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, 2002

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 147,744,150 shares as of July 31, 2002.

INDEX

PART I. Financial Information

Item 1 Financial Statements:

Condensed Consolidated Balance Sheets (unaudited)
June 30, 2002 and December 31, 2001

Condensed Consolidated Statements of Operations (unaudited)
Six and three months ended June 30, 2002 and 2001

Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)
Six months ended June 30, 2002 and 2001

Condensed Consolidated Statements of Cash Flows (unaudited) Six months ended June 30, 2002 and 2001

Notes to Unaudited Condensed Consolidated Financial Statements

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3 Quantitative and Qualitative Disclosures about Market Risk

PART II. OTHER INFORMATION

Item 1 Legal Proceedings

Item 6 Exhibits and Reports on Form 8-K

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, 2002	December 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 303.6	$ 149.2
Accounts receivable, net	392.9	365.5
Supplies inventories	42.8	38.7
Prepaid expenses and other	22.9	16.7
Deferred income taxes	54.7	54.4
Total current assets	816.9	624.5
Property, plant and equipment, net	310.9	309.3
Goodwill	725.0	719.3
Identifiable intangible assets, net	256.4	249.2
Other assets, net	30.2	27.3
	$ 2,139.4	$ 1,929.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 74.9	$ 60.2
Accrued expenses and other	149.5	141.0
Total current liabilities	224.4	201.2
Zero coupon-subordinated notes	507.8	502.8
Capital lease obligations	5.5	6.1
Other liabilities	139.8	134.1
Commitments and contingent liabilities	--	--
Shareholders' equity:		
Preferred stock, $0.10 par value; 30,000,000 shares authorized; shares issued: none	--	--
Common stock, $0.10 par value; 265,000,000 shares authorized; 142,762,933 and 141,107,436 shares issued and outstanding at June 30, 2002 and December 31, 2001, respectively	14.3	14.1
Additional paid-in capital	1,152.6	1,081.8
Retained earnings	155.8	11.5
Treasury stock, at cost; 48,713 shares at June 30, 2002	(4.4)	--
Unearned restricted stock compensation	(48.0)	(13.2)
Accumulated other comprehensive loss	(8.4)	(8.8)
Total shareholders' equity	1,261.9	1,085.4
	$ 2,139.4	$ 1,929.6

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, 2002	Six Months Ended June 30, 2001	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Net sales	$ 1,202.4	$ 1,075.2	$ 612.4	$ 549.7
Cost of sales	667.7	612.7	336.1	308.8
Gross profit	534.7	462.5	276.3	240.9
Selling, general and administrative expenses	273.9	252.4	137.0	127.4
Amortization of intangibles and other assets	10.3	20.2	5.2	10.9
Operating income	250.5	189.9	134.1	102.6
Other income (expenses):				
Gain (loss) on sale of assets	(0.4)	(1.2)	0.2	(0.8)
Net investment income	2.0	1.5	1.2	0.5
Interest expense	(8.4)	(16.3)	(4.2)	(7.5)
Earnings before income taxes	243.7	173.9	131.3	94.8
Provision for income taxes	99.4	78.3	52.8	42.7
Net earnings	$ 144.3	$ 95.6	$ 78.5	$ 52.1
Basic earnings per common share	$ 1.03	$ 0.69	$ 0.56	$ 0.38
Diluted earnings per common share	$ 1.01	$ 0.68	$ 0.55	$ 0.37

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

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

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock
PERIOD ENDED JUNE 30, 2001				
Balance at beginning of year	$ 14.0	$1,041.2	$ (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	$ 14.0	$1,059.1	$ (72.4)	$ --
PERIOD ENDED JUNE 30, 2002				
Balance at beginning of year	$ 14.1	$1,081.8	$ 11.5	$ --
Comprehensive income:				
Net earnings	--	--	144.3	--
Other comprehensive income:				
Foreign currency translation adjustments	--	--	--	--
Comprehensive income	--	--	144.3	--
Issuance of common stock	0.1	14.5	--	--
Issuance of restricted stock awards	0.1	40.9	--	--
Amortization of unearned restricted stock compensation	--	--	--	--
Income tax benefit from stock options exercised	--	15.4	--	--
Purchase of common stock	--	--	--	(4.4)
BALANCE AT JUNE 30, 2002	$ 14.3	$1,152.6	$ 155.8	$ (4.4)

