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 MARCH 31, 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 71,288,192 shares as of April 30, 2002.

INDEX

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)

	March 31, 2002	December 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 245.0	$ 149.2
Accounts receivable, net	390.4	365.5
Supplies inventories	40.1	38.7
Prepaid expenses and other	15.6	16.7
Deferred income taxes	54.9	54.4
Total current assets	746.0	624.5
Property, plant and equipment, net	309.5	309.3
Goodwill, net	723.3	719.3
Identifiable intangible assets, net	245.6	249.2
Other assets, net	27.9	27.3
	$ 2,052.3	$ 1,929.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 70.0	$ 60.2
Accrued expenses and other	162.6	141.0
Total current liabilities	232.6	201.2
Zero coupon-subordinated notes	505.3	502.8
Capital lease obligations	5.8	6.1
Other liabilities	136.5	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;71,267,623 and 70,553,718 shares issued and outstanding at March 31, 2002 and December 31, 2001, respectively	7.1	7.1
Additional paid-in capital	1,151.9	1,088.8
Retained earnings	77.3	11.5
Treasury stock, at cost; 48,713 shares at March 31, 2002	(4.4)	--
Unearned restricted stock compensation	(51.0)	(13.2)
Accumulated other comprehensive loss	(8.8)	(8.8)
Total shareholders' equity	1,172.1	1,085.4
	$ 2,052.3	$ 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)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Net sales	$ 590.0	$ 525.4
Cost of sales	331.6	303.8
Gross profit	258.4	221.6
Selling, general and administrative expenses	136.9	125.0
Amortization of intangibles and other assets	5.1	9.3
Operating income	116.4	87.3
Other income (expenses):		
Loss on sale of assets	(0.6)	(0.4)
Net investment income	0.8	1.0
Interest expense	(4.2)	(8.8)
Earnings before income taxes	112.4	79.1
Provision for income taxes	46.6	35.6
Net earnings	$ 65.8	$ 43.5
Basic earnings per common share	$ 0.94	$ 0.63
Diluted earnings per common share	$ 0.93	$ 0.62

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 MARCH 31, 2001				
Balance at beginning of year	$ 7.0	$1,048.2	$ (168.0)	$ --
Comprehensive income:				
Net earnings	--	--	43.5	--
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	--	--	43.5	--
Issuance of common stock	--	3.1	--	--
Issuance of restricted stock awards	--	11.3	--	--
Amortization of unearned restricted stock compensation	--	--	--	--
Income tax benefit from stock options exercised	--	0.8	--	--
BALANCE AT MARCH 31, 2001	$ 7.0	$1,063.4	$ (124.5)	$ --
PERIOD ENDED MARCH 31, 2002				
Balance at beginning of year	$ 7.1	$1,088.8	$ 11.5	$ --
Comprehensive income:				
Net earnings	--	--	65.8	--
Other comprehensive income:				
Foreign currency translation adjustments	--	--	--	--
Comprehensive income	--	--	65.8	--
Issuance of common stock	--	9.4	--	--
Issuance of restricted stock awards	--	40.6	--	--
Amortization of unearned restricted stock compensation	--	--	--	--
Income tax benefit from stock options exercised	--	13.1	--	--
Purchase of common stock	--	--	--	(4.4)
BALANCE AT MARCH 31, 2002	$ 7.1	$1,151.9	$ 77.3	$ (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 MARCH 31, 2001			
Balance at beginning of year	$ (9.4)	$ (0.4)	$ 877.4
Comprehensive income:			
Net earnings	--	--	43.5
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)	--	(2.8)	(2.8)
Foreign currency translation adjustments	--	(0.8)	(0.8)
Comprehensive income	--	(3.0)	40.5
Issuance of common stock	--	--	3.1
Issuance of restricted stock awards	(11.3)	--	--
Amortization of unearned restricted stock compensation	1.9	--	1.9
Income tax benefit from stock options exercised	--	--	0.8
BALANCE AT MARCH 31, 2001	$ (18.8)	$ (3.4)	$ 923.7
PERIOD ENDED MARCH 31, 2002			
Balance at beginning of year	$ (13.2)	$ (8.8)	$1,085.4
Comprehensive income:			
Net earnings	--	--	65.8
Other comprehensive income:			
Foreign currency translation adjustments	--	--	--
Comprehensive income	--	--	65.8
Issuance of common stock	--	--	9.4
Issuance of restricted stock awards	(40.6)	--	--
Amortization of unearned restricted stock compensation	2.8	--	2.8
Income tax benefit from stock options exercised	--	--	13.1
Purchase of common stock	--	--	(4.4)
BALANCE AT MARCH 31, 2002	$ (51.0)	$ (8.8)	$1,172.1

