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

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 30, 2001

OR

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

For the transition period from ____________ to _______________

Commission file number 1-11353

LABORATORY CORPORATION OF AMERICA HOLDINGS
(Exact name of registrant as specified in its charter)

DELAWARE	13-3757370
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

358 SOUTH MAIN STREET, BURLINGTON, NORTH CAROLINA 27215
(Address of principal executive offices) (Zip code)

(336) 229-1127
(Registrant's telephone number, including area code)

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

The number of shares outstanding of the issuer's common stock is 70,131,790 shares as of July 31, 2001, of which 10,705,074 shares are held by indirect wholly owned subsidiaries of Roche Holding Ltd.

INDEX

PART I - FINANCIAL INFORMATION

Item 1. Financial Information

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

	June 30, 2001	December 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20.5	$ 48.8
Accounts receivable, net	390.8	368.0
Inventories	34.8	31.6
Prepaid expenses and other	19.1	18.5
Deferred income taxes	51.0	44.8
Total current assets	516.2	511.7
Property, plant and equipment, net	283.8	272.8
Intangible assets, net	948.9	865.7
Other assets, net	15.0	16.7
	$ 1,763.9	$ 1,666.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 57.3	$ 52.8
Accrued expenses and other	140.7	127.1
Current portion of long-term debt	132.0	132.0
Total current liabilities	330.0	311.9
Revolving credit facility	50.0	--
Long-term debt, less current portion	280.5	346.5
Capital lease obligations	6.6	7.2
Other liabilities	116.5	123.9
Commitments and contingent liabilities	--	--
Shareholders' equity:		
Common stock, $0.10 par value; 265,000,000 shares authorized; 70,080,455 and 69,739,246 shares issued and outstanding at June 30, 2001 and December 31, 2000, respectively	7.0	7.0
Additional paid-in capital	1,066.1	1,048.2
Accumulated deficit	(72.4)	(168.0)
Unearned restricted stock compensation	(16.9)	(9.4)
Accumulated other comprehensive loss	(3.5)	(0.4)
Total shareholders' equity	980.3	877.4
	$ 1,763.9	$ 1,666.9

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

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2001	2000	2001	2000
Net sales	$ 1,075.2	$ 945.1	$ 549.7	$ 482.4
Cost of sales	612.7	560.4	308.8	281.2
Gross profit	462.5	384.7	240.9	201.2
Selling, general and administrative expenses	252.4	240.5	127.4	122.1
Amortization of intangibles and other assets	20.2	15.5	10.9	7.8
Operating income	189.9	128.7	102.6	71.3
Other income (expenses):				
Loss on sale of assets	(1.2)	(0.8)	(0.8)	(0.5)
Net investment income (loss)	1.5	0.1	0.5	(0.9)
Interest expense	(16.3)	(19.8)	(7.5)	(9.3)
Earnings before income taxes	173.9	108.2	94.8	60.6
Provision for income taxes	78.3	49.8	42.7	27.9
Net earnings	95.6	58.4	52.1	32.7
Less preferred stock dividends	--	(34.4)	--	(19.6)
Less accretion of mandatorily redeemable preferred stock	--	(0.2)	--	(0.1)
Net earnings attributable to common shareholders	$ 95.6	$ 23.8	$ 52.1	$ 13.0
Basic earnings per common share	$ 1.38	$ 0.91	$ 0.75	$ 0.49
Diluted earnings per common share	$ 1.36	$ 0.85	$ 0.74	$ 0.47

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

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

	Common Stock	Additional Paid-in Capital	Accumulated Deficit
PERIOD ENDED JUNE 30, 2000			
Balance at beginning of year	$ 2.6	$ 422.6	$ (245.5)
Comprehensive income:			
Net earnings	--	--	58.4
Other comprehensive income:			
Foreign currency translation adjustments	--	--	--
Comprehensive income	--	--	58.4
Issuance of common stock	--	4.0	--
Issuance of restricted stock awards	--	4.1	--
Amortization of unearned restricted stock compensation	--	--	--
Income tax benefit from stock options exercised	--	1.5	--
Conversion of preferred stock into common stock	1.0	136.8	--
Preferred stock dividends	--	--	(34.4)
Accretion of mandatorily redeemable preferred stock	--	--	(0.2)
BALANCE AT JUNE 30, 2000	$ 3.6	$ 569.0	$ (221.7)
PERIOD ENDED JUNE 30, 2001			
Balance at beginning of year	$ 7.0	$1,048.2	$ (168.0)
Comprehensive income:			
Net earnings	--	--	95.6
Other comprehensive income:			
Cumulative effect of change in accounting principle (net-of-tax)	--	--	--
Unrealized derivative loss on cash flow hedge (net-of-tax)	--	--	--
Foreign currency translation adjustments	--	--	--
Comprehensive income	--	--	95.6
Issuance of common stock	--	4.0	--
Issuance of restricted stock awards	--	11.3	--
Amortization of unearned restricted stock compensation	--	--	--
Income tax benefit from stock options exercised	--	2.6	--
BALANCE AT JUNE 30, 2001	$ 7.0	$1,066.1	$ (72.4)