(continued)

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

	Unearned Restricted Stock Compensation	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
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
PERIOD ENDED JUNE 30, 2002			
Balance at beginning of year	$ (13.2)	$ (8.8)	$1,085.4
Comprehensive income:			
Net earnings	--	--	144.3
Other comprehensive income:			
Foreign currency translation adjustments	--	0.4	0.4
Comprehensive income	--	0.4	144.7
Issuance of common stock	--	--	14.6
Issuance of restricted stock awards	(41.0)	--	--
Amortization of unearned restricted stock compensation	6.2	--	6.2
Income tax benefit from stock options exercised	--	--	15.4
Purchase of common stock	--	--	(4.4)
BALANCE AT JUNE 30, 2002	$ (48.0)	$ (8.4)	$1,261.9

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,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 144.3	$ 95.6
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	45.8	49.8
Deferred compensation	6.2	3.8
Net losses on sale of assets	0.4	1.2
Accreted interest on zero coupon-subordinated notes	5.0	--
Deferred income taxes	4.8	1.1
Change in assets and liabilities:		
Increase in accounts receivable, net	(27.4)	(9.1)
Increase in inventories	(4.6)	(1.3)
Decrease (increase) in prepaid expenses and other	(5.6)	3.3
Increase (decrease) in accounts payable	10.3	(3.6)
Increase (decrease) in accrued expenses and other	25.9	(2.4)
Other, net	0.2	0.3
Net cash provided by operating activities	205.3	138.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(37.9)	(33.6)
Proceeds from sale of assets	0.6	1.0
Deferred payments on acquisitions	(8.0)	(2.2)
Licensing technology	(15.0)	--
Acquisition of businesses	(3.3)	(118.9)
Net cash used for investing activities	(63.6)	(153.7)

(continued)

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

	Six Months Ended June 30,	
	2002	2001
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)
Debt issuance costs	(1.7)	--
Payments on long-term lease obligations	(0.6)	(0.5)
Net proceeds from issuance of stock to employees	14.6	4.0
Net cash provided by (used for) financing activities	12.3	(12.5)
Effect of exchange rate changes on cash and cash equivalents	0.4	(0.8)
Net increase (decrease) in cash and cash equivalents	154.4	(28.3)
Cash and cash equivalents at beginning of period	149.2	48.8
Cash and cash equivalents at end of period	$ 303.6	$ 20.5
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	$ 0.7	$ 16.7
Income taxes, net of refunds	55.5	55.2
Disclosure of non-cash financing and investing activities:		
Issuance of restricted stock awards	41.0	11.3

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

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 Company operates in one business segment.

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 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 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,	
	2002	2001	2002	2001
Basic	140,723,679	138,599,068	140,320,864	138,530,960
Assumed conversion/ exercise of:				
Stock options	1,081,033	1,114,344	977,307	1,105,906
Restricted stock awards	1,610,213	1,171,886	1,649,248	1,111,336
Diluted	143,414,925	140,885,298	142,947,419	140,748,202

The Company's zero coupon-subordinated notes are contingently convertible into 4,988,817 shares of common stock and are not currently included in the earnings per share calculation.

3. STOCK SPLIT

On May 10, 2002, 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 May 3, 2002. 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 May 10, 2002 two-for-one common stock split on a retroactive basis.

4. STOCK COMPENSATION PLANS

During January 2002, the Company granted 516,800 options and 347,200 shares of restricted stock at a price of $39.34 under its 2000 Stock Incentive Plan. During February 2002, the Company granted 1,649,400 options and 619,208 shares of restricted stock at a price of $43.53 under its 2000 Stock Incentive Plan.

The tax benefits associated with the exercise of non-qualified stock options reduced taxes currently payable by $15.4 and $2.6 for the six months ended June 30, 2002 and 2001, respectively. Such benefits are credited to additional paid-in-capital.