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

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 65.8	$ 43.5
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	22.3	23.6
Deferred compensation	2.8	1.9
Net losses on sale of assets	0.6	0.4
Accreted interest on zero coupon-subordinated notes	2.5	--
Deferred income taxes	2.1	(0.8)
Change in assets and liabilities:		
Increase in accounts receivable, net	(24.8)	(20.7)
Increase in inventories	(1.8)	(0.9)
Decrease (increase) in prepaid expenses and other	1.1	(1.5)
Increase in accounts payable	4.0	2.7
Increase in accrued expenses and other	37.8	15.7
Other, net	(0.2)	0.6
Net cash provided by operating activities	112.2	64.5
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(18.4)	(12.7)
Proceeds from sale of assets	0.4	0.4
Deferred payments on acquisitions	(3.6)	(0.3)
Acquisition of businesses	(2.3)	(3.0)
Net cash used for investing activities	(23.9)	(15.6)

(continued)

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

	Three Months Ended March 31,	
	2002	2001
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	$ --	$ (33.0)
Debt issuance costs	(1.6)	--
Payments on long-term lease obligations	(0.3)	(0.2)
Net proceeds from issuance of stock to employees	9.4	3.1
Net cash provided by (used for) financing activities	7.5	(30.1)
Effect of exchange rate changes on cash and cash equivalents	--	(0.8)
Net increase in cash and cash equivalents	95.8	18.0
Cash and cash equivalents at beginning of period	149.2	48.8
Cash and cash equivalents at end of period	$ 245.0	$ 66.8
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	$ 0.4	$ 10.1
Income taxes, net of refunds	2.0	4.8
Disclosure of non-cash financing and investing activities:		
Issuance of restricted stock awards	40.6	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 March 31, 2002	Three Months Ended March 31, 2001
Basic	69,956,784	69,230,614
Assumed conversion/exercise of:		
Stock options	448,468	552,246
Restricted stock awards	685,333	524,740
Diluted	71,090,585	70,307,600

At March 31, 2002 and 2001, options to acquire 430,677 and 16,080 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. 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 April 3, 2002, the Company's Board of Directors approved a two-for-one forward stock split of its common stock. The stock split will be effected by the issuance on May 10, 2002 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. Proforma common stock, additional paid-in capital and earnings per share would be as follows:

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Common stock	$ 14.2	$ 14.0
Additional paid-in capital	1,144.8	1,056.4
Basic earnings per share	0.47	0.31
Diluted earnings per share	0.47	0.31

4. STOCK COMPENSATION PLANS

During January 2002, the Company granted 258,400 options and 173,600 shares of restricted stock at a price of $78.68 under its 2000 Stock Incentive Plan. During February 2002, the Company granted 824,700 options and 309,604 shares of restricted stock at a price of $87.06 under its 2000 Stock Incentive Plan.

The tax benefits associated with the exercise of non-qualified stock options reduces taxes currently payable by $13.1 and $0.8 for the three months ended March 31, 2002 and 2001, respectively. Such benefits are credited to additional paid-in-capital.

5. SENIOR CREDIT FACILITIES

In February 2002, the Company entered into two new senior credit facilities with Credit Suisse First Boston, acting as Administrative Agent, and a group of financial institutions totaling $300.0. The new facilities will 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. The new facilities will be used for general corporate purposes, including working capital, capital expenditures, acquisitions, funding or share repurchases and other payments. The Company's existing $450.0 revolving credit facility with a major financial institution had no amounts outstanding and was terminated on the effective date of the new credit facilities. As of March 31, 2002, the Company had no amounts outstanding under the new credit facilities.