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

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

	Unearned Restricted Stock Compensation	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
PERIOD ENDED JUNE 30, 2000			
Balance at beginning of year	$ (4.1)	$ (0.1)	$ 175.5
Comprehensive income:			
Net earnings	--	--	58.4
Other comprehensive income:			
Foreign currency translation adjustments	--	(0.2)	(0.2)
Comprehensive income	--	(0.2)	58.2
Issuance of common stock	--	--	4.0
Issuance of restricted stock awards	(4.1)	--	--
Amortization of unearned restricted stock compensation	1.0	--	1.0
Income tax benefit from stock options exercised	--	--	1.5
Conversion of preferred stock into common stock	--	--	137.8
Preferred stock dividends	--	--	(34.4)
Accretion of mandatorily redeemable preferred stock	--	--	(0.2)
BALANCE AT JUNE 30, 2000	$ (7.2)	$ (0.3)	$ 343.4
PERIOD ENDED JUNE 30, 2001			
Balance at beginning of year	$ (9.4)	$ (0.4)	$ 877.4
Comprehensive income:			
Net earnings	--	--	95.6
Other comprehensive income:			
Cumulative effect of change in accounting principle (net-of-tax)	--	0.6	0.6
Unrealized derivative loss on cash flow hedge (net-of-tax)	--	(2.9)	(2.9)
Foreign currency translation adjustments	--	(0.8)	(0.8)
Comprehensive income	--	(3.1)	92.5
Issuance of common stock	--	--	4.0
Issuance of restricted stock awards	(11.3)	--	--
Amortization of unearned restricted stock compensation	3.8	--	3.8
Income tax benefit from stock options exercised	--	--	2.6
BALANCE AT JUNE 30, 2001	$ (16.9)	$ (3.5)	$ 980.3

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

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

	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 95.6	$ 58.4
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	49.8	43.4
Deferred compensation	3.8	1.0
Net losses on sale of assets	1.2	0.8
Deferred income taxes	1.1	(0.6)
Change in assets and liabilities:		
Increase in accounts receivable, net	(9.1)	(23.9)
Increase in inventories	(1.3)	(0.9)
Decrease in prepaid expenses and other	3.3	17.8
(Decrease) increase in accounts payable	(3.6)	7.1
(Decrease) increase in accrued expenses and other	(2.4)	29.6
Other, net	0.3	(2.8)
Net cash provided by operating activities	138.7	129.9
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(33.6)	(26.1)
Proceeds from sale of assets	1.0	0.8
Deferred payments on acquisitions	(2.2)	--
Acquisition of businesses	(118.9)	(28.5)
Net cash used for investing activities	(153.7)	(53.8)

(continued)

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

	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facilities	75.0	--
Payments on revolving credit facilities	(25.0)	--
Payments on long-term debt	(66.0)	(51.0)
Payments on long-term lease obligations	(0.5)	(0.5)
Payment of preferred stock dividends	--	(9.5)
Net proceeds from issuance of stock to employees	4.0	4.0
Net cash used for financing activities	(12.5)	(57.0)
Effect of exchange rate changes on cash and cash equivalents	(0.8)	(0.2)
Net (decrease) increase in cash and cash equivalents	(28.3)	18.9
Cash and cash equivalents at beginning of period	48.8	40.3
Cash and cash equivalents at end of period	$ 20.5	$ 59.2
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	$ 16.7	$ 22.3
Income taxes, net of refunds	55.2	12.4
Disclosure of non-cash financing and investing activities:		
Preferred stock dividends	--	24.9
Accretion of mandatorily redeemable preferred stock	--	0.2
Conversion of preferred stock into common stock	--	137.8

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

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

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

The condensed consolidated financial statements include the accounts of Laboratory Corporation of America Holdings and its wholly owned subsidiaries (the "Company") after elimination of all material intercompany accounts and transactions.

