Registration Statement or the use of any Prospectus referred to in this Agreement), (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by any such person or (iv) such information becomes available to any such person from a source other than the Company and such source is not bound by a confidentiality agreement; and provided further, that the foregoing inspection and information gathering shall, to the greatest extent possible, be coordinated on behalf of all the Notice Holders and the other parties entitled thereto by the counsel referred to in Section 5.

(k) Comply with all applicable rules and regulations of the SEC and make generally available to its securityholders earning statements (which need not be audited) satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 3-month period (or 120 days after the end of any 12-month period if such period is a fiscal year) commencing on the first day of the first fiscal quarter of the Company commencing after the effective date of a Registration Statement, which statements shall cover said periods.

(l) Cooperate with each Notice Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities sold pursuant to a Registration Statement, and cause such Registrable Securities to be in such denominations as are permitted by the Indenture and registered in such names as such Notice Holder may request in writing at least one Business Day prior to any sale of such Registrable Securities.

(m) Provide a CUSIP number for all Registrable Securities covered by each Registration Statement not later than the effective date of such Registration Statement and provide the Trustee for the LYONs and the transfer agent for the Common Stock with printed certificates for the Registrable Securities that are in a form eligible for deposit with The Depository Trust Company.

(n) Make a reasonable effort to provide such information as is required for any filings required to be made with the National Association of Securities Dealers, Inc., if any.

(o) Upon (i) the filing of the Initial Shelf Registration Statement and (ii) the effectiveness of the Initial Shelf Registration Statement, announce the same, in each case by release to Reuters Economic Services and Bloomberg Business News.

(p) If the Company agrees to the underwritten offering of Registrable Securities pursuant to Section 2(a) hereof, enter into such customary agreements and take all such other reasonable necessary actions in connection therewith (including those reasonably requested by the holders of a majority of the Registrable Securities being sold) in order to expedite or facilitate disposition of such Registrable Securities.

(q) Cause the Indenture to be qualified under the TIA not later than the effective date of any Registration Statement; and in connection therewith, cooperate with the Trustee to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and execute, and use all reasonable efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner.

Section 4. Holder's Obligations. Each Holder agrees, by acquisition of the Registrable Securities, that no Holder of Registrable Securities shall be entitled to sell any of such Registrable Securities pursuant to a Registration Statement or to receive a Prospectus relating thereto, unless such Holder has furnished the Company with a Notice and Questionnaire as required pursuant to Section 2(d) hereof (including the information required to be included in such Notice and Questionnaire) and the information set forth in the next sentence. Each Notice Holder agrees promptly to furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Notice Holder not misleading and any other information regarding such Notice Holder and the distribution of such Registrable Securities as may be required to be disclosed in the Registration Statement under applicable law or pursuant to SEC comment or as may otherwise be required by the Company to comply with applicable laws or regulations.

Section 5. Registration Expenses. The Company shall bear all fees and expenses incurred in connection with the performance by the Company of its obligations under Sections 2 and 3 of this Agreement whether or not any of the Registration Statements are declared effective. Such fees and expenses shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (x) with respect to filings required to be made with the National Association of Securities Dealers, Inc., if any, and (y) of compliance with federal and state securities or Blue Sky laws (including, without limitation, reasonable fees and disbursements of the counsel specified in the next sentence in connection with Blue Sky qualifications of the Registrable Securities under the laws of such jurisdictions as the Notice Holders of a majority of the Registrable Securities being sold pursuant to a Registration Statement may designate), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company), (iii) duplication expenses relating to copies of any Registration Statement or Prospectus delivered to any Holders hereunder, (iv) fees and disbursements of counsel for the Company in connection with the Shelf Registration Statement, and (v) reasonable fees and disbursements of the Trustee and its counsel and of the registrar and transfer agent for the

Common Stock. In addition, the Company shall bear or reimburse the Notice Holders for the reasonable fees and disbursements of one firm of legal counsel for the Holders, which shall initially be Shearman & Sterling, but which may, upon the written consent of the Initial Purchaser (which shall not be unreasonably withheld), be another nationally recognized law firm experienced in securities law matters designated by the Company. In addition, the Company shall pay the internal expenses of the Company (including, without limitation, all salaries and expenses of officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which similar securities of the Company are then listed and the fees and expenses of any person, including special experts, retained by the Company.

