

FORM 8-K

CURRENT REPORT

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

July 24, 2002

(Date of earliest event reported)

LABORATORY CORPORATION OF AMERICA HOLDINGS

(Exact name of registrant as specified in its charter)

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

358 SOUTH MAIN STREET, BURLINGTON, NORTH CAROLINA 27215

(Address of principal executive offices)

336-229-1127

(Registrant's telephone number, including area code)

ITEM 9. Regulation FD Disclosure.

Summary information of the Company dated July 24, 2002.

SIGNATURES

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

LABORATORY CORPORATION OF AMERICA HOLDINGS

(Registrant)

By /s/ BRADFORD T. SMITH

Bradford T. Smith
Executive Vice President
and Secretary

Date: July 24, 2002

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

How Laboratory Testing Works

Laboratory Testing is the "Gateway to Quality Health Care":

- 1) Patient visits doctor;
- 2) Doctor orders laboratory tests with diagnosis information;
- 3) Doctor or patient service center (PSC) draws sample;
- 4) Laboratory performs tests;
- 5) Test results reported to doctor;
- 6) Doctor makes diagnosis and treatment begins

The Clinical Laboratory Testing Market
US market is approximately \$34-36 billion

| CLINICAL LABORATORY TESTING | | INDEPENDENT CLINICAL LABORATORIES | |
|-----------------------------|-----|-----------------------------------|-------|
| Hospitals | 49% | All others | 82.5% |
| Independent Clinical Labs | 39% | LabCorp(\$2.2b) | 17.5% |
| Physician Offices | 12% | | |

Source: Company estimates, industry reports & 2001YE revenue
for LabCorp

Profile of LabCorp*

- Nationwide network of 24 primary testing locations and over 900 patient service centers
- Conducts tests on approximately 300,000 specimens daily
- Offers more than 4,000 test procedures
- Serves over 200,000 physicians and other health care providers
- More than 19,000 employees nationwide

*Does not include Dynacare

MAP OF LABCORP'S PRIMARY TESTING LOCATIONS & PSC'S

2002 Strategic Goals

- Maintain national coverage for all key customers
- Expand upon leading position in genomic testing
- Evaluate appropriate acquisition candidates

GENOMIC STRATEGY

UTILIZE DNA TESTING LEADERSHIP TO EXECUTE GENOMIC LEADERSHIP STRATEGY

- Targeted introduction of new tests
- Acquire innovative technology
- License/Partner to expand menu

GENOMIC STRATEGY UPDATE

INTERNAL

CMBP:

- Cancer
- Genetics
- Infectious Disease (GENOSURE)

CLINICAL TRIALS:

- Drug metabolism

ACQUISITION

NGI:

- Infectious Disease
Hepatitis C
- Cancer:
Melanoma
Breast

VIROMED:

- Infectious Disease
HIV, Hepatitis
- Real-time PCR

CENTER FOR GENETIC SERVICES:

- Expanded Genetics Capabilities in Southwest

PATHLABS:

- Cancer
- Hospital Esoteric

LICENSE/PARTNER

MYRIAD GENETICS:

- Predictive tests:
- Breast/Ovarian and
Colon Cancer
 - Melanoma
 - Hypertension

EXACT SCIENCES:

- Colorectal Cancer

ALPHA:

- PCR Plasma

VIROLOGICS:

- HIV Phenotyping

VIRCO:

- HIV Phenotyping

Financial Performance
Price & Volumes: Trends by Payor Type

| | 2000 | | 2001 | | YTD JUN 2002 | |
|---------------------|---------|------------|---------|------------|--------------|------------|
| | PPA | Accessions | PPA | Accessions | PPA | Accessions |
| | \$ | millions | \$ | millions | \$ | millions |
| Client (Physicians) | 22.70 | 27.1 | 24.46 | 27.9 | 25.66 | 14.1 |
| Patient | 102.87 | 2.2 | 111.28 | 2.5 | 120.47 | 1.1 |
| Third Party | 29.80 | 10.3 | 31.59 | 12.2 | 32.99 | 6.8 |
| (MC/MD/Insurance) | | | | | | |
| Managed Care | | | | | | |
| - Capitated | 8.89 | 10.6 | 8.90 | 11.9 | 9.20 | 6.4 |
| - Fee for service | 42.32 | 16.0 | 43.45 | 17.2 | 44.59 | 9.5 |
| Total | 28.97 | 26.6 | 29.27 | 29.1 | 30.24 | 15.9 |
| LabCorp Total | \$28.98 | 66.2 | \$30.69 | 71.7 | \$31.69 | 37.9 |