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

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

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

2. EARNINGS PER SHARE

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

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Basic	69,299,534	26,662,270	69,265,480	26,086,124
Assumed conversion/exercise of:				
Stock options	557,172	603,704	552,953	517,786
Restricted stock awards	585,943	332,742	555,668	329,532
Series A preferred stock	--	15,865,315	--	15,865,315
Series B preferred Stock	--	25,897,918	--	25,625,248
Diluted	70,442,649	69,361,949	70,374,101	68,424,005

At June 30, 2001 and 2000, options to acquire 15,897 and 236,041 shares of common stock, respectively, were excluded in the computations of diluted earnings per share, because the effect of including the options would have been antidilutive.

3. ACCOUNTING CHANGE - DERIVATIVE FINANCIAL INSTRUMENTS

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities.

At January 1 and June 30, 2001, the Company was a party to an interest rate swap agreement with a major financial institution, solely to manage its interest rate exposure with respect to $200.0 of its floating rate debt. This effectively fixed the interest rate exposure on the floating rate debt to a weighted-average fixed interest rate of 5.1%. This swap requires that the Company pay a fixed rate amount in exchange for the financial institution paying a floating rate amount. The amount paid by the Company as of June 30, 2001 was $0.2. The swap agreement matures March 31, 2003. The notional amount of the agreement is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. The estimated cost at which the Company could have terminated this agreement as of June 30, 2001 was approximately $3.9. This fair value was estimated by discounting the expected cash flows using rates currently available for interest rate swaps with similar terms and maturities. Interest rates in effect for the long-term and revolving credit agreement as of June 30, 2001 were 4.3% and 4.1% respectively.

In accordance with the provisions of SFAS No. 133, as amended, this interest rate swap agreement has been designated as a cash flow hedge and is carried on the balance sheet at fair value. At June 30, 2001, the fair value of the hedge is recorded as a long-term liability of $3.9. In addition, the cumulative effect of the change in accounting principle related to the adoption of SFAS 133, resulted in a $0.6 credit (net-of-tax) to accumulated other comprehensive income on the date of transition (January 1, 2001). For the six months ended June 30, 2001, the change in the fair value of the derivative instrument was recorded as a $2.9 debit (net-of-tax) to accumulated other comprehensive income. The swap was considered to be effective for the entire six month period.

If the Company discontinues hedge accounting because it is no longer probable that the forecasted transaction will occur in the originally expected period, the gain or loss on the derivative remains in accumulated other comprehensive income and is reclassified into earnings when the forecasted transaction affects earnings.

4. STOCK SPLIT

On May 24, 2001, the Company's shareholders approved an amendment to the restated certificate of incorporation to increase the number of common shares authorized from 52 million shares to 265 million shares. On June 11, 2001, the Company effected a two-for-one stock split through the issuance of a stock dividend of one new share of common stock for each share of common stock held by shareholders of record on June 4, 2001. All references to common stock, common shares outstanding, average number of common shares outstanding, stock options, restricted shares and per share amounts in the Consolidated Financial Statements and Notes to Consolidated Financial Statements have been restated to reflect the June 11, 2001 two-for-one common stock split on a retroactive basis.

5. NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," was issued. This Statement supersedes APB Opinion No. 16, "Business Combinations" and SFAS No. 38. "Accounting for Preacquisition Contingencies of Purchased Enterprises" and eliminates the pooling method of accounting for business enterprises. This Statement requires all business combinations to be accounted for using the purchase method for all transactions initiated after June 30, 2001.

In June 2001, SFAS No. 142 "Goodwill and Other Intangible Assets" was also issued. This Statement supersedes APB No. 17 "Intangible Assets" and addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. Goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be reviewed at least annually for impairment.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

Intangible assets that have finite lives will continue to be amortized over their useful lives, but without the constraint of the 40-year useful life amortization ceiling. The provisions of this Statement are required to be applied starting with fiscal years beginning after December 15, 2001, however, goodwill and intangible assets acquired after June 30, 2001, will be subject immediately to the nonamortization and amortization provisions of this Statement. The Company is evaluating the impact of the adoption of SFAS No. 141 and SFAS No. 142.