5. BUSINESS ACQUISITIONS

On July 25, 2002, the Company completed the acquisition of all of the outstanding stock of Dynacare Inc. and financed the transaction by issuing approximately 4.9 million shares of its common stock, valued at approximately $246.0 million, and using $260.0 in available cash, a $150.0 bridge loan, borrowings of $50.0 under its $300.0 revolver, and paying off Dynacare's existing $195.0 of senior subordinated unsecured notes (see "Liquidity and Capital Resources"). There is a call premium of 103.6% of par on the notes, which amounts to approximately $7.0. Dynacare had 2001 revenues of approximately $238.0 and has approximately 6,300 employees.

6. SENIOR CREDIT FACILITIES

In February 2002, the Company entered into two senior credit facilities with Credit Suisse First Boston, acting as Administrative Agent, and a group of financial institutions totaling $300.0. These facilities consist of a 364-day revolving credit facility in the principal amount of $100.0 and a three-year revolving credit facility in the principal amount of $200.0 and will be used for general corporate purposes, including working capital, capital expenditures, acquisitions, funding or share repurchases and other payments. As of June 30, 2002, the Company had letters of credit of $29.3 outstanding under the $200.0 revolving credit facility.

The senior credit facilities agreements bear interest at varying rates based upon the Company's credit rating with Standard & Poor's Ratings Services. Based upon the Company's current rating, the effective rate is LIBOR plus 65 basis points under the $100.0 facility and LIBOR plus 60 basis points under the $200.0 facility.

The agreements contain certain debt covenants which require that the Company maintain leverage and interest coverage ratios.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swap agreements, which have been used by the Company from time to time in the management of interest rate exposure, are accounted for on an accrual basis. Amounts to be paid or received under such agreements are recognized as interest income or expense in the periods in which they accrue. The Company had no interest rate swap agreements in place at June 30, 2002.

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

1) The Company will pay contingent cash interest on the zero coupon subordinated notes after September 11, 2006, if the average market price of the notes equals 120% or more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for a specified measurement period.

2) Contingent additional principal will accrue on the zero coupon-subordinated notes during the two year period from September 11, 2004 to September 11, 2006, if the Company's stock price is at or below specified thresholds.

3) Holders may surrender zero coupon-subordinated notes for conversion during any period in which the rating assigned to the zero coupon-subordinated notes by Standard & Poor's Ratings Services is BB- or lower.

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

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

8. INTANGIBLES

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and SFAS No. 142 "Goodwill and Other Intangible Assets". These pronouncements provide guidance on how to account for the acquisition of businesses and intangible assets, including goodwill, which arise from such activities. SFAS No. 141 affirms that only the purchase method of accounting may be applied to a business combination and also provides guidance on the allocation of purchase price to the assets acquired. Under SFAS 142, goodwill and intangible assets that have indefinite useful lives are no longer amortized but are reviewed at least annually for impairment. The Company evaluated its intangible assets excluding goodwill, and determined that all such assets have determinable lives. The Company completed an impairment analysis of goodwill and found no instances of impairment of its recorded goodwill as of June 30, 2002. There were no material acquisitions of intangible assets during the six months ended June 30, 2002. The acquisition of Dynacare Inc., effective as of July 25, 2002 (see "Note 2 to the Company's Unaudited Condensed Consolidated Financial Statements"), will be finalized and recorded during the third and fourth quarters of 2002.

The components of intangible assets are as follows:

	June 30 , 2002		December 31, 2001	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangibles:				
Non-compete agreements	$ 21.2	$ 15.1	$ 21.1	$ 14.2
Customer lists	279.1	81.3	276.8	73.5
Technology	32.0	2.8	32.0	1.8
Trade name	5.9	0.3	5.9	0.1
Patent	18.0	0.3	3.0	0.0
	$ 356.2	$ 99.8	$ 338.8	$ 89.6

Aggregate amortization expense for the six month period and three month period ended June 30, 2002 was $10.3 and $5.2, respectively. Amortization expense for the net carrying amount of intangible assets recorded as of June 30, 2002 is estimated to be $9.3 for the remainder of fiscal 2002, $18.3 in fiscal 2003, $18.2 in fiscal 2004, $17.5 in fiscal 2005, and $16.2 in fiscal 2006. These estimates do not include the effect of the Dynacare acquisition.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

The following table adjusts earnings and earnings per share for the adoption of SFAS No. 142.