Financial Performance
Revenue Analysis by Business Area

YTD JUN 2001

| | Revenue \$Million | Accns 000 | %Accns to total | PPA \$ |
|----------------|----------------------|--------------|--------------------|-----------|
| | ----- | ----- | ----- | ----- |
| Prior Genomic | 81.7 | 677.6 | 1.9% | 120.55 |
| Add'l Genomic* | 53.2 | 1,274.2 | 3.6% | 41.76 |
| Other Esoteric | 106.4 | 2,694.3 | 7.6% | 39.51 |
| ----- | ----- | ----- | ----- | ----- |
| All Esoteric: | 241.3 | 4,646.1 | 13.1% | 51.94 |
| ----- | ----- | ----- | ----- | ----- |
| Core: | 833.8 | 30,658.8 | 86.9% | 27.20 |
| ----- | ----- | ----- | ----- | ----- |
| Total: | 1,075.1 | 35,304.9 | 100.0% | 30.45 |
| ----- | ----- | ----- | ----- | ----- |

YTD JUN 2002

| | Revenue \$Million | Accns 000 | %Accns to total | PPA \$ | 02 vs 01 PPA Incr/ (Decr) |
|----------------|----------------------|--------------|--------------------|-----------|------------------------------------|
| | ----- | ----- | ----- | ----- | ----- |
| Prior Genomic | 96.4 | 850.2 | 2.2% | 113.38 | (5.9)% |
| Add'l Genomic* | 62.6 | 1,564.7 | 4.1% | 39.99 | (4.2)% |
| Other Esoteric | 119.4 | 2,899.6 | 7.6% | 41.20 | 4.3% |
| ----- | ----- | ----- | ----- | ----- | ----- |
| All Esoteric: | 278.4 | 5,314.5 | 13.9% | 52.39 | 0.9% |
| ----- | ----- | ----- | ----- | ----- | ----- |
| Core: | 924.0 | 32,629.6 | 86.1% | 28.32 | 4.1% |
| ----- | ----- | ----- | ----- | ----- | ----- |
| Total: | 1,202.4 | 37,944.1 | 100.0% | 31.69 | 4.1% |
| ----- | ----- | ----- | ----- | ----- | ----- |

* Includes identity testing and gene probes (chlamydia and gonorrhea)

Second Quarter Operating Results
(\$ in millions)

| | 6/30/01 | 6/30/02 |
|-----------------------|---------|---------|
| Revenue | 549.7 | 612.4 |
| Operating Expense | 447.1 | 478.3 |
| Operating Income | 102.6 | 134.1 |
| Margin | 18.7% | 21.9% |
| EBITDA | 128.1 | 156.4 |
| Margin | 23.3% | 25.5% |
| Bad Debt % to revenue | 9.40% | 8.75% |
| DSO | 64 | 58 |

2002 Second Quarter Financial Achievements

- Increased revenues 11.4% (volume 7.0%; price 4.4%)
- Increased operating income 31%
- Increased EBITDA 22%
- Increased diluted EPS 31%*
- Increased operating cash flow 26%

*Compared to pro forma prior year EPS, calculated on a comparable basis

Six Month Operating Results
(\$ in millions)

| | YTD 6/01 | YTD 6/02 |
|-----------------------|----------|----------|
| Revenue | 1,075.2 | 1,202.4 |
| Operating Expense | 885.3 | 951.9 |
| Operating Income | 189.9 | 250.5 |
| Margin | 17.7% | 20.8% |
| EBITDA | 238.4 | 294.0 |
| Margin | 22.2% | 24.4% |
| Bad Debt % to revenue | 9.6% | 8.75% |
| DSO | 64 | 58 |