6. BUSINESS ACQUISITIONS

On April 30, 2001, the Company completed the acquisition of all of the outstanding stock of Path Lab Holdings, Inc. (Path Lab), which is based in Portsmouth, New Hampshire for approximately $83.0 in cash and future payments of $25.0 based upon attainment of specific earnings targets. Path Lab's revenues for the year ended December 31, 2000 were approximately $51.6.

On June 4, 2001, the Company completed the acquisition of Minneapolis-based Viro-Med Inc. for approximately $31.7 in cash and future payments of $12.0 based upon attainment of specific earnings targets. Viro-Med's revenues for the year ended December 31, 2000 were approximately $25.2.

7. RESTRUCTURING CHARGES

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

	Severance Costs	Lease and Other Facility Costs	Total
Balance at December 31, 2000	$ 1.9	$20.1	$22.0
Cash payments	(1.0)	(2.9)	(3.9)
Reclassifications and non-cash items	(0.7)	0.3	(0.4)
Balance at June 30, 2001	$ 0.2	17.5	17.7
Current			$ 8.4
Non-current			$ 9.3
			$17.7

8. LONG-TERM DEBT

The Company made a payment of $33.0 to its term loan on June 30, 2001. The effective rate on the Company's term loan at June 30, 2001 was a weighted-average fixed interest rate of 5.7%. At the end of the second quarter, the Company had an outstanding balance on its revolving credit facility of $50.0 with a weighted-average fixed interest rate of 5.0%.

9. RELATED PARTY TRANSACTION

During June 2001, the Company filed a registration statement relating to the sale by Roche Holdings, Inc. (Roche) of 12.0 million shares of the Company's common stock. Following such sale, Roche's ownership percentage decreased to 15.3% from 32.4%. Under the terms of the Company's Credit Agreement, the effective interest rate on the Company's bank debt increased by approximately 100 basis points as a result of Roche's ownership interest dropping to 15.3%. In connection with this sale, Roche paid the Company $1.2.

10. COMMITMENTS AND CONTINGENCIES

The Company is involved in litigation (including two cases which purport to be class action suits) brought on behalf of certain patients, private insurers and benefit plans that paid for laboratory testing services during the time frame covered by the 1996 government settlement. The Company has also received certain similar claims brought on behalf of certain other insurance companies and individuals, some of which have been resolved for immaterial amounts. These claims for private reimbursement are similar to the government claims settled in 1996. Following a careful evaluation of these claims, the Company has entered into settlement negotiations with the representatives of all of these parties, resulting in settlement agreements to resolve the majority of these matters. During the six months ended June 30, 2001, $12.9 was paid out with two of these settlement agreements. Based upon these discussions and settlement agreements, management does not believe that the ultimate outcome of these claims will exceed existing reserves or have a material adverse affect on the Company. On January 9, 2001, the Company was served with a complaint in North Carolina which purports to be a class action and makes claims similar to the cases referred to above. The Company is carefully evaluating this claim. Due to the early stage of the claim, its outcome cannot be presently predicted.

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

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

7. our failure to obtain and retain new customers and alliance partners, or a reduction in tests ordered or specimens submitted by existing customers.

8. our failure to integrate newly acquired businesses and the cost related to such integration.

9. adverse results in litigation matters.

10. our ability to attract and retain experienced and qualified personnel.

11. failure to maintain our days sales outstanding levels.

RESULTS OF OPERATIONS
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Three Months ended June 30, 2001 compared with Three Months ended June 30, 2000.

Net sales for the three months ended June 30, 2001 were $549.7, an increase of $67.3, or 14.0%, from $482.4 for the comparable 2000 period. The sales increase is a result of increases in both volume and price of approximately 7% each. The increase in sales for the second quarter of 2001 would have been approximately 10.0% after excluding the effect of the acquisitions made in 2001 and 2000.

Cost of sales, which includes primarily laboratory and distribution costs, was $308.8 for the three months ended June 30, 2001 compared to $281.2 in the corresponding 2000 period, an increase of $27.6. The increase in cost of sales is primarily the result of increases in volume and supplies due to recent acquisitions and growth in the base business. Cost of sales as a percentage of net sales was 56.2% for the three months ended June 30, 2001 and 58.3% in the corresponding 2000 period. The decrease in the cost of sales percentage of net sales primarily resulted from price increases, changes in the mix of tests favoring higher value tests and the addition of new, higher margin business.