	Six Months Ended June 30,		Three Months Ended June 30,	
	2002	2001	2002	2001
Reported net earnings	$ 144.3	$ 95.6	$ 78.5	$ 52.1
Add back goodwill amortization, net of tax	--	13.0	--	7.3
Adjusted net earnings	$ 144.3	$ 108.6	$ 78.5	$ 59.4
Basic earnings per share:				
Reported basic earnings per share	$ 1.03	$ 0.69	$ 0.56	$ 0.38
Add back goodwill amortization, net of tax	--	0.09	--	0.05
Adjusted basic earnings per share	$ 1.03	$ 0.78	$ 0.56	$ 0.43
Diluted earnings per share:				
Reported diluted earnings per share	$ 1.01	$ 0.68	$ 0.55	$ 0.37
Add back goodwill amortization, net of tax	--	0.09	--	0.05
Adjusted diluted earnings per share	$ 1.01	$ 0.77	$ 0.55	$ 0.42

9. INCOME TAXES

During the second quarter of 2002, the Company realized a reduction in its income tax expense of $1.7 relating to the reversal of a valuation allowance established for a capital loss carryover. This adjustment brings the Company's net deferred tax assets to a level where Management believes that it is more likely than not the tax benefits will be realized.

10. NEW ACCOUNTING PRONOUNCEMENTS

In August 2001, SFAS No. 143, "Accounting for Asset Retirement Obligations" was issued. This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated legal obligations of such asset retirement costs. SFAS No. 143 shall be effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company does not expect that implementation of this standard will have a significant financial impact.

In October 2001, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" was issued. This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". This Statement retains the requirements of SFAS No. 121 to recognize an impairment loss only if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and to measure an impairment loss as the difference between the carrying amount and the fair value of the asset. However, this standard removes goodwill from its scope and revises the approach for evaluating impairment. The Company does not expect that implementation of this standard will have a significant financial impact.

In May 2002, SFAS No. 145, "Rescission of FAS Nos. 4, 44, and 64, Amendment of FAS 13, and Technical Corrections as of April 2002" was issued. This Statement rescinds SFAS No. 4, Reporting Gains and Losses from Extinguishment of Debt, and an amendment of that Statement, SFAS No. 64, Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements. This Statement also rescinds SFAS No. 44, Accounting for Intangible Assets of Motor Carriers. This Statement amends SFAS No. 13, Accounting for Leases, to eliminate any inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The provisions of this Statement related to the rescission of SFAS No. 4 shall be applied in fiscal years beginning after May 15, 2002. The Company does not expect that implementation of this standard will have a significant financial impact.

In July 2002, SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" was issued. This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not expect that implementation of this standard will have a significant financial impact.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

11. RESTRUCTURING CHARGES

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

	Total
Balance at December 31, 2001	$ 16.0
Cash payments	(1.1)
Balance at June 30, 2002	$ 14.9
Current	$ 7.8
Non-current	$ 7.1
	$ 14.9

The balance remaining in restructuring reserves at June 30, 2002 relates primarily to future lease obligations and other facility costs.

12. COMMITMENTS AND CONTINGENCIES

The Company is involved in litigation purporting to be a nation-wide class action involving the alleged overbilling of patients who are covered by private insurance. The Company has reached a settlement with the class that will not 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 case referred to above. The claim has been stayed pending appeal of the court approval of the settlement discussed above. The Company believes that the North Carolina case is now moot due to the dismissal of the appeal in the above-discussed case.

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, and 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.

Under the Company's present insurance programs, coverage is obtained for catastrophic exposures as well as those risks required to be insured by law or contract. The Company is responsible for the uninsured portion of losses related primarily to general, professional and vehicle liability, certain medical costs and workers' compensation. The self-insured retentions are on a per occurrence basis without any aggregate annual limit. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregated liability of claims incurred. At June 30, 2002 and 2001, the Company had provided letters of credit aggregating approximately $29.3 and $31.3, respectively, primarily in connection with certain insurance programs.

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

FORWARD-LOOKING STATEMENTS

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

1. 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.

2. adverse results from investigations of clinical laboratories by the government, which may include significant monetary damages and/or exclusion from the Medicare and Medicaid programs.