2002 Six Month Financial Achievements

- Increased revenues per day 12.7% (volume 8.5%; price 4.2%)
- Increased EBITDA 23%
- Increased diluted EPS 31%*
- DSO decline of 6 days from June 2001

*Compared to pro forma prior year EPS, calculated on a comparable basis

Quarterly DSO Trend

DSO Trend December '97 through June '02

| | | | |
|----------------|-----------|----------------|-----------|
| December 1997 | - 79 days | September 2000 | - 70 days |
| December 1998 | - 83 days | December 2000 | - 68 days |
| March 1999 | - 83 days | March 2001 | - 67 days |
| June 1999 | - 79 days | June 2001 | - 64 days |
| September 1999 | - 76 days | September 2001 | - 62 days |
| December 1999 | - 74 days | December 2001 | - 58 days |
| March 2000 | - 72 days | March 2002 | - 60 days |
| June 2000 | - 70 days | June 2002 | - 58 days |

Recent Accomplishments

- Expanded Aetna Agreement in CT, NJ, and NY (including NYC)
- New genomics tests for hepatitis B and C
- Introduced Myriad's predisposition tests for a variety of cancers and cardiac risk
- New partnership with EXACT Sciences to offer Pre-Gen Plus, a colorectal screening test for the average risk population
- Preferred provider contract with Premier
- Acquisition of Dynacare

Dynacare 2002 Incremental Impact

- Revenues of approximately \$120 million
- Adjusted EBITDA of approximately \$20 million
- EPS Neutral
- Synergies of approximately \$4 million

Financial Guidance for 2002*

- Revenue growth of approximately 15.5% to 16.5% compared to 2001 (volume - 12%, price - 4%)
- Adjusted EBITDA margins of approximately 23% of sales (including EBITDA from Dynacare equity investments)
- EPS in the range of \$1.90 to \$1.95
- Bad debt rate of 8.3% to 8.6% of sales in the third and fourth quarters
- Capital expenditures of approximately \$85 million
- Net interest expense of \$17 million
- A tax rate of approximately 41.5% in the third and fourth quarters

*Including the impact of Dynacare, but not including anticipated restructuring charges related to that acquisition

Financial Guidance for 2003

- Increase overall revenues by approximately 16% to 17% compared to 2002
- Adjusted EBITDA margins of approximately 24% to 24.5% of sales
- EPS growth of approximately 25% to 30% compared to 2002

Growth Opportunities

Revenue:

- New Tests - Cystic Fibrosis, hepatitis B and C, HPV, etc.
- Conversion to Monolayer Paps
- New Licenses/Partnerships - Myriad Genetics, EXACT Sciences, etc.
- Ongoing Acquisition Strategy
- Genomic Strategy/Mix Shift Leverage
- Improving Regulatory/Reimbursement Environment

Profit Improvement Opportunities

Cost Structure:

- Bad Debt Reduction
- Further Operational Consolidation
- Technology Improvements - Higher Throughput and Efficiencies
- Dynacare synergies

Value Drivers

Labcorp:

- Proven strategy for growth
- Pioneer in identifying and commercializing innovative technologies
- National infrastructure connects large scale proficiency with wide scale technological expertise
- Strong balance sheet

Industry:

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

Other Financial Information
 June 30, 2002
 (\$ in millions, except per share amounts)

| | Q1 02 | Q2 02 | YTD Jun-02 |
|-----------------------------------|---------|---------|---------------|
| | ----- | ----- | ----- |
| Depreciation | \$ 16.1 | \$ 17.1 | \$ 33.2 |
| Amortization | \$ 5.1 | \$ 5.2 | \$ 10.3 |
| Capital expenditures | \$ 18.4 | \$ 19.5 | \$ 37.9 |
| Cash flows from operations | \$112.2 | \$ 93.1 | \$205.3 |
| Bad debt as a percentage of sales | 8.75% | 8.75% | 8.75% |
| Effective interest rate on debt | 2.00% | 2.00% | N/A |
| Days sales outstanding | 60 | 58 | 58 |