Selling, general and administrative expenses increased to $127.4 for the three months ended June 30, 2001 from $122.1 in the same period in 2000. This increase resulted primarily from bad debt expense on higher net sales amounts, as well as from personnel and other costs as a result of the recent acquisitions. Due to improved cash collections, the Company lowered its provision for bad debt expense, as a percentage of sales, to 9.4% for the three months ended June 30, 2001 compared to 9.7% for the three months ended March 31, 2001. As a percentage of net sales, selling, general and administrative expenses were 23.2% and 25.3% for the three months ended June 30, 2001 and 2000, respectively.

The amortization of intangibles and other assets was $10.9 and $7.8 for the three months ended June 30, 2001 and 2000.

Interest expense was $7.5 for the three months ended June 30, 2001 compared with $9.3 for the same period in 2000. The decline in interest expense is a result of the Company's reduction in long-term debt and lower interest rates. As of July 1, 2001, the interest rate on the term loan increased by 1.0% and the interest rate on the revolver increased by 0.9375% due to the reduction of Roche Holdings, Inc.'s (Roche) ownership of the Company's stock. During June 2001, Roche sold 12.0 million shares which reduced their ownership of the Company's common stock to 15.3% from 32.4%.

The provision for income taxes as a percentage of earnings before taxes was 45.0% for the three months ended June 30, 2001 compared to 46.0% for the three months ended June 30, 2000.

Six Months ended June 30, 2001 compared with Six Months ended June 30, 2000.

Net sales for the six months ended June 30, 2001 were $1,075.2, an increase of $130.1, or 13.8%, from $945.1 for the comparable 2000 period. The sales increase is a result of an increase in price of approximately 7.3% and an increase in volume of approximately 6.5%. The increase in sales for the six months ended June 30, 2001 would have been approximately 10.7% after excluding the effect of the acquisitions made in 2001 and 2000.

Cost of sales, which includes primarily laboratory and distribution costs, was $612.7 for the six months ended June 30, 2001 compared to $560.4 in the corresponding 2000 period, an increase of $52.3. The increase in cost of sales is primarily the result of increases in volume and supplies due to recent acquisitions and growth in the base business. Cost of sales as a percentage of net sales was 57.0% for the six months ended June 30, 2001 and 59.3% in the corresponding 2000 period. The decrease in the cost of sales percentage of net sales primarily resulted from price increases, changes in the mix of tests favoring higher value tests and the addition of new, higher margin business.

Selling, general and administrative expenses increased to $252.4 for the six months ended June 30, 2001 from $240.5 in the same period in 2000. This increase resulted primarily from bad debt expense on higher net sales amounts, as well as from personnel and other costs as a result of the recent acquisitions. The Company lowered its provision for bad debt expense, as a percentage of sales, to 9.4% for the three months ended June 30, 2001, making its effective bad debt rate for the six month period equal 9.5% compared to 10.2% at December 31, 2000. As a percentage of net sales, selling, general and administrative expenses were 23.5% and 25.4% for the six months ended June 30, 2001 and 2000, respectively.

The amortization of intangibles and other assets was $20.2 and $15.5 for the six months ended June 30, 2001 and 2000.

Interest expense was $16.3 for the six months ended June 30, 2001 compared with $19.8 for the same period in 2000. The decline in interest expense is a result of the Company's reduction in long-term debt and lower interest rates.

The provision for income taxes as a percentage of earnings before taxes was 45.0% for the six months ended June 30, 2001 compared to 46.0% for the six months ended June 30, 2000.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $138.7 and $129.9 for the six months ended June 30, 2001 and June 30, 2000, respectively. The increase in cash flow from operations primarily resulted from improved earnings and improved cash collections offset by legal settlements of approximately $12.9 and an increase of $42.8 in income taxes paid for the six months ended June 30, 2001. Capital expenditures were $33.6 and $26.1 for the six months ended June 30, 2001 and 2000, respectively.

During the second quarter, the Company made cash payments on the acquisitions of Path Lab Holdings, Inc. and Viro-Med Inc., totaling approximately $115.0. These payments were financed primarily through available cash plus net borrowings of $50.0 under the Company's revolving credit agreement.

