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LABORATORY CORP OF AMERICA HOLDINGS

Form 8-K

April 28, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

April 28, 2003

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(Date of earliest event reported)

LABORATORY CORPORATION OF AMERICA HOLDINGS

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(Exact name of registrant as specified in its charter)

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

358 SOUTH MAIN STREET, BURLINGTON, NORTH CAROLINA 27215

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(Address of principal executive offices)

336-229-1127

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(Registrant's telephone number, including area code)

ITEM 9. Regulation FD Disclosure.

Summary information of the Company dated April 28, 2003.

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

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(Registrant)

By: /s/ BRADFORD T. SMITH

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Bradford T. Smith

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Executive Vice President  
and Secretary

Date: April 28, 2003

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, 2002 and subsequent filings.

## LabCorp's Industry-leading Financial Indicators

- EBITDA Percentage of Sales: 22.5% in 2002
- Strong Balance Sheet
- Investment Grade Credit Ratings

## The Clinical Laboratory Testing Market

US Clinical Laboratory testing market is \$34-\$36 billion

- Represents 3% - 4% of all health care spending
- Grew at a CAGR of 5.5% from 1998-2001
- Influences/directs approximately 80% of health care spending
- Role and importance of testing are increasing
- Rapidly evolving technology, emphasis on preventative medicine and aging of population are all driving growth

## CLINICAL LABORATORY TESTING

Hospitals	49%
Independent Clinical Labs	39%
Physician Offices	12%

## INDEPENDENT CLINICAL LABORATORIES

All others	82%
LabCorp	18%

Source: Company estimates, industry reports & 2002 revenue for LabCorp and Dynacare

## Profile of LabCorp

- Second-largest clinical laboratory company in North America and the leader in the specialty testing market
- Offers more than 4,000 routine and specialty tests and conducts testing on more than 325,000 specimens daily
- Serves more than 200,000 physicians and other health care providers
- Approximately 24,000 employees nationwide

## LabCorp's Strategy

Be a national core laboratory servicing all geographic areas, and the

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leading esoteric, genomic testing laboratory in North America

### Strategic Approach

- 1) CORE TESTING
  - Managed Care
  - Selected Internal Expansion
  - Acquisitions (Dynacare)
- 2) GENOMIC/ESOTERIC
  - Internal Development
  - Licensing
  - Acquisitions (DIANON)

### MAP OF COMBINED TESTING LOCATIONS & PSC's (Includes Dynacare and DIANON)

#### Demonstrated Genomic Strategy Execution

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

INTERNAL -----	ACQUISITION -----	LICENSE/PARTNER -----
CMBP <ul style="list-style-type: none"><li>- Cancer</li><li>- Genetics (Cystic Fibrosis)</li><li>- Infectious Disease (GENOSURE)</li></ul>	NGI <ul style="list-style-type: none"><li>- Infectious Disease: Hepatitis C</li><li>- Cancer: Melanoma Breast</li></ul>	MYRIAD GENETICS Predictive Tests: <ul style="list-style-type: none"><li>- Breast/Ovarian and Colon Cancer</li><li>- Melanoma</li><li>- Hypertension</li></ul>
CLINICAL TRIALS <ul style="list-style-type: none"><li>- Drug Metabolism</li></ul>	VIROMED <ul style="list-style-type: none"><li>- Infectious Disease: HIV Hepatitis Real-time PCR</li></ul>	CORRELOGIC SYSTEMS <ul style="list-style-type: none"><li>- Ovarian Cancer</li></ul>
	PATH LABS <ul style="list-style-type: none"><li>Hospital Esoteric</li></ul>	CELERA DIAGNOSTICS <ul style="list-style-type: none"><li>- Breast and Prostate Cancer</li><li>- Alzheimer's Disease</li></ul>
	DIANON <ul style="list-style-type: none"><li>Cancer</li></ul>	EXACT SCIENCES <ul style="list-style-type: none"><li>- Colorectal Cancer</li></ul>
		ALPHA THERAPEUTICS <ul style="list-style-type: none"><li>- PCR Plasma</li></ul>
		VIROLOGICS <ul style="list-style-type: none"><li>- HIV Phenotyping</li></ul>

#### Genomic/Cancer Strategy

- LabCorp has identified cancer testing as its most important growth opportunity over the next 3-5 years
- Diagnostic testing for cancer is expected to increase substantially- DIANON complements LabCorp's capabilities in anatomic and gene-based testing
- DIANON's broad testing menu (anatomic and esoteric) is supported by its strong scientific expertise, outstanding sales capabilities and

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- innovative, proprietary reporting format, CarePath-trademark-
- LabCorp's genomic and esoteric testing can be offered through DIANON, expanding access to these tests
  - LabCorp's strategic cancer partnerships will be enhanced by DIANON's sales and marketing efforts to DIANON's more than 14,000 physician customers
    - Myriad Genetics (predisposition assays for breast, ovarian cancer)
    - EXACT Sciences (colorectal cancer)
    - Celera Diagnostics (prostate cancer)
    - Correlogic (ovarian cancer)

### First Quarter Operating Results (\$ in millions)

	3/31/02 -----	3/31/03 -----
Revenue	590.1	712.2
Operating Expense	473.7	587.5
	-----	-----
Operating Income	116.4	124.7
	-----	-----
Margin	19.7%	17.5%
EBITDA*	137.6	165.7
	-----	-----
Margin	23.3%	23.3%
Bad Debt % to revenue	8.8%	8.0%
DSO	58	55

\* For definition of EBITDA and a reconciliation to the most comparable measure under Generally Accepted Accounting Principles, see Company's 1st Quarter 2003 earnings release furnished on Form 8-K on April 28, 2003.