The new 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 under these agreements is LIBOR plus 75 basis points.

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

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swap agreements, which have been used by the Company from time to time in the management of interest rate exposure, are accounted for on an accrual basis. Amounts to be paid or received under such agreements are recognized as interest income or expense in the periods in which they accrue. The Company had no interest rate swap agreements in place at March 31, 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 March 31, 2002.

7. RELATED PARTY TRANSACTION

On February 21, 2002, the Company filed a registration statement on Form S-3, relating to the sale by Roche Holdings, Inc. (Roche) of 7,000,000 shares of the Company's common stock, with a 700,000 over-allotment option. At that time, Roche owned 10,705,074 shares of common stock (approximately 15.13% of the common stock outstanding). On March 12, 2002, Roche sold 7,000,000 shares of common stock and on March 18, 2002, an additional 700,000 shares of common stock were sold to cover over-allotments of shares leaving Roche with 3,005,074 shares of the Company's outstanding common stock, or approximately 4.22% at March 31, 2002.

Roche has entered into a number of call option contracts with respect to the remaining 3,005,074 shares of the Company's common stock it currently owns which are not covered by the registration statement. Each of these call option contracts, with expiration dates ranging from June 21, 2002 to November 15, 2002, is similar in form and permits the counterparty (SwissFirst Bank AG) to purchase from Roche a specified number of shares of the Company's common stock, at a price ranging from $75 to $80 per share, upon the expiration of that call option contract. If each of the call option contracts is exercised in full upon expiration, then Roche will no longer own any shares of the Company's common stock.

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 March 31, 2002. There were no material acquisitions of intangible assets during the first quarter of 2002.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

The components of intangible assets are as follows:

	March 31, 2002		December 31, 2001	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangibles:				
Non-compete agreements	$ 21.2	$ 14.6	$ 21.1	$ 14.2
Customer lists	278.2	77.4	276.8	73.5
Technology	32.0	2.3	32.0	1.8
Trade name	5.9	0.2	5.9	0.1
Patent	3.0	0.2	3.0	0.0
	$ 340.3	$ 94.7	$ 338.8	$ 89.6
Intangible assets not subject to amortization:				
Goodwill	$ 915.3	$ 192.0	$ 911.3	$ 192.0

Aggregate amortization expense for the three month period ended March 31, 2002 was $5.1. Amortization expense for the net carrying amount of intangible assets is estimated to be $12.7 for the remainder of fiscal 2002, $16.8 in fiscal 2003, $16.7 in fiscal 2004, $16.1 in fiscal 2005, and $14.5 in fiscal 2006.

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

	Three Months Ended March 31,	
	2002	2001
Reported net earnings	$ 65.8	$ 43.5
Add back goodwill amortization, net of tax	--	5.7
Adjusted net earnings	$ 65.8	$ 49.2
Basic earnings per share:		
Reported basic earnings per share	$ 0.94	$ 0.63
Add back goodwill amortization, net of tax	--	0.08
Adjusted basic earnings per share	$ 0.94	$ 0.71
Diluted earnings per share:		
Reported diluted earnings per share	$ 0.93	$ 0.62
Add back goodwill amortization, net of tax	--	0.08
Adjusted diluted earnings per share	$ 0.93	$ 0.70

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

9. 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 provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001. The Company does not expect that implementation of this standard will have a significant financial impact.

10. 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, 2001	$ 0.2	$15.8	$16.0
Cash payments	--	(0.6)	(0.6)
Balance at March 31, 2002	$ 0.2	$15.2	$15.4
Current			$ 8.1
Non-current			$ 7.3
			$15.4

11. COMMITMENTS AND CONTINGENCIES

The Company is involved in litigation purporting to be a nation-wide class action involving the alleged overbilling of patients who are covered by private insurance. The Company has reached a settlement with the class that will not 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 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, 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 March 31, 2002 and 2001, the Company had provided letters of credit aggregating approximately $27.0 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 March 31, 2002 compared with Three Months ended March 31, 2001.