The Company's days sales outstanding (DSO) decreased to 64 days at June 30, 2001 from 68 days at the end of December 31, 2000. During the quarter, the Company lowered its bad debt as a percentage of sales to 9.4% as compared to 10.2% at the end of December 31, 2000. This reduction reflects the positive trends in cash collections for the quarter.

Based on current and projected levels of operations, coupled with availability under its revolving credit facility, the Company believes it has sufficient liquidity to meet both its short-term and long-term cash needs. For a discussion of legal proceedings which may impact the Company's liquidity and capital resources see "Note 10 to the Company's Unaudited Condensed Consolidated Financial Statements".

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See "Note 10 to the Company's Unaudited Condensed Consolidated Financial Statements" for the six months ended June 30, 2001

Item 4 Report of the Inspector of Election

The following votes were provided by American Stock Transfer & Trust Company in their proxy tabulation report dated April 26, 2001 and additional proxies received after such report:

Total outstanding shares of Laboratory Corporation of America (NEW):	69,836,604*
Total shares voted prior to the meeting:	64,766,820
Total shares voted at the meeting:	0

(*total shares reflect the 1-for-10 reverse stock split in May 2000)

	For	Withheld
Election of the members of the Board of Directors:		
American Stock Transfer & Trust Company		
Thomas P. Mac Mahon	49,383,356	9,383,464
Jean-Luc Belingard	63,705,980	1,060,840
Wendy E. Lane	64,332,684	434,136
Robert E. Mittelstaedt, Jr.	64,332,432	434,388
James B. Powell, MD	64,330,414	436,406
David B. Skinner, MD	64,332,704	434,116
Andrew G. Wallace, MD	64,332,704	434,116

Individual votes cast at the meeting

Thomas P. Mac Mahon	0	0
Jean-Luc Belingard	0	0
Wendy E. Lane	0	0
Robert E. Mittelstaedt, Jr.	0	0
James B. Powell, MD	0	0
David B. Skinner, MD	0	0
Andrew G. Wallace, MD	0	0

Item 4. Report of the Inspector of Election - Continued

	Votes For	Votes Against	Votes Abstained
Approval of the Amendment to the Laboratory Corporation of America Holdings Certificate of Incorporation:			
American Stock Transfer & Trust Company	43,925,034	20,824,915	16,570
Individual votes cast at the meeting	0	0	0
Approval of the Amendment to the Laboratory Corporation of America Holdings 1995 Non-Employee Director Stock Plan:			
American Stock Transfer & Trust Company	63,198,508	1,530,372	37,940
Individual votes cast at the meeting	0	0	0
Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending December 31, 2001:			
American Stock Transfer & Trust Company	64,623,548	127,530	15,442
Individual votes cast at the meeting	0	0	0

Total outstanding shares of Laboratory Corporation of America Holdings (OLD):	146,000*
Total shares voted prior to the meeting	19,558
Total shares voted at the meeting:	0

(* total shares do not reflect the 1-for-10 reverse stock split in May 2000)

Item 4. Report of the Inspector of Election - Continued

	For	Withheld
Election of the members of the Board of Directors:		
American Stock Transfer & Trust Company		
Thomas P. Mac Mahon	19,558	0
Jean-Luc Belingard	19,558	0
Wendy E. Lane	19,558	0
Robert E. Mittelstaedt, Jr.	19,558	0
James B. Powell, MD	19,558	0
David B. Skinner, MD	19,558	0
Andrew G. Wallace, MD	19,558	0
Individual votes cast at the meeting		
Thomas P. Mac Mahon	0	0
Jean-Luc Belingard	0	0
Wendy E. Lane	0	0
Robert E. Mittelstaedt, Jr.	0	0
James B. Powell, MD	0	0
David B. Skinner, MD	0	0
Andrew G. Wallace, MD	0	0

	Votes For	Votes Against	Votes Abstained
Approval of the Amendment to the Laboratory Corporation of America Holdings Certificate of Incorporation:			
American Stock Transfer & Trust Company	17,870	288	1,400
Individual votes cast at the meeting	0	0	0
Approval of the Amendment to the Laboratory Corporation of America Holdings 1995 Non-Employee Director Stock Plan:			
American Stock Transfer & Trust Company	16,270	1,888	1,400
Individual votes cast at the meeting	0	0	0
Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending December 31, 2001:			
American Stock Transfer & Trust Company	19,108	0	450
Individual votes cast at the meeting	0	0	0