### 2003 First Quarter Financial Achievements

- Increased revenues 20.7% (volume approximately 14.5%; price 6.1%)
- EBITDA margins of 23.3%
- Diluted EPS of \$0.51
- Operating cash flow of \$135 million
- Repurchased \$34 million of LabCorp stock
- Paid down \$115 million in debt

### Financial Performance

#### Price & Volumes: Trends by Payor Type

	2001		2002		YTD Mar 2003	
	PPA	Accessions	PPA	Accessions	PPA	Accessions
	\$	millions	\$	millions	\$	millions
	-----	-----	-----	-----	-----	-----
Client (Physicians)	24.46	27.9	26.27	29.6	27.49	7.8
Patient	111.28	2.5	119.93	2.3	113.50	0.6
Third Party (MC/MD/Insurance)	31.59	12.2	31.87	14.8	34.70	4.3

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Managed Care						
- Capitated	8.90	11.9	9.28	13.1	10.00	3.2
- Fee for service	43.45	17.2	44.79	19.3	45.61	5.4
	-----	-----	-----	-----	-----	-----
Total	29.27	29.1	30.75	32.4	32.29	8.6
	-----	-----	-----	-----	-----	-----
LabCorp Total	\$30.69	71.7	\$31.71	79.1	\$33.42	21.3
	=====	=====	=====	=====	=====	=====

Financial Performance  
Revenue Analysis by Business Area

YTD MAR 2002

	Revenue \$Million	Accns 000	%Accns to total	PPA \$
	-----	-----	-----	-----
Genomic	46.3	404.8	2.2%	114.34
Identity/Gene Probes	30.9	768.8	4.1%	40.24
	-----	-----	-----	-----
All Genomic	77.2	1,173.6	6.3%	65.80
Other Esoteric	57.5	1,379.6	7.4%	41.65
Histology	23.6	357.1	1.9%	66.13
	-----	-----	-----	-----
All Genomic/ Esoteric	158.3	2,910.3	15.6%	54.39
Core	431.8	15,823.9	84.4%	27.29
	-----	-----	-----	-----
Total:	590.1	18,734.2	100.0%	31.50
	-----	-----	-----	-----

YTD MAR 2003

03 vs 02

	Revenue \$Million	Accns 000	%Accns to total	PPA \$	PPA Incr/ (Decr)
	-----	-----	-----	-----	-----
Genomic	67.7	549.2	2.6%	123.36	7.9%
Identity/Gene Probes	38.1	864.2	4.0%	44.04	9.4%
	-----	-----	-----	-----	-----
All Genomic	105.8	1,413.4	6.6%	74.86	13.8%
Other Esoteric	59.5	1,445.5	6.8%	41.12	(1.3)%
Histology	45.7	501.1	2.4%	91.25	38.0%
	-----	-----	-----	-----	-----
All Genomic/ Esoteric	211.0	3,360.0	15.8%	62.79	15.4%
Core	501.2	17,952.1	84.2%	27.92	2.3%
	-----	-----	-----	-----	-----
Total:	712.2	21,312.1	100.0%	33.42	6.1%
	-----	-----	-----	-----	-----

Key First Quarter Highlights

- Acquisition of DIANON
- Genomic testing revenues increased approx. 46% period-over-period, driven primarily by strong volume growth
- Overall pricing continues to increase, driven by both increased PPA in core and esoteric areas and by continuing mix shift to higher-priced esoteric tests

Expectations of Strategy

- Ensure long-term growth
- Shift toward higher priced tests and services
- Improve profitability

Financial Guidance for 2003

- Revenue growth of approximately 22% compared to 2002
- Adjusted EBITDA margins of approximately 24% of sales
- EPS growth of approximately 22.5% compared to 2002
- Free cash flow of approximately \$380 to \$400 million (net of Cap Ex of approximately \$90 million)
- Net interest expense of \$35 million

Opportunity for Investors

- Long-term industry trends appear favorable
- Visible growth drivers
- Low P/E relative to market valuations
- Significant free cash flow - multiple opportunities to increase shareholder value
- Strong balance sheet - Investment Grade ratings (S&P, Moody's)
- Solid growth potential driven by genomic strategy

Other Financial Information

March 31, 2003

(\$ in 000's)

	Q1 03
	-----
Depreciation	\$ 21,873.0
Amortization	\$ 8,464.0
Capital expenditures	\$ 16,164.0
Cash flows from operations	\$135,017.0
Bad debt as a percentage of sales	8.00%
Effective interest rate on debt:	
Zero coupon-subordinated notes	2.00%
5 1/2% Senior Notes (including effect of interest rate swap)	3.98%

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Revolving credit facility	2.14%
Days sales outstanding	55