Section 6. Indemnification; Contribution. (a) The Company agrees to indemnify and hold harmless the Initial Purchaser and each holder of Registrable Securities and each person, if any, who controls the Initial Purchaser or any holder of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, provided that (subject to Section 6(d) below) any such settlement is effected with the prior written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Initial Purchaser or Notice Holder expressly for use in the Registration

Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); provided, further, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense (1) arising from an offer or sale of Registrable Securities occurring during a Deferral Period, if a Deferral Notice was given to such Notice Holder in accordance with Section 8(c), or (2) if the Holder fails to deliver at or prior to the written confirmation of sale, the most recent Prospectus, as amended or supplemented, and such Prospectus, as amended or supplemented, corrected such untrue statement or omission or alleged untrue statement or omission of a material fact and the delivery thereof was required by law and would have constituted a complete defense to the claim in respect of such untrue statement or omission or alleged untrue statement or omission.

(b) Each Notice Holder agrees, severally and not jointly, to indemnify and hold harmless the Initial Purchaser and each person, if any, who controls the Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and the Company, and each person, if any, who controls the Company within the meaning of either such Section, against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such holder of Registrable Securities (which also acknowledges the indemnity provisions herein) and each person, if any, who controls any such holder of Registrable Securities expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

The Initial Purchaser agrees to indemnify and hold harmless the Company, the holders of Registrable Securities, and each person, if any, who controls the Company or any holder of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by the Initial Purchaser expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) In case any action or proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to the foregoing provisions, such person (the "indemnified party") shall give notice as promptly as reasonably practicable to the person against whom such indemnity may be sought (the "indemnifying party") in writing, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel

to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in this Section 6 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand and the holders of the Registrable Securities or the Initial Purchaser on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the holder of the Registrable Securities or the Initial Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6(e). The aggregate amount of losses, liabilities, claims, damages, and expenses incurred by an indemnified party and referred to above in this Section 6(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing

or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 6, neither the holder of any Registrable Securities nor the Initial Purchaser, shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such holder of Registrable Securities or unwritten by the Initial Purchaser, as the case may be, and distributed to the public were offered to the public exceeds the amount of any damages that such holder of Registrable Securities or the Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 6(e), each person, if any, who controls the Initial Purchaser or any holder of Registrable Securities within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Initial Purchaser or such holder, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company.

Section 7. Information Requirements. The Company covenants that, if at any time before the end of the Effectiveness Period the Company is not subject to the reporting requirements of the Exchange Act, it will cooperate with any Holder of Registrable Securities and take such further reasonable action as any Holder of Registrable Securities may reasonably request in writing (including, without limitation, making such reasonable representations as any such Holder may reasonably request), all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 and Rule 144A under the Securities Act and customarily taken in connection with sales pursuant to such exemptions. Upon the written request of any Holder of Registrable Securities, the Company shall deliver to such Holder a written statement as to whether it has complied with such filing requirements, unless such a statement has been included in the Company's most recent report required to be filed and filed pursuant to Section 13 or Section 15(d) of Exchange Act. Notwithstanding the foregoing, nothing in this Section 7 shall be deemed to require the Company to register any of its securities (other than Common Stock) under any section of the Exchange Act.

Section 8. Miscellaneous. (a) No Conflicting Agreements. The Company is not, as of the date hereof, a party to, nor shall it, on or after the date of this Agreement, enter into, any agreement with respect to its securities that conflicts with the rights granted to the Holders of Registrable Securities in this Agreement. The Company represents and warrants that the rights granted to the Holders of Registrable Securities hereunder do not in any way conflict with the rights granted to the holders of the Company's securities under any other agreements.