Item 4. Report of the Inspector of Election - Continued

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

Total outstanding NHL shares:	334
Total shares voted:	210
Total shares voted at the meeting:	0

	For	Withheld
Election of the members of the Board of Directors:		
American Stock Transfer & Trust Company		
Thomas P. Mac Mahon	200	10
Jean-Luc Belingard	200	10
Wendy E. Lane	200	10
Robert E. Mittelstaedt, Jr.	200	10
James B. Powell, MD	200	10
David B. Skinner, MD	200	10
Andrew G. Wallace, MD	200	10
Individual votes cast at the meeting		
Thomas P. Mac Mahon	0	0
Jean-Luc Belingard	0	0
Wendy E. Lane	0	0
Robert E. Mittelstaedt, Jr.	0	0
James B. Powell, MD	0	0
David B. Skinner, MD	0	0
Andrew G. Wallace, MD	0	0

	Votes For	Votes Against	Votes Abstained
Approval of the Amendment to the Laboratory Corporation of America Holdings Certificate of Incorporation:			
American Stock Transfer & Trust Company	210	0	0
Individual votes cast at the meeting	0	0	0
Approval of the Amendment to the Laboratory Corporation of America Holdings 1995 Non-Employee Director Stock Plan:			
American Stock Transfer & Trust Company	200	10	0
Individual votes cast at the meeting	0	0	0

Item 4. Report of the Inspector of Election - Continued

	Votes For	Votes Against	Votes Abstained
Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending December 31, 2001:			
American Stock Transfer & Trust Company	210	0	0
Individual votes cast at the meeting	0	0	0

Item 6. Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K

(1) A current report on Form 8-K dated May 8, 2001 was filed on May 8, 2001, by the registrant, in connection with the press release dated May 8, 2001 announcing that Thomas P. Mac Mahon, chairman and chief executive officer, was scheduled to speak at the Deutsche Banc Alex Brown Health Care Conference in Baltimore, MD on Tuesday, May 8, 2001.

(2) A current report on Form 8-K dated May 10, 2001 was filed on May 11, 2001, by the registrant, in connection with the press release dated May 10, 2001, announcing that the Company had filed a registration statement with the Securities and Exchange Commission related to the offering by Roche Holdings, Inc. of 5.5 million shares of the Company's common stock. In addition, Roche granted the underwriters a 30-day option to purchase up to an additional 500,000 shares to cover over-allotments, if any.

(3) A current report on Form 8-K dated June 4, 2001 was filed on June 4, 2001, by the registrant, in connection with the press release dated June 4, 2001, announcing that it had completed the acquisition of Minneapolis-based Viro-Med, Inc.

(4) A current report on Form 8-K dated June 11, 2001 was filed on June 12, 2001, by the registrant, in connection with the press release dated June 11, 2001, announcing that the Company effected the two-for-one stock split through the issuance of a stock dividend of one new share of common stock for each share of common stock held by shareholders of record on June 4, 2001.

(b) Reports on Form 8-K (continued)

(5) A current report on Form 8-K dated June 12, 2001 was filed on June 12, 2001, by the registrant, in connection with the press release dated June 12, 2001 announcing that Bradford T. Smith, executive vice president of public affairs, was scheduled to speak at the Goldman, Sachs & Co. Healthcare Conference in Dana Point, CA on June 13, 2001.

(6) A current report on Form 8-K dated July 11, 2001 was filed on July 11, 2001, by the registrant, in connection with the press release dated July 11, 2001 announcing that the Company and EXACT Sciences Corporation signed an agreement for the licensing of EXACT Sciences' proprietary genomics-based technologies to the Company.

(7) A current report on Form 8-K dated July 23, 2001 was filed on July 23, 2001, by the registrant, in connection with the press release dated July 23, 2001 announcing summary information for the Company.

(8) A current report on Form 8-K dated July, 23, 2001 was filed on July 23, 2001, by the registrant, in connection with the press release dated July 23, 2001 announcing the results for the quarter ended June 30, 2001.

(9) A current report on Form 8-K dated July 24, 2001 was filed on July 24, 2001, by the registrant, in connection with the press release dated July 24, 2001 announcing supplemental summary information for the Company.

S I G N A T U R E S

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

LABORATORY CORPORATION OF AMERICA HOLDINGS
Registrant

By:/s/ THOMAS P. MAC MAHON

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

By:/s/ WESLEY R. ELINGBURG

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

August 10, 2001