3. loss or suspension of a license or imposition of a fine or penalties under, or future changes in, the law or regulations of the Clinical Laboratory Improvement Act of 1967, and the Clinical Laboratory Improvement Amendments of 1988, or those of Medicare, Medicaid or other federal, state or local agencies.

4. failure to comply with 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.

5. Failure to comply with HIPAA, which could result in significant fines and up to ten years in prison.

6. increased competition, including price competition.

7. changes in payor mix, including an increase in capitated managed-cost health care.

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

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

10.adverse results in litigation matters.

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

12.failure to maintain our days sales outstanding levels.

RESULTS OF OPERATIONS

Three Months ended June 30, 2002 compared with Three Months ended June 30, 2001.

Net sales for the three months ended June 30, 2002 were $612.4, an increase of $62.7, or 11.4%, from $549.7 for the comparable 2001 period. The sales increase is a result of an increase of approximately 7.0% in volume and 4.4% in price. The increase in sales for the second quarter of 2002 would have been approximately 9.0% after excluding the effect of acquisitions.

Cost of sales, which includes primarily laboratory and distribution costs, was $336.1 for the three months ended June 30, 2002 compared to $308.8 in the corresponding 2001 period, an increase of $27.3. The increase in cost of sales is primarily the result of increases in volume due to recent acquisitions, growth in the base business and growth in esoteric and genomic testing (with significant increases in Cystic Fibrosis and Human Papillomavirus testing). Additional costs continue to be incurred due to increases in the volume of pap smear tests performed using more expensive monolayer technology. Cost of sales as a percentage of net sales was 54.9% for the three months ended June 30, 2002 and 56.2% in the corresponding 2001 period.

Selling, general and administrative expenses increased to $137.0 for the three months ended June 30, 2002 from $127.4 in the same period in 2001. This increase resulted primarily from personnel and other costs as a result of the recent acquisitions and general business growth. As a percentage of net sales, selling, general and administrative expenses were 22.4% and 23.2% for the three months ended June 30, 2002 and 2001, respectively.

The amortization of intangibles and other assets was $5.2 and $10.9 for the three months ended June 30, 2002 and 2001. The decrease in the amortization expense for the three months ended June 30, 2002 is due to the application of the non-amortization provisions of SFAS No. 142 for goodwill.

Interest expense was $4.2 for the three months ended June 30, 2002 compared with $7.5 for the same period in 2001. The Company repaid its outstanding term loan during September 2001 with proceeds from the sale of zero coupon-subordinated notes.

The provision for income taxes as a percentage of earnings before taxes was 40.2% for the three months ended June 30, 2002 compared to 45.0% for the three months ended June 30, 2001. The decrease in the effective tax rate for the three months ended June 30, 2002 is due to the application of the non-amortization provisions of SFAS no. 142 for goodwill. In addition, during the second quarter of 2002, the Company realized a reduction in its income tax expense of $1.7 relating to the reversal of a valuation allowance established for a capital loss carryover.

Six Months ended June 30, 2002 compared with Six Months ended June 30, 2001.

Net sales for the six months ended June 30, 2002 were $1,202.4, an increase of $127.2, or 11.8%, from $1,075.2 for the comparable 2001 period. The sales increase is a result of an increase in volume of approximately 7.6% and an increase in price of approximately 4.2%. The increase in sales for the six months ended June 30, 2002 would have been approximately 9.0% after excluding the effect of the acquisitions made in 2002 and 2001.

Cost of sales, which includes primarily laboratory and distribution costs, was $667.7 for the six months ended June 30, 2002 compared to $612.7 in the corresponding 2001 period, an increase of $55.0. The increase in cost of sales is primarily the result of increases in volume and supplies due to recent acquisitions, growth in the base business and growth in esoteric and genomic testing (with significant increases in Cystic Fibrosis and Human Papillomavirus testing). Cost of sales as a percentage of net sales was 55.5% for the six months ended June 30, 2002 and 57.0% in the corresponding 2001 period.