(b) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of a majority of the then outstanding Underlying Common Stock constituting Registrable Securities (with Holders of LYONS deemed to be the Holders, for purposes of this Section, of the number of outstanding shares of Underlying Common Stock into which such LYONS are or would be convertible or exchangeable as of the date on which such consent is requested). Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders of Registrable Securities may be given by Holders of at least a majority of the Registrable Securities being sold by such Holders pursuant to such Registration Statement; provided, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence. Each Holder of Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 8(b), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, by telecopier, by courier guaranteeing overnight delivery or by first-class mail, return receipt requested, and shall be deemed given (i) when made, if made by hand delivery, (ii) upon confirmation, if made by telecopier, (iii) one (1) Business Day after being deposited with such courier, if made by overnight courier or (iv) on the date indicated on the notice of receipt, if made by first-class mail, to the parties as follows:

(w) if to a Holder of Registrable Securities that is not a Notice Holder, at the address for such Holder then appearing in the Registrar (as defined in the Indenture);

(x) if to a Notice Holder, at the most current address given by such Holder to the Company in a Notice and Questionnaire or any amendment thereto;

(y) if to the Company, to:

Laboratory Corporation of America Holdings
358 South Main Street
Burlington, NC 27215
Attention: Bradford T. Smith, Executive Vice President,
General Counsel,

Corporate Compliance Officer and Secretary
Telecopy No.: (336) 226-3835

and

(z) if to the Initial Purchaser, to:

Merrill Lynch & Co., Merrill Lynch, Pierce,
Fenner & Smith Incorporated
4 World Financial Center
North Tower
250 Vesey Street
New York, New York 10080
Attention: Syndicate Department
Telecopy No.: (212) 449-1000

or to such other address as such person may have furnished to the other persons identified in this Section 8(c) in writing in accordance herewith.

(d) Approval of Holders. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, the Registrable Securities held by the Company or its affiliates (as such term is defined in Rule 405 under the Securities Act) (other than the Initial Purchaser or subsequent Holders of Registrable Securities if such subsequent Holders are deemed to be such affiliates solely by reason of their holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(e) Successors and Assigns. Any person who purchases any Registrable Securities from the Initial Purchaser shall be deemed, for purposes of this Agreement, to be an assignee of the Initial Purchaser. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties and shall inure to the benefit of and be binding upon each Holder of any Registrable Securities.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

(i) Severability. If any term, provision, covenant or restriction of this Agreement is held to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, and the parties hereto shall use their

best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

(j) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Securities. Except as provided in the Purchase Agreement, there are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and undertakings among the parties with respect to such registration rights.

(k) Termination. This Agreement and the obligations of the parties hereunder shall terminate upon the expiration of the Effectiveness Period, except for any liabilities or obligations under Sections 4, 5 or 6 hereof and the obligations to make payments of and provide for liquidated damages under Section 2(e) hereof to the extent such damages accrue prior to the end of the Effectiveness Period, each of which shall remain in effect in accordance with its terms.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

LABORATORY CORPORATION OF AMERICA
HOLDINGS

By: /s/ Bradford T. Smith

Name: Bradford T. Smith
Title: Executive Vice President,
General Counsel, Corporate
Compliance Officer and
Secretary

Confirmed and accepted as
of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: /s/ James Jackson

Name: James Jackson
Title: Director

October 18, 2001

Laboratory Corporation of America Holdings
358 South Main Street
Burlington, NC 27215

Ladies and Gentlemen:

We have acted as counsel to Laboratory Corporation of America Holdings, a Delaware corporation (the "Company"), in connection with the filing of a Registration Statement on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, for the registration of the sale from time to time of (i) up to \$744,000,000 aggregate principal amount at maturity of the Company's Liquid Yield Option Notes due 2021 (the "Debt Securities") issued pursuant to the Indenture dated as of September 11, 2001 (the "Indenture") between the Company and The Bank of New York, as trustee (the "Trustee") and (ii) such indeterminate number of shares of the Company's common stock, par value \$0.10 per share (the "Underlying Securities"), as may be issuable upon conversion of the Debt Securities. The Debt Securities and the Underlying Securities are collectively referred to herein as the "Securities". The Company issued the Debt Securities pursuant to the Purchase Agreement dated as of September 5, 2001 between the Company and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated. The Securities are to be offered and sold by certain securityholders of the Company.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary for the purposes of rendering this opinion.