Net sales for the three months ended March 31, 2002 were $590.0, an increase of $64.6, or 12.3%, from $525.4 for the comparable 2001 period. The sales increase is a result of an increase of approximately 8.3% in volume and 4.0% in price. The increase in sales for the first quarter of 2002 would have been approximately 8.0% after excluding the effect of acquisitions.

Cost of sales, which includes primarily laboratory and distribution costs, was $331.6 for the three months ended March 31, 2002 compared to $303.8 in the corresponding 2001 period, an increase of $27.8. The increase in cost of sales is primarily the result of increases in volume due to recent acquisitions, growth in the base business and growth in genomic and esoteric testing. Additional costs were incurred due to increases in the volume of pap smear tests performed using more expensive monolayer technology and additional incremental costs were incurred due to the Company's implementation of a self-mandated safety needle program in all of its patient service centers. Cost of sales as a percentage of net sales was 56.2% for the three months ended March 31, 2002 and 57.8% in the corresponding 2001 period.

Selling, general and administrative expenses increased to $136.9 for the three months ended March 31, 2002 from $125.0 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 23.2% and 23.8% for the three months ended March 31, 2002 and 2001, respectively.

The amortization of intangibles and other assets was $5.1 and $9.3 for the three months ended March 31, 2002 and 2001. The decrease in the amortization expense for the three months ended March 31, 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 March 31, 2002 compared with $8.8 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 41.5% for the three months ended March 31, 2002 compared to 45.0% for the three months ended March 31, 2001. The decrease in the effective tax rate for the three months ended March 31, 2002 is due to the application of the non-amortization provisions of SFAS no. 142 for goodwill.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $112.2 and $64.5 for the three months ended March 31, 2002 and March 31, 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 three months ended March 31, 2002 due to the replacement of the Company's long-term debt with the zero coupon-subordinated notes. The increase in capital expenditures is primarily due to HIPAA expenditures relating to the Transactions and Code Sets project. The Company expects total capital expenditures of approximately $85.0 in 2002.

The Company's days sales outstanding (DSO) decreased to 60 days at March 31, 2002 from 67 days at March 31, 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 three months ended March 31, 2002 compared to 9.70% for the three months ended March 31, 2001.

Based on current and projected levels of operations, coupled with availability under its new 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 new senior credit facilities, see "Note 5 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 March 31, 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 March 31, 2002.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See "Note 11 to the Company's Unaudited Condensed Consolidated Financial Statements" for the three months ended March 31, 2002, which is incorporated by reference.

Item 6. Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K

(1) A current report on Form 8-K dated March 19, 2002 was filed on March 20, 2002, by the registrant, in connection with the press release dated March 19, 2002 announcing that Bradford T. Smith, executive vice president of public affairs, was scheduled to speak at the Banc of America Securities Genomics Conference in New York City on March 20, 2002 at 2:00 p.m. Eastern Time.

(2) A current report on Form 8-K dated April 3, 2002 was filed on April 3, 2002, by the registrant, in connection with the press release dated April 3, 2002 announcing that Bradford T. Smith, executive vice president of public affairs, was scheduled to speak at the Banc of America Securities Healthcare Conference in Las Vegas, NV, on April 4, 2002 at 10:25 a.m. Pacific Time (1:25 p.m. Eastern Time).

(3) A current report on Form 8-K dated April 15, 2002 was filed on April 15, 2002, by the registrant, in connection with the press release dated April 15, 2002 announcing that Bradford T. Smith, executive vice president of public affairs, was scheduled to speak at the SunTrust Robinson Humphrey 31st Annual Institutional Conference in Atlanta, GA, in April 16, 2002 at 3:35 p.m. Eastern Time.

(4) A current report on Form 8-K dated April 22, 2002 was filed on April 22, 2002, by the registrant, in connection with the press release dated April 22, 2002 announcing the results for the quarter ended March 31, 2002.

(5) A current report on Form 8-K dated April 22, 2002 was filed on April 22, 2002, by the registrant, in connection with the press release dated April 22, 2002 announcing summary information of the Company.

(6) A current report on Form 8-K/A dated April 22, 2002 was filed on April 23, 2002, by the registrant, which amended Form 8-K filed on April 22, 2002.

SIGNATURES

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

May 2, 2002