Selling, general and administrative expenses increased to $273.9 for the six months ended June 30, 2002 from $252.4 in the same period in 2001. This increase resulted primarily from personnel and other costs as a result of the recent acquisitions. As a percentage of net sales, selling, general and administrative expenses were 22.8% and 23.5% for the six months ended June 30, 2002 and 2001, respectively.

The amortization of intangibles and other assets was $10.3 and $20.2 for the six months ended June 30, 2002 and 2001. The decrease in the amortization expense for the six months ended June 30, 2002 is due to the application of the non-amortization provisions of SFAS No. 142 for goodwill.

Interest expense was $8.4 for the six months ended June 30, 2002 compared with $16.3 for the same period in 2001. The Company repaid its outstanding term loan during September 2001 with proceeds from the sale of zero coupon-subordinated notes.

The provision for income taxes as a percentage of earnings before taxes was 40.8% for the six months ended June 30, 2002 compared to 45.0% for the six months ended June 30, 2001. The decrease in the effective tax rate for the six months ended June 30, 2002 is due to the application of the non-amortization provisions of SFAS no. 142 for goodwill. In addition, during the second quarter of 2002, the Company realized a reduction in its income tax expense of $1.7 relating to the reversal of a valuation allowance established for a capital loss carryover.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $205.3 and $138.7 for the six months ended June 30, 2002 and June 30, 2001, respectively. The increase in cash flows from operations primarily resulted from improved earnings, improved cash collections, and an increase in accrued expenses for additional payroll expenses resulting from acquisitions made during 2001. Also contributing to the improvement in cash flows from operations was the reduction of interest expense for the six months ended June 30, 2002 due to the replacement of the Company's long-term debt with the zero coupon-subordinated notes during the third quarter of 2001.

The Company's days sales outstanding (DSO) decreased to 58 days at June 30, 2002 from 64 days at June 30, 2001. Due to improved cash collections, the Company lowered its provision for bad debt expense, as a percentage of sales, to 8.75% for the six months ended June 30, 2002 compared to 9.55% for the six months ended June 30, 2001.

The Company funded the July 25, 2002 acquisition of Dynacare Inc. with $260.0 in available cash, a $150.0 bridge loan and borrowings of $50.0 under its $300.0 revolver. The available cash and borrowings of $460.0 were used to fund the cash portion of the acquisition, acquisition related costs, and paying off Dynacare's existing $195.0 of senior subordinated unsecured notes. It is the Company's intention to repay the $150.0 bridge loan and the $50.0 revolver borrowing by the end of 2002 with cash from operations.

Based on current and projected levels of operations, coupled with availability under its senior credit facilities, the Company believes it has sufficient liquidity to meet both its short-term and long-term cash needs. For a discussion of the Company's senior credit facilities, see "Note 6 to the Company's Unaudited Condensed Consolidated Financial Statements".

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

The Company addresses its exposure to market risks, principally the market risk associated with changes in interest rates, through a controlled program of risk management that has included in the past, the use of derivative financial instruments such as interest rate swap agreements. There were no interest rate swap agreements outstanding as of June 30, 2002. The Company does not hold or issue derivative financial instruments for trading purposes. The Company does not believe that its exposure to market risk is material to the Company's financial position or results of operations.

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

1) The Company will pay contingent cash interest on the zero coupon-subordinated notes after September 11, 2006, if the average market price of the notes equals 120% or more of the sum of the issue price, accrued original issue discount and contingent additional principal, if any, for a specified measurement period.

2) Contingent additional principal will accrue on the zero coupon-subordinated notes during the two year period from September 11, 2004 to September 11, 2006, if the Company's stock price is at or below specified thresholds.

3) Holders may surrender zero coupon-subordinated notes for conversion during any period in which the rating assigned to the zero coupon-subordinated notes by Standard & Poor's Ratings Services is BB- or lower.

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See "Note 12 to the Company's Unaudited Condensed Consolidated Financial Statements" for the six months ended June 30, 2002, which is incorporated by reference.