On the basis of the foregoing, we are of the opinion that:

1. The Debt Securities are in the form contemplated by the Indenture, have been duly authorized by the Company, constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, and are entitled to the benefits of the Indenture, subject to the effect of applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and equitable principles of general applicability.

2. The Debt Securities are convertible at the option of the holder thereof into Underlying Securities in accordance with the terms of the Debt Securities and the Indenture; the Underlying Securities have been duly authorized and reserved for issuance upon such conversion by all

necessary corporate action; such Underlying Securities, when issued upon such conversion, will be validly issued and will be fully paid and non-assessable and no holder of such Underlying Securities will be subject to personal liability by reason of being such a holder.

3. The statements in the prospectus which forms a part of the Registration Statement under the caption "Certain U.S. Federal Income Tax Considerations", subject to the limitations and qualifications described therein and insofar as such statements constitute a summary of legal matters referred to therein, set forth the material U.S. federal income tax consequences of the ownership and disposition of the Securities.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York, the federal laws of the United States of America and the General Corporation Law of the State of Delaware.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In addition, we consent to the reference to us under the caption "Legal Matters" in the prospectus which forms a part of the Registration Statement.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by or furnished to any other person without our prior written consent.

Very truly yours,

/s/ Davis Polk & Wardwell

RATIO OF EARNINGS TO FIXED CHARGES

| | Fiscal Years Ended December 31, | | | | | Six Months Ended June 30, 2001 |
|----------------------------------------------------------------------------------------------------|---------------------------------|---------|-------|-------|-------|--------------------------------------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | |
| Income (loss) from continuing operations before income taxes | (188.3) | (161.3) | 81.5 | 105.5 | 207.6 | 173.9 |
| Fixed Charges: | | | | | | |
| Interest on long-term and short-term debt including amortization of debt expense | 71.7 | 71.7 | 48.7 | 41.6 | 38.5 | 16.3 |
| Portion of rental expense as can be demonstrated to be representative of the interest factor | 23.5 | 22.6 | 22.5 | 22.3 | 23.8 | 12.6 |
| Total fixed charges | 95.2 | 94.3 | 71.2 | 63.9 | 62.3 | 28.9 |
| Earnings before income taxes and fixed charges | (93.1) | (67.0) | 152.7 | 169.4 | 269.9 | 202.8 |
| Ratio of earnings to fixed charges | N/A | N/A | 2.14 | 2.65 | 4.33 | 7.01 |

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this registration statement on Form S-3 of our report dated February 9, 2001 relating to the consolidated financial statements and financial statement schedule which appears in Laboratory Corporation of America Holdings' Annual Report on Form 10-K for the year ended December 31, 2000. We also consent to the reference to us under the heading "Experts" in such registration statement.

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
October 18, 2001

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) |

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

| | |
|-----------------------------------------------------------------------------|-------------------------------------------------------|
| New York (State of incorporation if not a U.S. national bank) | 13-5160382 (I.R.S. employer identification no.) |
| One Wall Street, New York, N.Y. (Address of principal executive offices) | 10286 (Zip code) |

LABORATORY CORPORATION OF AMERICA HOLDINGS
(Exact name of obligor as specified in its charter)

| | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------|
| Delaware (State or other jurisdiction of incorporation or organization) | 13-3757370 (I.R.S. employer identification no.) |
| 358 South Main Street Burlington, NC (Address of principal executive offices) | 27215 (Zip code) |

Liquid Yield Option Notes due 2021 ("LYONS")
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name Address

| | |
|-----------------------------------------------------|------------------------------------------------------------------|
| Superintendent of Banks of the State of New York | 2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203 |
| Federal Reserve Bank of New York | 33 Liberty Plaza, New York, N.Y. 10045 |
| Federal Deposit Insurance Corporation | Washington, D.C. 20429 |
| New York Clearing House Association | New York, New York 10005 |

(b) Whether it is authorized to exercise corporate trust powers.
Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement

No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)
6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 11th day of October, 2001.