Item 4 Report of the Inspector of Election

The following votes were provided by American Stock Transfer & Trust Company in their proxy tabulation reports dated May 17 and May 28, 2002 and additional proxies received after such report:

Total outstanding shares of Laboratory Corporation of America (NEW):	71,267,623*
Total shares voted prior to the meeting:	58,683,694
Total shares voted at the meeting:	5,030

(*total shares reflect the 1-for-10 reverse stock split in May 2000 and the 2-for-1 stock split in 2001, but do not reflect the 2-for-1 stock split in May 2002)

	Votes For	Votes Withheld
Election of the members of the Board of Directors:		
American Stock Transfer & Trust Company		
Thomas P. Mac Mahon	47,392,115	11,291,579
Jean-Luc Belingard	56,391,591	2,292,103
Wendy E. Lane	56,391,552	2,292,142
Robert E. Mittelstaedt, Jr.	56,391,591	2,292,103
James B. Powell, MD	56,391,236	2,292,458
David B. Skinner, MD	56,391,591	2,292,103
Andrew G. Wallace, MD	56,391,591	2,292,103
Individual votes cast at the meeting		
Thomas P. Mac Mahon	5,030	0
Jean-Luc Belingard	5,030	0
Wendy E. Lane	5,030	0
Robert E. Mittelstaedt, Jr.	5,030	0
James B. Powell, MD	5,030	0
David B. Skinner, MD	5,030	0
Andrew G. Wallace, MD	5,030	0

Item 4. Report of the Inspector of Election - Continued

	Votes For	Votes Against	Votes Abstained
Approval of the Amendments to the Laboratory Corporation of America Holdings 2000 Stock Incentive Plan:			
American Stock Transfer & Trust Company	44,621,549	7,448,535	47,171
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, 2002:			
American Stock Transfer & Trust Company	57,956,811	714,060	12,823
Individual votes cast at the meeting	0	0	0

Total outstanding shares of Laboratory Corporation of America Holdings (OLD):	57,966*
Total shares voted prior to the meeting	8,447
Total shares voted at the meeting:	0

(* total shares do not reflect the 1-for-10 reverse stock split in May 2000 or the 2-for-1 stock splits in 2001 and May 2002)

	For	Withheld
Election of the members of the Board of Directors:		
American Stock Transfer & Trust Company		
Thomas P. Mac Mahon	8,247	200
Jean-Luc Belingard	8,247	200
Wendy E. Lane	8,247	200
Robert E. Mittelstaedt, Jr.	8,247	200
James B. Powell, MD	8,247	200
David B. Skinner, MD	8,247	200
Andrew G. Wallace, MD	8,247	200
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 2000 Stock Incentive Plan			
American Stock Transfer & Trust Company	8,147	300	0
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, 2002:			
American Stock Transfer & Trust Company	8,347	100	450
Individual votes cast at the meeting	0	0	0

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

Total outstanding NHL shares:	167*
Total shares voted:	5
Total shares voted at the meeting:	0

(* total shares do not reflect the 1-for-10 reverse stock split in May 2000 or the 2-for-1 stock splits in 2001 and May 2002)

	For	Withheld
Election of the members of the Board of Directors:		
American Stock Transfer & Trust Company		
Thomas P. Mac Mahon	0	5
Jean-Luc Belingard	0	5
Wendy E. Lane	0	5
Robert E. Mittelstaedt, Jr.	0	5
James B. Powell, MD	0	5
David B. Skinner, MD	0	5
Andrew G. Wallace, MD	0	5

Item 4. Report of the Inspector of Election - Continued

Individual votes cast at the meeting		
Thomas P. Mac Mahon	0	0
Jean-Luc B,lingard	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 2000 Stock Incentive Plan:			
American Stock Transfer & Trust Company	0	5	0
Individual votes cast at the meeting	0	0	0

	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, 2002:			
American Stock Transfer & Trust Company	0	5	0
Individual votes cast at the meeting	0	0	0

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

10.1 Amended and Restated 2000 Stock Incentive Plan (incorporated herein by reference to Annex I of the Company's 2002 Annual Proxy Statement filed with the Commission on April 15, 2002).

10.2 Bridge Loan Agreement, dated as of July 24, 2002, among Laboratory Corporation of America Holdings, the lenders named therein, and Credit Suisse First Boston, as administrative agent (incorporated herein by reference to the Company's Form 8-K, dated July 25, 2002 which was filed on August 7, 2002).

Item 6. Exhibits and Reports on Form 8-K (continued)

(b) Reports on Form 8-K:

(1) A current report on Form 8-K dated May 6, 2002 was filed on May 6, 2002, by the registrant, in connection with the press release dated May 6, 2002 announcing that Bradford T. Smith, executive vice president of public affairs, was scheduled to speak at the Deutsche Bank Securities Health Care Conference in Baltimore, MD on May 7, 2002 at 3:30 p.m. Eastern Time.

(2) A current report on Form 8-K dated May 9, 2002 was filed on May 9, 2002, by the registrant, in connection with the press release dated May 9, 2002 announcing that a definitive agreement was entered into with Dynacare Inc., under which LabCorp will acquire all of the outstanding shares of Dynacare for approximately $480 million in cash and stock. In addition, LabCorp will assume approximately $205 million in Dynacare debt in conjunction with the closing of the transaction.

(3) A current report on Form 8-K/A dated May 9, 2002 was filed on May 9, 2002, by the registrant, which amended Form 8/K filed on May 9, 2002.

(4) A current report on Form 8-K dated May 9, 2002 was filed on May 9, 2002, by the registrant, in connection with the press release dated May 9, 2002 announcing information related to the acquisition of Dynacare.

(5) A current report on Form 8-K dated June 5, 2002 was filed on June 5, 2002, by the registrant, in connection with the press release dated June 5, 2002 announcing the implementation of its exclusive sales and distribution partnership with Myriad Genetics, Inc.

(6) A current report on Form 8-K dated June 6, 2002 was filed on June 7, 2002, by the registrant, in connection with the press release dated June 6, 2002 announcing its co-sponsorship of a landmark Web cast with Abbott Diagnostics.

(7) A current report on Form 8-K dated June 11, 2002 was filed on June 11, 2002, by the registrant, in connection with the press release dated June 11, 2002 announcing that Bradford T. Smith, executive vice president of public affairs, was scheduled to speak at the Goldman, Sachs & Company Global Health Care Conference in Dana Point, CA on June 12, 2002 At 12:20 p.m. Eastern Time.

Item 6. Exhibits and Reports on Form 8-K (continued)

(8) A current report on Form 8-K dated June 20, 2002 was filed on June 20, 2002, by the registrant, in connection with the press release dated June 20, 2002 announcing that the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act with respect to its offer to Purchase all outstanding shares of common stock of Dynacare Inc. for approximately $23 per share, payable one-half in cash and one-half in stock, expired at 11:59 PM, New York City time, on June 19, 2002.

(9) A current report on Form 8-K dated June 27, 2002 was filed on June 27, 2002, by the registrant, in connection with the press release dated June 27, 2002 announcing the creation of an exclusive, long-term strategic partnership to commercialize PreGen-Plus-Trademark-, EXACT Sciences' proprietary, non-invasive technology for the early detection of colorectal cancer in the average-risk population.

(10) A current report on Form 8-K dated July 15, 2002 was filed on July 15, 2002, by the registrant, in connection with the press release dated July 15, 2002 announcing that it had signed a national contract with San Diego-based premier, Inc., one of the country's largest group purchasing organizations.

(11) A current report on Form 8-K dated July 19, 2002 was filed on July 19, 2002, by the registrant, in connection with the press release dated July 19, 2002 announcing that it expected to release second quarter financial results at approximately 5:00 p.m. Eastern Time on July 24, 2002.

(12) A current report on Form 8-K dated July 24, 2002 was filed on July 24, 2002, by the registrant, in connection with the press release dated July 24, 2002 announcing results for the quarter ended June 30, 2002.

(13) A current report on Form 8-K dated July 24, 2002 was filed on July 24, 2002, by the registrant, in connection with the press release dated July 24, 2002 announcing summary information of the Company dated July 24, 2002.

(14) A current report on Form 8-K dated July 25, 2002 was filed on July 25, 2002, by the registrant, in connection with the press release dated July 25, 2002 announcing that it has completed its previously announced acquisition of Dynacare Inc., a leading independent provider of laboratory testing in North America.

Item 6. Exhibits and Reports on Form 8-K (continued)

(15) A current report on Form 8-K dated July 25, 2002 was filed on August 7, 2002, by the registrant regarding the acquisition of Dynacare.

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 13, 2002