THE BANK OF NEW YORK

By: /s/ STACEY POINDEXTER

Name: STACEY POINDEXTER
Title: ASSISTANT TREASURER

Consolidated Report of Condition of

THE BANK OF NEW YORK

of One Wall Street, New York, N.Y. 10286

And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business March 31, 2001,
published in accordance with a call made by the Federal Reserve Bank of this
District pursuant to the provisions of the Federal Reserve Act.

| | Dollar Amounts In Thousands |
|-----------------------------------------------------------------------------|--------------------------------|
| ASSETS | |
| Cash and balances due from depository institutions: | |
| Noninterest-bearing balances and currency and coin.. | \$2,811,275 |
| Interest-bearing balances..... | 3,133,222 |
| Securities: | |
| Held-to-maturity securities..... | 147,185 |
| Available-for-sale securities..... | 5,403,923 |
| Federal funds sold and Securities purchased under agreements to resell..... | 3,378,526 |
| Loans and lease financing receivables: | |
| Loans and leases held for sale..... | 74,702 |
| Loans and leases, net of unearned income..... | 37,471,621 |
| LESS: Allowance for loan and lease losses..... | 599,061 |
| Loans and leases, net of unearned income and allowance..... | 36,872,560 |
| Trading Assets..... | 11,757,036 |
| Premises and fixed assets (including capitalized leases)..... | 768,795 |
| Other real estate owned..... | 1,078 |
| Investments in unconsolidated subsidiaries and associated companies..... | 193,126 |
| Customers' liability to this bank on acceptances outstanding..... | 592,118 |
| Intangible assets..... | |
| Goodwill..... | 1,300,295 |
| Other intangible assets..... | 122,143 |
| Other assets..... | 3,676,375 |
| | ----- |

| | |
|---------------------------------------------------|--------------|
| Total assets..... | \$70,232,359 |
| | ===== |
| LIABILITIES | |
| Deposits: | |
| In domestic offices..... | \$25,962,242 |
| Noninterest-bearing.....10,586,346 | |
| Interest-bearing.....15,395,896 | |
| In foreign offices, Edge and Agreement | |
| subsidiaries, and IBFs..... | 24,862,377 |
| Noninterest-bearing.....373,085 | |
| Interest-bearing.....24,489,292 | |
| Federal funds purchased and securities sold under | |
| agreements to repurchase..... | 1,446,874 |
| Trading liabilities..... | 2,373,361 |
| Other borrowed money: | |
| (includes mortgage indebtedness and obligations | |
| under capitalized leases)..... | 1,381,512 |
| Bank's liability on acceptances executed and | |
| outstanding..... | 592,804 |
| Subordinated notes and debentures..... | 1,646,000 |
| Other liabilities..... | 5,373,065 |
| Total liabilities..... | \$63,658,235 |
| EQUITY CAPITAL | |
| Common stock..... | 1,135,284 |
| Surplus..... | 1,008,773 |
| Retained earnings..... | 4,426,033 |
| Accumulated other comprehensive income..... | 4,034 |
| Other equity capital components..... | 0 |
| ----- | |
| Total equity capital..... | 6,574,124 |
| Total liabilities and equity capital..... | \$70,232,359 |

I, Thomas J. Mastro, Senior Vice President and Comptroller of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Thomas J. Mastro,
Senior Vice President and Comptroller

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been

prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

Thomas A. Renyi
Gerald L. Hassell Directors
Alan R. Griffith
